# The contribution of Tourism to the Greek economy in 2015

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# Introduction

## Tourism as a 'horizontal' activity

Tourism, contrary to manufacturing or primary sector activities, is a horizontal and not a vertical activity. This means that tourism is an activity that is determined from the demand it generates for products and services, whereas manufacturing activities or activities in the primary sector are activities associated with production and supply. For example, the metallurgy sector consists of companies producing metal products and the cereals sector of agricultural companies that produce cereals. On the contrary, the activity of tourism affects many sectors of the economy, such as transport (e.g. travel by airplane and transfer by bus), accommodation (in hotel or elsewhere), dining (in restaurants or bars inside or outside the accommodation establishment), entertainment (including visits to sites) and consumption in stores. Therefore tourism is an activity that - in any case - affects many and different parts of the social and productive fabric of a country.

## Tourism as an Activity in Greece

The importance of tourism as a factor in the country's GDP and employment will be examined in detail below. Briefly, tourism in recent years has served to shore up the Greek economy against the recession and functioned as a powerhouse to reduce unemployment. Moreover, the tourism sector is one of the few areas to draw the interest of investors and as a result of its significance, it could function as a key driver of growth in Greece.
Due to the dispersion of tourist destinations across Greece, tourism plays a crucial role in the national income in many of the country's regions. On the other hand, tourism is intensely seasonal due to the fact that Sun & Sea holidays, which make up the largest European product market, are also Greece's main tourism product.

## Purpose of this Study

Taking into consideration the importance of tourism for the Greek economy, it is necessary to record its economic figures in order to formulate and express opinions and choices regarding the strategy to be followed in order to develop and resolve any problems of Greek tourism. This study aims at contributing to this end, offering a basis for discussion, by recording the following figures of Greek tourism:

- the contribution of tourism to the GDP of the Greek economy through the detailed recording of the figures for Inbound Tourism, Domestic Tourism, Investments in Tourism and its Indirect and Induced Effects on the economy;
- the regional dimension of tourism, i.e. its contribution to the GDP of the country's Regions;
- the contribution of tourism to maintaining the country's Balance of Payments equilibrium;
- the contribution of tourism to employment.

# Inbound Tourism

# INBOUND TOURISM

## Arrivals and Revenues of Inbound Tourists

| Inbound Tourism, 2015 | | | | |
|---|---|---|---|---|
| | Arrivals | % | Revenues (€) | % |
| Jan | 606,140 | 3% | 166,937,970 | 1% |
| Feb | 509,189 | 2% | 141,507,500 | 1% |
| Mar | 613,092 | 3% | 197,814,000 | 1% |
| Apr | 934,237 | 4% | 453,183,000 | 3% |
| May | 1,870,170 | 8% | 1,179,652,000 | 9% |
| Jun | 3,032,870 | 13% | 1,897,000,000 | 14% |
| Jul | 4,408,555 | 19% | 2,894,184,500 | 21% |
| Aug | 4,993,465 | 21% | 3,367,216,520 | 25% |
| Sep | 3,649,700 | 15% | 2,123,788,000 | 16% |
| Oct | 1,852,679 | 8% | 834,666,500 | 6% |
| Nov | 641,459 | 3% | 227,560,000 | 2% |
| Dec | 487,900 | 2% | 202,557,000 | 1% |
| Total | 23,599,456 | 100% | 13,686,066,990 | 100% |
| | | | | |
| Air | 14,981,102 | 63% | | |
| Road | 7,980,854 | 34% | | |
| rail | 5,339 | 0% | | |
| By sea | 632,161 | 3% | | |

*Source: ELSTAT: BOG – Processing: SETE Intelligence*
*The revenues data for November & December are subject to change*

**23.6 million**

**Tourists visited Greece In 2015**

In 2015, Greece welcomed almost **23.6** million tourists, permanent residents of other countries ("Non-residents") and received nearly **€13.7** billion.

Of these, **63.0%** arrived by air – which has traditionally been the main mode used by foreign tourists travelling to Greece, **34.0%** by road and **3.0%** by sea, while the percentage of tourists choosing to travel to Greece by train is negligible.

As regards the fluctuation of revenues during the year, a marked seasonality was observed, with **62.0%** of revenues coming in the 3rd quarter of the year. Furthermore, **26.0%** of revenues were recorded in the 2nd quarter of the year which marks the beginning of the tourist season. This is not surprising, since **80.0%** of total arrivals in Greece are recorded in these two quarters.

For the 1st and 4th quarters, both arrivals and revenues are relatively smaller, with **8.0%** of arrivals and **3.0%** of revenues in the 1st quarter, and **13.0%** of arrivals and **9.0%** of revenues in the 4th quarter.

In addition, the figures demonstrate the great dependence of tourism in Greece on Sun & Sea holidays, since **80.0%** of arrivals and **87.0%** of revenues are recorded over the summer period (April-September).

## Arrivals and Revenues of Inbound Tourists

# +5.2%

revenues

| Inbound Tourism, 2014-2015 | | | | |
|---|---|---|---|---|
| | Arrivals | % | Revenues (€) | |
| | 2014 | 2015 | 2014 | 2015 |
| Jan | 404,295 | 606,140 | 153,325,548 | 166,937,970 |
| Feb | 325,952 | 509,189 | 127,662,000 | 141,507,500 |
| Mar | 456,655 | 613,092 | 177,199,000 | 197,814,000 |
| Apr | 727,967 | 934,237 | 383,476,000 | 453,183,000 |
| May | 1,651,702 | 1,870,170 | 992,153,000 | 1,179,652,000 |
| Jun | 2,697,475 | 3,032,870 | 1,843,600,000 | 1,897,000,000 |
| Jul | 4,222,875 | 4,408,555 | 2,710,800,860 | 2,894,184,500 |
| Aug | 4,856,356 | 4,993,465 | 3,100,778,600 | 3,367,216,520 |
| Sep | 3,643,695 | 3,649,700 | 2,199,826,000 | 2,123,788,000 |
| Oct | 1,840,599 | 1,852,679 | 943,114,200 | 834,666,500 |
| Nov | 668,174 | 641,459 | 193,300,000 | 227,560,000 |
| Dec | 537,728 | 487,900 | 179,960,086 | 202,557,000 |
| Total | 22,033,473 | 23,599,456 | 13,005,195,294 | 13,686,066,990 |
| Change | | 7.1% | | 5.2% |

*Source: BOG – Processing: SETE Intelligence*
*The revenues data for November & December are subject to change*

| | 2014 | 2015 | % Δ |
|---|---|---|---|
| Revenues (m €) | 13,005 | 13,686 | 5.2% |
| Overnight stays (Th.) | 184,789 | 185,027 | 0.1% |
| Arrivals (th.) | 22,033 | 23,599 | 7.1% |
| Average Length of Stay | 8.4 | 7.8 | -6.5% |
| Spend per trip (€) | 590.3 | 579.9 | -1.7% |
| Spend per Overnight - stay (€) | 70.4 | 74.0 | 5.1% |

*Source: BOG – Processing: SETE Intelligence*

In 2015, for the third consecutive year, inbound tourism showed an **increase in arrivals (+7.1%)** and **revenues (+5.2%).** Despite the significant increase noted in arrivals (more than **1.5** million additional tourists), the rise in overnight stays was only marginal **(+0.1%, or +240,000).** Thus, there was a slight drop in the Average Per-capita Expenditure of **-1.7%** due almost exclusively to the decrease in the Average Stay (part of a worldwide trend), while expenditure per overnight stay rose by **+5.1%.**

Based on the methodology followed by the BoG to record revenues, they do not include the part of the tourist's expenditure that remained primarily abroad, e.g. the fee and profit of the Tour Operator, but include only the part of the tourist's expenditure that was consumed in Greece, e.g. the hotel's income or the tourist's expenditure in stores. Similarly, they do not include revenues from cruises or from the air and marine transport of inbound tourists travelling to Greece, which are recorded separately and are summed with all the other transport expenses, e.g. cargo, or the data from cruise passengers. These additional revenues, along with domestic tourism expenditures, are examined in detail below.

1 http://www.bankofgreece.gr/BogEkdoseis/oikodelt200607.pdf

** The tables are filled in with data from the monthly press releases of the BoG for Developments in the Travel Balance, which may be subsequently revised.

## Arrivals and Revenues from Cruises

**2.5 million**
Cruise tourists

| Cruise tourism 2014-2015 | | | | |
|---|---|---|---|---|
| | Arrivals | | Revenues (€) | |
| | 2014 | 2015 | 2014 | 2015 |
| 1st Quarter | 72,667 | 64,425 | 13,282,952 | 9,803,530 |
| 2nd Quarter | 704,466 | 737,642 | 120,359,000 | 125,491,000 |
| 3rd Quarter | 953,485 | 1,176,193 | 179,023,800 | 231,335,780 |
| 4th Quarter | 508,304 | 536,512 | 75,302,714 | 80,222,000 |
| Total | 2,238,922 | 2,514,772 | 387,968,466 | 446,852,310 |
| Change 2014-2015 | | 12% | | 15% |

*Source: BOG – Processing: SETE Intelligence*
*The revenues data for November & December are subject to change*

The data of the Frontier Survey by the Bank of Greece presented above do not include cruise passengers, apart from those who finish their cruise in Greece and depart from a Greek airport or port. This is however a very small percentage of these passengers. Therefore, in order to record cruise passenger traffic and revenues, the BoG also conducts the Cruise Survey. According to data in this survey, in 2015 Greece welcomed more than **2.5 million cruise tourists, 12.0%** more than in 2014, and collected receipts of nearly **€447 million**, up by **15.0%**. Therefore, although Greece is third in number of visitors in Europe (CLIA, 2015), its revenues are quite limited. As also stated in the INSETE survey on cruises (CTM, 2015), any further development of cruises aimed at increasing revenues requires well-integrated, targeted actions.

The seasonality of cruise passengers is also high, but comparatively lower than that of inbound tourism, since in the 3rd quarter we have **46.8%** of arrivals and **51.8%** of revenues, and in the 2nd and 4th quarter **29.3%/28.1%** and **21.3%/18.0%** respectively. In the 1st quarter, cruises are practically non-existent with only **2.6%** of arrivals and **2.2%** of revenues.

In addition to the above, in order to calculate total revenues from cruises, the expenses of cruise companies must also be taken into account. According to the Cruise Line Industry Association, these were **€165** million in 2015, compared to €191 million in 2014.

## Air Transport and Marine Transport Revenues

As already mentioned, the Frontier Survey of the BoG does not include the expenditure of tourists for transport from and to Greece. Part of this expenditure is received by Greek companies, and therefore is an income for the country originating from tourism activities. Another part of this expenditure is paid to foreign companies which then pay part of their income to serve their customers (e.g. for the staff they employ in Greece or for handling company fees). In order to determine the country's income from air and marine transport, we contacted professional associations and companies active in these sectors (airlines, coastal shipping companies, handling companies, etc.).

According to the data we collected, the revenues of Greek businesses from air and marine transport activities in 2015 amounted to **€1,257 million** for air transport and **€136 million** for marine transport, compared to **€1,177 million** and **€151 million** respectively for 2014.

## Road and Rail Transport Revenues

**Road Transport:** the part of non-residents' expenditure related to consumption inside Greece (e.g. gasoline consumption) is recorded by the BoG Frontier Survey, while the part of the expenditure related to consumption outside of Greece does not concern this study.

**Rail Transport:** the part of non-residents' expenditure related to consumption inside Greece is recorded by the BoG Frontier Survey, while the part of the expenditure related to consumption outside of Greece does no concern this study. The estimated additional revenues for the Hellenic Railways Organisation (OSE) is considered negligible, since estimates about the number of tourists travelling into the country by rail come to fewer than 6,000.

# DOMESTIC TOURISM

The last available estimate of the expenditure of domestic tourism is the "Vacation Survey" by ELSTAT for 2015. According to this survey, **domestic tourism expenditure for trips of more than 1 overnight stay was €1,264 million**, while in 2014 it was €1,352 million, representing a drop of 6.5% over 2014. It is worth noting that in 2008 the corresponding expenditure was €3,868 million. Therefore, during the economic crisis period, **domestic tourism decreased by approximately 67.0%.**

This picture is further demonstrated by the following table of journeys with at least 4 overnight stays.

| Domestic Tourism<br>Trips with at least 4 overnights | 2008 | 2014 | 2015 | Δ |
|---|---|---|---|---|
| Trips | 6,831,852 | 3,743,868 | 3,368,957 | -50.7% |
| Expenditure (€) | 3,159,801,317 | 1,137,771,331 | 1,059,551,179 | -66.5% |
| Spend per Trip (€) | 463 | 304 | 315 | -32.0% |

*Source: ELSTAT– Processing: SETE Intelligence*

Between 2008 and 2015, as a result of the recession:

- the number of journeys with at least 4 overnight stays dropped by **-50.7%,**
- the spend per trip dropped by **-32.0%**
- as a result, the total expenditure decreased by **-66.5%**.

Domestic tourism decreased by

**-67%**

since 2008

**For journeys with at least 1 overnight stay, it appears that:**

- the number of journeys dropped by **-9.3%**,
- the spend per trip journey increased by **+3.1%**,
- while the total expenditure decreased by **-6.5%.**

| Domestic Tourism<br>Trips with at least 1 overnight | 2014 | 2015 | Δ |
|---|---|---|---|
| Trips | 5,340,163 | 4,841,525 | -9.3% |
| Expenditure (€) | 1,352,466,146 | 1,264,125,934 | -6.5% |
| Spend per Trip (€) | 253 | 261 | 3.1% |

*Source: ELSTAT– Processing: SETE Intelligence*

In other words, a significant reduction is noted for 2015 in journeys of both more than 1 overnight (-9.3%) and those of more than 4 overnight stays (-10.0%) compared to 2014. Key role in this outcome played the imposition of capital controls in the end of June 2015 and the general economic and political unrest which followed and upset plans and scheduling for holiday travel.

# Tourism: Investments and indirect benefits

# INVESTMENTS IN TOURISM

According to our assessment [1], total investments by hotels in 2014 amounted to ~€785 million. Part of this amount was for imported goods and services and the rest for goods and services of domestic added value. The share for domestic added value is estimated **at ~59.0% for new construction and ~44.0% for renovations.** Therefore, investments in the hotel sector for 2014, net of imports, is estimated at **~€400 million.**

According to the Foundation for Economic and Industrial Research (IOBE, 2012), revenues for accommodation which, in addition to hotels, also includes rented rooms, villas and others**, represent 45.0% of tourism activity**. In the absence of data on other sectors, but also taking into account that the hotel sector is just one sub-segment of accommodation, one could on a pro rata basis estimate that the total investment in other sectors is at least €960 million. Recognising that, compared to other tourism-related sectors, the hotel sector is considerably more capital intensive and in the interest of being rather conservative in our projections, we diminish that amount by 1/3 and estimate total expenditures in other sectors at ~€640 million. Compared to the hotel sector, other sectors also have a lower ratio of domestic expenditure in investment due to the fact that they invest more in machinery and equipment and less in buildings; a conservative estimate puts domestic expenditure at 1/3 of total investment. Therefore, investments in other sectors for 2014, also net of imports, is estimated at ~€215 million.

Based on the above, total investment activity for tourism in 2014 exceeds €1.4 billion (gross), ~€615 million of which reflects domestic expenditure. In the absence of other data, we estimate the same amount for 2015.

The data are based on a SETE Intelligence survey to be published soon which is based on the analysis of the balance sheets for FY 2014 of hotel companies owning 1,982 units with 131,884 rooms (32% of the total). By category, they represent 50% of 5* rooms, 41% of 4* rooms, 33% of 3* rooms, 21% of 2* rooms and 5% of 1* rooms. The survey will be released when the processing of the balance sheets for 2015 has been completed. At that point, the estimate of investments for 2015 will also be reviewed.

1 The data are based on a SETE Intelligence survey to be published soon which is based on the analysis of the balance sheets for FY 2014 of hotel companies owning 1,982 units with 131,884 rooms (32% of the total). By category, they represent 50% of 5* rooms, 41% of 4* rooms, 33% of 3* rooms, 21% of 2* rooms and 5% of 1* rooms. The survey will be released when the processing of the balance sheets for 2015 has been completed. At that point, the estimate of investments for 2015 will also be reviewed.

# THE INDIRECT BENEFITS OF TOURISM

| | % Distribution of Tourism Revenues | Multiplier |
|---|---|---|
| Accommodation | 45.3 | 2.50 |
| Food services | 18.0 | 2.50 |
| Maritime transport | 9.0 | 2.41 |
| Road transport | 7.1 | 3.25 |
| Air transport | 5.4 | 2.98 |
| Retail trade | 4.9 | 3.69 |
| Entertainment | 3.8 | 1.90 |
| Travel agencies | 3.7 | 3.68 |
| Car rental | 1.8 | 1.39 |
| Conferences | 1.0 | 4.13 |
| Weighted Average | | 2.65 |

*Source: KEPE, IOBE– Processing: SETE Intelligence*

The adjacent table shows the multipliers of various sectors of the Greek economy according to a study of the Centre of Planning and Economic Research (KEPE) (2014), as well as the percentile contribution of each sub-sector in the Greek tourism activity according to the IOBE study (2012).

According to the data in the table, the resulting tourism multiplier for the Greek tourism economy amounts to **2.65**, which means that for every **€1.0** from tourism activity, an additional **€1.65** is generated from indirect and induced economic activity, and therefore the GDP increases by **€2.65** in total.

According to IOBE (2012), every **€1.0** created by tourism activity, generates additional indirect and induced economic activity of **€1.2** and therefore generates a total of **€2.2** in GDP. That is, the multiplier of tourism activity amounts to **2.2**.

Therefore, the multiplier of the tourism activity ranges between **2.2** (according to IOBE) and **2.65** (based on KEPE multipliers).

# THE OVERALL IMPACT OF TOURISM ON GREECE'S GDP

| Expenditure Category | 2014, m € | 2015, m € |
|---|---|---|
| Inbound Tourist Expenditure | €13,005 | €13,686 |
| Cruise Tourist Expenditure | 388 | 447 |
| Cruise Company Expenditure | 191 | 165 |
| Air transport | 1,177 | 1,257 |
| Maritime transport | 151 | 136 |
| Domestic tourism | 1,352 | 1,264 |
| Investments | 615 | 615 |
| Direct Tourism Impact | €16,880 | €17,571 |
| as % GDP | 9.5% | 10.0% |
| | | |
| IOBE Multiplier | 2.2 | 2.2 |
| Direct and Indirect | €37,136 | €38,656 |
| as % GDP | 20.9% | 22.0% |
| | | |
| KEPE Multiplier | 2.65 | 2.65 |
| Direct and Indirect Result | €44,731 | €46,562 |
| as % GDP | 25.1% | 26.5% |
| | | |
| GDP | €177,941 | €175,697 |

*Source: SETE Intelligence*

According to ELSTAT estimates, the Greek GDP at current values came to €175,697 million in 2015, down -1.3% from 2014 (€177,941 million).

Summarising the data on tourism provided above and comparing them with the country's GDP, it appears that:

- the direct contribution of tourism to the GDP amounted to **10.0%** or about **€17.6** billion;
- taking into consideration the multiplier effects, the total contribution amounts to between **€38.7** billion and **€46.6** billion, or between **22.0**% and **26.5%** of the GDP, making tourism a key pillar of the Greek economy;
- compared to the GDP, which dropped by **€2.2** billion, tourism activity rose by **€691** million (direct) or approximately **€1.5** billion-**€1.8** billion indirectly and directly, serving as an important bulwark against the worsening crisis in 2015;
- **90.0%** of revenues from tourism are generated from abroad, meaning that tourism is almost exclusively an export activity.

# REGIONAL DISTRIBUTION and CONTRIBUTION OF TOURISM ACTIVITY

| Region | % Distribution of hotel overnight stays 2015 | Proportion of direct tourism expenditure 2015 - in € m | Region GDP 2014 - in € m | Direct Contribution of tourism to Region GDP with 2014 data | per capita GDP 2014 - in € |
|---|---|---|---|---|---|
| Crete | 27.5% | 4,828 | 8,693 | 56% | 13,773 |
| S. Aegean | 24.5% | 4,304 | 5,993 | 72% | 17,899 |
| ionian Islands | 10.9% | 1,921 | 3,074 | 63% | 14,826 |
| Central Macedonnia | 10.7% | 1,875 | 23,732 | 8% | 12,500 |
| Attica | 10.4% | 1,830 | 86,001 | 2% | 22,377 |
| Peloponnese | 3.2% | 567 | 7,674 | 7% | 13,134 |
| Thessaly | 2.6% | 453 | 9,003 | 5% | 12,237 |
| Eastern Macedonia & Thrace | 2.3% | 412 | 6,903 | 6% | 11,366 |
| N. Aegean | 2.3% | 404 | 2,560 | 16% | 12,919 |
| West Greece | 2.3% | 398 | 8,250 | 5% | 12,214 |
| Sterea Ellada | 1.7% | 307 | 7,772 | 4% | 13,917 |
| Epirus | 1.2% | 204 | 3,947 | 5% | 11,606 |
| West Macedonia | 0.4% | 66 | 4,337 | 2% | 15,624 |
| Total Country | 100.0% | 17,571 | 177,941 | 10% | 16,336 |

*Source: BoG – Processing SETE Intelligence*
*The Region GDP are subjet to change*

In the absence of data on the regional distribution of tourism expenditure, its estimate is approximate, using the regional distribution of overnight stays (2015) as a proxy. These data are compared with the last available (2014) GDP data by region. It is noted that according to ELSTAT (see above), the GDP of 2015 (for which there are no data per region) was lower than that of 2014, and therefore the relevant importance of tourism in the regional economies is higher than that shown in the table.

Due to the approximate nature of the table data and the comparison of data from different years (Expenses and Overnight Stays for 2015 and Regional GDP 2014), the picture that emerges is largely indicative. Nevertheless, the contribution of tourism to the GDP of Crete (56.0%), the South Aegean (72.0%) and the Ionian Islands (63.0%) is impressive. It is also interesting that - excluding Attica – the South Aegean, where the main economic activity is tourism, has the highest per capita GDP, while Crete and the Ionian Islands are among the highest.

# THE CONTRIBUTION OF TOURISM TO THE BALANCE OF PAYMENTS

| | 2014 (εκ. €) | 2015 (εκ. €) | % μεταβολή |
|---|---|---|---|
| Balance of Trade | -22,252 | -17,231 | *23%* |
| | | | |
| Travel receipts (incl. Cruise) | 13,393 | 14,133 | *6%* |
| *as % deficit of Balance of Trade* | *60%* | *82%* | |
| | | | |
| Estimate of Revenues from Transport | 1,519 | 1,558 | |
| | | | |
| Exports of Goods | 26,788 | 24,787 | *-7%* |
| Exports of Goods except Ships and oil | 17,112 | 17,898 | *5%* |
| | | | |
| Travel receipts / Exports of Goods | 50% | 57% | |
| Ships and Oil | 78% | 79% | |

*Source: BoG – Processing SETE Intelligence*
*The revenues data for November & December are subject to change*

Tourism is one of the most important sources of revenues of the country for balancing the Balance of Payments. This is reflected in the following table, based on the latest available data of the BoG[1].
The table shows the extreme importance of tourism in covering the balance of trade deficit. Specifically, in 2015, **the travel receipts covered 82.0% of the balance of trade (compared to 60.0% in 2014**). In fact, if revenues from air transport, cruises and others are taken into account, which the BoG calculates under different line items in the balance of payments, then the contribution of inbound tourism in covering the balance on goods rises to **91.0%.**

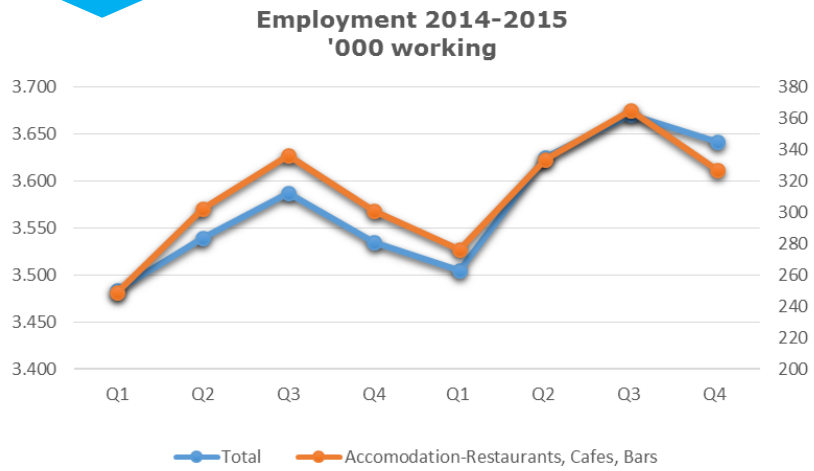
Moreover, excluding exports of fuel and ships, receipts from tourism represent **79.0%** of receipts from Greece's exports of all other products (agricultural, industrial, etc.). If receipts from air and marine transport from inbound tourism are included in travel receipts, then the total is nearly equal to **88.0%** of the total receipts from the exports of all goods except for ships and fuel. In other words, tourism brought almost as much income to the country as all manufacturing and agricultural exports.

[1] Note: in 2015, the BoG changed the method for calculating the Balance of Payments. (see here)

# TOURISM & EMPLOYMENT

| Employment development for 2014-2015 (in th.) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2014 | | | | 2015 | | | |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 |
| Total | 3.484 | 3.539 | 3.587 | 3.535 | 3.504 | 3.626 | 3.671 | 3.642 |
| *% Change* | | | | | *0,6%* | *2,4%* | *2,3%* | *3,0%* |
| Accommodation - Restaurants | 249 | 302 | 337 | 301 | 277 | 334 | 365 | 327 |
| *% Change* | | | | | *11,1%* | *10,4%* | *8,4%* | *8,7%* |

*Source: Labour Force Survey – Processing SETE Intelligence*




Aside from its major contribution to Greece's GDP, tourism is also an important contributor to employment and, as indicated by the following data on total employment in the accommodation and catering sectors, has played an important role in reducing unemployment.

As already stated (see table on p. 12), accommodation and catering represent 63.3% of tourism expenditure in Greece.

If the contribution of these two sectors to employment in activities related to tourism is assumed to be proportional to their contribution in GDP, one can deduce that the total employment generated by tourism at **peak season (Q3) of 2015 was 577,000 workers or 15.0% of the total employment.** If the employment multiplier is comparable to that of GDP (2.2 or 2.65), then total employment (direct and indirect) generated by tourism amounts to 33.0%-39.0% of the total.

# CONCLUSION

In conclusion, tourism in 2015:

- **directly contributed** to generating 10.0% of the country's GDP, whereas its direct and indirect contribution is estimated at between 22.0% and 26.5%, confirming the widely held belief that it is the country's "heavy industry";

- **was the main driver of the Greek economy**, since it showed an increase in revenues from foreign countries of 5.2% or €680 million, while the increase in total activity is estimated at €691 million (from €16,880 million direct contribution to the GDP in 2014 to €17,571 million in 2015). For the same period, the total GDP is estimated to have dropped by -€2.24 billion in nominal terms and by -0.2% in actual terms;

- from each **€1.0 of tourism revenue, another €1.20 to €1.65 of additional economic activity** is generated. As a result, for each €1.0 of tourism income, the country's GDP increases by €2.20 to €2.65, meaning that tourism is a sector with a great dispersion of benefits in the economy;

- for three island regions (Crete, South Aegean, Ionian), **it contributes directly by generating well over 50.0% of the GDP of these regions**. These regions have one of the highest per capita GDPs in the country, supporting the view that tourism leads to improved living standards in the areas where it is being developed;

- **it contributes directly to 15.0% of employment** and overall (directly and indirectly) between 33.0% an 39.0%, while it had a key contribution in reducing unemployment;

- **travel receipts covered 82.0% of the balance of trade deficit.** These receipts are equal to 79.0% of receipts from the exports of all other products exported by the country, excluding receipts from the export of ships and fuel.

- If receipts from air and marine transport from inbound tourism are added to travel receipts, then the t**otal is equal to 88.0% of receipts from exports of all goods** except ships and fuel.

**The above clearly demonstrate the significance of tourism for the Greek economy, and the sector's dynamism.**

This dynamism is the starting point for the policies that will deal with the most important weakness of the country's tourism, which is none other than seasonality (approximately 55.0% of arrivals and 62.0% of revenues occur in the 3rd quarter and only 8.0% of arrivals and 3.0% of revenues in the 1st quarter). This means that seasonality can only be addressed by adding to and enriching the basic "Sun & Sea" product, which is the leading "tourism product" across Europe, rather than trying to combat it.

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