

EXECUTIVE SUMMARY

Our study highlights many important aspects of the interaction between the tourism sector and the Greek economy and sets out its various effects at both the economic and the social level. Tourism in Greece has grown rapidly over the past decade, with travel receipts and arrivals repeatedly reaching new all-time highs. This momentum has clearly delivered direct benefits to the country's economy, but it has also brought about structural changes in the landscape of the tourism industry.

Over the past decade, then, a substantial change can be observed in the structure of tourism businesses, particularly during the economic crisis. The number of tourism enterprises fell, while at the same time the number of people employed in them rose. This increase in employment results from the higher demand for tourism services, which grew faster than employment in the rest of the economy. The tourism sector in particular shows rising employment among young people and women, which creates job opportunities for groups that have traditionally had limited access to the labour market. Even so, pay in these branches is often low and the work precarious, with many people employed under flexible forms of employment.

Average expenditure per trip in Greece has declined significantly in recent years. This is directly linked to the shortening of tourists' length of stay, as visitors tend to cut down the time they spend in order to limit their costs. The trend is a cause for concern, since falling tourism expenditure may have a negative effect on the tourism economy in the long run, especially if it persists.

One of the most important issues the study brings to light, however, is the inability of the Greek tourism system to measure accurately the contribution of tourism to the economy. The lack of adequate statistical data and the absence of an institutional framework to support the measurement of tourism's economic contribution remain serious problems. This shortage of data makes it difficult for the academic and scientific community, as well as for the authorities responsible for decision-making in the tourism sector, to form a clear picture of the situation.

The supply-side approach to tourism — that is, treating tourism as a set of branches and products — appears to be at odds with the international classifications of products and activities, since it does not provide a full picture of the economic impact of the phenomenon. This is mainly because the “touristic” nature of a product does not depend on the product itself but on

the consumer, who ceases to act as a tourist once they return from their trip. By contrast the demand-side approach — viewing tourism as the consumption of a range of products that supplements the consumption of the destination's permanent residents — offers a more complete picture of the output generated by tourism and of its effects at the macroeconomic level.

To address this problem, Tourism Satellite Accounts (TSAs) are presented as a valuable tool. They constitute an extension of the National Accounts that allows the direct and indirect effects of tourism on output, value added, investment and employment to be measured reliably. Although several European countries have adopted this tool, Greece still lags behind in this respect, which limits any accurate understanding of tourism's real contribution to the economy.

Drawing on the available data and using statistical methods, the study estimates that Tourism Direct Gross Domestic Product (TDGDP) rose steadily over the period 2010–2019. In 2020, owing to the pandemic, the ratio of TDGDP to GDP fell dramatically to 1.9%, but recovered slightly in 2021. As regards employment in tourism, a significant increase in the number of people working in the sector is observed, with total employment doubling between 2011 and 2019. This increase points to the substantial contribution of tourism to job creation.

Tourism's contribution to the Greek economy is not confined to employment and GDP, however. The study shows that tourism has other effects as well, such as an increase in imports and in CO₂ emissions. Compared with other branches of the economy, though, tourism has relatively low negative environmental impacts, which makes it well suited to demand-side policies aimed at economic recovery over short time horizons. Focusing on receipts from international tourism, we found that the total effect (direct and indirect) of tourism on the country's GDP comes to approximately 11%, while for employment it reaches 13%.

With regard to the formulation of long-term structural policies, tourism appears to make only a limited contribution to raising labour productivity. Consequently, although tourism matters for economic growth in the short term, it cannot serve as the main lever of a long-term development policy. The study stresses the need for further investigation of the inter-sectoral linkages between the tourism sector and other branches of the Greek economy, in order to gain a better understanding of its developmental role.

One area in which tourism appears to interact significantly is the agri-food sector. The development of integrated value chains between the primary sector and tourism can strengthen the diffusion of growth and create syn-

ergies that foster the resilience of the economy. Greater interaction between these two sectors can also improve the quality of the goods produced and increase their total value added.

A further important issue examined is the dependence of domestic tourism activity on inputs of intermediate and final goods and services from abroad. This creates a need for policies that will strengthen domestically produced value added in tourism. Such policies can reinforce the links between tourism and other branches of the economy and contribute to sustainable tourism development.