

▶ The Impact Of The Covid-19 Pandemic On Greek Tourism

▶ Gregory T. Papanikos

A decorative graphic consisting of several parallel white lines of varying lengths, slanted diagonally from the bottom right towards the top right, located in the lower right quadrant of the slide.

The Arrival of the Pandemic and the Departure of Tourists

In 2019, 34 million tourists arrived in Greece from different countries generating €18.2 billion of international tourist receipts. These were historical record numbers for the Greek tourism industry. In addition, 2020 looked even brighter till the pandemic outbreak mid-March in Greece. The lethal infectious disease (Covid-19) hit the Asian countries first and then spread out to Europe and eventually to the rest of the world. Almost all countries banned international travel. The Greek tourism market collapsed as did all the tourism markets in the world and especially in Europe.

▶ Pandemic Economics

- ▶ Pandemics in economics are analysed as external shocks similar to other events such as earthquakes, floods, droughts, wars, terrorist attacks etc. A recent short overview is given by Rasul (2020). Theoretical and empirical studies of pandemics have shown mixed results even though most of them point towards an overall negative effect; in the short, medium and long run. Some of these studies are briefly reviewed in the paper. The most important constraint of economic impact analyses of previous pandemics is the availability of data. This explains why most economic impact studies use the 1918 epidemic and other smaller outbreaks of the 20th and 21st century as their natural experiments to examine economic impacts. On the other hand, the social and political impacts are easier to assess because there are references made to them. The first well known epidemic of 430 BCE narrated by Thucydides in his work of the Peloponnesian War (Papanikos 2020) has a detailed exposition of the social, political and anthropological effects of the plague. Unlike Pericles, Thucydides himself was infected and survived.

The Uniqueness of the Current Pandemic

The current Covid-19 pandemic has a particularity when is compared with the 1918 epidemic; never before people travelled so much for business, education and recreational (pleasure) purposes. The travel industry in 2020 cannot compare to what this was in 1918; almost non-existent. The pandemic hit badly damaged the tourism industry by completely shutting down the supply and the demand of tourism services. It can be thought of as a market failure to satisfy a potential demand. But there is more than that. It is not economics that determine the outcome of the tourism market but epidemiology. It is not the invisible hand of the market but the invisible virus of the coronavirus. This explains the difficulty in providing forecasts of the economic impact of the pandemic on the tourism market even if one asks the Oracle of Delphi (i.e., applying the Delphi Method); economics play little or no role at all. The existence or not of the market is determined by the harshness of the pandemic which create enormous uncertainty and uncalculated risks.

Table 1. International Tourism Arrivals and Receipts, 2005-2019
 [Data Source: GDP (AMECO). International Tourism Receipts (Bank of Greece)].

Year	Int'l Tourism Receipts Billion €	Int'l Tourism Arrivals Millions of Tourists	Spending per Tourist Arrival €	GDP Billion €	Tourism Receipt as a % of GDP
2005	10.73	14.39	746	199.2	5.39%
2006	11.36	15.23	746	217.9	5.21%
2007	11.32	16.17	700	232.7	4.86%
2008	11.64	15.94	730	242.0	4.81%
2009	10.40	14.91	697	237.5	4.38%
2010	9.61	15.01	640	226.0	4.25%
2011	10.50	16.43	639	207.0	5.07%
2012	10.44	16.95	616	191.2	5.46%
2013	12.15	20.11	604	180.7	6.73%
2014	13.39	24.27	552	178.7	7.50%
2015	14.13	26.11	541	177.3	7.97%
2016	13.21	28.07	470	176.5	7.48%
2017	14.63	30.16	485	180.2	8.12%
2018	16.09	33.07	486	184.7	8.71%
2019	18.18	34.00	535	187.5	9.70%

Table 2. The Pandemic Impact on Greek Tourism: A Scenario Analysis

	2019 Actual (€M)	Coef. A	2020 Scenario A (worst case)	Coef. B	2020 Scenario B (average)	Coef. C	2020 Scenario C (optimistic)
Q1	747	0.95	709	0.95	709	0.95	709
Q2	4667	0.1	467	0.25	1167	0.4	1867
Q3	10693	0.1	1069	0.25	2673	0.4	4277
Q4	2072	0.1	207	0.25	518	0.4	829
Total (Year)	18179		2452		5067		7682
% of 2019			13.5%		27.9%		42.3%
% Reduction			86.5%		72.1%		57.7%
GDP Impact	29086		3924		8108		12291
% of GDP Impact	16%		2.1%		4.3%		6.6%

Table 3. Reported New Cases of Covid-19 Infections (14-Days Moving Average) and Tourism Receipts by the Most Important Countries of Origin

Country	Receipts €M	% of Total Receipts	As of 15 May, 2020 (14-days MA)
Germany	2959	16.3%	1002
United Kingdom	2564	14.1%	3978
USA	1189	6.5%	22517
France	1090	6.0%	745
Italy	1009	5.5%	1119
Netherlands	534	2.9%	264
Romania	483	2.7%	263
Cyprus	465	2.6%	4
Switzerland	462	2.5%	54
Austria	462	2.5%	39
Belgium	453	2.5%	375
Russia	433	2.4%	9913
Australia	371	2.0%	18
Canada	343	1.9%	1441
Sweden	258	1.4%	504
Albania	212	1.2%	8
Spain	203	1.1%	1023
Denmark	191	1.0%	100
Czech Republic	184	1.0%	44
Total	13864	76.3%	2285

▶ Conclusions I

- ▶ The economic impact of any pandemic is very difficult to measure including the number of people contracting the virus and dying.
- ▶ The review of the literature shows that the effects (positive and negative) can be immediate due to lockdown, medium due to time required to adjust to a pre-pandemic state and long-run through its effect on human capital which might last more than one generation as this has been demonstrated by the empirical verification of the fetal origins hypothesis.

▶

▶ Conclusions II

- ▶ Based on the leading indicators of pre-bookings this study has found that the impact of the 2020 pandemic on international Greek tourism receipts is huge. The effect on GDP is expected to be unprecedented for a non-war period. Even the economic crisis that hit the Greek economy hard cannot compare with the impact of the Covid-19 on the Greek economy.
- ▶ Tourism receipts reductions are expected to have an impact that ranges from 9 to 14 percent of GDP. And this is the 2020 impact.
- ▶

▶ Conclusions III

- ▶ Unless the uncertainty and risk are eliminated (measured by zero cases in the last 14-days) the tourism impact will continue to exert a big strain on economic resources.
- ▶ Government interventions by spending public money to support household and small business proprietors' income cannot be sustained for a long period of time.

▶