

Accounting for 16% of Greece's gross domestic product, tourism is the bedrock on which the country's economic recovery will be based. Rod James talks to **Christos Petreas**, advisor to the Greek Ministry of Tourism and Culture, about government initiatives designed to boost the industry and how, against the odds, they appear to be working.

Greece's stunning landscape continues to attract tourists from around the world.

Bouncing back

It's late afternoon in August and a stifling heat rests over Athens like a thick blanket. The road to the airport is rammed as far as the eye can see with yellow taxi cabs, sounding their horns in distorted harmony, as befuddled tourists wheel their suitcases through the maze of traffic.

Like the truckers, sailors and customs officials before them, the taxi drivers are on strike, protesting against International Monetary Fund requirements that would see what has long been a 'closed shop' profession opened to all comers. This policy of liberalisation, which Greece must adhere to if it is to receive desperately needed financial aid, was never going to be popular at a time when fares are plummeting and, according to union statistics, there are already too many

taxi drivers fighting over rapidly diminishing returns.

For the Greek tourism industry the timing of the strikes, in the middle of the high season, could not have been worse. And although the industrial action has been suspended while negotiations take place, the long-term reputational damage could be considerable. This is especially sad given the success the tourism sector has enjoyed since the start of the year. An aggressive, carefully targeted marketing campaign and widespread legislative reforms have produced

impressive growth, in stark contrast to most other areas of the Greek economy.

According to figures released by the Greek Tourism Enterprises Association (SETE), the country saw foreign tourist numbers increase by 10% during the first seven months of 2011, and a 12.6% year-on-year rise in tourism receipts over the same period. Rhodes and Kos, two of the best-known Greek destinations, have seen increases in excess of 25% compared to 2010. Speaking to Christos Petreas, advisor to the Ministry of Tourism and Culture, at the Routes Mediterranean Conference in Antalya, it

is clear that tourism is at the heart of Greece's recovery plans.

"Tourism has always been an important sector for Greece," he explains. "But it is becoming even more significant as time goes on for two reasons. One is, very simply, that the industry worldwide is expanding and will continue to do so. Secondly, tourist activity can support economic growth in a number of different areas."

“With resources directed towards the Greek islands and Athens, the country's 17 ski resorts, inland lake system and array of sites of religious interest went largely unappreciated.”

Potential profits

This dramatic upturn in the sector's fortunes, after sharp declines in the previous two years, is to some extent down to unfulfilled past potential. With so many resources directed towards the Greek islands and Athens, the country's 17 ski resorts, inland lake system and array of sites of religious interest went largely unappreciated.

Also, unlike most of its Mediterranean and North African counterparts, Greece generally attracts more than half of its tourists between July and September, with only 7% arriving in the period from

January to March. This compares with a figure of 24% for Egypt, according to figures released by the tourism ministry. In Petreas's view, redressing this balance was of fundamental importance. He stresses, however, the need for resources to be allocated in a focused manner.

"We are making much better use of our history, culture and natural resources – the specific things we can offer," he explains. "For the first time Greece is

being marketed as a scuba diving destination and there has been a heavy presence of senior government officials in discussions with the cruise industry. This strategy makes particular use of the internet and social media, with a new website based on promoting visitor experiences as opposed to facilities and resources. It is about addressing the right markets as opposed to offering everything to everybody."

The plan appears to be working already. According to the Hellenic Statistical Authority, July of this year saw a huge increase in tourist numbers from

specific countries compared with the same period in 2010. Traditional markets such as the UK, though displaying a strong upward trend, were eclipsed by a 79% boost in Russian arrivals and a 97.8% increase in visitors from Turkey. This success should be bolstered by the waiving of landing and take-off fees at the country's airports, which might encourage more regional carriers to set up direct routes.

"Guests today want to go by direct route, so increasing the range of destination, particularly in the periphery, is of great interest," Petreas says. "Maybe Greece was a little bit slow in trying to attract low-cost airlines and was more targeting charter and conventional carriers. We would hope that low-cost airlines will see the benefits of an expanding Greek tourist season and will maintain an active presence. Government policy will be to maintain competitive fees at our airports."

Pulling together

Many of these developments have been aided by a closer relationship between the tourism ministry, regional boards and those in the private sector. Local elections at the end of 2010 saw the formation of regional authorities with responsibility for tourism and development. This is part of a reorganisation that will see smaller



The Greek tourist industry has traditionally revolved around islands such as Poros.

“In perhaps the clearest indication of tourism’s importance to Greece’s recovery, VAT, which has been increased across the country, has actually been reduced in hotels.”

municipalities combine to create larger local authorities. Petreas believes this will result in more cohesive, effective decision-making at a regional level, providing a catalyst for cooperation.

“There are informal advisory committees in place where professional organisations

can offer recommendations on all the major aspects of tourism development,” he explains. “For example, the private sector placed great emphasis on easing visa issuance for visitors from non-Schengen countries because they saw that the market was there. The government took

the relevant action to assist with this. In addition to that there is the new Investment Incentives Law. Under that, depending on the area of the country and type of investment in question, grants or tax savings can approach 50%.”

In perhaps the clearest indication of tourism’s importance to Greece’s recovery, VAT, which has been increased across the country, has actually been reduced in hotels. In addition, according to a study by Athens-based GBR Consulting, the newly formed Privatisation Fund of Greece will look to relinquish €50 billion of public assets over the next five years, including tourist sites at Mesolongi in the west of the country and on the island of Paronisi near Rhodes. All of this has been aided by a new law that has accelerated the rate at which such measures can be approved.

“In the past few months a special law was passed to speed up the process of getting licences and approvals,” Petreas explains. “In Greece they call it the ‘fast-track’ law and it allows for major investments that are either high value or create many jobs. This receives direct support from the State Ministry, which is offering incentives to encourage public/private partnerships, creating employment positions and trying to reduce the effects of seasonality on employment.”

With all the pieces in place, the question now is how best to aim this improved package at the consumer over the longer term. Petreas believes, ultimately, in reaching as far as possible but with initial emphasis on neighbours whose potential has yet to be fully realised.

“The strategy involves viewing the whole world as a potential market, although obviously you don’t go for it all at the same time,” he explains. “We are looking with great interest towards the Russian and Eastern European markets, as well as long-haul. But we have a three-year plan in place to target across the globe and really diversify our tourist base.”

At the time of writing, Greece’s tourism workers are holding a 24-hour strike in protest against pension cutbacks. The government will be hoping that such unrest fails to derail what has been, in recent times, a rare Greek success story. ■

Monday Hongkong, International Airport
Wednesday already on sale in Germany



When things get tight ...

Feel free and explore unlimited capacities all night long without any curfew and slot restrictions. Slip into 24/7 business with cargo handling, customs clearance, veterinary and plant inspection on duty around the clock. Take advantage of quick turnarounds due to short ways and nose-in position at all 3 warehouses. A 3,800-m runway, ILS for CAT III approaches and facilities for line and heavy maintenance will complete the perfect picture. Enjoy your day and night cargo hot spot.

www.hahn-airport.de

frankfurt hahn
airport
WE CAN AIRPORT