

THE ECONOMICS OF SEA TOURISM

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A TALE OF TWO FLEETS

- Greek ocean going shipping is efficient, competitive and grows, free from government interventions
- Shipping within Greece is inefficient, uncompetitive and withers, because of government interventions

CRUISE SHIPS

- Whereas Greece was among the first Mediterranean countries to have cruise ships now it has only two
- No foreign flag cruise ships presently home-port in Greece

CRUISE SHIP CONTRIBUTION

- The cruise ship industry contributed € 34.1 billion to Europe in 2009
- Annual growth rate 11%PA
- It is a high added value form of tourism
- Revenues from home-porting are between 10 to 15 times greater than those from calls at ports
- All the benefits arise from the direct and indirect jobs home-porting creates
- Making Greece a home-porting hub is better than all the alternatives

ECONOMIC MULTIPLIERS

Cruise ship tourism (1)	2.7
Industry (2)	2.4
Public works (2)	2.1
Wholesale trade (2)	1.7
Retail trade (2)	1.6

Investing in cruise ship tourism in Greece will create 70% more jobs than investing in the retail trade

It will accelerate the creation of indirect jobs whatever the trade-off

(1)European Cruise Council 2010

(2)Greek economic statistics

POTENTIAL INCREASE OF THE CRUISE SHIP CONTRIBUTION TO GREECE

Ratio of passenger embarkations to passenger visits as per 2010 study were:

Country	Embarkation	Visits	PCT embarkation to visit	Comparability Ratio
Italy:	1.704.000	4.956.000	34.38%	3.40
Spain:	991.000	4.118.000	24.06%	2.38
Greece:	503.000	4.973.000	10.11%	1.00

If Greece had the same ratio of embarkation to visits as Spain and proportionately all other services the additional benefit for Greece would be about € 1.5 billions per year or about 30.000 more jobs

HOW GREECE CAN BECOME A HOME-PORTING HUB

- The HCS has always pointed out that to attract cruise ship home-porting and enjoy the benefits, the recently enacted law (August 2010) and the draft legislated contract should be in a form acceptable to the cruise ships industry.
- To attract home-porting of cruise ships either the law or the ministerial decision defining the contract should be corrected to represent European practices.
- Strikes have a strong negative effect on all forms of tourism. They should never occur at sites of cultural interest which attract tourism. Such sites should be open daily from sunrise to sunset. They are our prime attraction.
- Port safety must be assured. The ISPS Code regulations must operate properly. Incidents like those against the “ZENITH” in 2010 and the two cargo passenger RoRo ships at Corinth in 2010 and 2011 must be eliminated.
- Port infrastructure and accessibility must be improved immediately

The benefits of home-porting in Greece are there to be had, what on earth are we waiting for???

“Time is money”

As it stands now the benefits from cruises that could have started and ended in Greece are enjoyed by others.

PROTECTIONISM DESTROYS JOBS

A. The Greek example

- Greek shipowners were among the first to invest in cruise shipping in the Mediterranean in the '50s, and then expanded to the Caribbean and other destinations
- Cabotage laws were enacted to “protect” the jobs for Greek seafarers
- Now there are only two Greek flag cruise ship and few Greek flag cruise ship jobs

B.Ensuring jobs through productivity

- Greeks are nevertheless sought after, valuable employees on International cruise ships as:
 - Captains and Deck Officers
 - Engineers
 - Hotel and Catering staff

if and when they have the appropriate expertise and abilities required by the employer for the position
- **Jobs can only be ensured through expertise and abilities in order to be competitive, not through legislation**

ADOPTING FAILED ECONOMIC MODELS ARE A RECIPE FOR DISASTER

- Legislating manning requirements based on nationality is the clearest admission of an uncompetitive workforce.
- It is also the surest way to destroy tourism, growth and prosperity
- To grow and create jobs, economies must produce goods and services that provide value-for-money.

THE ADVANTAGES OF GREECE

- Greece, other than being a prime cruising area, has shipping infrastructure, abilities and technical know how second to no one
- Home-porting in Greece will be a win-win situation for the cruise companies, their passengers and the people of Greece

PASSENGER FERRIES

Passenger ferries and accessibility promote island tourism but:

- Ferry schedules are not posted in advance so that tourists can schedule vacations
- Fares are still very expensive because:
 - they continue to include levies for unrelated matters
 - of a high VAT
 - of uncompetitive manning regulations not in line with EU Regulation 3577/92 and IMO STCW
- To promote Greek island tourism the cost structure of the islands must not be higher than on the mainland. In order to achieve this transport cost and passenger fares must be kept low.
- On international routes Greek flag ferries must be competitive to survive.

The above must be corrected ASAP

**Greece has uniquely beautiful
islands**

**Bring down transport cost to
increase island tourism, growth
and prosperity**

EUROPEAN RECREATIONAL BOATING

6% steady average annual growth rate

36 million people practice boating

6.3 million boats kept in Europe

4.500 marinas, 1.75 m berths in European waters of which:

-2.000 marinas in North Europe

- 800 marinas on the Atlantic coast

-1.200 marinas in the Mediterranean

Source: website of European Boating Industry

A COMPARISON

Cote d'Azur – Greek isles

	<u>France</u>	<u>Greece</u>	<u>Ratio</u>
Population	65.5 million	11.3 million	
Coastline (km Atl+Med)	3.427/ 5.2cm PC	16.300/ 145 cm PC	1 to 28
Active fleet	500.000/ 0.8% PC	11.700*/ 0.1% PC	8 to 1
Boats over 6 m LOA	200.000/ 0.3% PC	6.200*/ 0.05% PC	6 to 1
Marinas (Atl+Med)	370	55	
Berths (Atl+Med)	160.000	8.283	
Other berths & anchorages (Atl+Med)	60.000	1.732	
Total estimated berths & Anchorage (Atl+Med)	220.000/1.1 PB	10.015/1.6 PB	

Greece, having the largest coastline and being the preferred cruising area has the least yachts and infrastructure by far. This is due to unfriendly legislation. Greeks love boats.

PC= Per Capita, PB=Per Boat

(*) Greek flag. More if foreign flags were counted. These are larger and therefore the PB would be less.

TO THE GREEK ISLANDS AND COASTAL AREAS A BOAT TRADITIONALLY SYMBOLIZES CHRISTMAS



ECONOMIC BENEFITS OF YACHTING/BOATING

- Gives work to: yacht personnel, marinas, boat yards, engineers, electricians, carpenters, upholsterers and other maintenance workers of all sorts. It keeps yacht chandlers, spare part dealers, local suppliers and restaurants in business. It distributes these benefits creating employment all over Greece. The HCS is making a study to better estimate these benefits.

With a competitive legal and fiscal framework, the benefits from the growth in Greek marinas and yachting can be enormous

SEA SPORT TOURISM

- An increasing sector of sea tourism are activities such as:
 - Fishing
 - Water skiing
 - Kite surfing
 - Scuba diving and others
- We must welcome these activities copying successful European legislation

Money potentially exists

If only we can understand how to generate it

- With unrealistic and uncompetitive conditions no cruise ships will home-port in Greece, tourists will not be attracted by the high costs and more yachts will leave Greece. These are the negative effects of the present policies.
- Creating a cost competitive, investment friendly environment in order to attract cruise ship home-porting, more tourists to our islands and more yachts, Greece will generate more turnover and jobs. In this way Greece will prosper

“Let a thousand flowers bloom”

- Greece should be outward looking – not navel gazing
- European sea tourism has a very high rate of growth
- Greek sea tourism is grossly under developed because of an unfriendly legal and fiscal environment
- Greece was always wealthier when it embraced the sea
- If we shed our ideological scleroses and embrace competitiveness, our uniquely beautiful and culturally endowed country will flourish
- Delays are detrimental. “Οι γαρ καιροί ου μενετοί της ημετέρας ραθυμίας»

Go for it!

THANK YOU

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