

Passenger shipping in Greece in 2016-2020: Performance, economic contribution and prospects

Summary

Athens, January 2021

- It is the main mode of domestic transportation for the islands, even in destinations that have an airport
- Most goods are transported to and from the islands by trucks that travel on board of passenger vessels



Passenger shipping makes a significant contribution to domestic economic activity...

- It contributes with the transportation of passengers and vehicles, while it also supports the development of other economic activities, especially in the island regions of the country.
- Overall, the contribution of passenger shipping, taking into account the wider effects on the islands' economy and on export trade through international routes, is estimated at 7.4% of GDP in 2019 (€13.6 billion).
- In terms of employment, its contribution is estimated at about 332,000 jobs (8.5% of total employment)

Economic impact of passenger shipping on the Greek economy

	Transportation services	Wider effects from tourism and production in the island regions	Wider effects from exports	Total
GDP (billion €)	2.0	10.1	1.5	13.6
Employment (thousands)	33.5	256.8	41.3	331.6
Tax revenues (million €)	728	1,887	343	2,957

Source: IOBE

... of particular importance for the economy of the islands

- The contribution is particularly significant for:
 - ▣ The Cyclades (more than $\frac{3}{4}$ of GDP and 52% of employment)
 - ▣ Zakynthos (70% of GDP and 73% of employment)
 - ▣ Crete (37% of GDP and 41% of employment in the island)

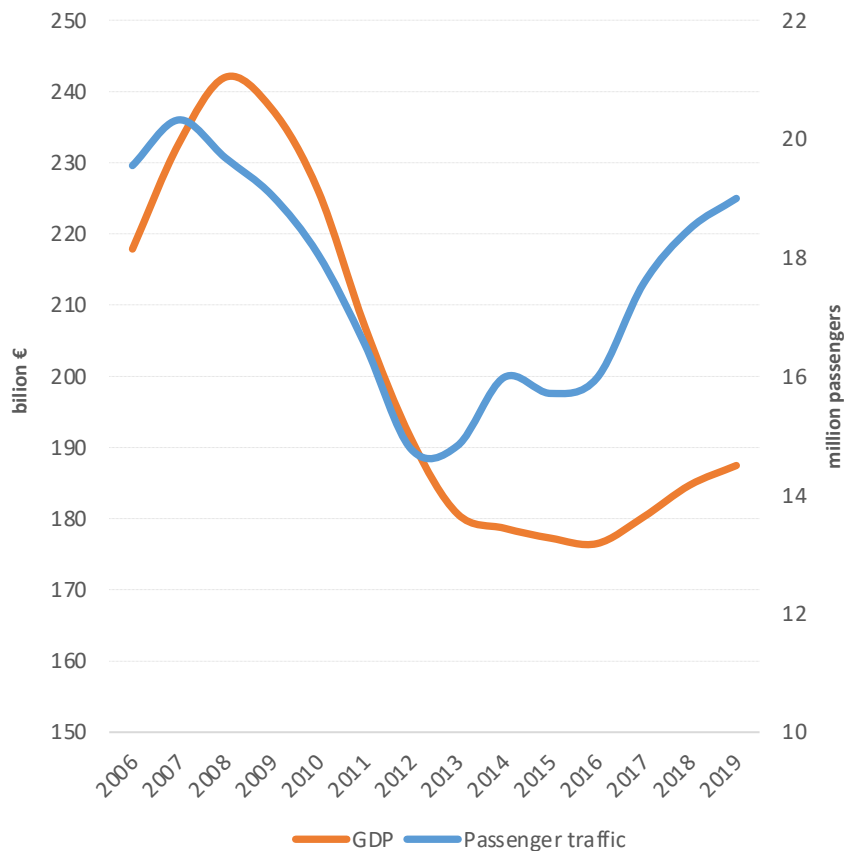
Economic impact of coastal shipping on the economy of the island regions

	Total contribution to GDP (million €)	Contribution to the GDP of the region (%)	Total contribution to employment (thousands)	Contribution to employment of the region (%)
Crete	3,516	37%	103.0	41%
North Aegean	3,099	48%	63.7	48%
South Aegean	912	35%	24.4	33%
Zakynthos	531	70%	15.5	73%
Kefalonia	176	29%	4.3	41%
Other islands	273		6.0	
Total	8,507	41%	216.9	44%

Source: IOBE

Coastal maritime passenger traffic in Greece follows the course of the Greek economy

GDP and passenger traffic in domestic routes,
2006-2019

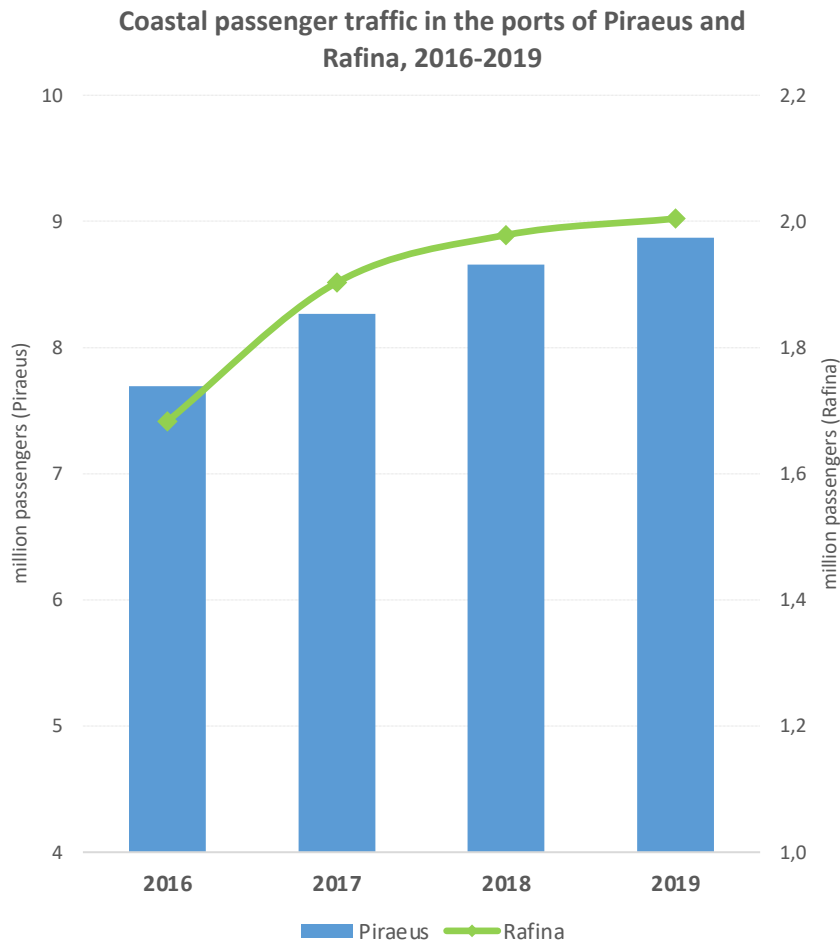


- In 2015-2019, the rise in coastal passenger traffic was more pronounced than GDP growth
- The increase in coastal passenger traffic since 2013 mainly came from growth of inbound tourism

Note: GDP in market prices

Source: ELSTAT

Positive trend in the main ports of mainland Greece between 2016 and 2019

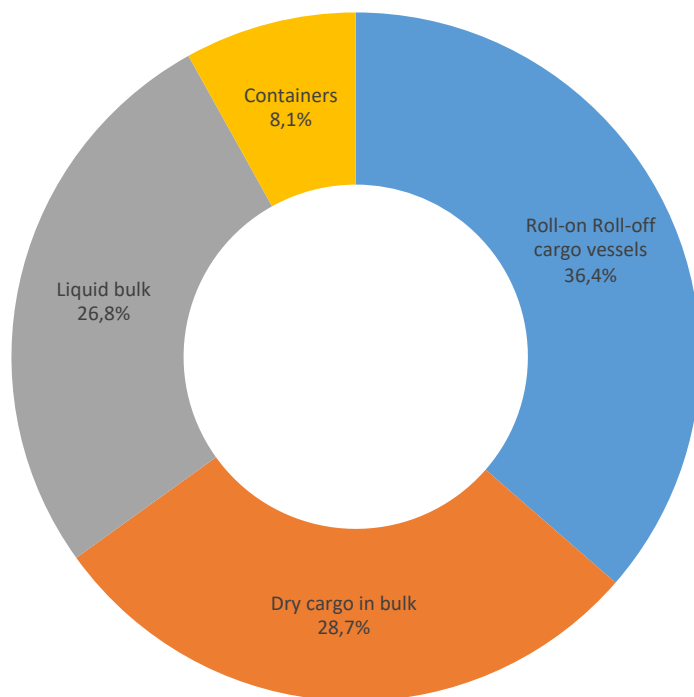


- In 2019, the total passenger traffic in Piraeus reached 8.9 million, higher by 2.4% (or 209k passengers) compared to 2018
 - Against 2016, the total number of passengers (embarked and disembarked) increased by 15.3% or 1.2 million.
- Similarly, in the port of Rafina the traffic of passengers stood at 2 million (+1.3 % compared to the previous year)
 - It posted a strong increase by 19.1% compared to 2016

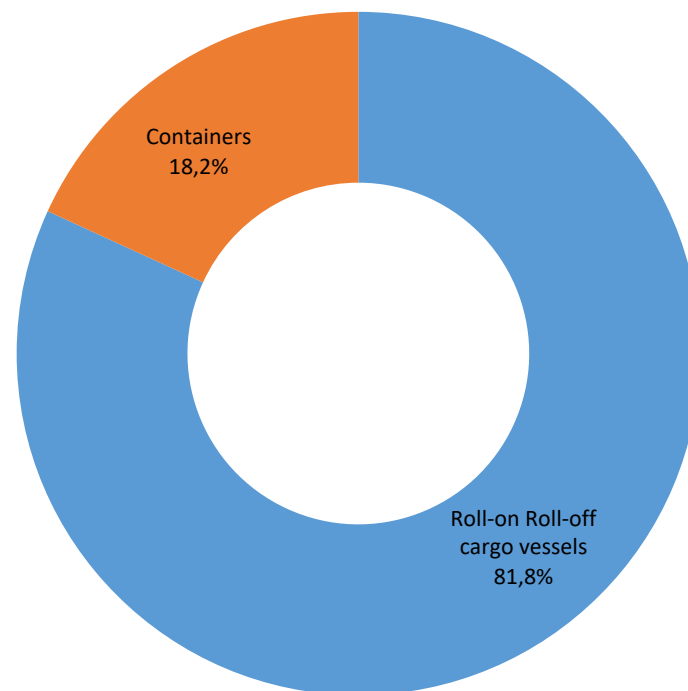
Source: ELSTAT

Transport of packaged products to and from the islands is mainly carried out with coastal maritime transport

Freight carried by sea to and from Greek islands per type of cargo, 2019



Freight carried by sea to and from Greek islands per type of cargo, excluding bulk cargo, 2019



Source: ELSTAT Data processing: IOBE

Note: Based on gross weight in tons

Excluding fuels and other products used as inputs in the production process (liquid and dry bulk), the share of products transported by trucks in the island regions (mainly by passenger vessels) stood at 82% in 2019

The activity of the sector is strongly influenced by the pandemic and the measures to limit its spread

Impact of the COVID-19 pandemic on passenger and vehicle transportation

	2019	2020*	Annual % change
Domestic routes (million)			
Passengers	19.00	8.55	-55%
Cars	2.43	1.46	-40%
Trucks	0.54	0.43	-20%
Adriatic Sea routes (million)			
Passengers	1.50	0.47	-69%
Cars	0.32	0.13	-58%
Trucks	0.37	0.34	-8%

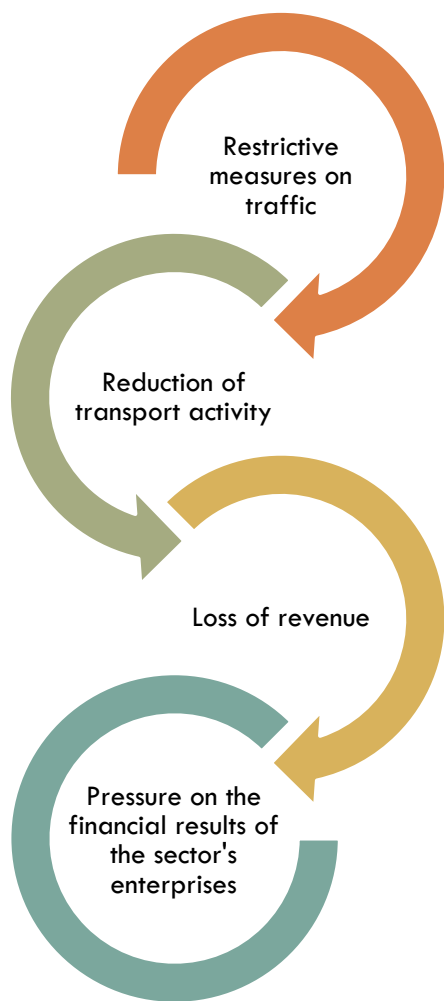
(*) Estimate

Source: SEEN

- In 2020, passenger traffic in domestic routes is expected to drop by 55% compared to 2019
 - ▣ The transportation of vehicles (cars and trucks) is expected to decline by 36%
- In the Adriatic routes, passenger traffic is anticipated to decrease by 69%
 - ▣ It is estimated that 70% of the 1.5 million passengers in the Adriatic are tourists
 - ▣ The traffic of trucks is expected to decline by 8%

The pandemic affects negatively the financial results of the sector's enterprises

Effects of the COVID-19 pandemic on passenger shipping



- The reduction of transport activity will lead to significant revenue losses for the sector's enterprises in 2020
- According to SEEN estimates:
 - ▣ Turnover is expected to drop by 45% in the domestic routes
 - ▣ In the Adriatic routes, turnover is anticipated to fall by 30%
 - ▣ The revenue losses are expected to exceed €300 million
 - ▣ Negative net earnings in excess of €120 million

In addition, the sector faces significant structural challenges

Key structural challenges

Environmental regulations and targets

High tax burden

Poor port infrastructure

High average fleet age

Average fleet age

	2020		2030	
	Coastal shipping	Pax-RoPax vessels, International routes	Coastal shipping	Pax-RoPax vessels, International routes
0 to 9 years	2	-	-	-
10 to 19 years	13	4	2	-
20 to 29 years	43	3	13	4
30 to 39 years	23	1	43	3
40 to 44 years	9	1	19	1
45 to 49 years	7	-	4	-
>50 years	0	-	16	1
Total	97	9	97	9
Average age	28.1	22.6	38.1	32.6

The compliance with environmental regulations creates the need to accelerate fleet renewal, while significant investment resources are also needed to upgrade the port infrastructure