

## The Impact of the COVID-19 pandemic on the Greek Economy: A mini Review

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### Abstract

**Introduction:** The impact of the COVID-19 pandemic has brought about a major public health crisis, as well as economic and social consequences for the global economy, becoming a global issue.

**Purpose:** To identify the impact of the COVID-19 pandemic on the Greek economy.

**Methodology:** This narrative review was based on the bibliographic search of reviews and research studies drawn from international databases. The exclusion criterion of the articles was the language other than English and Greek.

**Results:** With the advent of the COVID-19 pandemic, the European Union made efforts to properly address the economic consequences of the pandemic, but the budget crisis preceded it, and thus the economies were led into further recession. Greece, which had previously gone through a long period of economic crisis, remained unscathed by the new crisis created by the pandemic. The pandemic brought additional socio-economic problems that Greece, with the support and cooperation of the European Union, was called upon to resolve. The impact of the pandemic on Greece caused a multitude of issues in sectors such as employment, tourism, industry, and transport.

**Conclusion:** The COVID-19 pandemic has had a profound and lasting impact on the Greek economy, exacerbating existing vulnerabilities that existed since the time of the economic crisis.

**Keywords:** COVID 19; Pandemic; Greek Economy; Post Covid Era; Impact

### 1. Introduction

The Greek economy entered a recovery path in 2014 and a growth path in 2017. Its growth path lasted until 2019, only to be interrupted in 2020 by the Covid-19 pandemic [1]. The COVID-19 pandemic disrupted global events as it affected all aspects of human activities with the main characteristic of rapid transmissibility, which forced all of humanity to face a major health crisis. The existence of Covid-19 introduced the national and international economy into a new era, while also affecting the society, environment, and politics of each country [2]. Characteristic is also the severity of the pandemic on the healthcare system during the pandemic as well as in the post-COVID-19 era where the economy was burdened to carry out campaigns for hand hygiene which is of utmost importance, for vaccination, the rapid consolidation of hospitals. with personnel and equipment [3-4].

The pandemic has also significantly affected people's quality of life with various factors such as mental health issues, social isolation, an increase in domestic violence, and increasing levels of burnout, especially in health workers who are already burdened by a high workload. According to a study by the World Health Organization (WHO), there has been a notable increase in anxiety, depression, and other mental health disorders during the pandemic [5-7]. Measuring the quality of life of patients, the burnout levels of health professionals are considered a benchmark, which several studies

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have shown significant results, but the pandemic, upon its arrival, had a negative impact, resulting in a lack of care for patients, with a negative outcome on their quality of life [7-9].

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## **2. Methodology**

The methodology followed was based on the bibliographic search of reviews and research studies drawn from the international databases Medline, Pubmed, and Google Scholar. The keywords used were COVID-19, pandemic, Greek economy; Post Covid Era, and impact. The exclusion criterion of the articles was the language other than English and Greek.

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## **3. Impact of the COVID-19 Pandemic on Greece's Gross Domestic Product**

The Greek economy, which has only recently begun to recover from the economic crisis of the previous decade, has faced a significant contraction as a result of the pandemic. In 2020, Greece's Gross Domestic Product (GDP) contracted by 8.2%, one of the largest declines in the Eurozone [10]. This decline was due to many factors, including lockdowns, social distancing measures, and disruptions to global trade. The country's GDP contraction was largely driven by declines in consumption and investment, as households and businesses reacted to the uncertainty caused by the pandemic [11]. The global recession also exacerbated the economic contraction, which reduced demand for Greek exports. In 2020, the country had the second-largest deficit in the eurozone in terms of GDP, while in 2020 it recorded the largest increase in the public debt ratio. Also, the country's high dependence on tourism and focus proved to be the weak point in maintaining prosperity in society. According to data from the Organization for Economic Co-operation and Development, 45% of our country's total employment is concentrated in tourism and related services in the retail sector. According to estimates by the Bank of Greece, the tourism sector directly or indirectly affects 25% of Greece's GDP [11-12].

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## **4. Unemployment and Labor Market Disturbances due to COVID-19**

Unemployment in Greece, which was a persistent issue that troubled Greek society before the pandemic, increased sharply, especially in the first months of the crisis. According to the Hellenic Statistical Authority, the unemployment rate had risen to 18.1% by April 2020, from 16.8% in 2019. The increase in unemployment in Greece was mainly due to the closure of businesses, especially those involved in hospitality, retail, and transport, which were particularly affected by the pandemic. The Greek government, in response to this issue, implemented a series of labor market interventions to reduce job losses as a consequence of the pandemic. The interventions made, although useful, were not enough to prevent the widespread economic difficulties that arose in Greek society, especially for the working population in the informal sector, which represented a significant part of the Greek labor market [13-15].

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## **5. Tourism and Its Economic Impact of COVID-19**

Tourism in Greece is the cornerstone of the country's economy, accounting for approximately 20% of GDP. The pandemic has hit the tourism sector hardest, causing a sharp decline in international tourist arrivals to Greece by more than 70% in 2020. The decline in tourism has not only affected direct visitor revenues but has also led to significant losses in households working in related sectors, such as transport, hospitality, and food services. The impact has been particularly high during the peak summer months when the majority of tourists usually visit Greece. Although the Greek government implemented a special package of measures to revive tourism in 2021, such as the "Safe Tourism" initiative, the long-term recovery of the sector remains uncertain [16-17].

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## **6. Public Debt, Fiscal Response, and Government Policy Responses**

During the pandemic, Greece's public debt, which had already increased following the economic crisis that had hit the country, continued to increase further, further worsening the country's economic situation. According to data from the Bank of Greece, public debt rose to around 205% of GDP in 2020, as the government increased spending to support the economy. The main measures taken included packages with specific fiscal stimulus measures such as subsidies for affected businesses and increased spending on healthcare. The measures taken artfully worsened Greece's already significant debt, although they were necessary to prevent a deeper recession and appeared to be detrimental. The European Union, with the creation of the EU Next Generation Fund, has provided some economic relief to the country, but the long-term sustainability of Greek public finances remains a critical concern [18-19].

The Greek government, with the support of the European Union, has taken several important steps to mitigate the economic impact of the pandemic. Initially, it implemented public health measures, but fiscal measures soon followed. The Greek government introduced economic relief and support packages, including direct payments to businesses, wage subsidies, and loan guarantees [14,18]. These measures and policies aimed to protect jobs and businesses while maintaining liquidity in the economy. Small and medium-sized enterprises also faced significant obstacles, as they struggled to navigate the application process for government support. In conclusion, the support measures helped in the short term because they did not address structural issues in the Greek economy, such as slow productivity and high unemployment among the Greek population[19-20].

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## 7. Conclusion

The COVID-19 pandemic has had a profound and lasting impact on the Greek economy, exacerbating existing vulnerabilities while underscoring the resilience of its public institutions. While government interventions and EU support have provided temporary relief, long-term economic recovery will depend on both resolving the pandemic and implementing structural reforms. As Greece moves forward, addressing the challenges of high public debt, unemployment, and economic diversification will be critical to building a more resilient economy capable of weathering future crises. The Greek government should adopt fiscal and growth-oriented incentives. Achieve partnerships and mergers of small businesses, thus creating networks and greater operational strengths. At the same time, support is required for all sectors (industry, medicine, pharmaceuticals) with the integration of new technologies and with measures to protect labor such as labor and welfare benefits. Finally, tourism, which is one of the most important pillars of the Greek economy, should continue to be supported with substantial stimulus measures in the post-pandemic era.

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