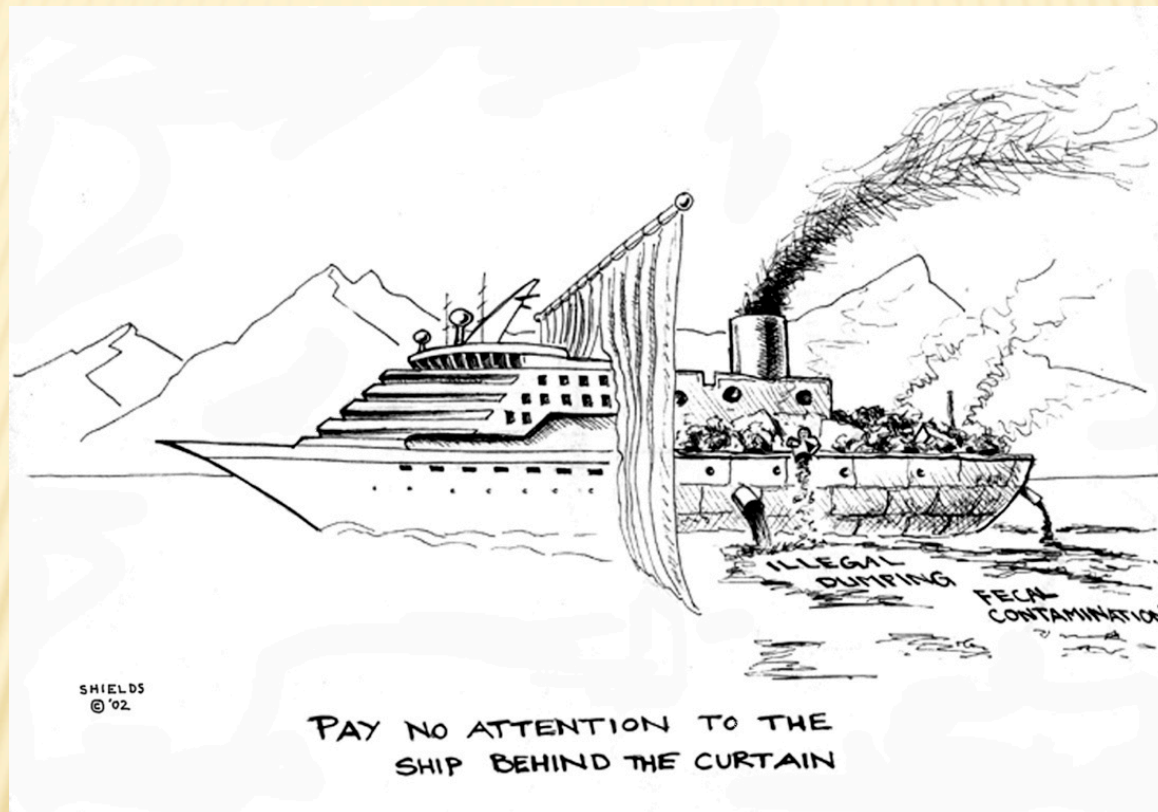


Cruise Tourism is a Business: Issues for Charleston and South Carolina



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THREE THEMES OF PRESENTATION:

- ✘ Overview of the Cruise Industry
- ✘ The Impacts of Cruise Tourism
 - + Economic issues
 - + Environmental issues
 - + Socio-cultural issues
- ✘ Mitigating the Negative and Building the Positive

Growth of Cruise Tourism



According to Cruise Line International Association:

1980 -- 1.4 million passengers
1990 -- 3.5 million passengers
2000 -- 6.5 million passengers
2009 -- 13+ million passengers
Approximately 18 million worldwide

Annual growth since 1990 = 7.4%

~200 ships with accommodations for 300,000 passengers
and another 125,000 crewmembers

Total worldwide: 275 ships, 16 – 18 million passengers



CARNIVAL CORPORATION



- ✘ 11 brand names, 53% of the North American market (Carnival, Holland America, Princess, Seabourn, Cunard, Costa, Aida, Ibero, P&O, P&O Australia, Ocean Village)
- ✘ Newest ships accommodate ~5000 passengers
- ✘ 95 ships with another 11 on order -- more than 210,000 berths (double occupancy)
- ✘ Occupancy runs as high as 115%
- ✘ Profit of \$12 billion for past five years combined – No corporate income tax

ROYAL CARIBBEAN CRUISES LTD



- ✘ 5 brand names (plus 1 j/v); 27% of North American market (Royal Caribbean Int'l, Celebrity, Azamara, Pullmantur, Croisieres de France + TUI (Germany) which owns Thomson Cruises in UK
- ✘ Newest ship (Dec 2009) will accommodate as many as 7,300 passengers + 2,500 crew
- ✘ 39 ships plus seven on order – more than 100,000 berths double occupancy
- ✘ Occupancy runs as high as 115%
- ✘ Profit of more than \$2.5 billion for last four years combined – No corporate income tax



SMALLER PLAYERS

- ✘ The “Big Three” control close to 95% of the cruise industry (Carnival + Royal Caribbean + NCL)
- ✘ Other Players
 - ✘ Ultra-Luxury – Silversea, Seadream Yacht Club
 - ✘ Prestige Cruise Holdings
 - ✘ Regent Seven Seas
 - ✘ Oceania
 - ✘ Niche Players
 - ✘ Disney
 - ✘ MSC
 - ✘ Pocket Cruises

CHANGES IN THE CRUISE INDUSTRY

- ✘ “Drive to” cruising
- ✘ Shift to greater onboard revenue -- Onboard revenue centres (\$43 profit per pax per day in 2007 – more today)
- ✘ Reducing time in ports
- ✘ Dropping ports to save money
- ✘ Move to larger ships - the ship is the destination
- ✘ Corporate ownership of cruise terminals
- ✘ As Mickey Arison says -- It’s all about making money.



CHANGING DEMOGRAPHICS OF PASSENGERS

- ✘ Not all cruise lines attract the same passengers
- ✘ As cruise prices go down, the clientele changes
- ✘ As onboard revenue increases, onshore revenue decreases



CRUISE SHIP - PORT RELATIONS

- ✘ Port Fees – range from zero to \$50+ - how much is enough?
- ✘ Shore Excursions - One-third of cruise line net profit comes from shore excursions
- ✘ Shopping Programs - Flat fees vs percentage take; Competition with onboard stores
- ✘ Spending studies
 - + Assume \$100 per passenger/day
 - + Actual spending much less (\$35 - 45)
 - + Belize and Costa Rica: cruise is 75% - 80 of visitors; 10% of employment in hospitality sector



CRUISE TOURISM IS A BUSINESS

✘ Issues

+ Cruise ships are mobile

- ✘ Drive a hard bargain (equitable division of revenue)

 - ✘ Shore excursions

 - ✘ Shopping programs

 - ✘ Infrastructure

+ Playing ports off one another

+ Vertical integration

- ✘ Onboard stores (LVMH)

- ✘ Onshore stores, especially in Caribbean and Alaska

+ Supply chains and local economy

CRUISE TOURISM IS A BUSINESS, CONT'D

✘ Issues

- + Risk of displacing traditional tourism
 - ✘ People pollution
 - ✘ Carrying capacity of sites
- ✘ What is the value of cruise tourism – How do ports protect their own interests
 - + Maintain high self esteem
 - + Recognize there are no guarantees
 - + Rely on own research
 - + Cooperate with other ports (cruise ships need ports more than ports need cruise ships)
 - + Public involvement in decision-making

MITIGATING IMPACTS OF CRUISE TOURISM

- ✘ Key West – Getting Ugly
- ✘ Hotels and restaurants had lost business

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DID YOU KNOW...?



Cruise Ships Cause AIR POLLUTION

Emissions belching from cruise ships are a significant source of sulfur dioxide, nitrogen oxide, carbon monoxide, hydrocarbons and particulates. They also threaten the environment with sewage, ballast water, and hazardous wastes. Sedimentation poses an additional threat to the reef.

Still think ships are clean? Better think again!

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DID YOU KNOW...?



Cruise Ships Cause Traffic Jams

How many times have you been caught behind a Conch Train going 2 mph? Ever wonder why there are so many trains and trolleys on the street?

Next time you're stuck in traffic, thank a cruise ship. They negatively impact traffic and cheapen the image of our city. Enough is enough!

KEY WEST

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DID YOU KNOW...?



Cruise Ships DODGE TAXES

Cruise ships escape federal taxes through registry in foreign countries like Liberia. We shell out for their security while they pay pennies to third world governments.

They have an unfair advantage over local lodging. They don't pay sales or bed taxes and are not subject to labor laws like minimum wage. Why are we supporting them?

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DID YOU KNOW...?



Drug Smugglers like Cruise Ships

Some passengers leave more than the typical, paltry contribution to the local economy. Last week, 20 crew members and passengers were indicted for operating a drug smug-

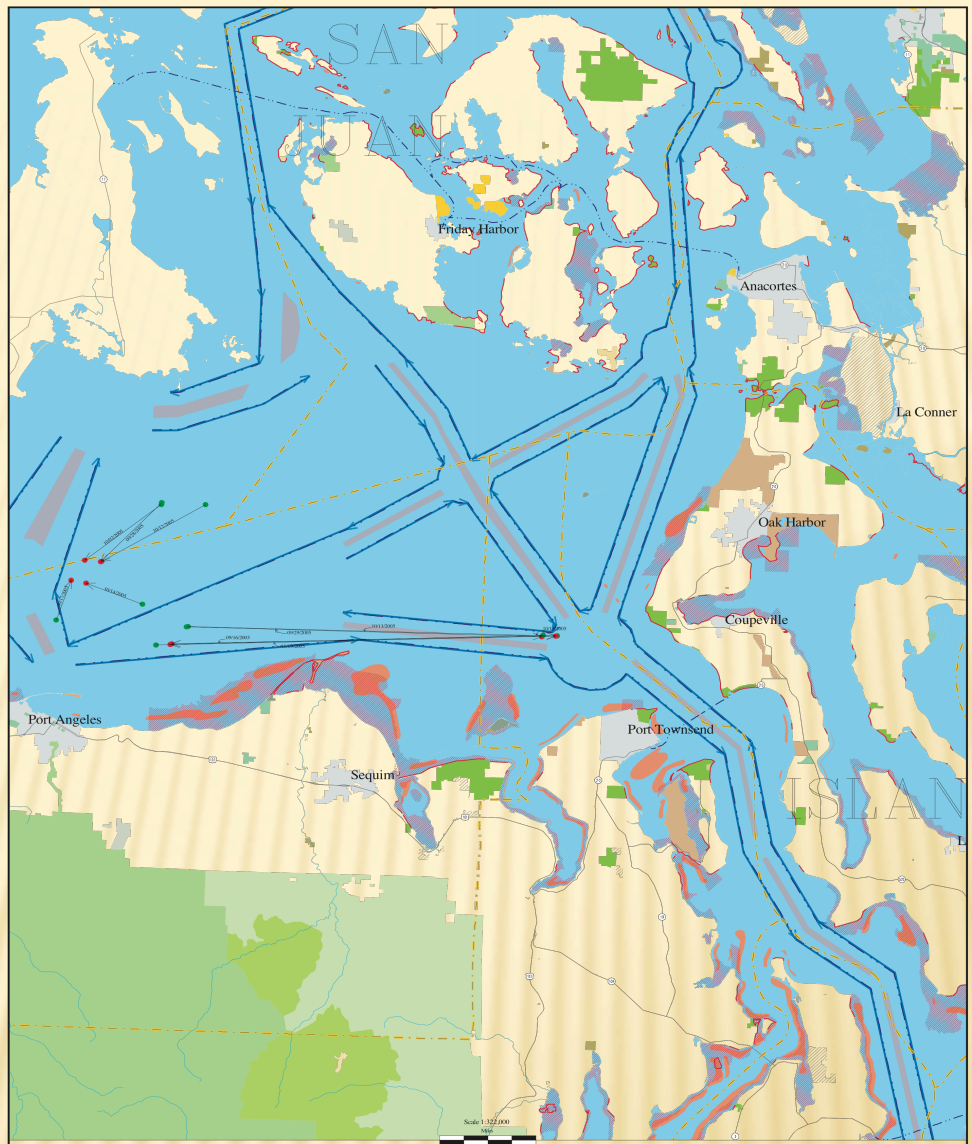
gling ring which imported hundreds of pounds of cocaine into the US. It included a 68 pound seizure made in Key West, only one of many busts on cruise ships through the years.

MONTEREY BAY, CALIFORNIA

- ✘ Written commitment guaranteeing no discharges in Monterey Bay National Marine Sanctuary
- ✘ Crystal Cruises' Harmony – 36,000+ gallon discharge
- ✘ “We didn't break the law, we only broke our word” (ICCL and Joe Valenti of Crystal Cruises)
- ✘ Crystal banned from Monterey for 15 years










WASHINGTON STATE

- ✘ Agreement to use low sulfur fuel not followed
- ✘ Memorandum of Understanding with Industry
- ✘ No discharge within 4 miles; no sewage sludge within 12 miles
- ✘ Celebrity Mercury violation discovered in 2006
 - “But three of the violations were in Canada so they don’t count”
- ✘ Norwegian Sun in 2003 – 16,000 gallons raw sewage ... no denial, but contested the state’s jurisdiction to do anything about it



Mercury Discharge Locations Washington State Marine Waters



-  Commercial Shellfish Area (WDOH, 2005)
-  Geoduck Tract Area (WDFW, v.1992)
-  Shellfish Beach
-  Mercury test start point
-  Mercury test end point
-  Washington State/Private Ferry Route (WDOT, 1999)
-  Commercial Shipping Lanes (NOAA)
-  Vessel Separation Zone (NOAA)
-  County



Scale 1:125,000

ALASKA

- ✘ Alaska Cruise Ship Initiative – 2000
 - + Testing of MSDs
 - + Leads to discharge standards
 - + Certification of AWTS
- ✘ Alaska ballot Initiative 2006
 - + Onboard observers (Ocean Rangers)
 - + Discharge standards (Alaska WQS)
 - + 60% violations in 2008 (n=45); 72% violations in 2009 (n=66)
 - + Ammonia, zinc, copper, BOD, pH, chlorine, fecal coliform

CALIFORNIA

- ✘ “Trust is not effective environmental policy”
(Sen. Joe Simitian)
- ✘ No wastewater, sludge, oily bilge, or incinerator use in state waters; low sulfur fuel within 24 miles of coast; reduced speed limits, cold ironing.

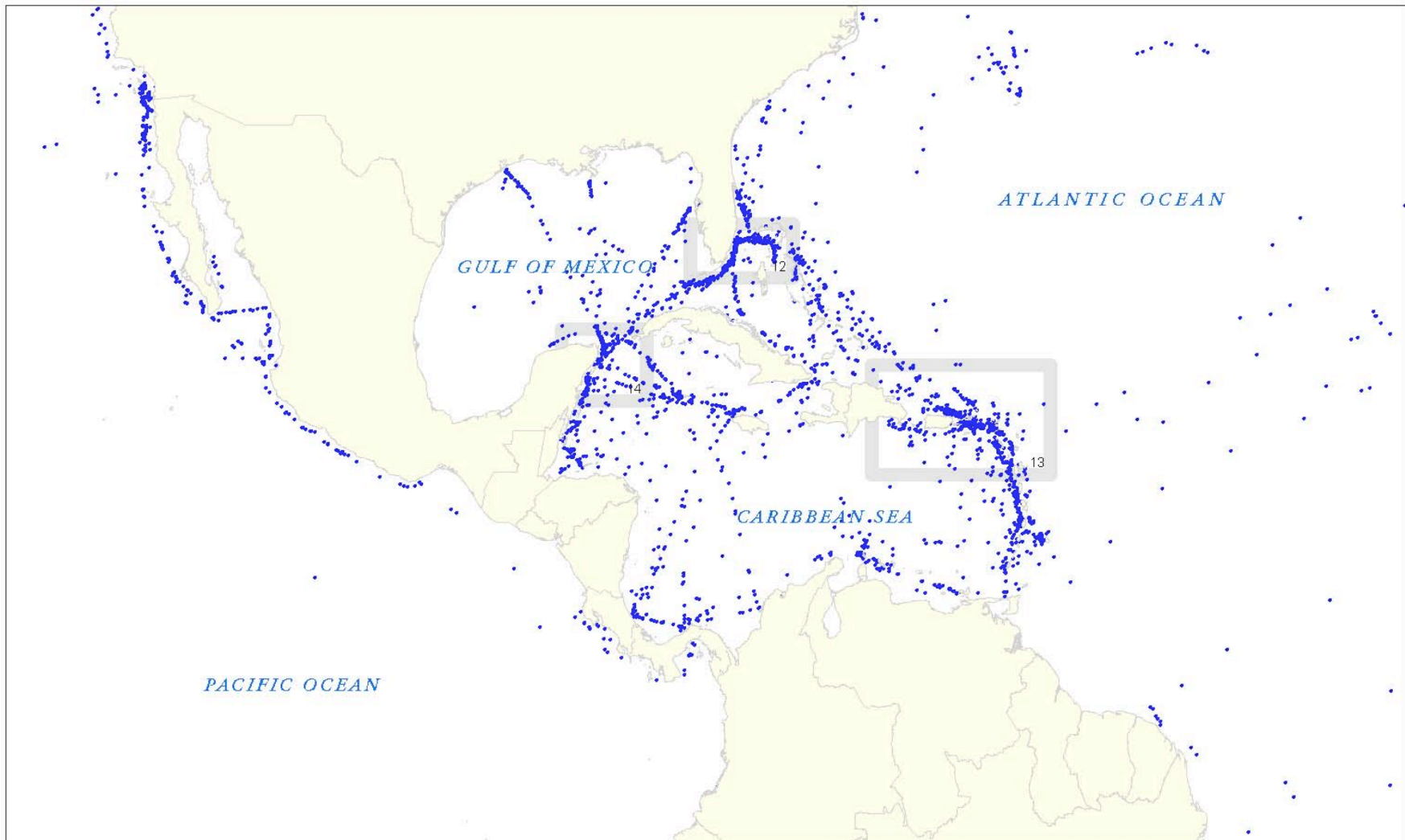
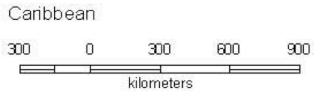


Figure 11: Discharge Start Points



Scale: 1:28,750,000
 Projection: Eckert IV

Data:
 AIDA Cruises
 Digital Chart of the World
 International Council of Cruise Lines (Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines N.V., Crystal Cruises, Cunard Line, Disney Cruise Line, Holland America Line, NCL America, Norwegian Cruise Line, Orient Lines, Princess Cruises, Radisson Seven Seas Cruises, Royal Caribbean International, Seabourn Cruise Line, Silversea Cruises, and Windstar Cruises)
 P&O Cruises

- Discharge Start Points
- Land
- Extent of detail figure
- 14 Detail figure number

This map was produced by the Conservation Mapping Program Center For Applied Biodiversity Science at Conservation International.

cartography: Erica Ashkenazi
 July 2005

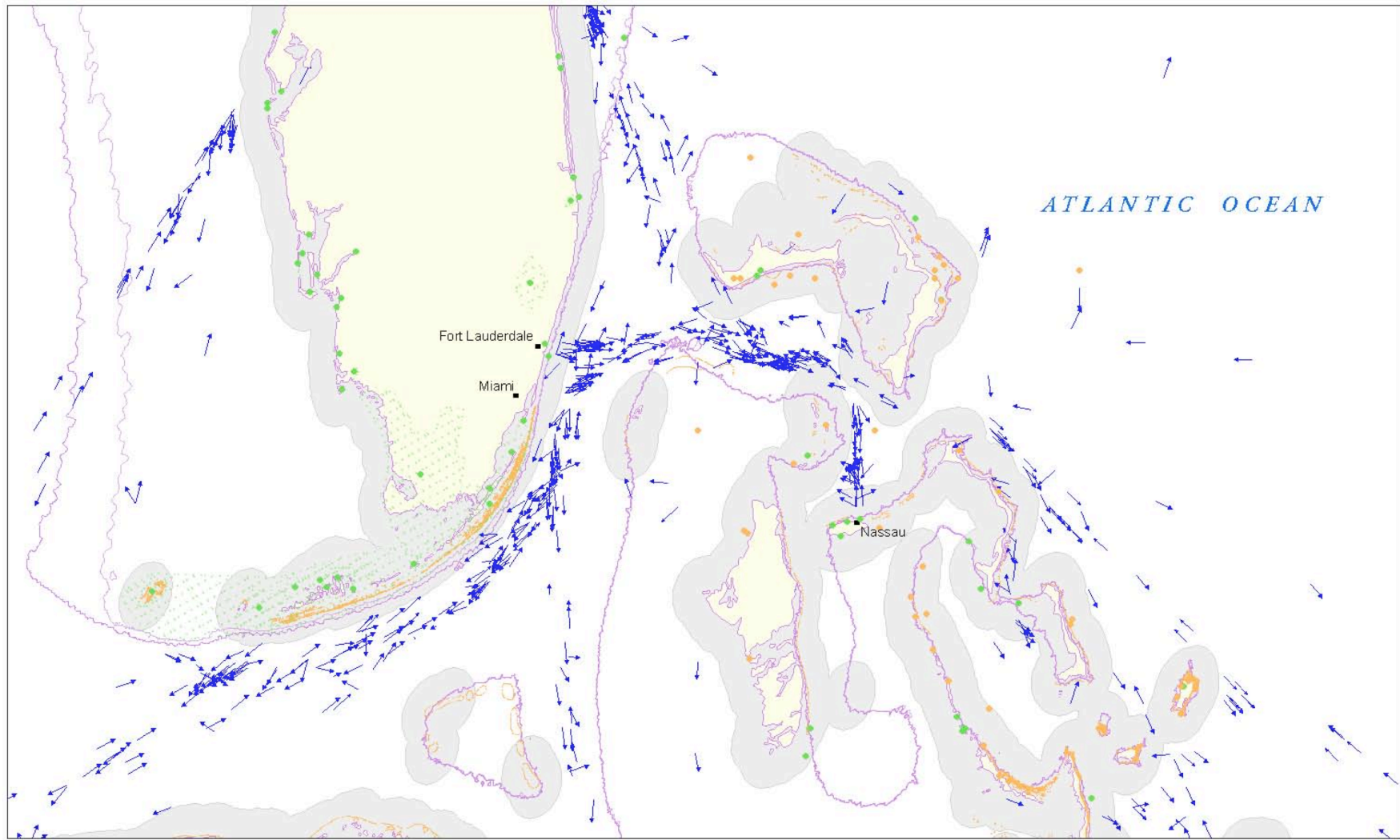
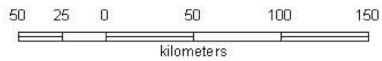


Figure 12: Discharge Start Points with Vector

Southern Florida



Scale: 1:3,935,000
Projection: Eckert IV

Data:
AIDA Cruises
Digital Chart of the World
International Council of Cruise Lines (Carnival Cruise Lines, Celebrity Cruises, Costa Cruise Lines N.V., Crystal Cruises, Cunard Line, Disney Cruise Line, Holland America Line, NCL America, Norwegian Cruise Line, Orient Lines, Princess Cruises, Radisson Seven Seas Cruises, Royal Caribbean International, Seabourn Cruise Line, Silversea Cruises, and Windstar Cruises)
P&O Cruises
reefbase.org
World Resources Institute, Reefs at Risk in the Caribbean, 2004
World Database of Protected Areas (WDPA) 2005

- Cities
- Discharge Start Points with Vector
- Land
- Marine Protected Area Polygons
- Marine Protected Area Points
- 12 Nautical Miles from Coast
- Coral Reefs
- Bathymetric Contours (m)
- 60
- 100

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cartography: Erica Ashkenazi
July 2005

MERCURY IN VICTORIA, BRITISH COLUMBIA

