

POSIDONIA SEA TOURISM FORUM, 21-22 June 2011

Mr PIERFRANCESCO VAGO'S SPEECH

Ministers and honorable members of the Parliament,

Distinguished guests,

Fellow speakers,

Ladies and gentlemen,

Thank you for inviting me to discuss with you the present and the future of cruise tourism in Greece, the Eastern Mediterranean and the Black Sea.

Greece is the cradle of Mediterranean culture, if not the whole of contemporary western civilization.

The incredible combination of natural beauty, a warm climate and a great cultural heritage make Greece and islands such as Santorini, Mykonos and Rhodes indisputably,

- one of the most interesting countries in the world
- a 'must-see' landmark on anyone's dream vacation list
- and one of the top-three destinations for cruises in Europe (after Italy and Spain).

Turkey, Lebanon, Israel and also the Black Sea are becoming increasingly popular for cruising too. In fact, the Eastern Mediterranean market as a whole showed an increase in passenger throughput of **63%** in the last **10 years**, while the Black Sea alone – where my own company, MSC Cruises, is market leader - recorded a staggering **216%** increase.

I am here today to invite you - on behalf of the European Cruise Council, which I have the honor to represent as Vice Chair- **to fully understand how huge the potential of the region is for the cruise industry today, and to act accordingly.**

The cruise sector is **a catalyst for the development of tourism** throughout Europe and a **key driver of the region's economy.**

It represents **a dynamic source of economic activity that provides benefits to virtually all major sectors**, including ports-of-call, shipbuilding, ship maintenance, provisioning, sales, marketing, the staffing of cruise ships and administrative facilities. **Not to mention all the tourism services the sector indirectly fosters** (such as airports, hotels, restaurants and ground transport).

Let me just give you **some key figures** showing the outstanding economic contribution the sector generated in Greece last year. These figures come from the 2011 report on the *Contribution of Cruise Tourism to the Economies of Europe* presented by the European Cruise Council to the European Commission last week, in Brussels.

- The industry **direct expenditures in the country** – including passenger and cruise purchases, value of shipbuilding employees' remuneration and cruise line purchases - in 2010 accounted for **580 million euro**. Note that last year Greece replaced Finland among the top six countries in this respect.

- There were almost **4 and a half million passenger** visits to Greek ports in 2010 (**nearly 20% of the total EU market**). According to the ECC, each passenger visit generates an average expenditure of **98 euro**. This means that **360 million** euro were spent last year by passengers and crew at Greek ports-of-embarkation and ports of call.
- A total of **11,612 jobs** were generated (38% of these jobs were in the transportation sector and 9% in manufacturing).
- The port of Piraeus is ranked as the fifth European cruise port in terms of revenue passengers, with **1,210,000 passengers** and a total of **700 calls**.
- Islands such as Santorini, Mikonos and Corfu accounted for **760,000, 650,000** and **580,000 passengers** respectively.

These numbers confirm this as a **healthy market that keeps offering guests innovative itineraries and great Value for Money**. I feel safe in saying 'Do not be afraid of cruise lines!' We are not in competition with local shore-vacations, or land-resorts. On the contrary, we represent an important and unexpected resource for local tourism: it is demonstrated, in fact, that cruise tourists who come to visit your country from one of our ships, will usually come back again, and stay for a longer period.

And do not forget that given the global profile of the cruise sector, **our ships bring thousands of tourists from all over the world** to discover Greece, her marvelous Islands and the entire Eastern Mediterranean, and I am sure you can understand **that this contributes tremendously to promoting and enhancing the region's image**.

To make this alliance truly work and to generate this 'virtuous circle', **we need Greece to continue to be a good place to do business**, with a **stable, secure and efficient operational environment** as well as an **appropriate and understandable regulatory framework** that does not compromise the sector's competitiveness.

In this regard, let me draw your attention to **some key issues** that could threaten the industry's development and have a strongly counterproductive impact on both cruise tourism in Greece and the wider Greek economy (which, given the current political and economic circumstances, is something nobody would wish to see):

First: **THE CABOTAGE LEGISLATION**

The cruise industry praises the Greek Government initiative to lift restrictions on non-EU flagged cruise ships, but we must admit that the **terms of the current contract are neither financially nor administratively attractive** to cruise companies.

The entire **approach requiring a 3-year contract** between the companies and the Greek government **is not standard practice anywhere else**. The industry is not used to making such long term commitments, and cannot give up its natural right to make quick changes to itineraries based on the changing demands of its customers. The experience of the cruise industry is that the more complex and rigid the arrangements, the less likely cruise lines are to invest in and expand their activities over the longer term.

Second: **FEES & CHARGES**

Fee and levies must be reasonable otherwise cruise companies will be forced to move their ships elsewhere. The proposed **fee per passenger for 2012** (3.95 euro), for instance, corresponds to an increase of more than 300%. This is unreasonable and even less justifiable.

Along the same lines, **the Port of Piraeus recently announced a tariff increase** for 2011/2012 that is not only excessive, but also communicated at such short notice that cruise companies were not able to take it into account in their plans. Dock dues are

expected to rise by nearly 200% for 2012! A ship like MSC Fantasia, for instance, that today pays around 6,500 euro each call, in 2012 will pay more than 19,300, (with an increase of nearly 13,000 euro each time)!

As I previously explained, the cruise industry brings a significant economic footprint to the Greek economy with its hundreds of thousands of foreign tourists. **Do not let high fees act as a deterrent, discouraging cruise lines from coming at all in the future.**

Third: **THE NEED FOR IMPROVED SAFETY MEASURES**

We, of course, understand the country is currently facing a certain amount of instability, however the industry needs realistic assurances from Greek authorities, Governments and Ports, that they will ensure the safety of passengers and crew during embarkation and disembarkation. All ports must comply, no matter what, with the requirements of the ISPS (**International Ship and Port Facility Security**) Code. This Code establishes a security regime within every port that should prevent any incident affecting ships and their international passengers.

Four: **BERTH ALLOCATION**

In many Greek ports berth assignments follow a 'first come first served' basis. This is not an acceptable approach, nor is it a viable one. Cruise lines plan their itineraries at least three years in advance and need clear berth booking and confirmation rules to be set and respected.

In this context, on behalf of the ECC, I strongly advocate strengthening the dialogue between the cruise sector and the Greek authorities. We are keen to fully engage in technical round table discussions and consultations to let cruise tourism keep growing and play its part in the Greek economy's recovery.

The recent instability of Northern African countries has forced ships to move to the charming and calmer waters of the Eastern Mediterranean. This represents a unique opportunity for the area. Do not allow it be wasted by an inward looking and protectionist approach!

Instead, let's seize the day!

Thank you!