



European Cruise Council

2010/2011 REPORT

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Foreword

The European cruise industry continues to grow, along with the social and economic benefits it brings to the region.

Despite the global economic downturn that prevailed, 2009 was another record-breaking year for cruising in Europe. A record 4.9 million Europeans took a cruise – 12% more than in 2008 – and most of them again chose to travel within Europe, accounting for more than 75% of the 4.8 million passengers (another record) embarking on their cruise at a European port.

As well as those embarking, European ports also received nearly 28 million visits by cruise passengers in transit (9% up on 2008) and a further 12.4 million by cruise ship crew.

Spending by cruise lines, passengers and crew in the course of these cruises added to the corporate expenditure by cruise companies with European bases combined with the continued investment in new ships built at European yards to produce a total impact on European economies of more than €34 billion.

This was 6% up on 2008 and is estimated, for the second successive year, to have outstripped the impact from the North American cruise sector on the US economy. As a result, cruising continued to support about 300,000 jobs across Europe.

Back in 2005 the number of European cruise passengers stood at fewer than 3.3 million, embarkations at 2.8 million and passenger visits at 13 million; while total economic impact was €19 billion and the number of jobs supported was 187,000. By every measure, therefore, there has been substantial growth in just four years.

It was because its founding cruise company members foresaw this growth – and also identified a lack of awareness within Europe of the sector's value, importance and potential – that they set up the European Cruise Council (ECC) in 2004, and immediately began commissioning the economic impact studies which have shined a light on the huge – and growing – contribution being made by cruising to national, regional and local economies and communities.

Among other objectives, the ECC has tasked itself with:

- working for the elimination of trade barriers and for an EU regulatory environment that will foster the continued growth of the cruise sector in Europe;
- striving for an EU regulatory environment that supports safe shipping operations and protection of the environment and one that also recognises the international dimension of the sector and the roles played by the International Maritime Organisation and International Labour Organisation in particular;
- raising the profile of the cruise sector with the EU institutions in relation to its economic and social contribution to Europe; and
- co-operating with EU institutions and non-governmental organisations in pursuit of these objectives while anticipating and responding to policies and actions which conflict with these objectives.

Part of ECC's self-imposed role in educating the wider world about the industry in which its members operate, this magazine is designed not just to highlight its key performance indicators within Europe and place it within the context of the global cruise sector but also to provide an insight into its structure and how it operates in different countries within Europe.

At the same time it covers the issues and challenges the industry faces, giving clear guidance as to the implications and possible consequences of recent and proposed future regulations.

We believe that such expert insight and information can positively contribute to ensuring that the growth of the sector continues, along with its contribution to Europe's economy.



Manfredi Lefebvre D'Ovidio
European Cruise Council
Chairman

M



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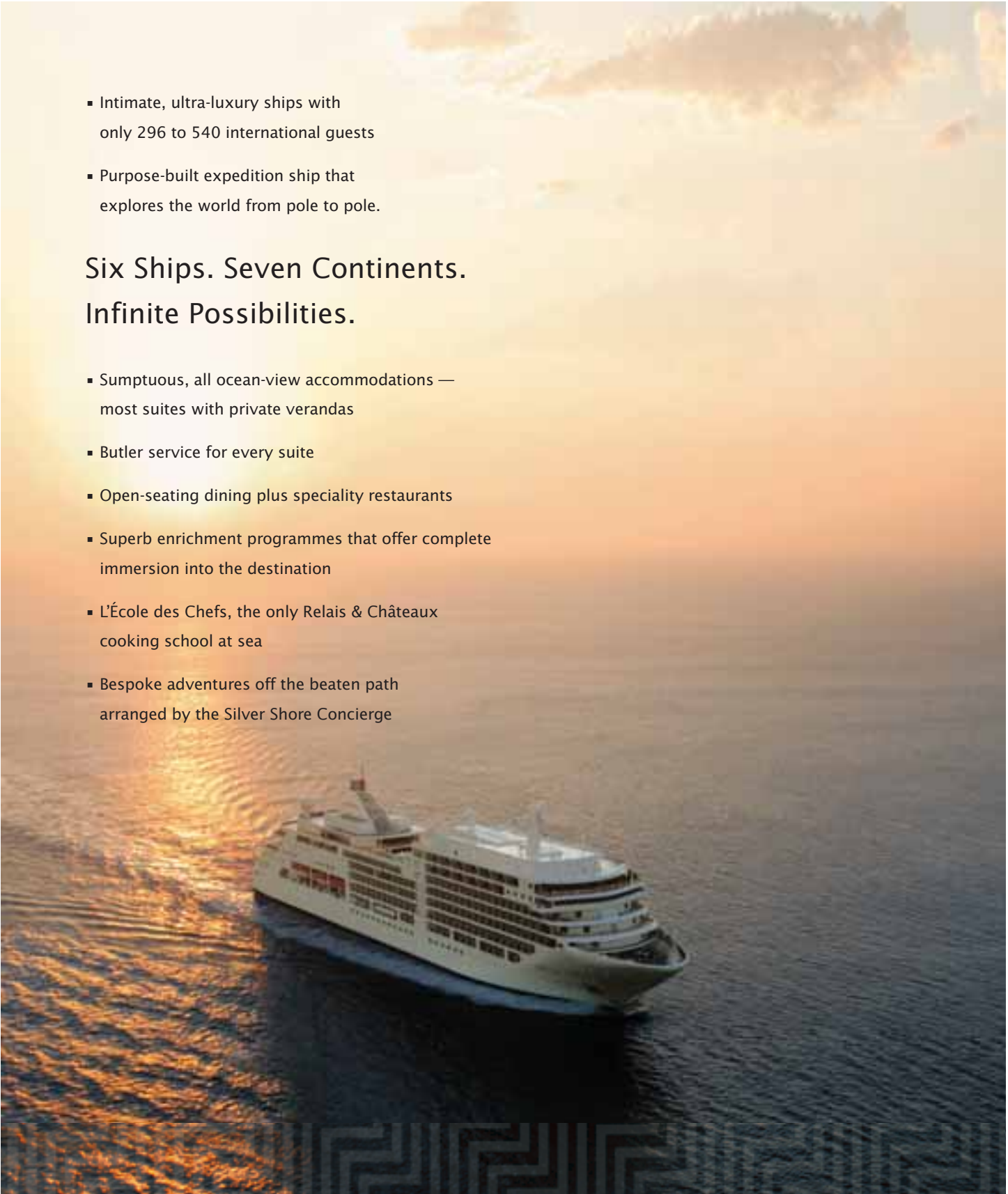


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Mission Statement

The aims of the European Cruise Council (ECC) are twofold. Firstly, to promote the interests of cruise operators with the EU institutions in all matters of shipping policy and ship operations. Secondly, to promote cruising by the European public and encourage expansion of the European cruise market. To that end the ECC will:

ENCOURAGE high standards of operation and the provision of high quality and efficient shipping services.

STRIVE for an EU regulatory environment that supports safe shipping operations and protection of the environment, and that recognises the international dimension of the sector and the roles played by IMO/ILO in particular.

WORK for the elimination of barriers to trade and for an EU regulatory environment that will foster the continued growth of the cruise sector in Europe.

RAISE the profile of the cruise sector with the EU institutions in relation to its economic and social contribution to Europe.

PROMOTE cruising with the general public and the travel trade as a reliable, affordable and enjoyable holiday experience.

COOPERATE with EU institutions and non-governmental organisations in the pursuit of these objectives.

ANTICIPATE whenever possible, and respond wherever appropriate, to policies and actions which conflict with the above.



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ECC: an authoritative voice to evaluate and explain

The European Cruise Council (ECC) has a role to play not only in raising the profile of the cruise industry with the regulators, public and consumers but also in enforcing standards of good behaviour among its members, according to its Vice Chairman, MSC Chief Executive Pierfranceso Vago.

He cites as an example the fact that in the eyes of the consumer “a great white ship is a great white ship” and there is no perceived difference between their performance. This means, he says, that the standard by which all members are judged is by the least efficient.

ECC is moving forward in its role of representing the European cruise industry. “We are tackling issues dealing with sulphur content, ECAs, discharge in the Baltic, Shipsan activity,” he says. “ECC is here to ensure that members deliver clean tourism.”

Health and hygiene, sanitation, accessibility to ships, package travel, new ships and security regulations are just some of the other issues on the agenda. Many of the challenges ECC faces are because there is a new generation of vessels in the membership as well as older ones, he says.

“Making the regulators aware of the challenges the industry faces is one of ECC’s tasks, and another is to communicate to members about changes or improvements they can make to both older tonnage and existing ships, and to encourage the investment in tonnage for the benefit of the industry itself”

Vago says the appointment by the ECC executive board of Robert Ashdown as director of technical, operational and environmental matters, with a brief to drive these issues forward, is an indication of ECC’s continued commitment towards the environment – in which Europe takes the lead, according to Vago.

Raising the industry’s profile in Europe is important, though the cruise industry has an advantage because it can

point to impressive statistics on the economy and is more ‘romantic’ than certain other parts of the shipping world.

One of the key issues, Vago says, is to ensure that ECC is in a position to put its views on proposals to regulate the cruise industry at an early enough stage. “Often there is a lot of discussion in Brussels and nobody is aware of it. Once a directive is issued by Brussels there is no longer the possibility of intervention. This is where ECC wants to be very proactive.

“The main task for ECC today is to be there as it happens, and when it is discussed,” Vago says.

It is very important that ECC is the body the regulators contact when they wish to approach the industry, because ECC is in the best position to evaluate the industry’s needs and challenges.

One issue is the Baltic. “I think ECC has done an excellent job so far, but it is complicated.” All ECC members recognise that the Baltic Sea is an environmentally sensitive region, and all companies work hard to meet and beat all international and regional regulations. To operate in as environmentally friendly manner as possible, however, cruise operators need the littoral states to invest in upgrading their port waste reception facilities so that the standards these states require can be met.

“Too often the industry sees new standards being proposed for which the technology does not yet exist,” says Vago. Another problem is that many of the problems the Baltic Sea faces are essentially the result of land-based activities; but the countries concerned find it easier to target shipping – even when its environmental impact is minimal – than to have to fund expensive solutions within their own economies.

Vago feels that this is another role that ECC can fulfil in Brussels. “If there is good coordination between members, different members can intervene at government level,” he says. “There are opportunities to share information between companies, including information on technical innovations.” ■



“Too often the industry sees new standards being proposed for which the technology does not yet exist.”

Pierfranceso Vago, Vice Chairman, European Cruise Council and Chief Executive, MSC Cruises

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We have made every effort to ensure the accuracy of the information but changes occur incessantly. Readers are advised to check that any material facts are still current with the responsible authorities.

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CLIA and ECC: developing a unified industry approach to regulation

A close relationship is developing between the European Cruise Council (ECC) and US-based Cruise Lines International Association (CLIA). And that bond is best understood by looking at developments in the US, where the cruise industry had its origins – as many of those drivers were to be fundamental in the creation and subsequent expansion of ECC.

CLIA was formed in 1975 specifically to promote the special benefits of the cruise industry, which was growing fast from its late-1960s origins in Florida.

There was however a strong European connection even

then, as pioneering brands such as Norwegian Caribbean Lines and Royal Caribbean Cruise Line were created through a combination of Scandinavian maritime expertise and US marketing nous.

In 1984 CLIA took on a new role as the main body responsible for educating North American travel agents about cruising and training them to sell the fast-expanding range of cruise products. Since then, as cruising has developed into a global industry, its training programmes have become a model for associations in other countries.

In 2006 a sister organisation – the International Council of



“Whether a ship is in the Mediterranean or the Caribbean any issues affecting its operations will almost inevitably have a ripple effect, with an impact on other ship operations around the world.”

CLIA President and CEO Terry Dale



“ECC was created at a time when the cruise industry was beginning to experience substantial growth in Europe. The issues we saw coming to ECC were very similar to those facing CLIA, and had to be addressed internationally or even globally.”

Michael Crye, Executive Vice President, CLIA

Cruise Lines, which was set up to participate in the regulatory and policy development process of the cruise industry – was merged into CLIA. The result is that CLIA not only promotes cruising and trains agents but it is also now fully responsible for creating ‘a safe, secure and healthy’ cruise ship environment.

It does this by ensuring that its members minimise the environmental impact of their ships’ operations on the ocean, marine life and destinations, and that they adhere to all regulatory initiatives and lead the effort to improve policies and procedures.

CLIA serves as a non-governmental consultative organisation in the International Maritime Organisation (IMO) and puts forward industry positions to key international as well as domestic regulatory organisations and policymakers. It does this under the direction of its 25 member cruise lines, many of which are also members of ECC.

“Whether a ship is in the Mediterranean or the Caribbean,” says CLIA President and CEO Terry Dale, “any issues affecting its operations will almost inevitably have a ripple effect, with an impact on other ship operations around the world.

“That is why it is vitally important that we are on the same page as ECC and other cruise associations emerging in different countries and regions.

“We have to be talking to each other – and agreeing on policies – at the top level of the associations. It is our highest priority – as it is the ECC’s – to collaborate on the global issues.

“With so many important regulatory issues emerging from international, national and regional authorities, we must have a unified approach as an industry. It will help us, and also help the authorities, if we speak with one voice.

“At CLIA we have 35 years’ experience and have built up a great deal of technical expertise, and we want to share that around the world.

“We have worked closely with PSA and ACE to develop training of agents, and we are happy to do the same within other countries – although we recognise that one size does not always fit all. But everything we have done can be adapted to local needs and different cultures.”

CLIA Executive Vice President Michael Crye says: “ECC was created at a time when the cruise industry was beginning to experience substantial growth in Europe. The issues we saw coming to ECC were very similar to those facing CLIA, and had to be addressed internationally or even globally.

“As we have done for some time with the Florida–

Caribbean Cruise Association and Northwest Cruise Association, we now collaborate with ECC to achieve communality of purpose. This works through keeping the lines of communication open at all times. ECC can attend our meetings, and we are invited to theirs.

“ECC has become plugged into our environmental and technical committees, while we are copied in to all their communications to their membership (and vice versa).”

CLIA represents the industry at IMO, while ECC is being developed to do the same with the European Commission (EC) and other EU Institutions. ECC also interfaces with the London-based organisations – the International Chamber of Shipping and the International Federation of Shipping.

“The move to set up a separate ECC organisation based in Brussels at the heart of the EC, appoint a public relations consultancy and recruit a highly qualified environmental and technical director (Robert Ashdown) from the UK Chamber of Shipping shows how ECC is strengthening its position by increasing its resources,” says Crye. “CLIA obviously welcomes this.”

He points to a variety of issues on which CLIA and ECC are benefiting from working together. They include the EC initiative to introduce a similar ship sanitation inspection programme to the one that has operated for many years in the US; the move from a paper-based to an electronic system for clearing ships crew and passengers as they enter and leave different countries; and the move to make the Baltic Sea a ‘special area’.

“The European Community has an increasingly influential voice in IMO and it is consequently important that the views of the global industry are heard and promoted in the European context,” says ECC Policy Director Tim Marking. “Close cooperation between ECC and CLIA is therefore essential.

“It has also become clear that there are a number of specific EU policy areas which are of direct interest to the cruise sector, and where a strong and effective ECC in Brussels is vital. As a result ECC has set up sub-committees on which experts from member lines bring their expertise to key issues such as health and hygiene, ports, environment, tourism and consumer affairs and taxation.

“Our aim is to work closely and constructively with the EU institutions and other stakeholders to try to ensure in particular that the European regulatory framework is one where the cruise industry can continue to prosper in Europe.” ■

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Global cruise market

The number of global cruise passengers continues to rise steadily, with the 2009 total of 17.5 million more than 22% higher than in 2005. There was a slowdown in that growth during the recession-hit year of 2008, but even this started to accelerate again in 2009 and – set against the actual decline in most other sectors of travel and tourism – once again reflected the cruise industry's resilience, which has been demonstrated during previous downturns caused by outside geo-political events.

Global source markets for ocean cruising 2005–2009

Passengers (million)	2005	2006	2007	2008	2009
North America	9.96	10.38	10.45	10.29	10.40
Europe*	3.16	3.46	4.08	4.50	5.00
Rest of the World**	1.21	1.29	1.37	1.45	2.10
Total	14.33	15.13	15.90	16.24	17.50
Year-on-year increases	9.7%	5.6%	5.1%	2.1%	7.9%

*Includes estimates for Russia and Eastern European countries outside EU-27

**Includes estimates for some markets in Asia and South America

Source: ECC, CLIA and the International Cruise Council Australasia

North America continues to be the largest source market for passengers, but over the past five years Europe has become increasingly important both as a source market and as a destination.

CLIA passengers (thousands)

Year	North American	Share	International	Share
2001	6,637	90%	862	10%
2002	7,472	86%	1,176	14%
2003	7,990	84%	1,536	16%
2004	8,870	85%	1,590	15%
2005	9,671	87%	1,509	13%
2006	10,078	84%	1,928	16%
2007	10,247	82%	2,316	18%
2008	10,093	78%	2,912	22%
2009	10,198	76%	3,244	24%
2010*	10,700	75%	3,600	25%

*Projected

Source: CLIA

“North America has stagnated in recent years, but the market within the EU has rapidly increased so the 2009 total was nearly treble that of 1999's 1.7 million.”

North America has stagnated in recent years, but the market within the EU has rapidly increased so the 2009 total was nearly treble that of 1999's 1.7 million. This growth has also been reflected in the shift in sourcing by members of the North America-based Cruise Lines International Association (CLIA), which carry more than 97% of all North American cruise passengers. In 2000 90% of their carryings were North Americans, but this has fallen to 75% with the majority of the other 25% now being sourced from Europe.

Cruise brands worldwide – a breakdown

Although industry growth has been primarily driven by the aggressive newbuilding programmes of the larger groups which – as a result – operate about 80% of global capacity, there is a healthy diversity of independently owned regional, national or niche brands which have ensured that passengers are being attracted from an increasingly broad age range and socio-economic demographic.

Brands owned by the three largest cruise companies (main source market/s and ECC membership)

Carnival Corporation & Plc

Aida (Germany – ECC)
Carnival Cruise Lines (North America and Europe – ECC)
Costa Cruises (Europe – ECC)
Cunard Line (North America and Europe – ECC)
Holland America Line (North America and Europe – ECC)
Ibero Crueros (Spain – ECC)
P&O Cruises (UK – ECC)
P&O Cruises Australia
Princess Cruises (North America and Europe)*
Seabourn Cruise Line (North America and Europe)
* Marketed by ECC member Carnival UK

Royal Caribbean Cruises Ltd (RCCL)

Azamara Club Cruises (North America and Europe – ECC)
Celebrity Cruises (North America and Europe – ECC)
Croisières de France (France – ECC)
Pullmantur (Spain – ECC)
Royal Caribbean International (North America and Europe – ECC)
TUI Cruises (Germany – ECC) – joint venture with TUI AG

Genting Hong Kong (formerly Star Cruises Group)

Norwegian Cruise Line (North America and Europe – ECC) – jointly owned with Apollo Management
Star Cruises (Asia)

Source: ECC

Key brands owned by other companies and their main markets

EEC members

Delphin/Hansa Kreuzfahrten (Germany)
Disney Cruise Line (North America)
Fred. Olsen Cruise Lines (UK)
Hapag-Lloyd Cruises (Germany)
Hurtigruten (Germany, North America, UK)
Louis Cruise Lines (North America and Europe)
MSC Cruises (Europe and North America)
Phoenix Reisen (Germany)
Regent Seven Seas Cruises (North America and UK)
Saga Shipping: Saga Cruises/Spirit of Adventure (UK)
Silversea Cruises (North America, UK/Europe and Australia)
Star Clippers (North America and Europe)
Thomson Cruises (UK)

Selected non-ECC brands

Cruises and Maritime Voyages (UK)
Crystal Cruises (North America and UK)
Happy Cruises (Spain)
Hebridean Island (UK)
NYK Cruises (Japan)
Oceania Cruises (North America)
Paul Gauguin Cruises (North America)
Ponant Cruises (France, North America, UK)
SeaDream Yacht Club (North America and Europe)
Swan Hellenic (UK and North America)
Transocean (Germany)
Voyages of Discovery (UK and North America)

Source: ECC/A.R. Peisley Ltd

There are 20 firm orders for new ships to be delivered through to 2014. These will add a further 60,000 berths to the market, at a combined value of more than €9 billion. There are also several other options or letters of intent which are likely to be activated over the next 18 months.

The two largest cruise companies – Carnival and RCCL – account for 14 of the orders, while 14 ships are also for ECC member brands. Eight of the ships will have Europe as their main target market.

Although the overall trend is to build larger ships with increasing capacities, there are still several on order of small or medium size which will help maintain the diversity of the cruise product offering across a worldwide fleet of more than 350 ships.

Nine of the ten largest brands, and 16 of the top 20 largest capacity brands, are ECC members.

New ships currently on order

Line	Ship name	Tonnage/ Max. pax	Due	Cost (million)
2010				
RCI	<i>Allure of the Seas</i>	220,000/6,400	10/10	€900
Cunard	<i>Queen Elizabeth</i>	92,000/2,092	10/10	€500
2011				
Oceania	<i>Marina</i>	65,000/1,260	1/11	\$530
AIDA	<i>AIDA Sol</i>	71,000/2,644	4/11	€380
Ponant Cruises	<i>L'Austral</i>	10,500/ 268	5/11	€150
Carnival	<i>Carnival Magic</i>	130,000/4,631	5/11	€565
Seabourn	<i>Seabourn Quest</i>	32,000/450	5/11	€200
Disney Cruise	<i>Disney Dream</i>	124,000/4,000	1/11	\$850
Costa	<i>Costa Favolosa</i>	114,200/3,780	10/11	€510
Celebrity	<i>Celebrity Silhouette</i>	122,000/3,150	10/11	\$698
2012				
AIDA	TBA	71,000/2,644	4/12	€385
Oceania	<i>Riviera</i>	65,000/1,260	5/12	\$530
Disney Cruise	<i>Disney Fantasy</i>	124,000/4,000	5/12	\$850
Costa	<i>Costa Fascinosa</i>	114,200/3,780	5/12	€510
Carnival	<i>Carnival Breeze</i>	130,000/4,631	6/12	\$738
MSC	<i>MSC Fantastica</i>	140,000/4,087	6/12	TBA
Celebrity	TBA	122,000/3,150	10/12	\$698
2013				
Princess	TBA	139,000/3,600*	4/13	€558
AIDA	TBA	71,000/2,644	4/13	€330
2014				
Princess	TBA	139,000/3,600*	4/13	€558

*Double occupancy – all others are maximum berths totals

Source: A.R. Peisley Ltd

Global and European deployment trends

The Caribbean's share of cruise capacity marketed in North America once topped 50%, but had fallen to just over 37% by 2008. Despite a small 2009 capacity increase, even greater increases elsewhere saw its share fall again.

By comparison the Mediterranean's share grew from 12.9% to 18.2% between 2006 and 2009 while Northern Europe's share had gone up from 7.1% to 9.1% and Asia's from 0.9% to 2.5%.

Against a background of an 8% increase in bed-days marketed by CLIA lines in North America, the Caribbean reversed its downward trend in 2010. This was mainly due to the introduction of the world's largest cruise ship – the 5,600-passenger *Oasis of the Seas* from Royal Caribbean International (RCI), on weekly rotations in the Caribbean.

A sister ship's arrival at the end of this year will also boost the Caribbean in 2011, but although Europe's share fell slightly as a result – from 28.3% to 27.5% – the actual numbers cruising in the region still rose.

These capacity shares would, in any case, show Europe with a greater proportion of cruise traffic if capacity marketed outside North America were brought into the equation.

And the general trends of destinations – including Europe – taking share from the Caribbean looks set to resume by

Cruise destinations marketed in North America

Region	Share (passenger bed-days)					
	2005	2006	2007	2008	2009	2010
Caribbean/Bahamas	46.4%	46.7%	42.2%	37.3%	37.0%	40.5%
Mediterranean	12.6%	12.9%	16.5%	17.7%	18.2%	17.8%
Europe/Scandinavia	7.1%	8.4%	7.6%	8.3%	9.1%	8.7%
Alaska	8.3%	7.8%	7.7%	7.6%	7.1%	5.7%
Mexico West (Riviera)	7.5%	6.4%	6.6%	7.0%	5.7%	4.8%
South America/Antarctica	2.0%	2.0%	2.7%	3.2%	3.7%	2.5%
Trans-Panama Canal	3.5%	3.4%	3.0%	2.9%	3.6%	3.0%
Asia	0.9%	0.9%	1.6%	1.4%	2.5%	2.5%
Canada/New England	1.5%	1.5%	1.8%	2.2%	1.9%	1.8%
Hawaii	3.7%	3.5%	4.3%	3.3%	1.9%	1.7%
World	0.6%	0.4%	0.9%	1.2%	1.4%	1.3%
Bermuda	1.7%	1.7%	1.4%	1.4%	1.3%	1.4%
Others	4.0%	4.3%	3.8%	6.6%	6.4%	8.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total bed-days ('000)	77,231	81,454	89,707	91,990	96,274	104,109

Source: CLIA

2012; or even earlier as in 2011 RCI will have a record 11 ships in Europe during the summer, sister brand Celebrity six (including all four its new and largest Solstice ships, Holland America Line (HAL) will have seven, and Norwegian Cruise Line (NCL) three (including its latest and largest ship, Norwegian Epic). Other North America brands Carnival Cruise Lines (CCL) and Princess Cruises will also have ships in the region.

The potential for sourcing passengers is one of the main forces governing deployment, and that will never change; but that does not mean the patterns of deployment cannot change. In fact those patterns have been changing since modern cruising began, 40-odd years ago. But over the past five years they have changed more dramatically than in the previous 35.

Midway through the last decade the major cruise company groups recognised that, if they were to continue to grow their businesses, they could not continue to depend so heavily on the North American market. They had to diversify their passenger sourcing much more radically than in the past. Europe was the first target, with South America and Asia following close behind.

It is not the only way, but clearly the most dynamic way of sourcing more passengers from a country is to deploy ships in or around that region. So the ships have been sent to Europe in ever-increasing numbers, which has increased both the number of people cruising in Europe and also the number of Europeans cruising.

Cruise passenger visits to European ports

Passengers (million)				
2006	2007	2008	2009	Growth
15.71	18.82	21.71	23.78	9.4%

Note: Based on passengers making multiple visits to European ports, not individual passenger numbers

Source: ECC/BREA

There were 45 cruise lines domiciled in Europe in 2009, operating 124 ships with 127,000 lower berths. A further 64 ships with 76,000 berths were deployed by non-European lines.

A total of 152 ships (176,000 berths) operated in the Mediterranean and 95 (97,000) in Northern Europe.

More than 4.8 million passengers started their cruise from a European port – 3.2% more than in 2008. More than 75% of these were Europeans. There were also 23.8 million passenger visits to European ports – up 9.4% on 2008 – and 12.4 million crew visits.

The number of Mediterranean cruise berths marketed in North America has nearly doubled since 2005, while the rest of Europe has seen a near-40% growth over the same period. Companies have also been building ships specifically for their brands already based in Europe.

A combination of these factors has seen the number of Europeans cruising grow 58% to about five million over the past four years. This is almost half the number of North American passengers, and the gap has been closing every year.

The bulk of that growth has been for cruises within Europe. Nearly 1.4 million more Europeans cruised in Europe in 2009 than in 2005. This meant that three-quarters of all European cruise passengers cruised within Europe in 2009.

Nearly 29 million passengers embarked or called at European ports in 2009 – 48% up on 2005 – and Italy and Spain have both overtaken Mexico as the countries attracting the most cruise visitors although Greece tops the list for European passengers.

There was a 12% increase in cruise traffic to Italian ports in 2009, and a further 5% growth will bring more than 8.8 million passenger cruise visits to Italian ports in 2010. Spain passed six million cruise passenger visits for the first time in 2009.

Within Europe, the destination showing the most marked benefit is, though, the Baltic, where cruise visitor numbers have trebled in ten years.



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European cruise market by destination

Destination	2005	Passengers ('000)			2009	Change 09/08
		2006	2007	2008		
Mediterranean/Atlantic Islands	1,847	1,981	2,397	2,649	2,823	7%
Northern Europe	500	595	651	737	884	20%
Caribbean and rest	779	832	957	1,036	1,235	19%

Source: ECC

But the Baltic is also a good example of how factors other than passenger sourcing are now having an impact on deployment decisions. The local Scandinavian market is not large enough to actually drive deployments, although some individual short cruise itineraries are being tailored specifically to stimulate it.

The Baltic attracts both North American and a lot of European passengers – especially from Germany, the UK, and increasingly Italy and Spain, too. Although some of that European traffic comes from homeports in Germany, the UK and the Netherlands, the rest has to be flown in as – clearly – do all the North American passengers.

So sufficient, reliable, affordable airlift has been key to Baltic deployments, much as it has been in other regions where local sourcing alone will not support a programme. It has become an increasingly important factor as the industry has become more global to drive growth with diversified products and sourcing.

In this context, the recent rise of low-cost airlines has been crucial in filling some of the gaps left by the network and frequency cutbacks made by the conventional scheduled airlines in the face of the new economic challenges. The low-cost airline pricing models also provided a template for much of cruising's new-style yield management pricing.

Across the US and into the Caribbean, low-cost airlines have saved homeports like San Juan, Puerto Rico, which faced losing a huge amount of airlift because of cut-backs by scheduled airlines. Jetblue now dominates US–Caribbean traffic.

A shortage of affordable airlift between Europe and Asia has also been flagged up as a possible limiter of deployment

in a region that has underperformed as a source and a destination over the years but is still a key target for cruise growth.

Singapore has been the main Asian cruise hub and supplier of the most trustworthy statistics.

These show that – despite a 23% increase to a record 1.13 million mainly Asian passengers through the port in 2009 – it was still running less than 8% above the previous record figure, which was achieved way back in 1998.

In other words, there have been false dawns before in the progress of Asia's cruise tourism; and it is unwise to read too much into a single year's growth or downturn. Singapore does, though, appear to be on course for its target of 1.6 million passengers by 2015.

China's economic growth and increased individual spending power among its people has fuelled optimism among cruise companies and prompted a steadily rising number of deployments in Shanghai.

Its cruise traffic trebled in 2009, and calls are expected to double this year. Across China there was a 17% increase in international cruise ship calls in 2009 and an 83% rise in the number of international cruise visitors.

Cruise lines are continuing to increase capacity in Asia, but how rapid the growth will be depends on their success both in tapping into the local source markets and in finding sufficient affordable airlift to bring in passengers from international markets. ■

Cruise calls and passenger visits to Baltic ports

Year	Calls	Passenger visits
2000	1,443	1,050,113
2001	1,475	1,157,059
2002	1,406	1,105,215
2003	1,830	1,575,185
2004	1,885	1,717,109
2005	2,219	2,135,449
2006	2,091	2,253,666
2007	1,977	2,240,053
2008	2,083	2,804,620
2009	2,163	3,132,560
2010	Est. 2,001	3,122,993

Source: Cruise Baltic

European economic impact: €34.2 billion

The European cruise industry has not been immune from the effects of the economic downturn of the past two years. Individual cruise companies have seen their yields and net income reduced while there has been a marked slowdown in new ship orders.

But passenger numbers have continued to rise and – most impressively – the total economic impact has also grown. In 2009 this reached €34.2 billion – a near 6% increase on 2008 and nearly double that of 2005 when the ECC commissioned the first-ever economic impact study of cruising in Europe.

“Without a doubt, producing annual economic impact studies has been one of the most important ECC initiatives,” says ECC Policy Director Tim Marking. “It has raised the profile of cruising in Europe and highlighted the huge benefits it generates.”

The documents, which have been increasingly comprehensive and up to date, have been welcomed by the people working within the European Commission as they provide a concise picture of the industry and the impact it is having across Europe.

The total economic impact of the European industry topped that of the North American cruise sector for the first time in 2008 and did so again in 2009 when the full benefit from cruising to the US economy dropped sharply from the record \$40.2 billion of 2008 to \$35.1 billion (less than €30 billion).

Falls in capacity in both Hawaii and Alaska were major contributors to the downturn with Europe a major beneficiary as its share of global cruising activity grew as North America's declined – in 2009, 61 ships (77,300 lower berths) from North American lines were deployed in Europe. This was a capacity increase of 8% on 2008 and, significantly, 75% on 2005.

This trend for capacity to switch across the Atlantic was a key factor in the European cruise industry riding out the economic downturn so that overall economic impact continued

to rise in 2009 and, although there was a 4.9% fall in jobs generated, the 296,000 total was still the second best in the industry's history – and 58% more than in 2005.

This fall – and the marginal (1.2%) drop in direct cruise industry expenditure to just over €14 billion – was almost entirely due to the slowdown in new ship orders as a direct result of the sudden economic uncertainty.

Newbuildings and refits generated €4.56 billion compared with €5.23 billion in 2008 while all the other sectors (passenger purchases, staff wages and cruise line purchases) saw significant increases, reflecting the continued rise in passenger numbers. And significantly for the many European destinations now attracting cruise visitors, passenger spending onshore grew 7% to €2.9 billion.

Because of the shipbuilding issue, the manufacturing sector saw a fall in output from €13.9 billion to €12.6 billion but, again, this was still the second highest total to date. Most of the other sectors still enjoyed increases.

Italy, Germany, France and Finland dominate the cruise shipbuilding sector so they saw the direct economic benefits either fall or show no growth in 2009.

However the other two leading country beneficiaries – the

Cruise industry expenditure for newbuildings and refurbishment in 2009

Country	Newbuildings (€m)	Refurbishment (€m)	Total (€m)
Italy	1,358	122	1,480
Germany	796	145	941
France	653	20	673
Finland	786	20	806
Other EU+3	431	230	558
sub-total	4,024	537	4,561
Non-EU	54	5	59
Totals	4,078	542	4,620

Source: GP Wild International/BREA

“This trend for capacity to switch across the Atlantic was a key factor in the European cruise industry riding out the economic downturn so that overall economic impact continued to rise in 2009.”

UK and Spain – both saw small increases in direct expenditure. The result was that the UK moved above Germany into second place behind Italy with France, Spain and Finland remaining in fourth, fifth and sixth places.

It was a similar story as regards the jobs being generated by the industry in each country, with the UK seeing a large increase and Germany a sharp drop.

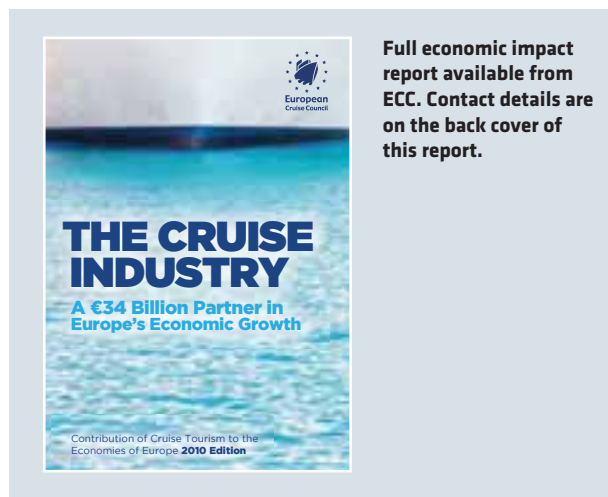
But over the period since that first impact study in 2005, each country has recorded substantial growth in all the benefits accruing from the cruise sector so that – across the board – there was a 69% increase in direct expenditure and 50% in compensation as well as those 58% extra jobs.

Of the jobs in 2009, 24% were in manufacturing, 19% in financial and business services, 17% with the cruise lines, 13% in transportation and utilities, 9% in trade, 5% in hospitality and 13% in other sectors.

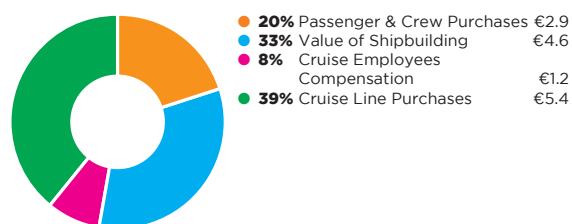
European employees of the cruise lines accounted for 36% of the direct jobs generated by the cruise industry and 27% of the compensation. In fact, 46,500 European nationals were employed as officers and ratings on cruise ships while cruise lines employed nearly 4,500 Europeans in their headquarters and other administrative offices.

Cruise line purchases accounted for 39% (€5.4 billion) of the direct expenditure, shipbuilding 33% (€4.6 billion), passenger/crew spending 20% (€2.9 billion) and cruise staff compensation 8% (€1.2 billion). Excluding airfares, embarking passengers spent an average of nearly €70 in each European cruise port embarkation city while spending an additional €60 in each European port of call.

That cruise line spending included more than €1 billion on financial and business services (including insurance, advertising, engineering and other professional services); €780 million on commission to travel agents across Europe; and nearly €480 million to food and beverage suppliers.



Direct Cruise Industry Expenditures in Europe, 2009 €14.1 Billion



Direct economic impacts of the European cruise industry (by country)

	Direct expenditure		Jobs		Compensation	
	2005 € million	2009 € million	2005	2009	2005 € million	2009 € million
Italy	2,501	4,331	61,445	96,076	1,810	2,828
UK	1,686	2,408	37,319	55,599	1,457	1,953
Germany	1,073	1,918	19,969	31,395	725	1,095
Spain	683	1,119	13,940	24,248	422	729
France	536	1,158	7,265	15,128	310	687
Finland	621	906	10,205	13,658	371	522
Rest EU+3	1,226	2,211	37,109	60,184	922	1,192
Totals	8,326	14,051	187,252	296,288	6,017	9,006

Source: G.P.Wild (International)/BREA

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Source markets and deployment trends

The development of Europe as the fastest-growing major cruise destination is due to a combination of the deployment of international brand ships sourcing some passengers from outside Europe and the growth of Europe's own source markets.

The UK remains the leading market but in some recent years Germany, Italy and Spain have been growing even faster. And a feature of Europe's overall growth has been the rapid development of some of the smaller, previously stagnating markets.

The ECC Marketing Director and UK Passenger Shipping Association (PSA) Director Bill Gibbons says: "One of the original aims of the ECC was to establish pan-European cruise marketing.

"But, with each market so individual and with its own specific characteristics, the most effective approach is to adapt the travel agency training modules developed from a CLIA model by the PSA-backed Association of Cruise Experts (ACE) for other ECC countries."

European ocean cruise passengers

Country	Passengers (thousands)					Change 2008/09
	2005	2006	2007	2008	2009	
UK	1,071	1,204	1,335	1,477	1,533	4%
Germany	639	705	763	907	1,027	13%
Italy	514	517	640	682	799	17%
Spain	379	391	518	497	587	18%
France	233	242	280	310	347	12%
Scandinavia	42	62	94	123	173	41%
Benelux	42	64	82	92	110	20%
Switzerland	51	56	64	65	76	17%
Austria	39	44	52	59	80	36%
Portugal	15	18	20	28	30	8%

Source: ECC

Cruising's market penetration in Europe and rest of the world

Country/region	Population (million)	Passengers ('000)	% of population
UK	61	1,533	2.5%
Germany	82	1,027	1.3%
Italy	58	799	1.4%
Spain	40	587	1.5%
France	62	347	0.6%
Scandinavia	19	173	0.9%
USA	308	10,459	3.4%
Canada	33	775	2.4%
Australia	22	331	1.5%
Japan	127	200	0.2%

Source: A.R. Peasley Ltd/ECC

Although the markets are often quite different in structure, booking patterns and brand range, they do share one key feature in common: even those with the largest number of annual cruise passengers have still only achieved a relatively small penetration of the potential market.

Even if the ECC countries just reached the penetration achieved to date in the USA – and that itself is expected to double over the next 15 years – there would be 11 million Europeans booking cruises, the majority of them in Europe.

Cruise tourism is spreading across Europe both geographically and also seasonally.

As indicated elsewhere, the Mediterranean/Atlantic Islands and the Baltic/Norwegian fjords remain the busiest cruise destinations in Europe but – as other ports and communities recognise the potential economic benefits –



"The most effective approach [to each market] is to adapt the travel agency training modules developed from a CLIA model by the PSA-backed Association of Cruise Experts (ACE) for other ECC countries."

William Gibbons, Marketing Director, European Cruise Council

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there has been a proliferation of cruise port associations promoting itineraries in other European areas such as the North Sea, the English Channel, the Irish Sea and the Iberian Atlantic Coast.

These include the Atlantic Alliance, Cruise Atlantic Europe, the Celtic Wave and the latest – Cruise Gateway – which features 13 North Sea ports. They have been added to the major regional port associations MedCruise, Cruise Europe and Cruise Baltic and the national groupings such as Cruise Norway, Cruise Wales and Cruise Britain.

Winter deployments have always been an issue for cruise lines operating in the Northern Hemisphere. It is possible to lose all the profit from a successful summer season in the Mediterranean or the Baltic on a couple of positioning voyages to and from the Caribbean or some other warm weather destination and the subsequent flycruise programme in a highly competitive market where prices – and yields – have to be shaved.

The increasing cost of flights has exacerbated this problem, and prompted cruise lines to take a new look at winter cruising in Europe.

The building of larger ships with more facilities, some of them weather-proof (e.g. magrodomes on swimming pools), has made winter cruising in the Mediterranean a more saleable prospect.

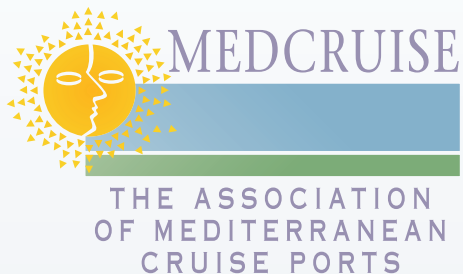
More ships are being deployed on these every year, and spectacular growth has been seen in passenger numbers – albeit from a small base. For example, Italian ports had 2.4 million winter cruise visitors in 2008/09 – nearly five times the total in 2001.

There are also a growing number of Christmas cruises in Europe and Scandinavia, some featuring the Christmas markets in Germany and other continental countries.

The majority of passengers for winter cruising are sourced locally or regionally, compared with the summer passenger profile which has a significantly larger contribution from international markets outside Europe.



“The majority of passengers for winter cruising are sourced locally or regionally, compared with the summer passenger profile which has a significantly larger contribution from international markets outside Europe.”



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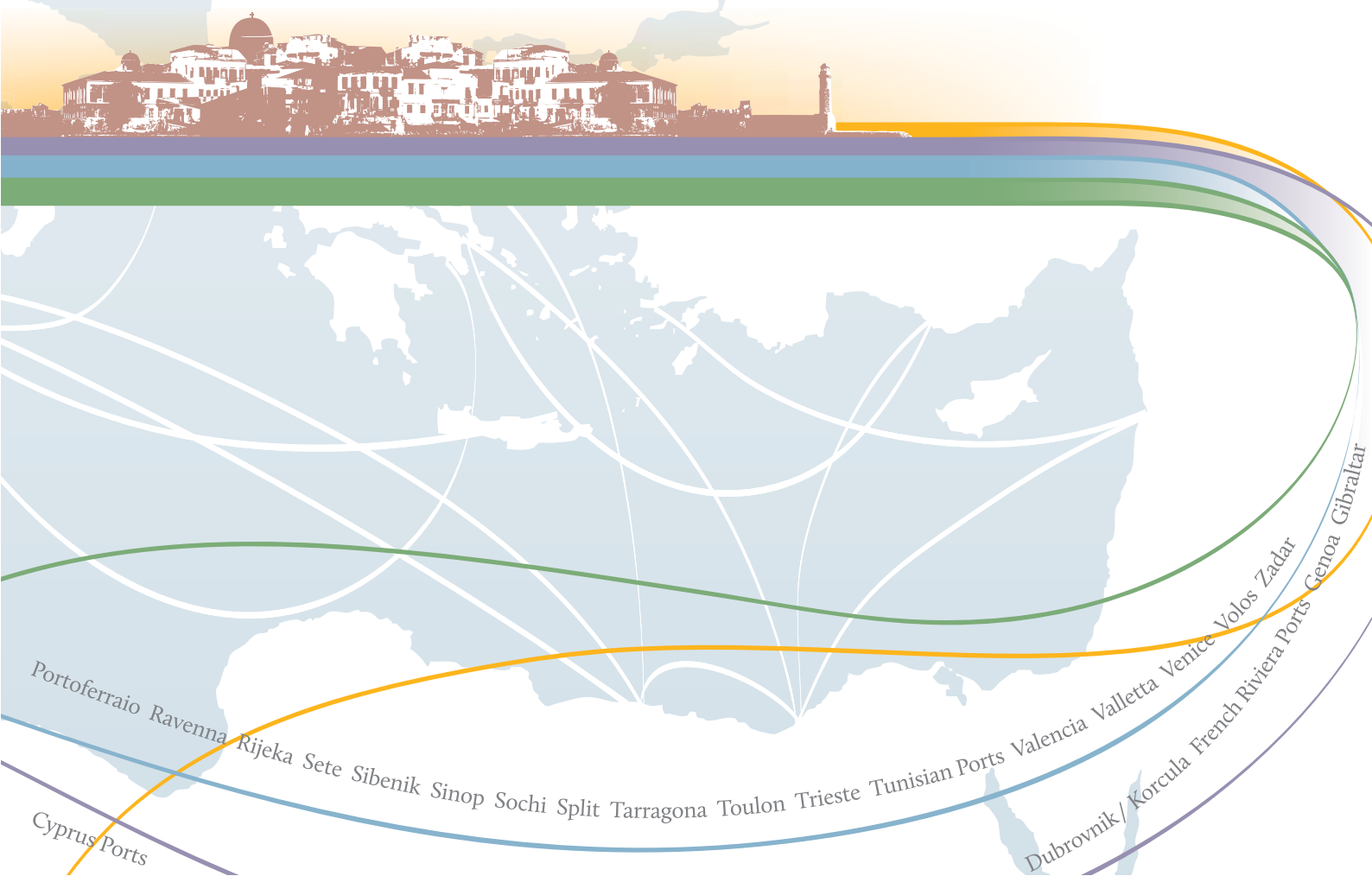
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UK cruise market

The UK has been the second largest single country source market for cruise passengers (after the US) for more than 20 years, but its recent growth has been unprecedented. By the end of this year, its annual passenger numbers will have doubled in just eight years to about 1.65 million.

Although it has had a name-change along the way, the UK Passenger Shipping Association dates back more than 50 years and has promoted ocean travel – cruising as well as ferry travel – during that period.

It acknowledges its debt to CLIA for many of its developments, including its travel agency training arm: the Association of Cruise Experts (ACE), which was set up (as PSARA) 22 years ago. This now enjoys its highest-ever agency membership: 3,081.

PSA has also – like CLIA – become the authentic source for data on its own cruise market, which reached a record 1.53 million passengers in 2009.

PSA Director Bill Gibbons says: “Cruising has clearly made the important transition here from being a niche option to a mainstream holiday choice, albeit one that has retained a certain cachet.”

This was underlined by the 10.6% share of the UK’s extensive and well-established inclusive tour sector it achieved in 2009. This was more than treble the share it held in 1997 and, although this was in part due to the decline in package holiday sales which peaked in the first half of the last decade, it was also the result of 12 years of sustained growth in cruise sales.

UK ocean cruise market

Year	Passengers	Change
1998	663,000	27.0
1999	746,000	12.5
2000	754,000	1.0
2001	776,000	2.9
2002	820,000	5.7
2003	964,000	17.4
2004	1,029,000	6.7
2005	1,071,000	4.1
2006	1,204,000	12.4
2007	1,335,000	10.9
2008	1,477,000	10.5
2009	1,533,000	3.8
2010	1,650,000	7.6*
2011	1,750,000	6.1*

*Provisional estimates

Source: PSA

In fact, people choosing to cruise for the first time in 2009 clearly contributed to the sharp drop – down 15% – in foreign holidays and, in particular, the 19% reduction in foreign packages.

The annual increases fluctuated wildly between 1% and 27% in those 12 years, but there was not a single year when the market did not grow at all.

In 2009 the British were also booking longer cruises, so the increase in the number of cruise days was even greater – at 10% – than for passenger numbers. Based on bed-nights, the UK cruise market has grown 70% in just five years compared with the 49% growth based on passenger numbers.

Gibbons attributes this sustained growth not just to the increased capacity marketed in the UK but also to the range of cruise products now available. “PSA now has 45 cruise brand members ranging from budget to ultra-luxury, small ships to mega-ships, ex-UK and flycruises and mainstream and niche destinations,” he says.

“There are also short mini-cruises right up to three-month world cruises, while the onboard innovations in entertainment, spas and children’s facilities has meant that people who would previously never have considered a cruise are now booking them.”

The increase in the number of children on cruises has been the main factor involved in holding the average age of passengers fairly steady between 53 and 56 over the past ten years.

The high level of repeat business – unusually high at 70% in 2009 – has so far prevented the average adult age from dropping significantly, but Gibbons has identified the potential for change.

“At the moment just 5% of the market is under 17 years old, so although the cruise companies have done much recently to stimulate the families market, it is really only the beginning. With the kind of ships and range of facilities they now offer, I believe there is huge potential for growing the family market for cruising much further.”

The broader socio-demographic appeal of cruising that has already developed has been a result of a series of developments in the market since the mid-1990s.

A key stimulus has been the homeporting of ships out of UK ports and dedicated to the UK market by North America-oriented brands such as RCI and Princess. These are now being joined by Celebrity and Holland America Line (HAL), plus those from pan-European brands such as MSC.

Together with the P&O Cruises expansion, this has ensured that the growth in UK passengers numbers has primarily come

from an increase in those cruising from UK ports.

In 2004 fewer than three in ten UK passengers embarked from UK ports; in 2009 it was just short of four in ten. With the number of flycruise passengers also increasing in five years out of the past six, it shows the significant level of growth that has been recorded by the UK-UK sector.

The final piece of the market growth jigsaw was the recognition by the UK's long-established network of multiple and independent travel agencies that cruising was just about the only reliable growth area within the travel sector.

This followed the decision by airlines to either reduce commission levels to agents or even cut them out altogether. With tour operating also in decline, cruising became the perceived salvation of the agency community.

Over the past ten years the number of cruise specialist agencies has multiplied, with most having an online presence. This has led to an upsurge of agency advertising (either independent or supported by the cruise lines) in the national media.

It does give the impression of cruises being consistently discounted, but a combination of the more sophisticated yield management systems used by the major brands to raise prices as capacity fills and of travel agents 'buying' passengers with part of the commission they will be earning is responsible for what Carnival UK Chief Executive David Dingle has described as 'pricing obfuscation'.

The emergence of a digital TV network of multiple channels has also increased the use of that medium for advertising cruises. Radio has also been used more, particularly by brands targeting a younger audience, such as Ocean Village.

UK holidaymakers continue to use the Internet to research their cruise holidays, but the predicted rapid growth of online bookings by consumers direct with cruise companies has – as yet – failed to materialise.

There has been a slight downturn in the percentage using

UK-UK cruise vs flycruises

Year	UK-UK	Share	Flycruise	Share
2004	316,000	29.8%	713,000	71.2%
2005	403,000	37.7%	669,000	62.3%
2006	451,000	37.6%	753,000	62.4%
2007	468,000	35.0%	867,000	65.0%
2008	557,00	37.7%	920,000	62.3%
2009	594,00	38.8%	939,000	61.2%

Source: PSA/IRN

UK cruise market – booking methods

	2008 share	2009 share
Travel agent face to face	20%	25%
Travel agent by telephone	50%	38%
Travel agent online	9%	17%
Direct with cruise line	21%	20%
–of which online	11%	12%

Source: UK Cruise Survey 2009 (IRN)

travel agents, but this still remains at about 80% of total cruise sales.

The 2009 PSA/IRN passenger survey confirmed that, and even showed a 25% increase in the number choosing to book face-to-face with travel agents. It did, though, also show a doubling of online booking via travel agents.

The UK's leading cruise retailer, Cruise Thomas Cook, sees two-thirds of sales coming through its high street outlets. It is, though, increasingly using other sales channels, from call centres and teletext to TV and online.

According to Yahoo, 44% of all UK-purchased holidays are booked online – but less than 10% of cruises. There were, though, 25,000 searches for Mediterranean cruising alone on Yahoo last year. As it has 10% of the market, this means there were probably a total of some 250,000 online searches.

The influence of travel agents certainly seems to be declining in the pre-booking stage. According to that IRN survey, their recommendations come low down on the list of reasons why passengers book a particular cruise.

But, says Dingle, "About 90% of our sales still go through retailers and, in what is still a relatively immature market, we believe that third party recommendation or endorsement for our products has huge influence.

"With their lists of clients taking land package holidays, agents are best placed to sell them cruises instead.

"If a lot of the commission we pay is used to re-package and re-price our product, this is just a fact of life and one which just ensures greater exposure for it."

Both PSA and Carnival UK are predicting that the UK market will reach two million by 2014, and Carnival Corporation Chairman and CEO Micky Arison agrees.

"I can see no reason why it should not double in size," he says, "and it will become just like North America, offering cruises of just about any length and suitable for just about everyone."



"About 90% of our sales still go through retailers and, in what is still a relatively immature market, we believe that third party recommendation or endorsement for our products has huge influence."

David Dingle, Chief Executive Officer, Carnival UK

German cruise market

The recent strong growth in the German market has primarily been down to a sustained capacity expansion programme by AIDA, the market leader.

Together with the efforts of pan-European brands Costa and MSC, the emergence of a major new player in the RCC/TUI joint venture TUI Cruises and the efforts of the well-established German brands Hapag-Lloyd Cruises, Delphin/Hansa and Phoenix Reisen, this has pushed the German market through the one million passenger barrier.

The potential, though, is much greater, given the 80 million German population – and the fact that it has the largest outbound tourism market in the world.

“The German population is nearly 30% greater than that of the UK,” says AIDA President Michael Thamm, “yet we still have 30% fewer cruise passengers. So we can fairly say there is even greater potential here.”

German ocean cruise passengers

Year	Passengers	Change
2000	379,000	15%
2001	392,000	3%
2002	428,000	9%
2003	537,000	23%
2004	583,000	9%
2005	639,000	10%
2006	705,000	10%
2007	763,000	8%
2008	907,000	19%
2009	1,026,000	13%
2010	1,134,000	10%
2012	1,384,000	22%
2014	1,585,000	15%
2016	1,814,000	14%
2018	2,039,000	12%
2020	2,291,000	12%

Source: Projections 2010–2020 by SeaConsult; otherwise ECC, BRD Kreuzfahrten, Deutsche Reisebüro und Reisebeeren Stalterverband

TUI Cruises CEO Richard Vogel is not alone in forecasting a doubling of the German market over the next 8–10 years, although whether it will eventually overtake the UK market is still open to debate.

“The fact that we and AIDA both have 40% first-timers shows that we are making progress in penetrating a market which is still underdeveloped compared with those more mature markets in the UK and the US,” he says.

Hapag-Lloyd Managing Director Sebastian Ahrens says: “Germany is still some way behind the UK in not yet having quite established cruising as part of the mainstream vacation sector – either with consumers or travel agents.

“But that is why there is so much potential: once that happens, it will really take off. This has started to happen, but it is not quite there yet.”

Tom Fecke, General Manager for RCCL in Germany, sums it up: “Cruising has just 1.25% of the market – that means that about 98% of Germans have no experience of cruising. That is a great opportunity for all of us.”

Currently, about 60% of German passengers book with German brands, while the rest opt for international lines. The majority of bookings still come via travel agents – 78% in 2009 – with tour operators accounting for another 11%.

Less than 7% of bookings are made direct with the cruise line, with the other 4% being made through other channels – which now include one only recently developed by the major supermarket chains (Aldi, Lidl and REWE) to sell cruises (and other travel) through their outlets. They deliver millions of cruise flyers to their customers, who are encouraged to book through their call centres.

The number of direct online bookings remains very small, and the industry expects only a modest increase to a 10% or – at most – 15% share by the end of the decade.

Parallels with the UK emerged in Germany’s cruise sector during 2009, and these included the increasing length of cruises being taken which increased by 3% from 9.4 to 9.7



“Germany is still some way behind the UK in not yet having quite established cruising as part of the mainstream vacation sector – either with consumers or travel agents.”

Sebastian Ahrens, Managing Director, Hapag-Lloyd

“Less than 7% of bookings are made direct with the cruise line, with another 4% being made through other channels – which now include one only recently developed by the major supermarket chains (Aldi, Lidl and REWE) to sell cruises.”



days. This, in turn, boosted passenger nights booked by 17% and revenue by 19%.

This was behind the 1% increase in the average price paid for a cruise, but the fact that per diems dropped only 3% was a testament to the stronger German economy's resilience – which prevented it going into recession.

It has, though, accelerated a trend for later bookings. Heinz-Herbert Hey, Managing Director of the Delphin Group which operates both the Delphin and Hansa brands, says: “We still have a high percentage of repeaters, who book early to be sure of a particular cabin. But many Germans are now used to waiting until the last minute for a better deal.”

An increasing number of agents are taking more interest in selling cruising because of its more inclusive pricing, earning

them higher commission than for other package holidays. The high customer satisfaction levels and repeat factor has also encouraged their support.

There are about 12,000 travel agents in Germany compared with 1,500–2,000 in the other German-speaking markets of Switzerland and Austria. There are still only a handful of cruise specialist agents – all Internet-only outlets – but some of the multiples are now designating some of their stores to sell cruises primarily, if not exclusively.

Tour operators have traditionally not been involved in the retailing of cruises to anywhere near the same extent as they are for other kinds of travel. But this is beginning to change, especially now that it is possible for those operators to have real-time links to cruise brands – enabling them to offer the latest prices to their customers on a daily, even hourly, basis.

Germany's ocean cruise passengers more than trebled in the ten years to 2009. In 2013 AIDA is due to take delivery of its seventh ship in as many years. This is a total investment of more than €2 billion, and will bring the fleet up to ten ships.

It also guarantees that significant growth will continue in the German market over the next four or five years at the very least.

German ocean cruise market

	2007	2008	2009	Change 09/08
Passengers	763,753	906,620	1,025,968	13%
Passenger nights	7,133,571	8,498,190	9,951,889	17%
Revenue (€ billion)	1.4	1.6	1.9	19%
Average price per cruise (€)	1,885	1,868	1,881	1%
Average rate per day(€)	201.5	199	194	–3%
Average duration (days)	9.3	9.4	9.7	3%

Source: SeaConsult

Italian cruise market

Italy has always been very seasonal – not just for cruising but for all its domestic and outbound tourism. Traditionally the vast majority of cruises were booked for the five months from mid-May to mid-October. That this season is now being extended is one of the main reasons for the rapid growth in passenger numbers, albeit there is a older demographic for the winter market.

The combined efforts of its two leading brands Costa and MSC, which are both in the middle of major fleet expansions, ensured that the Italian market grew even more than Germany and passenger numbers have now increased more than 50% in just four years – and doubled in six.

Costa remains the market leader but the emergence of MSC and the new interest of international brands has made the marketplace more competitive, and helped set it en route to well over 800,000 passengers for 2010.

Andrea Tavella, Costa's Sales and Marketing Director for Italy, says: "Italy's location in the Central Mediterranean means that most Italians are no more than a hour or 90 minutes' drive from a port where they can embark a cruise."

In fact – including Sicily – there are 11 Italian ports where it is possible to embark cruise ships: Ancona, Bari, Catania, Civitavecchia, Genoa, Livorno, Naples, Messina, Palermo, Savona and Venice. Trieste, Ravenna and La Spezia also have homeporting ambitions.

Although Costa and MSC dominate Italian port calls

(more than 2 million Italian port visits were made by MSC passengers in 2009), RCCL has also developed both Venice and Civitavecchia as homeports for Royal Caribbean International (RCI) and Celebrity ships. RCI is adding Genoa from 2011 – a year when two RCI ships will homeport in each of Venice and Civitavecchia, and three Celebrity ships will cruise from Civitavecchia.

Some of these Italian ports also have ships homeporting in the winter, as well as summer cruises, as those new ships being built for Costa and MSC have the larger range of facilities – many all-weather – to be able to promise an attractive cruise holiday experience despite the often inclement off-season weather across the Mediterranean.

The use of charter flights from a variety of airports in different parts of the country has also opened up new winter cruise destinations for Italians including the Middle East (from Dubai), the Indian Ocean (from Mauritius), Asia (from Singapore and Hong Kong) and the Red Sea (from Sharm el Sheikh).

Both Costa and MSC have also expanded rapidly in Northern Europe and given the lie to the perception that Southern Europeans will not head north for their summer holidays. Charter flight connections to Copenhagen and Amsterdam have facilitated this trend.

"About 98% of Italian travel agents can sell a Costa cruise," says Tavella, "either on the high street or online. We have not needed to use tour operators, and the share of direct online bookings is quite small.

"Like Germany, though, we are now seeing major supermarket chains such as Lidl, Carrefour and the Co-op selling holidays including cruises.

"TV is a very important advertising medium, especially with the new digital/satellite channels. The web is increasing in importance, and the radio is very good for targeting younger passengers." The honeymoon market has traditionally been unusually strong for cruising in Italy.

Both Costa and MSC are continuing to expand their fleets, so more growth in the Italian market is guaranteed for the

Italian cruise market

Year	Passengers
2003	346,000
2004	400,000
2005	514,000
2006	517,000
2007	640,000
2008	682,000
2009	799,000

Source: ECC



"Italy's location in the Central Mediterranean means that most Italians are no more than a hour or 90 minutes' drive from a port where they can embark a cruise."

Andrea Tavella, Sales and Marketing Director, Italy, Costa Cruises

“We do not sell directly to our end customers, making sure that even our online reservation service is for the exclusive use of travel agents.”

Leonardo Massa, Sales Manager for South Europe (Italy, Spain and Portugal), MSC Cruises

next few years. MSC Sales Manager for South Europe (Italy, Spain and Portugal) Leonardo Massa says: “We work with 9,500 of the 10,000 Italian travel agencies and use TV, print media, radio and direct mail to reach the consumer. But we do not sell directly to our end customers, making sure that even our online reservation service is for the exclusive use of travel agents.

“Until the economic downturn passengers were booking earlier and earlier following the introduction of a Prima Premia policy of lowest prices for early bookers. This trend slowed in 2008/09, but resumed in the first half of this year.”

“We have all been affected by this economic crisis,” says Costa Cruises Chairman & CEO Pier Luigi Foschi, “and we have had to introduce incentives to bring in customers. But cruising is still very well received.

“Given smart economic and monetary policy in Europe and a revival of consumer confidence, our current difficulties could start to ease from next year.”

Tavella echoes this: “Looking into the future, it really depends how long the economic downturn continues to have an impact on consumer confidence and spending as to just how much growth there will be and how soon it comes.

“But, if we can get back to the pre-2008 situation and mindset, then there is still a lot of potential in Italy, particularly from the north of the country.”



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Naples plans for a busy future in cruise tourism

Codenamed Nausicaa, the ambitious project to transform the range and standard of the passenger welcome facilities in Naples is already having an impact – as the port authority's President, Admiral Luciano Dassatti, explains.

Naples is taking steps to make up for lost time and develop its cruise tourism facilities to cater for the increase in visitor numbers, which shows no sign of slowing.

"The port has grown 220% in just ten years," says Admiral Luciano Dassatti, President of the port authority. "There were 1.3 million cruise passengers in 2009, and we are hoping for a similar number this year. We are, though, also planning for the increase we expect over the next few years."

This planning incorporates the Nausicaa project to develop and link the various facilities along the waterfront for the benefit of the million-plus cruise and six million ferry/hydrofoil visitors.

"We expect to add two more cruise berths by acquiring the 1km-long Molo San Vincenzo and, with the city authorities, to resolve the issue of passage through the military marine zone," says Admiral Dassatti.

"Plans to amend the road network around the port are under review, and there is also a study under way into the feasibility of transferring passengers and their baggage directly between the airport and the seaport.

"There are also plans for an underground link between Garibaldi rail station and the seaport. A shuttle bus has already been introduced to transfer ferry passengers between Molo Beverello and Calata Porto di Massa.

"At the port the maritime station is developing a shopping and restaurant centre for arriving cruise passengers. It should open next month (October).

"It is very important to welcome visitors properly and we are pressing the local authority to improve the information

services and create a greater sense of civic responsibility among the city's residents.

"As the port authority we believe we have to start with the younger generation, so over the past year we have visited ten Neapolitan institutes to educate the students about the port, first in the classroom and then by taking them around the facility itself.

"I accompanied the students and their response has been so enthusiastic that we are certainly going to continue with this programme.

"We are looking to bring the town much closer to the port in many ways. The Euvé group, which has transformed the maritime station, now working on developments at Molo Beverello, Piliero and the Magazzini Generali."

The port authority is still hoping to secure funding from the European Commission for various investments in 'green' facilities. "However," warns Admiral Dassatti, "investments in green technology are worthwhile if the port is handling ships which have also invested in up-to-date environmentally friendly equipment. But they are not viable if we are still handling old-style ships." ■



"We are looking to bring the town much closer to the port in many ways. The Euvé group, which has transformed the maritime station, now working on developments at Molo Beverello, Piliero and the Magazzini Generali."

Admiral Luciano Dassatti, President, Naples Port Authority

French cruise market

Of all the continental European countries only France has a dedicated cruise association along the lines of CLIA and the UK's PSA. Formed as France Ferries et Croisières in 1999, its 2009 renaming to Association Française des Compagnies de Croisières (AFCC) reflects what has been a long-awaited upsurge in cruise sales.

French cruise market

Year	Passengers
2003	212,000
2004	222,000
2005	233,000
2006	242,000
2007	280,000
2008	310,000
2009	347,000

Source: ECC

Market penetration remains the lowest in Western Europe, though, so the scope for growth is probably the highest – although there are some localised factors which do come into play.

The new AFCC President, Georges Azouze, says: “A lot of French prefer to vacation within France, so cruising's share of outbound tourism is not as low as it might appear to be compared with the UK and Germany.

“Also, France does not have the same range of tour operators and package holidays as those two countries. Many French just book a flight and find their own accommodation, even when going overseas.”

France's strong ocean liner tradition has also counted against cruising, as the traditional prejudices against cruising – that it is very expensive and just for the old – appear to have lingered longer in France than elsewhere in Europe.

The upturn that is now under way is the result of three key developments. The first is the emergence of new France-specific

brands such as Croisières de France (CDF), which is a subsidiary of RCCL-owned Pullmantur. This has a single ship, which has been operating in the Mediterranean and Caribbean, but CDF has now expanded into marketing specific Pullmantur ships so that their passengers are sourced from both Spain and France.

Another French brand – Compagnie du Ponant (owned by CMA-CGM) is well established, but is now expanding with two new Luxury ships targeted at both the French and the international markets.

Although the market leader in France is Italy-based and Carnival-owned Costa, this has now leased a ship to French tour operator TMR and allowed it to reactivate an old French cruise brand: Paquet.

This involved *Costa Allegra* cruising (as *Allegra*) from Marseille, exclusively for French passengers, last spring and this autumn. Some of the departures have been music-themed, as used to be the case with the original Paquet. This programme should be repeated over the next few years.

Azouze, who is also President of Costa France, says: “This is the first time Paquet has operated since 1999 and, as we still own the brand, this is good way to test it – with TMR taking responsibility for sales and marketing.

“If it works,” he says, “we could begin to operate Paquet ourselves in the long term. Some French people still look for the French flag when they book a cruise.”

The second factor behind the French cruise growth has been the development of French homeports. Costa, MSC and Louis Cruise Lines (LCL) are part of a consortium operating a new terminal at Marseilles. MSC saw a strong upsurge of French business in 2009, which required it to increase charter air capacity from Paris and other French cities into the port.

This year LCL increased its capacity out of the port when it introduced its newest and largest-capacity ship *Louis Majesty*.

The port of Marseilles handled 700,000 cruise passengers in 2009, and expects more than a million by the end of this year.

It is also planning to introduce shore power by 2013 as part of a joint project with other Mediterranean city ports including Barcelona, Genoa, Thessaloniki and Venice.



“A lot of French prefer to vacation within France, so cruising's share of outbound tourism is not as low as it might appear to be compared with the UK and Germany.”

Georges Azouze, President, AFCC

“Most French people have got used to going on international brand ships and the bigger ships these operate have meant more competitive prices. This has stimulated the market and chipped away at that perception of cruising being expensive.”



Costa embarks French passengers in Nice for its cruises which homeport in Savona, and next year it will use Le Havre as a homeport for French passengers for the first time, following the port's opening of a new €1 million terminal.

The final piece of the jigsaw has been the increased activity of what is now called AFCC.

In 2007 the association copied a CLIA idea with its first nationwide Cruise Sales Day event, and it repeated this at the end of 2008 when the economic crisis was at its peak. The event generated €5.1 million from 4,189 2009 bookings – a 45% increase in revenue and 85% in bookings compared with the previous year. It is now an annual two-day event called 'Le Jour le Plus Long de la Croisière' (Cruising's Longest Day).

"There are about 5,000 travel agencies in France," says Azouze, "and roughly 3,700 of them sell at least one cruise. So we do have a high penetration within the trade.

"Over the past five years there has also been a large increase in the number of Internet-based agencies selling cruising."

Recently the association has introduced a training and certification programme for travel agents similar to that run by ACE in the UK. Midway through 2010 it already had 150 of its own 'cruise expert' agencies, and that figure should reach 400 by the end of the year.

"We are running agency training workshops twice a year in

up to 15 cities, and organising as many ship visits as possible," says Azouze.

The association has also strengthened its links with port/destination cruise networks such as those in Marseille and Provence. It will also feature strongly in the Seatrade Med show in Cannes – the first time that this major cruise conference has been held in France.

"Most French people have got used to going on international brand ships," says Azouze, "and the bigger ships these operate have meant more competitive prices. This has stimulated the market and chipped away at that perception of cruising being expensive.

"Flycruising is popular to places like Dubai, the Caribbean, Asia and South America but there are some limitations to the airlift available. For example, it is difficult to find flights into Venice from all over France.

"The market could do also do with more tour operators chartering or acquiring cruise ships as this has played a key role in the development of the markets in the UK and Germany. In Spain it was tour operators which actually started its whole cruise market."

But, even without more tour operator contributions, the market appears set for more growth – with 2009's 12% increase expected to be followed by 11% this year, for a 385,000 total.

Spanish cruise market

The Spanish economy has been hit harder than most by the downturn, and all the cruise lines sourcing from that market continue to report depressed yields but – as elsewhere in Europe – passenger numbers continue to grow.

Both the leading brands, Pullmantur and Ibero Cruceros, have undergone radical fleet makeovers since their respective takeovers by RCCL and Carnival Corporation.

This has seen older, smaller ships replaced by larger, newer ships transferred from parent company brands. Four of Pullmantur's ships were originally operating for RCI (2) and Celebrity (2), and Carnival switched a second of its Carnival Cruise Lines (CCL) ships (Holiday) to Ibero Cruceros this year, bringing the fleet to four.

Although the ships operate in Europe during the summer, they have previously been chartered to Brazilian operator CVC for winter programmes in South America.

Ibero Cruceros is now operating the ships there itself, primarily for the local markets but also for Spanish passengers. This winter it has deployed three ships to South America – two homeported in Brazil (Rio and Santos) and one in Buenos Aires.

Pullmantur is not going quite so far, preferring a new 50:50 relationship. CVC still markets the cruises, but now Pullmantur operates them and shares the both the costs and the profits rather than simply accepting a charter fee. It is sending three ships this winter, increasing to four and five in the two following winters.

Going into 2010, Pullmantur's fleet capacity was about 350,000 and Ibero Cruceros 200,000, suggesting that their

combined share of the Spanish market would be increasing from the 60% in 2008 to something nearer 75% of the 665,000 Spanish passengers expected this year.

Both reported lower yields and continued impact from the economic situation – which has seen Spain with 20% unemployment – but Ibero Cruceros General Manager Alberto Serrano sees 'light at the end of the tunnel' and points to an increase in repeat passengers as proof that the cruise sector is now established in Spain.

During the summer Ibero Cruceros is also following the policy of its parent company's CCL brand in taking its ships to the passengers by introducing new homeports, including Vigo and Cadiz.

This should broaden the market-sourcing both geographically and socio-economically as it lowers the entry price point by removing the need to pay for flights to reach the ships.

Two smaller brands – Vision and Travelplan – have withdrawn from the market, although Travelplan owner Globalia is one of the backers of new operator Happy Cruises (formerly Quail Cruises).

Spanish cruise market

Year	Passengers
2003	307,000
2004	300,000
2005	379,000
2006	391,000
2007	518,000
2008	497,000
2009	587,000

Source: ECC

Brand shares within the Spanish market (2008)

Brand	Share
Pullmantur	39
Ibero Cruceros	20
Costa	16
MSC	10
RCC Spain	5
NCL	3
Quail (now Happy)	2
Others	5

Source: Ibero Cruceros

“Ibero Cruceros is also following the policy of its parent company's Carnival Cruise Lines brand in taking its ships to the passengers by introducing new homeports, including Vigo and Cadiz.”

Selective European growth markets

The Austrian and Swiss markets are both benefiting from the capacity expansion and the accompanying growth in marketing from German brands such as AIDA and TUI.

Attempts to extend the Baltic cruise season by operating short spring and autumn cruises out of Oslo and Stockholm by brands such as RCI have stimulated the local Scandinavian market.

Major investment in Portuguese ports is designed not just to increase their appeal as ports of call but also to establish the likes of Funchal, Leixoes and Lisbon as major homeports. Pullmantur is leading the way in attempting to grow the Portuguese source market, and has had some early success in doing so.

But perhaps the smaller markets with most potential are the Benelux countries where HAL, in particular, is driving growth from The Netherlands by homeporting from Rotterdam. It is also considering using proposed new homeports in IJmuiden and The Hague.

And in 2009 a CLIA/PSA-like organisation was set up – the Dutch Cruise Council (DCC), with 20 cruise brand members. Its role is to promote cruising, initially educating the trade through e-learning modules and other initiatives but then also selling the cruise concept direct to the public.

DCC Vice President Nico Bleichrodt (also HAL's Director of Sales for Benelux & Germany) says: "We are right at the beginning with the cruise market in The Netherlands, like it was in North America back in the 1970s.

"Cruising is better known in Belgium, where there has been a DCC equivalent for many years, but that is a much smaller potential market with a population of about 10.5 million.

"In the Netherlands market penetration is about 0.3%, with 62,000 cruise passengers in 2009. Our target is to reach 300,000 and, though there are many variables, we hope to be

European ocean cruise passengers

Country	Passengers (thousands)					Change 2008/09
	2005	2006	2007	2008	2009	
Scandinavia	42	62	94	123	173	41%
Benelux	42	64	82	92	110	20%
Switzerland	51	56	64	65	76	17%
Austria	39	44	52	59	80	36%
Portugal	15	18	20	28	30	8%

Source: ECC

about halfway there within five years."

Of those 62,000 in 2009, nearly two-thirds cruise within Europe with 23,000 heading for the Mediterranean and 16,000 booking Northern Europe cruises. The other major destination – attracting 12,000 – is the Caribbean, where there are Dutch territories. Cruises are mainly sold through specialist tour operators such as Zeetours and Kuoni.

"The Dutch are usually late bookers of holidays and very price-driven," says Bleichrodt. "Although this also happens with cruising, there is a growing trend for some – usually the experienced passengers – to book a year or so ahead.

"The demographic for Dutch cruise passengers is similar to that in other European markets, and we are also seeing the same trend towards more families booking." ■



"We are right at the beginning with the cruise market in The Netherlands, like it was in North America back in the 1970s."

Nico Bleichrodt, Director of Sales for Benelux and Germany, Holland America Line

INTERCRUISES: upholding service excellence in the midst of international expansion

Mark Robinson, Managing Director at Intercruises Shoreside & Port Services, explains how consistent high quality service has been maintained during a period of unprecedented growth over the past six years.

Q What was the inspiration behind setting up Intercruises?

A In my previous position at Festival Cruises as Director of Onboard Revenues I was also responsible for Shore Excursion and Ground Operations Worldwide. During this experience I encountered a varying quality of service from the different operators in various regions and ports worldwide. It became my objective to consolidate these services where possible and reduce the amount of work in the team, ensuring a more efficient working practice with a

consistent approach. Today this is what Intercruises achieves worldwide on a daily basis.

On joining the former Barcelo Destinations Group in 2003 I worked with the senior management team and in November 2003 we launched Intercruises Shoreside & Port Services. Our vision was to become the leading provider of services to the cruise industry, offering high quality and consistent services at competitive prices to the various cruise line partners.

Q What does Intercruises do?

A Intercruises provides the following services to the cruise and river cruise industry:

- Turnarounds
- Shore Excursions
- Port Agency
- Pre & Post Hotels

Q What is the culture and structure of Intercruises?

A Today Intercruises handles over 6,000 ocean cruise and river cruise calls a year in various international ports. We have offices located worldwide, with our head office located in the port of Barcelona. There are over 250 full time employees, however on a peak day we will deploy and manage over 1200 customer service staff, handling over 100,000 guests on a regular basis from mega ships to small luxury vessels.

Our business is split into regions, these are Mediterranean, Barcelona, North America, Asia, UK,

Australia and Emerging Markets, such as The Netherlands, Middle East, Black Sea and Indian Ocean. Each region is



Intercruises Head Office is based in the port of Barcelona.



“Intercruises continually strives for excellence, with the aim of providing a high quality global solution to all our partners.”

Mark Robinson, Managing Director at Intercruises Shoreside & Port Services

managed by a Regional Director and their experienced ‘local teams’ based in the various ports and countries. Within these regions there are over 50 countries in which we operate, with offices in over 300 ports, serving over 70 ocean cruise and river cruise lines.

Q Has Intercruises achieved what it set out to achieve?

A I would not say that we have achieved all our objectives today, as we continually look to expand through organic growth and strategic acquisitions into new destinations. We want to provide our partners with our services at as many current and new destinations, whilst also exploring the opportunities in fast growth areas such as South America and Asia. Intercruises continually strives for excellence, with the aim of providing a high quality global solution to all our partners.

Q Has the quality of the Intercruises service delivery suffered through expansion?

A We describe ourselves as your ‘local partner worldwide’. This is because we consistently deliver excellent service via our ‘local teams’ at their respective international ports. Our Regional Directors and Operations Managers constantly monitor the quality and delivery of our service, taking into account any feedback to ensure complete client satisfaction. We will ensure this high quality is maintained through regional training and managerial support. Our strong head office support team ensure that we achieve our goals and objectives.

Q How then have you managed to keep staff motivated enough to deliver a consistent service across markets?

A We have an international team of experienced cruise handling specialists with a plethora of skills. This creates a fantastic social and learning environment that enhances each individual’s daily experience; in essence, every day is new and comes with a different challenge. The majority of staff have grown within the Intercruises family and there is a very clear training and career

progression scheme, allowing for movement, personal career development and promotion within the business. Additionally, we have very open communication channels, a key factor to motivation and therefore to maintaining a dedicated and committed team of professionals who strive for excellence on a daily basis.

Q Expansion seems to be an ongoing activity – when will that be complete?

A We have a clear strategy of where we would like to be and are constantly exploring various new opportunities that arise. Intercruises has now become integrated in the cruise industry’s growth, with ourselves and our partners confident that if a new route is opened, we will deliver the same high quality service regardless of where it may be situated. Assuming the cruise industry continues its rapid growth; our business will continue to grow with it as we open new markets and offer new products.

Q What are the plans for the company going forward?

A We are continually developing new products and services in addition to furthering local relationships. We need to keep focused on our core values, whilst at the same time evaluating various product enhancements to ensure we offer cruise lines and their passengers the best service experience possible.

Furthermore, we are committed to our safety management system and group sustainable development policy, which are both crucial factors to operating a successful business in the future and to ensure our continued growth. ■

Prospects for European cruise shipbuilding

The current cruise ship order book, detailed earlier, appears healthy; but there is some justified concern about the immediate future for the European shipbuilders which dominate the cruise sector: Fincantieri (Italy), Meyer Werft (Germany) and Korean-owned STX (France and Finland).

There will be an interruption in building work for most of them when the 15 ships due for delivery during the two-year period 2011–2012 are completed. This represents a little over half the recent annual average. Also, just one ship is on order so far for each of 2013 and 2014 – though this will certainly increase with orders placed during the next two years.

Over the past 20 years the average has been 9/10 deliveries a year but it remains to be seen whether, in the long term, the industry will return to something approaching these levels of newbuilds.

But in the meantime the current interruption could have some serious ramifications as lay-offs from the shipbuilding yards' workforces (which have already begun) will accelerate into 2011. Past experience suggests that some skilled labour could be permanently lost to the industry if more orders do not come soon.

The orders slowdown started when the financial crisis hit in the last quarter of 2008 and, although new orders began being placed again at the end of last year, they are not yet coming at the pace of the past five years.

The main issue is not market demand, as that of consumers for cruising has risen, not fallen, since 2008; therefore more capacity in the long term could clearly be handled by the cruise lines. With the recent decline in the value of the Euro, the currency is also moving in favour of the potential (mainly Dollar-based) ship-orderers.

Aided also by a fall in the cost of raw materials (machinery and furnishings), shipbuilders have been able to reduce newbuild prices to a level roughly on a par with those available in 2003/04.

The real issue is partly that of cruise companies looking for a temporary consolidation in capacity while the economic situation recovers and reverses the pressure on yields. But is primarily and immediately that of the availability (or lack of it) of capital funding from the usual financial sources – the banks and money markets.

There have always been more factors influencing the individual company decisions to order new cruise ships than usually apply in the cargo/container shipping sectors. But the "To build or not to build?" conundrum has become even more complex.

The core drivers of orders for a brand remain:

- A requirement to maintain market share in that brand's sector. This can be prompted either by projections of organic growth in that sector or by the expansionist activity of rival brands. This is also the reason why orders have traditionally come in clusters, e.g. 57 between 2005 and 2007
- A desire to expand into a particular market (cruise type or geographical)
- A need to add value to the brand's assets for the benefit of shareholders or in advance of an Initial Public Offering
- The identification of a particularly high Return On Investment opportunity when currency shifts or other issues produce particularly low newbuild prices
- The factors which can now be added to the mix affecting order decisions are:
 - a) the new difficulty in obtaining financing
 - b) the uncertainty of the length of the economic downturn and its influence on demand for cruising in specific markets and
 - c) the awareness of looming environmental and safety regulation – which has implications for the kind of propulsion, waste management and other technology required onboard ships in the future.

"New ships will effectively be prototypes – this has the potential to add significantly not just to the build time but also to the price."



This last point means that soon most new ships will effectively be prototypes. This has the potential to add significantly not just to the build time (initially up to an extra year to 2.5 years) but also to the price (up by an estimated 10–15%). But there will be fiscal as well as a regulatory imperative for cruise lines to order them, as they will be able to incorporate the latest technology to reduce energy and related consumption and therefore should bring significantly lower operating costs.

However, another ingredient in the “To build or not to build?” equation is the view that it will be very important for European shipyards to be given the means to be highly competitive in order to be able to stimulate further new orders.

So it remains to be seen if, by 2015, annual deliveries reach the forecast figures of 7/8 a year – compared with the 10/11 average in the 1990s and 2000s. Whatever ordering pattern transpires, the average ship capacity will be higher and the revenue accruing to the shipbuilders should be, pro rata, greater.

The economic situation will remain one of the components in cruise company thoughts as regards the timing of any orders, but it is financing which remains a major stumbling-block as regards the firming of orders right now.

This was manifest in the recent MSC Cruises order with STX France, which was delayed, primarily for financing reasons, before backing was secured from the French export credit agency COFACE. The French government is a shareholder in STX France.

Export credit agency funding is becoming a major factor in the confirmation of recent cruise orders (e.g. Finland’s Finnvera for the Royal Caribbean International Oasis-class ships at STX Finland).

Start-up cruise companies were once a source of orders, but the barriers to entry have become so high overall – and for newbuilds in particular – that it is more than a decade since a new company has started with a newbuild.

The current financing issue will only exacerbate this problem; but the situation should be more positive for the four well-established and well-resourced major companies (Carnival, Royal Caribbean Cruises, Genting Hong Kong and MSC Cruises) which, at any given time in recent years, have been responsible for about three-quarters of the ships on order and nearer 90% of the berths/tonnage.

Following the European Investment Bank financing for a Carnival Corporation brand Costa Cruises newbuild at Fincantieri earlier this year, shipyard and ship-owner have approached Italian Export Credit Agency (SACE) about the possibility of financing future newbuilds.

Both shipyards and the financing arena are going to need to find more creative ways to incentivise and fund newbuilds before there can be any return to more normal levels of orders for new ships. ■



Working to protect the environment





Environment Statement

Statement of commitment on the environment

The European Cruise Council (ECC) and its Members are committed to protecting the environment. ECC will support its members to evaluate the environmental impact of their business activities, including that on the destinations which they visit.

In order to achieve this mission of conservation and efficient use of natural resources, ECC and its members will strive to:

1. Promote a competitive, transparent and sustainable cruise industry
2. Lead the development, acceptance and implementation of uniform environmental standards
3. Enhance public awareness of the positive environmental performance of the cruise industry
4. Be the representative body for sharing lessons learned and good practices
5. Establish and maintain partnerships, cooperation and open constructive dialogue with relevant maritime authorities, organisations, associations and special interest groups
6. Encourage increased availability of appropriate reception and recycling facilities at major ports within Europe
7. Improve energy conservation, increase recycling and reduce waste.



We think that blue is the new green.

When we sail the world and develop our fleet, we do so with a strong sense of responsibility. Not just to our guests, but to the environment as well.

We've continued to work tirelessly to develop a comprehensive Environmental Stewardship Strategy in partnership with Conservation International, Sustainable Travel International and other environmentally-focused organisations. Our ever-evolving 'Save the Waves' programme is a big step in this quest. It's a company-wide philosophy of social responsibility, environmental protection and good corporate citizenship that guides every facet of our business operations both for today and tomorrow.

And for the future.

We're committed to continually develop new and innovative ways to protect the environment and sustain the well-being of the people, the places we serve and the oceans we sail upon.



Protecting the environment

Protecting the environment is like justice: it is not enough that it is done. In these days of heightened regulatory oversight and public demand for freedom of information, it has to be seen to be done. That is one of the key premises behind the publication of corporate sustainability reports by a succession of cruise companies.

But it is not just the issue of transparency that has driven this development. The increasing and fast-evolving complexity of the whole area of environmental compliance is such that many of the companies began to recognise that they needed the discipline of producing such detailed overviews of their operational practices to ensure that they could monitor their performance and establish viable targets for improvements – and be able to recognise when they have achieved them, exceeded them or fallen short.

Costa Cruises was the first to receive the Green Star from the RINA classification society, certifying that it operated all its ships in an environmentally responsible manner and conformed to the highest standards in preventing marine pollution.

It was also the first to be certified (also by RINA) as B.E.S.T.4 (Business Excellence Sustainable Task) in the areas of social accountability, safety, quality and the environment.

But that was just the start. “In some ways it is easier to earn this kind of certification the first time than it is to maintain it,” says Costa President Gianni Onorato. “To do that we have to make sure that everyone in the company is behaving in accordance with our social accountability policies.” Producing a sustainability report was one way of ensuring that this happened.

Costa produced its first report in 2005, and has since published one annually with the latest (December 2009) covering its performance in 2008.

Costa chairman (and first chairman of the European Cruise Council) Pier Luigi Foschi said: “It is a purely voluntary form of reporting designed to provide comprehensive and transparent information on the impact of our activities and also on the efforts we make to minimise that impact.

“We already had an integrated management system in place guaranteeing the measurement of company

performance and continuous improvement in environmental protection and social accountability.

“Consumer interest in environmental protection and corporate social responsibility is growing and becoming an important element in their purchase behaviour.”

Its sister brand, AIDA Cruises, followed suit in 2007 and has since produced reports annually.

“As an industry,” says Carnival UK CEO David Dingle, “we recognise the need to balance out the actions needed to sustain an ever-increasing economic benefit for the communities affected by our operations with that of fulfilling wider social and environmental needs.

“As a company, Carnival UK recognises the need to set the agenda for building an industry that is sustainable economically, socially and environmentally.”

Royal Caribbean Cruises Ltd. (RCCL), the second largest global cruise company and a multi-brand member of the European Cruise Council (ECC), is also now producing annual sustainability reports – though it is calling them ‘Stewardship Reports’ to link in with its 2008 creation of a new role within the company: Vice President For Environmental Stewardship and Global Chief Environmental Officer.

Former professional conservationist Jamie Sweeting was appointed to that post, and has since overseen the publication of reports covering 2008 and 2009.

He sums up the purpose of these reports in a way that would be echoed by the rest of the cruise community. “Our goal is to explain in a clear and straightforward way how our company proactively addresses the environmental issues inherent in operating cruise ships.”

TUI Cruises (a new joint venture between RCCL and TUI AG) reports its performance to its parent companies for inclusion in their sustainability reports. And MSC Cruises, the largest privately owned cruise company, produces an annual environmental report as part of its ISO14001 commitment.



“It is a purely voluntary form of reporting designed to provide comprehensive and transparent information on the impact of our activities and also on the efforts we make to minimise that impact.”

Pier Luigi Foschi, Chairman and CEO, Costa Cruises

Corporate initiatives in the environmental sector

The first major overtly environmental initiative from a cruise company probably dates back to 1991, when RCCL set up 'Save the Waves' to reduce consumption, re-use energy and recycle waste.

This has evolved into a comprehensive policy and programme covering all the key environmental issues from air emissions and waste management to staff training and awareness, as well as contributions to specific conservation projects. And its efforts are echoed in many similar programmes run by other cruise companies across the industry, both in Europe and globally.

Within this approach there has been scope for regular and ongoing initiatives to improve environmental performance and sustainability.

MSC Cruises was one of the first lines to adopt the eco-friendly fluoro-polymeric paint, using it on the keels of three of its ships. It is not only non-toxic but it also guarantees lower fuel consumption and consequently lower carbon dioxide (CO₂) emissions, as well as preventing hull fouling without any harmful effects on marine life.

MSC has also linked with CIAL – Consorzio Nazionale per il Recupero e il Riciclo di Imballaggi in Alluminio (National Society for the Recovery and Recycling of Aluminium) – to turn large quantities of aluminium (drinks cans etc.) into household goods, furnishings, construction and transportation materials.

Another MSC initiative was to install an energy-saving system in all cabins and public rooms. This automatically monitors electricity use, and reduces fuel consumption along with carbon emissions by powering down unused systems. And its climate system automatically adjusts the temperature in instances of excessive or wasteful use.

Among a list of awards for its environmentally friendly policies, MSC was one of several cruise lines to sign up to

Venice's Blue Flag scheme which means it is committed to using low-sulphur fuel when entering and leaving the city. It has since signed similar agreements with the ports of Civitavecchia and Genoa.

Louis Cruise Lines (LCL) is part of the NEMO project (partners include the Cyprus University of Technology and SMEC Marine and Engineering Company) to develop an integrated technology for the de-pollution of ship exhaust gases. This focuses on a combination of sea water absorption and catalytic reduction technologies to remove SO_x and NO_x. The system is currently being trialled on LCL's *Sapphire*, which cruises out of Cyprus.

Sapphire is the ship which has been committed to providing meteorological data for the Cypriot and French governments from areas where such information is normally scarce.

LCL is also active within the Connoress (Combined NO_x-Noise Reduction System in Ships) group, which includes the Greek Environmental Protection Engineering and Dutch Emitech companies. This is working on a combined catalytic and noise reduction system in marine engine exhaust systems, with a target of cutting NO_x emissions by 70% and reducing noise to background sound levels.

A system will be designed for a specific engine on a LCL ship, with the emission and noise levels monitored before and after it is put into operation.

Fred. Olsen Cruise Lines has fitted solar film on its ships' windows to reduce heat from the sun as part of an overall programme to save energy used by its air-conditioning and ventilation systems.

It has installed new galley equipment which uses less energy, water and detergent, and fitted devices on showers and taps to consume less water. It is also making use of excess heat from cooling water and exhaust gas.

“Several cruise lines have signed up to Venice's Blue Flag scheme which means they are committed to using low-sulphur fuel when entering and leaving the city.”



Holland America Line (HAL) has been involved – with the US Environmental Protection Agency – in a seawater scrubber pilot programme to reduce engine emissions. This uses the natural chemistry of seawater to remove SOx as well as reduce particulate matter emissions. The seawater is then treated to remove harmful components before being discharged.

Dry cleaning and X-ray equipment has also been replaced to eliminate the use of hazardous detergents and chemicals, and HAL was also the pioneer of the cascade bilge-water treatment system.

Although the jury remains out on the exact value and viability of the concept's application globally, HAL is committed to the use of shore power when visiting US West Coast ports. It has had the connections to do so fitted on many of its ships so that they can plug in when calling at ports such as Seattle, which have matching shoreside connections.

As a result, HAL was recently judged 'Marine Environmental Business of the Year' in 2010 by the Port of Seattle.

HAL has also won awards for its 'Whale Strike Avoidance' training programme.

Hapag-Lloyd Cruises ships have been used in a German Federal Ministry of the Environment project to test biocide (TBT)-free underwater coatings. The company was also involved in the drawing up the code of conduct for cruise visitors to the polar regions.

As a member of both the Association of Arctic Expedition Cruise Operators and the International Association of Antarctic Tour Operators (IAATO) Hapag-Lloyd promoted the idea of limiting the number of groups allowed to go ashore at any one time, and of ensuring that each landing place was checked out

first by experienced expedition leaders.

For its own part, it raises awareness among both staff and passengers of the sensitivity of the destinations being visited. And it has repeatedly increased the range of environmentally friendly and climate-neutral shore excursions.

It is also – through the German Shipowners' Association – actively involved in the development of new energy and environmental management programmes.

TUI Cruises is working with the Technical University of Hamburg technological services group Cegelec Anlagen- und Automatisierungstechnik on a shoreside power project to source alternative energy sources for cruise ships while in port. And it is a member of Futouris, an NGO set up to help preserve biological diversity, improve living conditions and protect the environment from climate change.

All TUI's staff are trained in the 'Save the Waves' programme initiated by RCCL, one of its joint parent companies.

Thomson Cruises, which is part of TUI Travel and now incorporates Island Cruises, offers passengers 'Greener Cruising' tips on how to pack for the environment and reduce their energy consumption onboard. The company falls within TUI's overall sustainable development strategy to reduce the company's carbon footprint and manage its environmental and social impact on destinations.

One of the latest initiatives has been the Sustainable Development Contract which all suppliers are required to sign, committing them to embed sustainability in their operations. This is now being extended to include shore excursion providers.



“Solar heating is not as efficient as we would like, but getting in early on new technology is better than waiting seven/eight years for it to improve and then starting from scratch.”

Jamie Sweeting, Global Chief Environmental Officer, Royal Caribbean Cruises Ltd.

Thomson Cruises and its passengers also support the World Care Fund, which is involved in sustainable projects worldwide.

Regent Seven Seas Cruises, which is also an IAATO member, has launched a new environmental training module which will be delivered via the Internet. It has also retrofitted an advanced wastewater treatment system on one ship and plans to do the same on a second.

Since 2005 Costa Cruises has been collaborating with the Joint Research Centre (JRC) of the European Commission to monitor air pollution in the Western Mediterranean and, since August this year, has been part of a JRC project to use weather balloons to take atmosphere measurements including ozone concentration.

The company has a long-established partnership with the World Wildlife Fund. It began with a general target of protecting and preserving the Mediterranean, but since 2009 has targeted the setting up of a network of Marine Protected Areas – not just in the Mediterranean but also in the Greater Antilles in the Caribbean and off the coast of northeast Brazil.

With WWF Italy Costa Cruises is now taking part in the pilot REPCET reporting system which is aimed at reducing collisions between ships and whales. It does this by using a global satellite system along with individual ship sightings to track the whales.

Like MSC, Costa was an early signatory to the Venice Blue Flag scheme; and it has a similar link with CIAL to recycle aluminium. And it is one of many lines now using cutting-edge technology to reduce air emissions and fuel consumption.

Its initiatives include silicone-based, non-toxic antifouling hull coatings to reduce the growth of micro-organisms on the hull surface; reverse osmosis desalination plants to produce potable water; the use of low power consumption LED light bulbs and an automatic control system to adjust external lighting on ships in line with the prevailing sunlight intensity; and the optimisation of air-conditioning levels in line with the number of people in the room and the outside temperature.

Costa has also adopted the Ballast Management Plan across its fleet, though this is compulsory only in the US, Brazil and Norway.

Environmental issues do not just affect ocean-going operations, which is why Costa offers 240 eco-tourism tours among its 2010 shore excursions programme – and why it included a wide range of environmentally friendly features in

the expansion of its Genoa headquarters, Palazzo Costa. The offices now create no CO2 emissions on site, and even those created during the official opening were offset by the planting of olive trees.

AIDA Cruises has developed a route management system which has enabled it to reduce fuel consumption by up to 5% on some itineraries.

A key element within this system is its unique Power Monitor which collects data on energy consumption, temperatures, wind and ship speed, along with machine capacity and efficiency. It analyses this data – drawn from more than 100 different measuring points within its ships – to identify additional conservation potential and compare different routes to indicate the optimal ones, so that the ships not only travel efficiently but also arrive at destinations on schedule.

The software also takes into account environmental influences such as temperature and atmospheric humidity.

As well as being used for long-term itinerary planning, the system is set up to provide crew with the information required to make energy-saving route alterations independently at short notice.

Further measures to reduce energy consumption – including centrally controlled cabin climatisation, hotel-style card-controlled cabin lighting and three-way valves on air-conditioning grids – have been introduced with each new class of ship. AIDA is currently investigating the feasibility of fuel cell technology, and also of utilising shore power.

It is continually developing its shore excursion programme – in conjunction with regional partners – to minimise negative impacts on the environment. To this end it has drawn up ‘Ten Golden Rules’ to dictate its own – and its passengers’ – behaviour in setting up and taking part in excursions. These include “taking immediate action if we notice that a tour is having a negative impact on nature or on cultural attractions”.

RCCL has an ongoing partnership with the University of Miami’s Rosenstiel School of Marine and Atmospheric Science and the National Oceania and Atmospheric Administration to equip Explorer of the Seas with atmospheric and oceanographic laboratories for visiting scientists.

It has also linked with both Conservation International and Sustainable Travel International to develop its environmental stewardship strategy. With Conservation International it created the Team Earth lounge, a dedicated environmental

education venue on *Celebrity Solstice*, the first in a new class of larger ships.

Celebrity has now started an Oceans Ahead programme on all its Solstice-class ships which is designed to educate passengers – through a series of onboard lectures – about the way the company is innovating to improve energy efficiency, reduce air emissions and water consumption, and to increase recycling.

The brand has experimented with a small wind turbine on *Celebrity Century* – but it was even more innovative on the Solstice class.

Celebrity Solstice was the first cruise ship (in 2008) to have solar panels fitted. There consist of 500sq m of panels which – as well as providing shade for the solarium – create enough power for 7,000 LED lights, or for all 12 guest elevators.

“We call this future-proofing,” says RCCL’s James Sweeting. “Solar heating is not as efficient as we would like, but getting in early on new technology is better than waiting seven/eight years for it to improve and then starting from scratch.”

Overall, the ships in the Solstice class have 25% better energy efficiency per passenger than the previous class. This has been achieved through changes in hull design, advances in power generation and improvements to air-conditioning and lighting systems.

The air-conditioning switches off automatically when cabin balconies are left open; and the use of fan coils, improved energy recovery, a variable flow chilled water system, more insulation and window tinting, and the green roof over the real-grass lawn also add to the improvements.

Daylight harvesting has contributed to a 40%-plus saving on lighting-generated energy use, and LEDs have replaced halogen across the ship’s 50,300 lighting points.

Sister brand Royal Caribbean International has more recently retrofitted 21,000sq ft of thin solar film on *Oasis of the Seas* (the world’s largest cruise ship) which produces enough energy to light the promenade and Central Park areas.

Overall, this ship has seen significant improvements (between 15% and 25%) in energy efficiency, and also in reducing its carbon footprint, compared with the previous Freedom class ships.

RCCL has its own Ocean Fund, which to date has awarded more than US\$10 million in grants, and runs a fleetwide competition for the Environmental Ship of the Year and the Innovative Ship of the Year. It also established the Galapagos Fund to support conservation initiatives specific to those islands.

As part of its drive to reduced its ocean-going greenhouse gas emissions by one third by 2015, RCCL is piloting a new system from Singapore-based Ecospec which is designed to reduce SOx, NOx and CO2 engine emissions in a single process.

This CSNOx technology was previously trialled in 2009 on a tanker, with 99% reduction of SOx, 66% of NOx and 77% of CO2 reported. It will be monitored onboard RCI’s *Independence of the Seas* from the end of this year.

Cruising’s contributions to communities

The following are just a few examples of the many ways cruise companies are contributing – either corporately or through the efforts of individual staff members – to the communities they operate from or visit with their ships.

- In July 2009 MSC linked with UNICEF to set up ‘Get on Board for Children’, a project to help disadvantaged children and adolescents in 126 urban communities in Brazil to receive a proper education. Within six months the partnership raised €200,000 for this cause.
 - ‘Ship to Shelter’ is a long-established programme set up by Holland America Line to donate useful goods – from beds and linens to TV sets and toiletries which are being replaced on its ships – to charitable organisations in the communities which feature on the company’s global itineraries. Earlier this year three Yamaha grand pianos were given to South Florida schools as part of this programme.
 - Cunard has been helping the work of the Prince’s Trust in the UK since the naming of *Queen Victoria* in 2007. Through a variety of events and initiatives – such as auctioning the nautical charts and a *Queen Mary 2* transatlantic crossing – it has so far raised more than £400,000 for this charity, which targets 14–30-year-olds.
- Its Human Resources Business Services department also takes part in the Trust’s programme designed to help 16–25-year-olds present themselves more effectively for job interviews.
- Charity auctions on P&O Cruises raised money for a school for children with intellectual challenges in Barbados, and Ocean Village hosted a party onboard one of its ships for children from an orphanage on St Kitts.
 - Royal Caribbean International donated 1,000 cabins on an *Oasis of the Seas* inaugural cruise to the Make-A-Wish Foundation, and hosted ten families from the foundation on a *Liberty of the Seas* seven-day Caribbean cruise.

“Most ECC members deploy an environmental officer onboard their ships.”

The larger ships being added to both fleets are more energy efficient and environmentally friendly, primarily because of their economies of scale but also because their size enables them to be equipped with more of the latest technologies which make efficiencies possible. And each new ship is being prepared for alternative fuels such as LNG if they become available and viable.

Carnival UK was one of the original partners of Tourism 2023, which was launched in 2008 by the sustainable development charity Forum for the Future, founded by conservationist Jonathon Porritt. The project was created to help the UK travel and tourism industry plan for a sustainable future.

Tourism 2023 brought together major companies and organisations such as British Airways, Thomas Cook, TUI Travel, the Association of British Travel Agents and Carnival UK to deal jointly with a range of environmental issues. They include protecting the environment; developing employees; providing customers with mainstream sustainable products; ensuring that destinations benefit from tourism; and creating sustainable transport and resorts while simultaneously developing a business which is financially as well as socially and environmentally sustainable.

Carnival UK is also working through Ocean Conservation and Tourism Alliance – formed by CLIA and Conservation International – to develop a sustainability tool to be used with providers of marine excursions to the cruise industry. And it plays an active part in the UK Chamber of Shipping, where it currently chairs the Marine Environmental Issues committee – as it does for the Safety/Security Health Environment and Welfare (SHEW) committee at the UK Passenger Shipping Association.

Carnival Corporation is a sponsoring member of the UK-based Shipping Emissions Abatement and Trading (SEAA) cross-industry group set up to promote sustainable and cost-effective ways of reducing harmful emissions from shipping. Carnival UK has been registering its carbon emissions and activities to the Carbon Disclosure Project since 2004 in an effort to reduce those along with other emissions to air.

Across the Carnival UK fleet about 76% of water used is produced onboard through reverse osmosis and evaporation (using waste heat from the power plants and boilers when necessary).

The environment was a key part of the design imperative when Carnival UK built a new headquarters building in

Southampton. Opened in 2009, this used Forest Stewardship Council European oak on all veneered surfaces, and more than 50% of the materials used to produce the carpet tiles were recycled. All the desks were made from 34% recyclable material, and are themselves 99% recyclable.

A variety of energy and water-saving devices were installed, along with a waste management system which led to the building being rated ‘Very Good’ by BRE Environmental Assessment. At the same time Carnival UK implemented a ‘cycle to work’ scheme.

When Carnival’s ships dock in Southampton, their used cooking oil is collected by Veolia for conversion into biodiesel by the Biodriven company.

Both its major brands – P&O Cruises and Cunard Line – have recently introduced ‘Go Green’ initiatives to reduce the amount of paper they have to produce. Passengers are asked if they would like to ‘Go Green’ and, if they do, are sent all shore excursion booklets, tickets and other pre-cruise information by PDF via e-mail. The majority of passengers are already taking this option.

The company has helped with the development of several measures introduced by the International Maritime Organisation to encourage energy efficiency in the building of new ships and the operation of existing ships. These included the Energy Efficiency Design Index for newbuilds to measure their CO2 efficiency to an environmental cost-benefit formula, and the Energy Efficiency Operational Indicator and Ship Energy/Efficiency Management Plan for existing ships.

Royal Caribbean was the first cruise line – back in 1996 – to deploy a dedicated Environmental Officer (EO) onboard its ships. This practice is now common within the global cruise industry and most ECC member lines (including AIDA, Carnival UK, Costa, Fred. Olsen, Hapag-Lloyd, HAL and MSC) have adopted it, and others are likely to follow suit in the near future.

The exact nature of their duties – and their reporting responsibilities – will vary slightly from line to line, but the RCI model is largely replicated with the EO’s role being to ensure each ship complies with the company’s environmental management plan. This will usually take international and or local regulations as a baseline but aim for even higher standards.

The EO will also be responsible for overseeing the training of all crew members in their environmental responsibilities.

Highlights from selected cruise company sustainability reports

RCCL (2009)

- Fuel consumption down 3.7% – almost double the 2% target reduction
- Total waste brought ashore down from 1.5lb per available passenger capacity day in 2008 to 1.4lb
- Hazardous waste reduced by 25%
- Chemwatch database and Green Rating System launched on all ships
- Advanced Wastewater Purification systems – beyond compliance standards – installed fleetwide at cost of more than US\$150 million
- Ocean Fund awarded US\$484,000 to 14 marine conservation and environmental organisations.

Carnival UK (2009)

- A 25% drop in heavy fuel oil consumption within an overall 7% reduction in total fuel used in 2009
- A similar 7% reduction in CO2 emissions which rose to a 32% drop when adjusted for available lower berth km travelled
- A 210% increase in the amount of waste recycled and a 12.5% fall in the total waste landed
- The amount of water consumed onboard fell by nearly 3% overall
- Cooking oil recycled into biodiesel increased from 45 tonnes in 2008 to 50 tonnes in 2009.

Louis Cruise Lines (2009)

- A 2.2% reduction in fuel consumption – equivalent to a drop of 28,530 tons of CO2
- Water consumption fell by 9%
- The amount of waste disposal fell by more than 35%.

AIDA Cruises

- Fuel consumption fell by 3% in 2009
- SOx emissions fell by 5.7% per passenger day travelled in 2009 while CO2 and NOx emissions each dropped by 1.9%. Targets for 2010 are further reductions in all three, including 3.8% in CO2 and NOx.

Costa Cruises (2008)

- A 5% reduction in fuel consumption per mile travelled
- A 5% drop in water consumption
- The amount of special waste (cooking oil, used batteries, neon lamps, photo developing fluid) recycled increased 26%. About 30% of it was used to produce energy or new material
- A 9.5% reduction in the quantity of paper, plastics, glass and metal generated, with glass and aluminium sent for recycling at ports including Civitavecchia in Italy.



For details of how to obtain copies of the sustainability reports contact the ECC.
Contact details on the back cover of this report.



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Innovation the key for shipbuilders

Europe still reigns supreme as far as the construction of cruise ships is concerned, despite construction of other vessel types substantially moving to the Far East.

The rumours of possible cruise ship building moving to the Far East have yet to materialise – though with the advent of Chinese yards there may be pressure on Japanese and South Korean yards to look for other business segments, according to Thomas Weigend, Director of the sales and design department at Papenburg-based Meyer Werft.

But while the big Korean yards may be producing 100–120 ships a year, the European shipbuilding industry produces around ten cruise ships. “Even if one Korean yard took all the cruise ship orders,” says Weigend, “it would not fill the gaps. It is really a very small niche that we are in.”

Specialist cruise ship yards in Europe also argue that building up the necessary network of suppliers and subcontractors to support any newbuild project takes time and cultivation.

Fincantieri, STX Europe, Meyer Werft, Lloyd Werft and T. Mariotti have all been involved in new building as well as repair and upgrade work for the cruise lines, and the yards look to their networks of subcontractors and specialist suppliers to fend off any challenge from the Far East.

Yards have been very proactive in their approach to the challenge of the new regulations coming into force for efficiency and damage stability, alongside a whole range of other rules. Ship designs have been totally transformed, sometimes within very short periods of time, says Weigend.

For example, from 2000 to 2003 Meyer Werft built the Radiance class for Royal Caribbean International. “They were very innovative ships in their time,” says Weigend, “but I could not sell these ships now.” Six or seven years down the line the next generation of ships is more efficient. The “high

innovation potential” is one of the most interesting aspects of the cruise industry, he says, both on the technical side, where fuel consumption is being reduced dramatically, but also for the passenger experience. “From year to year, and from prototype to prototype, there are big steps in development.”

Another change compared to 15 or 20 years ago is that now there is a more proactive approach by yards to get in at the development stage of new regulations, rather than waiting until they come into force to incorporate them into new ship designs. Yard specialists will attend the International Maritime Organisation (IMO) meetings as part of national or non-governmental organisation delegations.

In the case of the new probabilistic damage stability requirements – which Meyer Werft was the first yard to use for cruise ships – the first delivery to Royal Caribbean Cruises’ Celebrity brand pre-dated the enforcement of the new rules.

Marrying up international regulations with those that can be imposed at national or regional level is a challenge. Sometimes, Weigend says, regulations fit neatly together like a Russian doll; but sometimes not.

He gives as an example the fact that in Germany there are maximum levels for chlorine content in the water; and the maximum is lower than the minimum required by US public health authorities. Normally the ship would fly the German flag until delivery, after which time it would fly the owner’s flag, he explains. But if the ship does not meet US public health requirements, the ship cannot be delivered.

“This is an example of regulations that do not fit together,” says Weigend, and illustrates why the cruise sector – as does all shipping – advocates that rule making should, wherever possible, be undertaken by the IMO.

Innovation has been the key competitive factor for all major European shipyards, and even more so in the cruise shipbuilding business, according to Alessandro Maccari,



“Even if one Korean yard took all the cruise ship orders,” says Weigend, “it would not fill the gaps. It is really a very small niche that we are in.”

Thomas Weigend, Director, Sales and Design, Meyer Werft

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“Shipbuilders have to face new challenges and tasks, making interventions at IMO level to promote feasible solutions, or suggest technical and operational measures, or express concerns about verification criteria, while working hard in ship design, supported by experience and technology.”

Alessandro Maccari, Manager, Innovation and Development, Fincantieri

Manager of the innovation and development department in the merchant ship business unit at Fincantieri.

Innovative ships, fit for purpose, are the key to obtaining long-lasting competitive advantages for shipbuilders. More specifically, in cruise ships the innovation rate has been impressive, and will remain an essential competitive factor.

‘Green’ will remain the keyword for shipbuilders in the effort to achieve sustainable development, and in order to survive and become more competitive amid the turmoil in world economies and their consequent challenges to the industry, Maccari believes.

The shipbuilding industry remains firmly committed to playing its role, influencing the global process and helping IMO develop a global solution for reducing emissions into the air and into the water, he says.

“Shipbuilders have to face new challenges and tasks, making interventions at IMO level to promote feasible solutions, or suggest technical and operational measures, or express concerns about verification criteria,” he says, “while working hard in ship design, supported by experience and technology.”

Often the design of new-generation cruise ships has set higher standards than existing requirements, and which have later been incorporated into safety or environmental regulations. Maccari takes as an example the introduction of the onboard safety centre, which is to be found on a number of recent newbuilds for companies like Seabourn Cruise Line, Celebrity Cruises and Royal Caribbean International.

The European shipbuilding industry has been progressively – but almost completely – marginalised in the global competition for building standard ships. Its current shape is mainly linked to high-tech products such as cruise ships, ferries and other types of specialised vessels, Maccari says.

He believes that ship-owners will place new orders only if the price is right, demanding greener ships but without any cost increase.



There are no standard ingredients for success in designing and building innovative, safer and greener ships at competitive prices. Fincantieri’s approach is pragmatic, exploiting the potential benefits offered by the new rules and regulations with the aim of anticipating the medium- and long-term needs of owners, and proposing better, attractive, sharply defined and highly optimised ships for their service profiles.

Since designing a ship is a matter of pragmatic trade-offs, reliable integrated models are needed to assess the cost-benefit profile of any new solution.

This approach applies not just to product development but to the whole life-cycle of the ship, from its production, through its operational service and maintenance, to recycling.

And it is to the recycling stage that Maersk Ship Recycling Director Tom Peter Blankestijn is now focusing the shipping industry’s attention, even though in the context of the cruise industry ECC members may not be the ship owner at the time of recycling. Nevertheless he says that until the recycling convention comes into force, the focus lies more on voluntary implementation by shipping companies as part of their corporate social responsibility commitments. ■

Computational fluid dynamics at the heart of new ship design

The passenger shipping industry has faced big regulatory changes in recent years: from the recently introduced probabilistic approach in the assessment of ship's stability to the safe return to port requirements which are affecting the design of the whole ship and many important systems.

Cruise companies have to face up to CO2 emission reduction, development of the energy efficiency design index (EEDI) for new ships, and operative measures to reduce emissions and their pollution content, including the formulation of ship energy efficiency management plans. All of these have implications for the design of newbuilds.

The EEDI currently being formulated at IMO poses real problems for specialist ships, such as cruise ships, where the power load does not directly relate to the power needed to propel the ship through the water. For cruise ships this additional power is obviously related to the hotel load. Nevertheless the cruise sector is committed to working through the IMO to find a variation on the EEDI formula that will enable its application to this sector.

The introduction of the probabilistic rules and safe return to port requirements alone will require ships to have redundant propulsion systems, so as to ensure that if one engine is damaged by fire or flooding the ship can still run effectively – controlled from a safety command centre situated behind the bridge, and with responsibility for handling any emergency so as to leave the navigation team free to do their job.

Fire procedures in place need to ensure that there is a place of safety where passengers can shelter pending the ship's safe

return to port, and that procedures are in place to close off public spaces, like atriums, should a fire break out.

The new probabilistic approach has replaced a more prescriptive approach to ship design. As far as the damage stability regulations are concerned it was not possible to fulfil the requirements of the old rules and the new rules at the same time, Meyer Werft's Weigend explains, as they were completely different.

Interpretation of the rules and how to implement them was in some cases not easily defined, he says. On the other hand, in signing a shipbuilding contract the need for certainty was necessary – the yard was building ships to the new rules ahead of their implementation. Therefore discussions took place with the flag state, classification society and owner in order to agree an interpretation of the rules beforehand. This also gave an opportunity to set standards.

It was a sellers' market for newbuilds until a couple of years ago, with ship prices escalating and an overheating market; but the balance has now changed, states Royal Caribbean Cruises Ltd. (RCCL) Executive Vice President, Maritime Harri Kulovaara.

Now everyone faces the same situation, and everyone needs to think about being more efficient. Companies are re-evaluating their supply chain, partnerships and traditions, Kulovaara says.

"This is the time to tweak traditions with the shipyards so that you can become more efficient," he believes. RCCL is talking to the yards to discuss how they can change the way they do business so as to give the joint possibility of building ships more cost effectively and identifying areas in the design



"The cruise sector is committed to working through the IMO to find a variation on the EEDI formula that will enable its application to this sector."

Harri Kulovaara, Executive Vice President, Maritime, Royal Caribbean Cruises Ltd.

“What has become clear as a strategic element of innovation and competitiveness is the need to integrate the various tools into simulation systems that allow for a quick evaluation.”

and building stages that can be optimised from the process point of view.

As far as Kulovaara is concerned it is a question of bringing the issue of value engineering into the equation. In the past the owner came up with a design, then gave it to the yard who gave it to a subcontractor, he says. “Today we need to work with the subcontractor as well.” The car industry is known for lean production, and he feels that shipbuilding can learn from this experience.

“We need to continue to innovate and come up with new designs for ships, but we need to take the sustainability, the environmental aspects and the effectiveness and innovate for those as well.”

Changes in technology and modern design tools are at the very heart of the sustainability challenge right from the very start of the design phase, when most of the costs and the performance of the ship are decided, explains Fincantieri’s Maccari.

In cooperation with owners and suppliers Fincantieri is looking into the implications of revisited plant solutions, using energy saving performance as a main design target. More than 90 potentially energy-saving interventions have been identified and grouped into functional domains such as hydrodynamics, propulsion, mechanical and thermodynamics, hull service systems, air conditioning and ventilation, electrical systems and electronic control systems.

Much of the work is centering on applying computational fluid dynamics (CFD) tools to the design of new ships; CFD can deliver a complete toolset for marine hydrodynamics. And enhanced simulation based design (SBD) frameworks are used with the ultimate goal of helping shipbuilders to design more efficient ships.

According to Maccari, “SBD is where research and development meets industrial innovation. It’s a complex field.”

Similar processes are being used for structural analysis, thermodynamic simulations and power management, which are integrated in a design environment to get the optimal solution for a given engineering problem.

Every domain has its own dedicated design tools, either off-the-shelf or developed in-house, but what has become

clear as a strategic element of innovation and competitiveness is the need to integrate the various tools into simulation systems that allow for a quick evaluation of the results along all the relevant parameters – technical, economic, commercial, environmental – with special consideration for safety and security, Maccari says.

The new cruise ship prototypes being designed by Fincantieri are intended to be the answer to the complexity of the market where, in addition to a contained price, all new design and operational solutions need to be implemented by thinking ahead. The final purpose is to define today’s ‘future proof’ design concepts, Maccari believes. This means a new class of ships designed today but looking at tomorrow, including implementing and anticipating rules and regulations not yet in force.

Consequently cruise ship design has become more and more a big jigsaw puzzle, according to Maccari. If the shape of a piece changes, all the adjacent pieces have to change accordingly. In this sense the introduction of new technologies and ‘green’ concepts will inevitably lead to changes and improvements in other systems, interfaces or layouts, thus leading to further innovation.

There is no single solution, he says, that can result in the development of a green, zero-emission, super-safe, no-underwater-noise passenger ship, “like a rabbit out of a magician’s hat”. ■

Hull and stern designs improve aerodynamics

As cruise companies seek to make energy savings by varying the speed at which their ships operate, one question is whether this will have any impact on hull design. “Newbuilds will in future have to comply with regulations which will be continually more stringent,” believes Silversea Cruises Executive Chairman Enzo Visone. “There are many aspects that will be influenced, including hull design. As opposed to designing a guest space and building a hull around it, in future it will probably be the other way round.”

And with service speeds dropping from say 22–27 knots to under 20 knots, the concentration will be more on hull friction than on wave patterns.

This is why the hull coating has become critical, as it reduces resistance going through the water. Silicon and other foul-release coatings using fluropolymers have been used by all the cruise lines. These non-toxic coatings make the ship’s hull smoother and therefore less resistance is generated going through the water, thereby saving energy.

Many of the new generation paints can provide several years of additional protection, and reduce the time needed in dry-dock. They also meet new international and European standards on volatile organic compounds which can be found in some paints.

Substantial savings can also be made if the best hull design is coupled with advanced propeller design. Silversea has been involved in a project at Fincantieri to explore the optimal efficiency of hull and propeller designs, says Visone.

And Fred. Olsen, for example, has commissioned a project with Rolls Royce to look at redesigning the propeller, rudder and tail arrangement for maximum optimisation of this machinery. Initial test results are encouraging and have measured a potential gain in fuel efficiency, and improvement in propulsion speed.

Bulbous bow designs have been used to save energy, but there have been some suggestions that a return to the traditional V-shape hull may be on the cards if vessels are going to be operating at lower speeds for which a sophisticated hull shape designed to take account of wave patterns is less important.

Advances in technology and computer simulation mean that CFD models can be used to assess a ship’s performance and best practice in the use of fin stabilisers and bow thrusters.

A lot depends on the operating profile of the ship. But as to optimal means of propulsion, many cruise companies suggest that reverting to conventional hull forms may be a step too far.

RCCL’s Kulovaara concurs with this view. He finds this too drastic a solution because in the past ships were designed with top speeds in mind, with slightly less efficient performance at lower speeds.

In the past 70% of the ship’s resistance might have been from wave making; 30% was friction. Today it is the opposite, as about 70% of resistance running through the water is resistance between the water and the ship’s hull and only 30% is wave related. This has resulted from all the tools and simulation methods that have been deployed. Hydrodynamic tools and fluid dynamic models have given cruise operators the opportunity to optimise. “If you look at our current ships,” Kulovaara claims, “they don’t make any waves at all.”

Stern design is also important, Kulovaara says. And there has been a real quantum leap in this area, he says. One example is the ducktail design improves the aerodynamic performance of the ship, minimising the wake and cutting drag through the water. Some designs also use spoilers to reduce lift and drag.

Kulovaara believes the next step is not to go back to traditional hull forms but to “use today’s advanced design tools and technology and calculation methods to our benefit in order to optimise the ship design so that they are the most effective throughout the various speed profiles we are running”.

Resistance through the water is becoming less of an issue, as opposed to air resistance, due to the degree of superstructure of the modern cruise ships. The aerodynamic profile of the vessel is obviously important, and this is also being investigated by the cruise lines. ■

What is the power solution for stringent emission controls?

Not content with fuel efficiency savings, the European cruise industry is giving consideration to alternative sources of power that might reduce the total amount of electricity required to power onboard plant and facilities – and have less impact on the environment, particularly as SOx and NOx emission levels fall in line with the introduction of new emission control levels.

There are a number of wind powered systems on the market, including kites which fly above the ship – though this system is less effective if the ship is changing course all the time. Other systems include rotating cylinders installed on the ships, says Weigend, and another that may also work is some kind of wind turbine system.

STX Europe's Saint Nazaire yard has developed a prototype, Eoseas, which uses not only wind power, using its five sails, but natural gas for operating its generators, and solar panels.

Solar power is another area which may become interesting for cruise ships in the future. For example newbuilds in the RCCL fleet, including the newest Celebrity vessels, are equipped with solar panels which feed electricity into the grid, producing enough to power the elevators onboard.

One alternative is the use of liquefied natural gas (LNG), which is cleaner in terms of emissions. LNG would require design changes to vessels, as it poses issues related to safety and storage, and flexibility of bunkering operations as some ships operate seasonal trading patterns.

Chaleat points to MAN exhaust gas recycling systems as an interesting development, because they do not take up much space.

This gas solution is making progress in people's mindsets, according to Dider Chaleat, Senior Vice President of Marine at class society Bureau Veritas.

Class societies are not going to endorse a single solution, but gas does provide both for a low sulphur alternative and for reduced NOx – which could be as much as 85% lower. This means that new regulatory limits can be met although the jury is still out on how cost-effective gas is compared to the alternatives.

Whether engine manufacturers will reach the requisite levels of emissions efficiency within the necessary regulatory timetable is still questionable, and clearly demonstrates that the stringency of the new regulations is pushing available technology to the limits.

"To my mind gas propulsion is a good idea," says Weigend. The exhaust is cleaner, he says, although the use of the system involves design modifications to the port infrastructure. This is likely to mean the owners will not be introducing this type of system soon. It would be easier to introduce for ferries which operate between the same ports all the time. Cruise ships are more problematic as they tend to be redeployed to different destinations.

As far as propulsion is concerned, pod propulsion is more fuel efficient than shaft lines, says Weigend. Pods are also more expensive, and the industry is split between the two forms of propulsion. There is also the matter of investment costs, and the fact that there is only a single supplier of pods in the larger sizes. Buying spare pods could cost €8-10 million – a substantial investment, leading some owners to go for shaft lines.

There is no clear best solution at the moment, he believes,



"As far as propulsion is concerned, pod propulsion is more fuel efficient than shaft lines. Pods are also more expensive, and the industry is split between the two forms of propulsion."

Thomas Weigend, Director, Sales and Design, Meyer Werft



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“RCCL is optimistic that the CSNOx system will help us to meet our goal.”

Jamie Sweeting, Global Chief Environmental Officer, Royal Caribbean Cruises Ltd.

but there are some hybrid concepts on the drawing board by engine manufacturers like Wartsila, with a combination of shaft lines and smaller pods, where there is more competition in the market. One disadvantage is that hybrid ships would need to carry spares for both forms of propulsion. “It is not an easy decision,” says Weigend.

Chaleat says that Bureau Veritas has been working with suppliers like Wartsila and MAN to develop dual fuel engines – gas and heavy fuel oil – and he says such power plants are now available. But such things as passenger ship safe areas need to be defined and agreed.

Diesel-electric and common rail systems are just two of the techniques that have been deployed throughout the shipping industry as a means of becoming more energy efficient.

Common rails systems control the amount of fuel that the propulsion system receives so as to ensure the best performance possible. For example, Royal Caribbean’s *Oasis of the Seas* is equipped with several different engine sizes, based on common rail technology, to cater for the ship’s power requirements whether at sea or in port.

Bureau Veritas is also studying nuclear-powered engine designs for cruise ships, but these are longer-term projects, according to Chaleat. In the meantime there are abatement solutions to scrub exhaust emissions.

Visone of Silversea says he believes the most credible route at the moment is the use of scrubbers, “but I think it is early days”. Costs are obviously an issue, as is the type of ship in question and the equipment installed.

MAN has been studying different solutions, including catalytic converters or scrubbers, with the target of reaching a potential solution by 2012. If the industry is not going to go down the route of distillate fuels for its engines, there are a number of abatement systems on the market.

One company manufacturing abatement technology is Ecospec, with which many cruise operators have been talking. RCCL announced in June that it was planning a pilot test of Ecospec’s CSNOx system on *Independence of the Seas*. The system was launched by the Singapore-based company in January 2009 and claims to remove sulphur dioxide, nitrogen oxide and carbon dioxide from engine emissions in a single process.

The cruise company is committed to reducing its

greenhouse gas footprint by one third per available passenger cruise day by 2015.

According to RCCL’s Global Chief Environmental Officer Jamie Sweeting, the company is optimistic that the CSNOx system “will help us to meet our goal”. And, according to Carnival Vice President of Policy and Regulation Tom Strang, “If it is as good as they say, it is the answer to most of our problems.”


Holland America Line was the first cruise line to test scrubbing technology on one of its vessels using a system produced by Krystallon, which has since been bought by Hamworthy.

According to engine manufacturer Wartsila, combined diesel electric and diesel mechanical (CODED) machinery is the way forward for the cruise industry. It also offers products like EnviroEngine and EnviroSea for shaft lines.

Earlier this year Wartsila won an order from Carnival Corporation to supply six Wartsila 46 engines for its newbuild currently under construction at Fincantieri’s Monfalcone yard.

The 12-cylinder Wartsila 46 engines, with diesel-electric configuration, each have a rated output of 12,600kW at 514 rpm. The electrical power generated will be used for propulsion, bow and stern thrusters, air conditioning, lighting and auxiliary services. The vessel will also be able to operate using light fuel oil.

The challenge as far as engines are concerned is that, as more stringent emission control standards come into force, the engines generally become less efficient. ■



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LIFE MATTERS

Overall energy balance leads to greater efficiency

The increasing demand for cruise ships to be 'environmentally friendly' – together with the high cost of fuel – makes implementation of energy saving and conservation measures attractive, both in design and during operation.

Classification society RINA has carried out research with Costa Crociere to identify which contributing factors are most important as far as energy efficiency is concerned. RINA has also been working with other subsidiaries of Carnival Corporation, for example Seabourn, which has been building three new ships at T. Mariotti's Genoa yard, the second of which is due to be delivered next year.

One RINA proposal is to install inverters to drive electric motors for machinery space ventilation. This allows fan speeds to be controlled, thus reducing electrical consumption and improving the overall efficiency of the ship.

The end result is a saving of about 8.7MW in a year's operation, and a consequent reduction in CO₂ emissions of about 5,700 tonnes per year on a passenger cruise vessel of more than 90,000 GT, carrying more than 3,800 passengers and crew.

Other types of vessel can measure their operating profile against an ISO standard, but this is not the case for cruise ships. Bureau Veritas is therefore in the process of developing a standard profile for ships operating in different parts of the world, like the Mediterranean or the Caribbean. This means that cruise operators which have their own operating profiles have a benchmark against which they can measure their efficiency.

RCCL's Kulovaara says the company has progressively improved its energy efficiency with each new class of ship. Royal Caribbean wanted to improve the energy efficiency of its Oasis class vessels by 15–20% in comparison to previous ships, which it accomplished.

And Kulovaara believes that there are more possibilities for energy saving. There may be no revolutionary developments in naval architecture imminent, but there are "evolutionary elements" that provide possibilities.

"With the design tools that are available today," he says, "we can still improve the hydrodynamic behaviour of the ship and its air resistance, and we can improve still further the propulsion efficiency of propeller installations." Improvements may not be drastic, but there is potential, he believes.

There is also a great opportunity to look at energy

efficiency and heat recovery, he says, looking at the overall energy balance of the ship and utilising the heat and energy in more efficient ways.

The next generation of RCCL vessels, he estimates, will be another 10–15% more efficient. But what is needed is an examination of the environmental sustainability of the vessel overall. This includes the design and how the ship is built, and what she will consume during her lifetime – not just in terms of energy but in terms of the overall environmental footprint.

"This is becoming a big part of the ship's design process, and we are spending quite a lot of time looking at what we have learned and where we could adopt new processes or thinking – from, for example, land-based industries."

One area where Kulovaara feels that the cruise industry can learn from land-based entities is in the area of energy efficient design. One example is the Leadership in Energy and Environmental Design (LEED) Green Building Rating System, which is a third-party certification programme in the US which benchmarks design, construction and operation of high-performance green buildings.

The approach takes ten different aspects into account including how the building is constructed, what kind of materials are used and how many of these can be recycled on refurbishment, as well as the environmental, energy and consumption footprints.

While consideration is already being given to many of these elements on ships, says Kulovaara, "We believe in taking a holistic view on all this, and starting to look at the ship from the lifecycle point of view, for example how the hotel side of the operation is managing its energy consumption."

One of the dilemmas facing the industry is the fact that reducing emissions of other pollutants means using more energy. "We are putting more plant onboard to treat wastewater, more plant to treat exhaust gas streams... all of that takes energy, and it takes investment," says Strang. This means that the overall carbon footprint is increased. ■

Ship operating profile critical indicator of fuel efficiency

Ever-increasing regulatory demands, not to mention increases in fuel costs and the need to manage those costs, has led to significant improvements in fuel consumption on cruise ships. The cruise companies have a clear desire to improve their ships' fuel efficiency (and hence their CO₂ emissions) from both commercial and environmental perspectives.

The challenge facing cruise shipbuilders is also to improve their ships' efficiency, and particularly their fuel efficiency. Fuel prices are volatile, but assuming that fuel costs represent 20% of operating costs for a cruise line, there are clearly millions of dollars of savings to be made if they can be reduced.

"The operating profile is very important," says Chaleat. "A lot of owners discovered that going to lower speeds was interesting, but at the same time their vessels were not designed for speeds of 12 knots. That would have been unmarketable in the past." The main issue today, he says, is to have vessels that are flexible in terms of design and also have optimised energy consumption across the whole range – not just at full speed.

Yards have to be able to design for ships not using top speeds. "You also have to design ships to cater for itineraries," says Chaleat, "and speed is still going to be an issue in order to get to ports that are further away."

"The energy profile of the vessel's performance will now incorporate a range of different speeds," RCCL's Kulovaara explains. "By calculating energy consumption in the various speed ranges one can gain an overall improvement. It is amazing what the hydrodynamic designers have been able to do."

There are two main drivers for fuel efficiency, Weigend says. First one has to build as fuel-efficient a ship as is possible. Then the ship has to be operated in as efficient a way as possible. The whole industry, he says, has made a big step forward in terms of consumption per lower berth. But that is partly dependent on the speed of the ship on its chosen itinerary.

Between 20 and 24 knots you have to double the propulsion of the vessel, he says. Most of the cruise ships being built use lower speeds. One difficulty is that in order to maximise the time spent in ports, cruise ships have to travel at high speeds to get to the next port as quickly as possible. Until recently going at maximum speed has been the name of the game as far as the shipping industry is concerned, and the cruise industry has been no different.

Now, all the cruise lines are carefully assessing their itineraries to be as fuel efficient as possible. For example, at Fred. Olsen Cruise Lines, itinerary planning takes into consideration speed required and distance involved to achieve a planned route which will result in maximum energy saving. ■



"By calculating energy consumption in the various speed ranges one can gain an overall improvement. It is amazing what the hydrodynamic designers have been able to do."

Harri Kulovaara, Executive Vice President, Maritime, RCCL

The conundrum over the supply of distillate fuel to reduce emissions

From a consumption perspective new requirements on NOx emissions, for example, have a knock-on effect on the mechanical and thermal efficiency of the engine in converting the fuel to propulsive power, since more energy is used in reducing emissions.

One of the challenges faced at EU and IMO level is to understand what the overall environmental footprint is, Strang says. Reducing emissions by using distillate fuels is an expensive solution, and one that has significant CO₂ impacts. Supplies are not available at the moment, and doubts remain as to whether these fuels will be there in sufficient quantities by the 2015 and 2020 regulatory deadlines on emissions reduction.

A key issue relating to the use of distillate fuels is the geographic availability of distillates as more emission control areas come into operation.

The need for further research in this area is highlighted in a submission to the IMO's Marine Environment Protection Committee, which is due to take place from September 27.

The submission, put forward by a number of industry trade associations including the International Chamber of Shipping, the Oil Companies International Marine Forum, Intercargo and Bimco – and backed by IPIECA, the oil and gas industry association for environmental and social issues – calls for a working group to look at whether the supply and demand of fuels that meet the regulations laid down in the revised Marpol Annex VI can be met by the deadline of 2018, when the availability of supplies will be reviewed.

Local emissions requirements in some areas are already putting pressure on supplies there, adding to the difficulty of forecasting fuel supply and demand – which in any case is

not a straightforward matter since the downturn in the global economy.

The way that bunker fuel is classified in different countries is another of the issues to be addressed if future fuel supplies are to be accurately assessed. Some countries may include it as part of their domestic product, with others treating it as an export commodity. Figures, as a result, are not collected in the same way. Another problem that companies producing the fuel have to handle is anti-trust legislation, which makes it difficult to discuss the quantities of oil being produced. "The big boys are very nervous about giving figures," according to one commentator.

In terms of how much fuel is going to be needed, another imponderable is whether the emission control areas trend will proliferate. If that proves to be the case, low-sulphur supplies could begin to fall short ahead of the 2018 review – but after the entry into force of the existing ECAs. Isolated parts of Northern Europe have been indicated as areas where supply may have problems meeting demand.

Investment in producing distillates is generally centred on the Far East, which indicates that there will need to be increased shipments of distillate fuels to Europe – a development which will itself add to the additional CO₂ impacts.

As industry ponders how to prepare for the advent of cleaner fuels, the net environmental benefit, cost, certainty of supply and a range of other factors will come into play. The industry is actively considering both abatement technologies such as scrubbers, and alternative fuels like LNG; "But", believes Strang, "there are a lot of challenges to overcome before they become viable options." ■



"The industry is actively considering both abatement technologies such as scrubbers, and alternative fuels like LNG, but there are a lot of challenges to overcome before they become viable options."

Tom Strang, Vice President of Policy and Regulation, Carnival Corporation & Plc and Chairman, environment sub-committee, European Cruise Council

Improving the control of HVAC

Maximising the efficiency of heating, ventilation and air conditioning (HVAC) systems on cruise ships is a key part of making energy savings and reducing emissions.

But air conditioning systems on cruise ships represent a real challenge in terms of consumption according to Thomas Weigend, Head of Sales and Design at German shipyard Meyer Werft. Although the propulsion system is the largest energy consumer on the ship, the second largest is the air conditioning system.

Most new ships will have fan coils in cabins and in public rooms, which reduce energy consumption, Weigend says. And if this new technology fails, it can be modified back to a more traditional arrangement.

The energy required for air conditioning, refrigeration and lighting is substantial. Even a small air conditioning difference, for example between 20° C and 22° C, will have a significant effect on consumption, according to Didier Chaleat, Senior Vice President, Marine Division at classification society Bureau Veritas.

The result is that cruise companies have already started to replace machinery like dishwashers with more water-efficient models; energy-efficient lighting has been installed; the burden on air-conditioning systems has been reduced through variable fan speeds; and heat recovery from auxiliary engine exhausts has been introduced.

To reduce the heating effect of sunlight through windows, a solar reflective film covering will be used on all windows. This will reduce the demand on air-conditioning units around the vessel, resulting in fuel savings as well as added passenger comfort.

There are plenty of opportunities to become more efficient in HVAC, according to Carnival Vice President of Policy and Regulation Tom Strang. He points to putting CO₂ monitors in

cabins in order to switch off the air conditioning when it senses there are fewer people in the room, and putting key cards in cabins so both the lighting and the HVAC are turned down when the room is empty.

All the cruise lines are investigating these solutions, and also looking at more radical HVAC plant that, through its design, uses different energy cycles.

Cruise line AIDA has outlined the importance of HVAC control systems onboard its vessels in its sustainability report for 2010. Cabin climatisation is centrally controlled, enabling fuel consumption to be reduced by about half a tonne per ship per day.

A hotel card switch was introduced last year to prevent lighting and air conditioning systems operating unnecessarily, which the company estimates reduced fuel consumption by about another half tonne per day. Lights and air conditioning are automatically switched off when passengers leave the cabin. Balcony switches will adjust the temperature in the cabin if the balcony door is open.

Heating and air conditioning systems in restaurants and other public areas can also be adjusted to cater for the number of passengers present. AIDA says that three-way valves on the ventilation grids of air conditioners onboard its vessels can produce an additional three tonnes of fuel savings per ship per day.

With the increase in future environmental regulations, says Fred. Olsen Cruise Lines, it has become ever more important that environmental projects are progressed to ensure the company's compliance in good time – as well as achieving financial payback through reductions in fuel and energy consumption and emissions. ■



“The energy required for air conditioning, refrigeration and lighting is substantial. Even a small air conditioning difference, for example between 20°C and 22°C, will have a significant effect on consumption.”

Didier Chaleat, Senior Vice President, Marine Division, Bureau Veritas

Waste management is as important for ports as ships

Cruise lines have been installing the most up-to-date technology to minimise waste, and to deal with waste streams in the most eco-friendly manner possible.

A lack of adequate waste reception facilities in ports is just one of the issues cruise companies have to deal with, so they invest heavily in onboard plant. “We are trying to encourage better facilities throughout the EU,” says Carnival Vice President Tom Strang. “The efforts of ships to segregate waste are often negated when that waste is landed ashore.”

Brussels-based ECC Policy Director Tim Marking also raises the concerns that the cruise industry has on waste disposal ashore. The current directive on waste reception facilities around Europe is set to be reviewed, and the ECC is looking to the directive to ensure there are adequate port reception facilities around Europe – “Hopefully on a no special fee basis,” as Marking comments, highlighting this as an issue on which the ECC will be negotiating on its members’ behalf within the next six months or so.

Ships may be carrying significant amounts of waste around “because we can’t recycle it,” Strang says. A number of cruise lines are working with suppliers to try and minimise the amount of packaging that comes onboard, he adds. This can include pallets, crates and wrapping which the cruise lines either have to land ashore or burn in their own incinerators.

Another example of limiting waste is Hepburn Bio Care’s products which reduce the number of cleaning chemicals that have to be carried on ships – a cost-effective and storage-friendly solution. “It is about doing the right thing, for the right reasons at the right time,” owner Margaret Hepburn maintains. These bio products use the surface area in the

effluent discharge pipes and drains to effectively break down all organic waste streams in situ, before discharge into the treatment tanks.

Not only do ships have limited space onboard to store waste that cannot be processed, but if they have to land it ashore the costs of doing so may be high. Deeburg Systems is one of the companies producing technology to tackle this problem.

All the Carnival brands will be producing sustainability reports this year, similar to that of AIDA, which is already in its third year. AIDA’s report explains its approach to waste management. Onboard the ship, the waste is separated according to the most up-to-date standards, the report states, before being disposed of. “Combustible material is incinerated, while metal and glass are shredded into small pieces to save space when storing the remnants.

“The same process applies to waste containing oil, which is collected separately. As a rule we take care to use recyclable materials wherever possible. All shoreside waste is handed over to a licensed disposal company. Suppliers are chosen and assigned according to ecological criteria, and products which produce little waste are preferred.” ■



“The efforts of ships to segregate waste are often negated when that waste is landed ashore.”

Tom Strang, Vice President of Policy and Regulation, Carnival Corporation & Plc and Chairman, environment sub-committee, European Cruise Council

Safety and security: a cooperative undertaking

Passenger safety and security is of paramount importance in the cruise industry, and there is no room for compromise on standards when dealing with thousands of passengers at a time.

Standards are equally stringent for crew members. Unlike other industries, all crew members have to be physically fit – a rule that is discriminatory in all employment except on ships and offshore installations. Such rules are necessary if crew members are to perform their daily duties and those they may be required to fulfil during an emergency.

New safety rules for passenger ships came into force only recently, and some have already been implemented on a number of newbuild cruise vessels. For example the two Seabourn ships constructed at Italian yard T. Mariotti were built to comply with probabilistic damage stability rules, in advance of their introduction. Also introduced is the ‘safe return to port’ concept, in which a ship is considered to be its own best lifeboat and should be capable of staying afloat long enough to reach a place of safety. These regulations have wide implications from both safety and operations points of view.

Classification society RINA has been involved with T. Mariotti on implementing the probabilistic design and risk-based criteria required under the new regulations, with an alternative design approach. RINA has also been working closely with Fincantieri on the probabilistic rules from the point of view of stability, as well as fire protection, as both have an impact on the safe return to port.

The new rules offer a degree of flexibility in design approach which, together with the guidance in the Safety Of Life At Sea convention (SOLAS) on so-called alternative designs, allows owners to meet these increased safety standards while at the same time being more creative in their use of space. The requirement to have a separate safety control centre located on the bridge to ensure that safety issues in

an emergency are handled separately from the navigation of the ship was a concept first implemented by Princess Cruises and taken onboard as a best practice by the Cruise Ship Safety Forum and subsequently adopted by the International Maritime Organization (IMO).

Cruise lines are actively participating in a number of EU projects based on safety and security; for example GOALS is a project considering goal-based damage stability, and Fireproof is looking at probabilistic fire modelling. Participating in such EU projects is a “useful means of staying on top of the situation, and giving something back from our experience”, according to Carnival Vice President of Policy and Regulation Tom Strang.

The continuing work on safety is a key issue. “Tremendous work has been done,” says Royal Caribbean Cruises Ltd. (RCCL) Executive Vice President, Maritime Harri Kulovaara. Tools have changed drastically as the industry moves to probabilistic regulation from prescriptive rules, with more calculations and simulations being deployed. RCCL has been heavily involved in this process with their Oasis and Solstice class vessels.

Just one of the safety innovations for Oasis was in the development of the CRV55 lifeboats by manufacturer Schat-Harding, which describes the design as the “only pure lifeboat with a catamaran hull”. The LS45 davits used are new to the cruise industry, and lifeboats are lowered directly from the stowed position, so that the lifeboat does not need to be swung out.

Kulovaara highlights three key safety elements. Fire safety, he says, is “exceptionally well handled” with sprinklers, simulation and early detection tools. These, coupled with the firefighting technology, mean the overall level of fire safety is very high.

On *Oasis of the Seas* RCCL worked with DNV Marine Solutions to simulate and analyse over 8,000 different fire



“Participating in such EU projects is a useful means of staying on top of the situation, and giving something back from our experience.”

Tom Strang, Vice President of Policy and Regulation, Carnival Corporation & Plc and Chairman, environment sub-committee, European Cruise Council

situations. Horizontal atriums on the vessel can be closed by roller shutters which seal the bulkheads, though there are still fire doors in order to allow passage from one part of the vessel to the other. The ship is divided into a number of fire zones, which make it possible to assess heat levels.

Kulovaara's second key element is stability – the issue to be taken into consideration here being the fact that ships “depend on Archimedes”, as he puts it. Stability is vital, and damage stability is a key factor in a grounding or collision incident. The ongoing focus on navigation and avoidance of collisions and groundings is an area on which the cruise industry has focused much attention, and it will continue to devote even more attention in this area.

On the stability side, the calculation methods currently available provide an opportunity to build learning and training programmes to minimise the risks. “Stability simulation methods are providing us with a totally different understanding of what is happening in a dynamic situation, and to give us the ability to look at what is happening – and improve on it.” Oasis class vessels are designed with 18 watertight compartments and 720 watertight spaces.

Third comes security. All cruise ships operate with very tight security procedures, with scanners and metal detectors to check luggage on or off the vessel, identity cards for passengers and extensive use of CCTV. Background checks on crew members are also undertaken, and all the cruise lines carry security personnel, often ex-military, on their ships.

Cruise lines have implemented ship security plans and other measures to bring them into line with the requirements of international conventions and the international ship and port facility security code.

The cruise lines work closely with international bodies like the IMO and national and federal authorities on security issues. Sectronic, for instance, is an EU project looking at

security aspects in which a number of ECC members are participating. The aim is to provide a small area 24 hour surveillance system, an intelligent early warning security alert system, and effective deterrence to protect passenger ships, ports and offshore installations against any threat – whether it be acts of terrorism, accidents, disasters, criminal activity or computer hacking.

With many cruise ships operating cruises that potentially cross the Gulf of Aden, having the right security measures to deal with a pirate attack are vital. Two crew members on the *Seabourn Spirit* were decorated following an attack on the vessel in 2005, which they repelled using a high-pressure hose and a Long Range Acoustic Device.

During the intervening years an internationally recommended transit corridor has been introduced to protect ships transiting the area, which includes a large naval deployment. In reality the number of pirate attacks on shipping as a whole is tiny – the publicity surrounding an attack communicates a false impression of a statistically rare event.

Notwithstanding this, and the fact that cruise ships' freeboard and fast speeds make them potentially less attractive targets, ECC member lines are not complacent and the industry continues to develop and implement measures that lessen the likelihood of such an event.

In addition to all the measures that are aimed at making the design of cruise ships safer, the human element must not be forgotten. Even the best designs can be undone by a simple error of judgement. ECC member lines are investing in their manpower. Officer training is continuously being improved, as for instance in the recent investment in its own training facility (CSmart) by Princess Cruises. CSmart boasts the world's best simulators and trainers, and is used by many ECC member lines to train their officers in advanced situational leadership. ■



“Stability simulation methods are providing us with a totally different understanding of what is happening in a dynamic situation, and to give us the ability to look at what is happening – and improve on it.”

Harri Kulovaara, Executive Vice President, Maritime, RCCL

Monitoring innovation and compliance

Classification societies have a vital role to play in working with the cruise industry as it strives to tackle issues like minimising its environmental footprint.

Notations developed by the societies, including Germanischer Lloyd, Lloyd's Register, Bureau Veritas, RINA and Det Norske Veritas, are used as benchmarks of cruise companies' compliance with stringent rules which in many cases exceed those required by international regulatory bodies.

They also provide technical endorsement of equipment and machinery carried on cruise ships, and are uniquely placed to evaluate safety measures taken by those ships – and whether they comply with the myriad regulations covering every aspect of a ship's performance.

Classification societies are playing a very important role in investment in technology and innovation, according to Roberto Cazzulo, Deputy Director of the Marine Division at Italian class society RINA.

"This particularly applies to cruise vessels," he says. "It is part of our role to promote the installation of particular pieces of equipment onboard for energy saving, for minimising sources of pollution to the environment, and generally in terms of efficiency."

The promotion aspect comes during the approval phase of a new design, he explains; and with newbuilds classification societies are very active in this process.

Innovative thinking extends to the new regulations entering into force for the cruise industry, he explains – for example those that relate to the reduction of greenhouse gases, ballast water treatment, safety and security and the use of different fuels. Classification societies are working with both owners and shipyards in tackling these topics.

RINA launched its Green Plus notation in 2008. This is

granted to ships that make significant investment in onboard systems, operational procedures and design in order to improve environmental performance beyond the minimum levels required by regulation. Voyage planning to reduce emissions and fuel usage; crew training in environmental awareness; and innovation in hull design, engine manufacture and alternative fuels are just some of the areas that fall within the remit of Green Plus.

RINA adopts a global rating approach, so any new technology adopted in a new design contributes to raising the overall rating of the vessel. Fuel and energy efficiencies are measures which indicate that the owner has adopted proper methods to control fuel consumption and improve energy efficiency in general.

One of the challenges facing the cruise industry is the need to comply not only with international regulations on issues like the environment but also with regional regulations which sometimes go beyond what is required under international rules in areas that are crucial for cruise vessels. Given the global nature of their operations, EEC member lines continue to support international initiatives; but they will of course ensure that they comply with any regional or national requirements as necessary.

Some classification societies, like Lloyd's Register, even have a notation which indicates that the ship complies with the terms of the international convention for the safe recycling of ships, which has yet to come into force.

All the classification societies have a role to play in providing technical support and new services to owners. Lloyd's Register, for example, provides advice on issues as diverse as hull coatings, refrigeration systems, risk management, design appraisal, safe passenger evacuation, and minimising noise and vibration to limit disturbance to



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Roberto Cazzulo, Deputy Director of the Marine Division, RINA



both passengers and crew.

Treatment of oily bilge water and the quality of swimming pool water are just two other notations that cruise companies can obtain. Lloyd's Register also offers an emergency response services in the event of an accident, which aims to minimise risks to passengers and crew, and to the environment.

Bureau Veritas (BV) has been involved in developing regulations on issues like the environment and energy efficiency for a number of years. And according to Senior Vice President Didier Chaleat, cruise companies have been at the forefront of developments as far as their newbuilds are concerned.

In order to anticipate the advent of new regulations in such areas as wastewater and air emissions, the industry continues to strive for improvements. It recognises too that new engines are needed that can accommodate the latest requirements as far as sulphur and nitrogen oxide emissions are concerned. Chaleat says that BV, in conjunction with the cruise lines and other parts of the industry, is studying the use of alternative fuels, as low-sulphur fuels are expensive. "Due to the fact that low emission areas are on the increase, and – in the case of the North American ECA – will be more significant for cruise vessels which follow the coastline," he says, "this is something of great concern to ship-owners."

As far as air emissions are concerned, Chaleat says, BV already has some notations like Cleanship, which follows the IMO rules, and Cleanship Super which has additional considerations over and above those required by the IMO.

MSC Cruises was the first to receive BV's Six Golden Pearls label, which means the ship complies with three class

society notations, including the presence of an advanced water treatment plant, as well as compliance with three other internationally recognised standards.

The cruise industry has always been keen to be frontrunners in this respect, Chaleat says. It started first with the Alaskan regulations which obliged cruise vessels to be equipped to deal with additional rules. The Baltic area has also been demanding new approaches.

"Catalytic converters using UVA have been enforced in the Baltic, and now with the North Sea and the US East Coast emission control areas more attention is needed from ship-owners."

BV has canvassed cruise owners to reach a combined set of criteria for the development of a green rating system to demonstrate they have NO_x, SO_x and CO₂ energy efficiency as well as waste treatment issues in one global index. The idea is to achieve a single rating which gives a more holistic view of consumption, which would ensure that owners can compare patterns in different geographical areas.

This rating will help cruise owners to assess the relative performance of their fleets and also to assess the performance of innovations included on their ships, and whether equipment manufacturers have delivered what they said they would.

The problem, Chaleat says, is that all the percentage performance improvements promised by equipment manufacturers do not necessarily add up to a combined total. He says the idea is to come up with a tool that can help BV to evaluate a vessel at the design stage, at the sea trials stage, and in operation. ■

The impact of Shipsan project on ports and ships

Ruth Marshall of Royal Caribbean Cruises Ltd. heads the ECC's health and hygiene subcommittee, which was set up at the end of last year with the brief to discuss and help with issues facing the cruise industry once the H1N1 virus had taken hold.

"As an industry," she says, "we found it was becoming increasingly difficult to know what port health authorities in each country were going to do, and how they were going to react, whenever a ship came into port if it had anyone onboard with symptoms vaguely similar to H1N1."

The cruise lines found huge variations in their reception when coming into different ports, which made them consider how other pandemics might be dealt with. Each country was treating the pandemic differently, and "some very extremely", she says.

There is already a lot of regulation as to what illnesses and diseases you need to declare when entering port, and Marshall says the cruise industry is really good at declaring when any passengers onboard are ill. "That includes norovirus. We have very strict procedures on what you need to declare, and when you need to declare it; and this is agreed at both European level and international levels."

The sub-committee drafted procedures for the cruise industry so that there was consistency among ECC members as to what they were doing on the issue, Marshall explains.

There are variations from country to country and from cruise line to cruise line as to how passengers should be monitored and questioned on the possibility of having H1N1 before embarking, she says. For example in Italy, temperature monitoring equipment was installed – but some cruise lines used it, and others did not.

The ECC is now becoming more and more involved with the European Commission's Directorate General for Health

and Consumer Affairs and the European Centre for Disease Control "so that," says Marshall. "we communicate better and know what they are thinking, and that they understand our limitations and all the things that we can actually do. It helps to dispel a lot of myths, but it also highlights all the good work that the cruise industry does on this front."

As far as the industry is concerned, with a pandemic – and with crew members arriving from all over the world – there are certain logistical problems that need to be tackled, though Marshall says the lines can operate a degree of control in these circumstances. But with passengers, there is more reliance on their telling the truth.

The Shispan Project came to the ECC's attention last year, and since then the two bodies have been working closely. Shispan examines the prevention and control of public health threats to passengers and crew of cruise ships and ferries within the EU, and provides the basis for the development of an integrated EU programme.

The programme is related to ship sanitation and control of communicable diseases in cruise ships and ferries, and forms part of the EU Ship Sanitation Strategy and Programme, aimed at improving health protection for travellers and crew members on ships sailing through European jurisdictions.

Shipsan also aims to provide consistency across Europe with regard to the treatment of ships and health and hygiene issues. "They want to train up port health staff," says Marshall, "and to have procedures in place that all ships comply with, including onboard guidelines for compliance."

Cooperation has involved cruise industry input into the production of a manual of procedures, but ultimately there is still a lot of debate about how it will govern shipping – whether by regulation or through some memorandum of understanding, Marshall says. There will be a trial period



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Ruth Marshall, International Legal Director, Royal Caribbean Cruises Ltd. and Chair, health and hygiene sub-committee, European Cruise Council

The ECC has a role to play in making sure that port authorities understand that the cruise industry has an “in-built will to ensure our guests have a healthy and happy holiday.”

Ruth Marshall, International Legal Director, Royal Caribbean Cruises Ltd. and Chair, health and hygiene sub-committee, European Cruise Council

during which Shipsan works with a couple of cruise lines to put in place guidelines and procedures; this is likely to happen next year.

Cruise companies and port health authorities have been invited to training sessions, where the main issue is to ensure that the guidelines do not vary substantially from those that have been developed elsewhere. A European stamp of approval, or notation, for health and hygiene issues is also on the cards.

The ECC has also been working closely with the European Centre for Disease Control. “It is all very positive work,” Marshall says, “and means that the ECC can put across its views and suggestions.” It can also serve as a strong body to which the European Commission can come for views and advice.

As far as ports are concerned, Marshall says the cruise industry wants to work more closely with port authorities. Health protection regulations in the UK, for example, are currently going through a consultation process to implement international rules which will cover port facilities, and powers as far as health issues are concerned in terms of detaining and boarding vessels.

The ECC has a role to play in making sure that port authorities understand that the cruise industry has an “in-built will to ensure our guests have a healthy and happy holiday”. ■



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Rome Cruise Terminal (RCT) operates the cruise terminal in Civitavecchia – known as 'the port of Rome'. RCT was set up to run the terminal in 2006 as a joint venture between three leading cruise companies: Carnival Group (Costa Crociere), Marinvest (MSC Crociere) and Royal Caribbean International.

RCT's goal is to develop the cruise business in the port of Civitavecchia through the construction of a new terminal capable of handling the embarkation and disembarkation of several cruise ships at the same time.

Over the past four years the volume of passenger traffic has increased from 600,000 a year to nearly 2 million, and RCT now vies with Barcelona as the leading cruise terminal in the Mediterranean.



ROMA CRUISE TERMINAL

Cruise lines and cruise ports

There are no industries that can develop as rapidly as the European cruise sector has done over the past decade and not suffer a few growing pains.

Cruise companies will always insist that they sell destinations, not ships, so it was inevitable that the symbiotic relationship between cruise lines and the ports their ships visit would come under pressure from such a rate of growth.

This growth of cruising when other maritime sectors have been in decline has not gone unnoticed by many ports, some of which have either not been involved in cruise tourism in the past or have handled only a modest number of ships and passengers.

"It is understandable that ports want to become more involved with cruising," says Roberto Ferrarini, Chairman of the European Cruise Council (ECC) ports sub-committee. "But the fact is that too many are increasing their calls and passenger throughput before they are really ready to handle the extra numbers.

"Port infrastructure has been an issue all along. Although there has been a definite upsurge in investment over the last couple of years, the cruise industry is growing so fast that this will not be enough for ports to keep pace with our needs.

"ECC members are already facing a variety of problems with ports in Europe and elsewhere, and the first of these is the lack of operational consistency. Unlike airports – where many of the check-in, security and boarding procedures are standardised internationally – at ports nothing is standardised.

"This is not just a question of different standards between ports in one country and those in another, but of differences between ports in the same country. For example, at one port immigration will always take place at disembarkation; at another, only at embarkation; in another, it may happen at either or both.

"No-one is to blame – it is just the nature of this extremely variegated industry. In fact, cruise lines can be just as variable in their needs, requests and operational procedures – after all, ships are pretty much all different, too. Even within the same fleet, they will often need different gangways and have different loading mechanisms and procedures."

But though the reasons for the current situation are understandable, it cannot continue indefinitely. With the industry under greater scrutiny, particularly over its security and environmental compliance, cruise lines are increasingly looking for more support from ports.

Tom Wolber is Chief Operating Officer for Disney Cruise Line, which has been stepping up its European deployments as it waits for two new ships to be delivered. "The areas of security and customs/immigration can obviously present problems," he says, "but our policy is, in any case, to have heightened security as we are very aware that we are responsible for a lot of families travelling internationally.

"Immigration can lead to passengers having to queue, but we have found that, as we build up a relationship with a port, we can usually get the extra staff in the booths to keep lines to a minimum."



"The areas of security and customs/immigration can obviously present problems, but our policy is, in any case, to have heightened security as we are very aware that we are responsible for a lot of families travelling internationally."

Tom Wolber, Chief Operating Officer, Disney Cruise Line



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Ports: recycling and improving facilities

Environmental challenges are a high priority too. “The ability of ports to handle waste from our ships, and ensure it is treated and – where possible – recycled, is also very important,” Ferrarini says.

“We are committed to improving our environmental performance, but cannot do that without some port support. We want to be sure that what we hand over for recycling is properly recycled, with plastics a particular issue at the moment.”

Meanwhile the increasing costs of regulatory compliance – along with the recent economic downturn, which may not have reduced passenger numbers but has clearly lowered yields – has seen cruise companies put much more focus on port costs when making operational decisions.

“Five or ten years ago, all of us would have said our itineraries were 100% market-driven,” says Ferrarini. “We had to take ships where the passengers wanted to go and, if it cost a lot more to go to one country or port than another, we would still do it if it was more popular with our public.

“But, just as fuel consumption has become a key part of the itinerary-planning process, so individual port costs are another factor of increasing significance in the decision-making process which would not have been taken into account before.

“As ECC we cannot become involved in individual contractual arrangements between member cruise lines and ports. There are, though, areas – as with a government tax which impacts on the costs of calling at a particular port – where as an association we can try to intervene to stop something which might cause lines to bypass a port, and so affect its revenues and also those of the local economy.”

ECC Policy Director Tim Marking adds: “There is no

doubt that the economic impact study which we have been commissioning annually has raised awareness of the industry and its benefits which stretch beyond the ports into local and regional communities.”

The role of ECC’s ports sub-committee reaches beyond security and the environment, Ferrarini says. “The sub-committee has been in existence for less than two years, so we are still exploring all the areas in which we might most usefully operate. We are aiming to be what the ECC as a whole is trying to become – a genuine industry interface for the general issues it faces.

“This committee is becoming a central, unified voice which speaks in our member lines’ interests directly to ports. One key goal is to try to secure as much standardisation as possible.

“When ports decide to build a terminal, most will now approach different cruise companies and ask for their input into what it should include. This is better than when they just built them without asking for any advice, but the result can now be that they get a dozen replies all recommending different things. Our role will be to synthesise the cruise lines’ requirements into one overall advisory to the port.”

The other potential area of influence being explored is governmental. “In the past, as companies, we have bypassed central, regional and local governments and always dealt directly with ports,” says Ferrarini. “But that has probably been a mistake, as governments all make decisions which affect our industry – often negatively – without having the information which might have changed their minds and actions.

“Our role should be to find the ministers and other key decision-makers and make sure they know what we do, what we bring, and what a new tax or restriction could mean for us



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Roberto Ferrarini, Marine Operations Director, Costa Cruises and Chairman, Ports Sub-Committee, European Cruise Council



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and – most importantly – for the ports and local communities.

“Up until now any top-level contact is by the ECC executive board, with the sub-committees providing information, technical support and – if needed – individuals to attend meetings. But we are moving to take on more direct involvement.”

Marking says: “It is important to speak with one voice, but sometimes we need to use the contacts of local cruise or shipowners’ associations in different countries.

“The EU was always legally constrained from tourism involvement but, following the Lisbon treaty, this is changing. There are always going to be many issues for individual countries but we recognise that the EC is going to take a greater interest and have more involvement in all tourism through the development of a European Tourism Policy. That is why the formation and development of the ECC has been well timed.

“Especially as – while seeing the potential economic

benefits of cruising and the need to encourage its growth in Europe – the EC also recognises potential challenges such as congestion and emissions.”

Ferrarini continues: “The ports sub-committee hopes to meet the Greek authorities in the coming months as part of an ongoing dialogue over such issues as port infrastructure, cabotage and berth allocation.”

All Greek ports are government-owned, but elsewhere in Europe there is a mix of public and private ownership. Of the 60 main cruise ports/terminals about 40 are state-owned/managed, while the other 20 are privately operated (though some have public shares) and this has led to a variety of methods being used to run cruise terminals and fund developments.



“It is important to speak with one voice, but sometimes we need to use the contacts of local cruise or shipowners’ associations in different countries.”

Tim Marking, Policy Director, European Cruise Council

Funding cruise port infrastructure

Cruising may have grown substantially in Europe, but it remains a small sector of the shipping industry. It is almost always, therefore, a minor part of an individual port's maritime activities. Barcelona, for instance, is the busiest cruise port in Europe but the sector still represents less than 10% of the port's total traffic. Cruising is also largely a seasonal activity, particularly in Northern Europe.

The European Sea Ports Organisation acknowledges that ports do not usually put cruise ships at the top of their priority list, because they are not major providers of their direct revenues.

This has all clearly played a part in the way cruise infrastructure has been slow to develop. And that, in turn, explains the increasing direct involvement of cruise lines with individual ports and terminals.

Banks and financial institutions have always preferred to lend for short periods with early returns on investment (ROIs). So even before the financial crisis exacerbated the situation it was difficult for port owners to source financing from such sources, as their projects were inevitably based on long-term returns.

Banks are currently lending only on a low-risk and high-ROI basis, if at all.

With the average cost of a standard homeporting cruise terminal now about €40 million, offering any ROI – let alone a short-term one – is difficult for ports unless there is a substantial residential or commercial element included in the development (which would increase the capital cost considerably).

There is also a misconception that cruise terminals can pay for themselves by simply incorporating a hotel and/or convention centre complex. In fact such add-ons have little synergy with the cruise business, and the combination is therefore unlikely to guarantee an acceptable financial return.

It is also the case that simply passing on the financing cost of a port development onto the user – the cruise line, in this case – is rarely successful. It is largely to secure the facilities without having to pay excessive amounts for them through increased port charges that cruise companies have themselves moved into the business of cruise port development and terminal management.

It was – and remains – a reluctant move, often one of last resort. In fact, one major company port relations executive takes it as a failure on his department's part if this is the route it has to take. Nevertheless cruise lines have become a significant element in the emerging picture of cruise port development.

Carnival, Royal Caribbean Cruises Ltd., MSC Cruises and Louis Cruise Lines have all become involved in this way. And although the exact motivation will vary from company to company and port to port, it is fair to say they are usually not looking for any direct financial return on their investment. Their reward is in ensuring they can control their operating costs and also maintain a level of passenger experience in port that will help maintain a high level of repeat business.

The cruise lines' involvement can extend all the way from just providing advice, through contracts which guarantee traffic in return for reduced or waived port fees, all the way to direct funding and long-term terminal operation leases.

Long-term deployment contracts are usually for at least ten years and will include a guarantee of a certain number of passengers (or, rather, the equivalent in fixed-price head taxes). In return the cruise line receives preferential (but rarely exclusive) berthing, and there may also be a commitment by the port to upgrade the terminal or other facilities to a level specified by the cruise line.

Alternatively the cruise company will make the required improvements, with the port paying for them through a loan from the company – which is repaid by its retention of

“The cruise lines' involvement can extend all the way from just providing advice, through contracts which guarantee traffic in return for reduced or waived port fees, all the way to direct funding and long-term terminal operation leases.”

“The Port Authority will prepare the site for building, once that is done the three partners will invest between €14 and €20 million, equally shared, to complete the terminal building within two to three years”.

Franco Ronzi, Terminal Director, Port of Civitavecchia

a portion of the annual port fees through the term of the long-term contract.

At the top end of any involvement, the cruise company may wholly or partially fund the port development and either (rarely) own the port facility or, more likely, operate it on a concessionary basis with a long lease. There will usually also be some kind of profit-share with the owning body, which is often the state.

Cruise companies are more likely to invest directly in homeports (existing or potential) than in transit ports, although there are a number of ‘exceptions that prove the rule’ – such as Kusadasi in the Mediterranean or Grand Turk in the Caribbean.

In the EU ports have been told to privatise, which has led to a situation at key cruise homeports such as Naples, Civitavecchia and Marseilles in which several cruise companies have each taken equity in a facility, usually for a combined minority share.

One such example is the Roma Cruise Terminal project – an equal partnership between MSC Cruises, Royal Caribbean Cruises and Costa Cruises – at the port of Civitavecchia. “The Port Authority will prepare the site for building,” says Terminal Director Franco Ronzi. “Once that is done the three partners will invest between €14 and €20 million, equally shared, to complete the terminal building within two to three years”.

Significantly, states Ronzi, the terminal will be available for use by any cruise line – at the identical tariffs applied to the investor partners.

For state-owned ports, bringing in a cruise line partner has benefits beyond the immediate financial one – as it also introduces an expert eye to assess any proposed development from an independent, commercial standpoint.

“Cruise line involvement in terminals is certainly one answer to improving and standardising ports,” says ECC’s Ferrarini. “The equivalent development in container shipping is generally accepted as having been a positive one.”

There are, however, other ways emerging to fund such developments. Within Europe there are EU grants available; the continuing development of Málaga cruise port is being co-financed by such funds, and the 14-year expansion of Barcelona port (including its cruise infrastructure) is also backed by some EU funding.

The European Investment Bank has moved into the

cruise sector by financing a Costa Cruises newbuild, so that could also be a source of income for ports as it has vowed to help “vulnerable sectors and regions” during the recession. And the World Bank (through its International Finance Corporation) has already provided financing for cruise terminals in Kusadasi, Cozumel and the Dominican Republic as part of its similar policy to help stimulate local economies.

A growing awareness of the benefits cruise tourism brings to the communities and regions beyond the ports is also fuelling investments in ongoing developments, and stimulating plans for more at new and existing ports. “We now find that local communities and authorities recognise that we bring people who spend a lot more ashore than the average day tourist,” says Disney Cruise Line’s Wolber.

But the fact is that, without substantial additional port investment – particularly in the Mediterranean – the cruise sector’s expansion in Europe will be inhibited by a lack of suitable infrastructure, which will inevitably restrict the itinerary options. ■

Spadoni: eager for standardisation of ports

There is a tipping point in the life of any successful industry association when the membership numbers give it critical mass, and increasing ambition leads it to move beyond its original mandate. The Association of Mediterranean Cruise Ports, or MedCruise, may just be reaching that critical moment.

Fourteen years after it was founded to promote the cruise in industry in the Mediterranean MedCruise is certainly on the upswing, as its President, Giovanni Spadoni, outlines. "We have 56 regular members and 23 associated members, making 79," he says. "But some of those members are multi-port organisations, like the French Riviera ports. So we actually represent 82 ports in 20 countries. That's a record."

The relentless expansion of the Mediterranean cruise industry is doubtless behind much of that growth. Spadoni says the membership now ranges geographically from the Atlantic islands to the Caucasus – a fair reflection of the industry's continuing search for new destinations.

By the same token, he says, the growth of MedCruise has in turn helped the industry expand. "Promotion is still our main task, and we have a wide range of cultures and shore excursions that we can offer the lines. The supply is also broad enough to be appreciated by both mass and luxury lines.

"However," says Spadoni, "though we started with promotion, as time has passed we have begun to offer our member ports more in the way of services. Whether conducting studies or participating in committees at a European level, we are becoming much more active from this point of view. And that will only increase. It is what our members expect of us."

One thing that will not change, however, is the focus on partnership with the cruise industry through the European Cruise Council. "The relationship with ECC is very important.

Each is an associate member of the other's organisation, and over the past two years the relationship has deepened."

"What is particularly significant," he says, "is that we are tackling problems regarding the environment and conditions in the ports together, and trying to find common solutions.

"For instance we have a proposal before the EU for a study on waste collection and disposal in European ports." Spadoni says the aim is to conduct a survey, analysis and benchmarking exercise, the results of which ports will be able to access online in order to improve their own practices. "It is a big project, involving an investment of €1 million, and will be led by Costa Crociere with the cooperation of the ports.

"We are also working on resolving technical problems in the ports. The lines have raised questions, for instance, about the need to have certified fenders or bollards, as well as clear indications of the services available. These are issues that it is best to tackle through an association rather than individual ports. And again, it is about benchmarking and best practices."

Spadoni says MedCruise is eager to promote uniformity and standardisation across a range of areas, adding that this chimes with the EU's regulatory efforts. Where there are differences in the application of those rules from country to country, MedCruise will seek to promote "the best interpretation so that members can improve their service".

He cites efforts, in cooperation with the cruise lines, "to establish a common system for booking berths that could be used in all ports, where owners give their itineraries to the ports within a certain time frame and the ports have a given time to



"At the moment there are problems in some countries, the cruise lines simply do not accept Greece's 'first-come, first-served' system for assigning berths, for instance."

Giovanni Spadoni, President, MedCruise

Giovanni Spadoni (right) congratulates Juan Madrid, past president of MedCruise



answer". This would allow the lines to establish their itineraries well in advance, and with a degree of confidence they do not have currently, while bringing order and uniformity to the system.

"At the moment there are problems in some countries," he says. "The cruise lines simply do not accept Greece's 'first-come, first-served' system for assigning berths, for instance."

MedCruise is also becoming more of a presence in Brussels. "There are two very important issues for us at the moment," says Spadoni. They are regulations on passenger rights, including the question of who assumes responsibility for passengers with limited mobility; and the environment, where cold-ironing remains a hot-button issue. MedCruise – through Director Valeria Mangiarotti, who has the environment brief – is discussing with the ECC "the best solution to be adopted" across the European cruise terminal landscape.

The organisation has no active lobbying presence, but it follows the European Commission closely through Board Director Roberto Perocchio, offering its views on key issues, and is represented, through fellow Director Malcolm Morini, on the EU's Stakeholder Advisory Group on Maritime Security.

Port financing is another key issue on which, Spadoni says, "it will be necessary to have a close relationship with the EU", partly because of its potential as a channel through which small ports in particular might access funds. MedCruise Director Yiannakis Kokkinos is also studying ways to access private funds through project financing.

Relations with local tourist boards are also a key area of focus. "The ports are a gateway," says Spadoni, "but after that a lot often depends on the tourist boards." The relationship is not always an easy one, however, in part because of the latter's frequent lack of understanding of how cruising works, and what it offers. "They are often government run, and have a public service mentality."

In the port of Livorno, where Spadoni is Technical and Commercial Director, if 70% of the passengers go to Florence and Pisa and only 30% stay in Livorno they should still be happy, he says. "After all, the reason the ship calls here is not Livorno but Florence and Pisa."

"The tourist boards must also realise that what they offer must be tailored to the needs of the passengers and the lines. They can't set themselves up in competition with the lines or the official tour operators, as happens in some ports. We have invited some tourist boards to Seatrade in Miami, for instance, to meet the lines and understand how this works."

Spadoni is half-way through his three-year term as MedCruise's President. He describes it as exactly the right amount of time. "You can get things done," he says, "but then you give up your seat to new people with fresh ideas."

In the time he has left to him he expects the shift taking place at MedCruise to gather pace. "We are about promotion," he says, "but technical issues will become more and more important. This," he says, "is the future." ■

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Keeping on top of health

One of the good things that has come out of the research into norovirus and other ailments – from the cruise industry’s perspective – is that it is now understood that these are not just cruise ship-related events.

Chris Penny of Fred. Olsen Cruise Lines is responsible for all health and hygiene matters, such as dealing with a potential outbreak of gastroenteritis on one of the company’s cruise vessels. Fred. Olsen has developed a comprehensive plan over the years for the general maintenance of health and hygiene standards to prevent an outbreak, or deal with it if it occurs.

The company keeps in contact with what is going on in the industry in this respect, Penny says, and also has good links with the different health protection agencies. It recently had an objective investigation done on one of its ships to establish “whether we are doing what we say we are doing. We are always reviewing the plan, and seeing whether we can do it better.”

Norovirus and legionella are two ailments that every cruise ship needs to take very seriously. Legionella bacteria, which was only identified in 1976, can get into any air conditioning or water supply system.

For ships travelling in warmer waters – with water tanks placed close to the ambient outside temperature, which affects the cold water – care needs to be taken to ensure the bacteria cannot proliferate, Penny says.

Health authorities promulgate the use of super chlorination to clean water systems, he says, because it is “on-the-spot cleaning of the water”. But they are reluctant to endorse products which claim they can eliminate the biofilm that collects on the inside of pipes, he says.

With norovirus, identifying key points of cross-contamination is the issue. In the case of two people sharing a cabin, the cross-contamination potential is not high. Before, if someone was taken ill, the person sharing the cabin would be quarantined; now the view is that the attack rate on the second person is far less if they are out in the environment than if they are incarcerated in the cabin.

“We have to make sure we allow people enough time to

clean and sanitise properly,” Penny says. One way of doing this is to limit access to public toilets at night, when people are in their cabins. “If it takes half an hour to clean a toilet, so be it.”

The right cleaning fluids obviously have a part to play in this process. According to Margaret Hepburn, who set up the Hepburn BioCare, its aim is to reduce the inventory of chemicals carried onboard, and replacing their toxic ingredients with non-hazardous and non-toxic products.

“Basically what we offer is phosphate-free cleaning which is non-flammable, non-volatile and non-toxic to aquatic life,” she says. The company’s products aim to not only reduce the number of chemicals being used onboard but also to lower the level of discharge. Potential savings are not inconsiderable, as it is possible to use the same product for several different applications.

The key is how far the product is diluted. This would vary according to whether one was dealing with an outbreak of norovirus, for example, or a normal cleaning situation; but the same chemical could be used in different concentrations. “We are the only company which offers phosphate-free products from the point of view of laundry, dishwashing and cleaning,” Hepburn claims.

Putting procedures in place to control outbreaks of infections like norovirus, H1N1 or legionella is obviously essential. “If a ship has procedures to identify, monitor, control and eradicate norovirus it won’t face a class action,” explains Maria Pittordis, head of the ECC consumer affairs sub-committee.

Normally norovirus “comes up the gang plank”; but health guidelines differ from port to port, though most companies have a pre-boarding questionnaire. In 95% of cases it is not the ship’s fault, Pittordis says, “But it can be if the company has not introduced systems, or failed to implement them.” ■



“We have to make sure we allow people enough time to clean and sanitise properly. One way of doing this is to limit access to public toilets at night, when people are in their cabins. If it takes half an hour to clean a toilet, so be it.”

Chris Penny, Hotel Operations Manager, Fred. Olsen Cruise Lines

Accessibility: seeking a workable solution to a complex issue

Maria Pittordis, a partner in UK law firm Hill Dickinson, heads the Tourism and Consumer Affairs sub-committee of the European Cruise Council (ECC). She describes ECC as “a great organisation” through which competing cruise lines can come together to work on topics of mutual interest, for mutual benefit.

Pittordis participates in quarterly sub-committee meetings to discuss such issues as the EU’s proposal relating to Maritime Passenger Rights (close to final adoption), the review of the Package Travel Directive and the development of an EU tourism policy, as well as certain health and hygiene issues – including how to handle outbreaks of norovirus, swine flu or legionella.

The passenger rights proposal has tended to dominate the sub-committee’s agenda over the past year or more; and Pittordis acknowledges that dealing with this legislation has been something of a struggle. However ECC did approach the European Commission at the consultation phase, and so was able to contribute its views and expertise right from the start of the debate.

Since the outset it has been ECC’s goal to achieve a workable regime for cruise companies while at the same time meeting the requirements of people with reduced mobility (PRMs) in particular. Cruise operators carry thousands of PRMs and disabled passengers each year, and certainly wish to continue to do so.

One issue was to persuade the Commission that ships could not be treated in the same way as hotels; and, she says,

“We got there eventually.” The Commission has agreed certain derogations in the draft regulations – for instance the design, and compliance with domestic, European and international law.

One key part of the draft legislation is that disabled people or PRMs should not be refused transport unless for reasons that are justified on safety grounds. Accessibility is thus a key issue.

Pittordis says that many people consider passenger rights legislation in terms of reduced mobility; but this is the easy part, as the proposed Regulation does not involve changes to the hardware of the ship. The definition of ‘disabled’ is a wide one, and a major concern for the cruise industry is invisible medical conditions which may not be classified as disabilities under domestic legislation; examples of these include kidney conditions requiring dialysis machines onboard, psychotic conditions, behavioural disorders or tendency to grand seizures.

Health alone is not a basis for refusing carriage; safety is the overriding consideration. Cruise companies wish to manage risks so as to enable carriage of disabled passengers safely, and to manage them they must be aware of any risks before passengers board.

Another issue is in the case of older ships. Some corridors or doorways may be narrower than those on more modern vessels, which poses difficulties with people who require certain types of mobility equipment onboard. The proposed Regulations deal with design and structural issues which affect the ability to carry a passenger safely.



“That many people consider passenger rights legislation in terms of reduced mobility; but this is the easy part.”

Maria Pittordis Head of Marine, Trade and Energy, Hill Dickinson and Chair of the European Cruise Council consumer affairs sub-committee



“If passengers come onboard saying they are mobile but walk with a Zimmer frame with wheels, their mobility is limited. But getting information on their level of mobility ahead of time can be a problem.”

Chris Penny, Hotel Operations Manager, Fred. Olsen Cruise Lines

All ships have cabins specifically dedicated to disabled people, with wider doors and user-friendly bathrooms; and crew members are specifically allocated for those cabins, as Chris Penny, Hotel Operations Manager for Fred. Olsen Cruise Lines, explains. “If passengers come onboard saying they are mobile but walk with a Zimmer frame with wheels, their mobility is limited. But getting information on their level of mobility ahead of time can be a problem. Cruise lines provide wheelchairs for excursions ashore, but obviously these are limited in numbers.”

Although cruise lines never like to refuse carriage, it is a possibility if safety is an issue. Fred. Olsen has stairclimbers which clamp on to wheelchairs to lift passengers up and down stairs, but passengers’ ability to take excursions when tendering ashore may be limited.

Penny says that there are a lot more issues to be considered with the discrimination legislation. For example Fred. Olsen had a case in which a blind passenger came onboard with a guide dog, with all that that entailed in terms of regulations for taking the dog out of the country, and re-entry. In the event the person was able to travel with her dog, but only after government intervention. “These are the kind of things which ambush you,” he says, “and changes to the regulations keep you on your toes.”

Most of the cruise industry covers such issues in their conditions of carriage; but it has to be recognised that ships are not equipped in the same way as hospitals, and do not carry specialist medical teams. Cruise companies do not want to discriminate against particular categories of passenger, Pittordis says, but although the age of cruise passengers is falling a large proportion of people taking cruises may have reduced mobility or conditions which are difficult to treat in a ship’s hospital or while the vessel is at sea.

At present most cruise lines contractually require passengers to notify the company of any mobility or other conditions which may pose difficulties onboard. This allows companies to carry out risk assessment. This has worked well in practice, Pittordis says, and does not inevitably mean that carriage is refused. Where pre-planning can eliminate or reduce the risk, then the passenger is carried safely. It is only in extreme cases, where the risk of consequences to the passenger are high, that carriage is refused. In those cases the effects can be fatal. The derogations contained in the draft directive “allow us to do a lot more than originally envisaged.

They are vague, but workable.”

Certain aspects of the new draft passenger rights directive are likely to make the cruise company’s job harder. The European Commission included health issues in its draft proposals, but these were removed by the EU Council. “In extreme cases you should be able to decline carriage on grounds of health,” Pittordis believes. Another concern raised during the negotiations was privacy and data protection.

The industry now has two years to decide how it is going to deal with these issues, and carriers will have to oblige passengers to notify them of matters relevant to safety at the time of booking in order to enable them to assess the risks with regard to different health complaints and invisible disabilities. Issues like the number of wheelchairs needed in the event of evacuation, or the amount of mobile equipment onboard, will be just two matters for consideration.

In future it will be necessary to anticipate illnesses and carry out risk assessments ahead of time, so that the carrier can justify conditional boarding requirements (such as requesting that a passenger be accompanied). This will require careful redrafting of brochure and ticket terms.

Insurance is also an issue, Pittordis says. In some cases travel insurance may have been refused, or there could be an exclusion because of a pre-existing health condition. Should a passenger fall ill while on a shore excursion, for example, local hospitals will want payment guarantees which might mean cruise companies end up underwriting medical costs. “There will have to be more rigorous enforcement of travel insurance.”

The key will be to try and ensure that the rules are applied as uniformly as possible, and across as many member states as possible. Differences are inevitable, however; for example some countries may consider it to be an offence to decline carriage, deeming it an act of discrimination and imposing a penalty.

The outcome does not take account of all the points made by the ECC, but a number of significant changes were made during the legislative process to reflect the particular characteristics of the cruise sector. Consequently there is optimism that the final adopted text, to be applicable from autumn 2013, will be workable for carriers while maintaining the overall goals of the original proposal – and the industry’s overriding and paramount desire to carry all passengers in a safe and dignified manner. ■

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ECC seeks harmonisation on EU Directive

The European Cruise Council has been working closely with the PSA and consulted with ABTA in formulating a detailed response to the proposed changes to the Package Travel Directive, according to Maria Pittordis of law firm Hill Dickinson, who heads the ECC's consumer affairs sub-committee.

The Package Travel Directive was originally introduced in 1990 to provide protection to consumers of package holidays and to create a level playing field for the sale of package holidays. The Directive is now in the process of being revised, since over time the travel industry and consumer practice of booking holidays has undergone changes in that consumers may be creating their own packages, or buying products from companies based outside the EU, which the directive as originally drafted does not adequately cover.

The Directive achieved its objective of providing rights to the consumer against the tour operator/organiser for acts of suppliers, cancellations, price variations and improper performance. The Directive did not however achieve uniformity across Europe on many commercial issues as had been hoped.

ECC has, through the Consultation process, taken the opportunity to highlight a number of important issues. The main concern relates to security and bonding. ECC proposes that the Directive should be amended so that insolvency protection schemes in one member state are automatically accepted in other member states, that each should meet the minimum EU standards in order to give consumers full and effective security, and that each is mutually recognised for the purposes of local law. This avoids organisers having to bond separately in respect of European sales.

Pricing and price policy is also an issue under the Directive, Pittordis says. While most cruise companies operate a fluid pricing policy on their websites, there is very strict regulation regarding brochure prices. In brochures, an advertised discounted price must follow a period of selling at the full price for a specified period. Cruise

companies are also required to absorb the first 2% of any additional charges for taxes, fuel and currency fluctuations, and cannot increase the brochure price for any other eventuality. ECC has suggested that organisers be permitted to produce full brochures without prices, and that there should be more flexibility with regard to pricing.

Another issue that needs consideration is liability of suppliers. The 1990 Directive makes the organiser liable for the negligence of its suppliers, with few exceptions.

"Operators accept this responsibility, but want the Directive to be amended to make the suppliers directly liable to consumers, and to them," Pittordis explains. "The industry wants to create these obligations between the parties in the new directive. This will assist the passengers as well as the cruise operators." ECC sees it as essential for the Directive to impose additional responsibility directly on the actual service provider, and has been working very hard to steer things in relation to these points, she says.

Another issue is that of dynamic packaging. Consumers now put together their own packages, sometimes by visiting a single website. The cruise industry wants to see the whole booking considered as a single package – even if several invoices are generated, payable to different suppliers – and therefore subject to the same regulations, control and protection for the consumer.

ECC Marketing Director Bill Gibbons agrees that one of the main issues the cruise industry has to deal with is that different European jurisdictions deal with it in different ways, and he would like to see harmonisation across Europe through a regulation which would be more prescriptive.

Consumer protection rules vary from country to country; in the UK, for instance, more than one bond is necessary so as to take into account fly-cruises, as opposed to those that are ex-UK. Needing two bonds is "ridiculous", Gibbons claims. "We need clarity and rationality on consumer protection, which should be the same in each country." ■



"Operators want suppliers to be directly liable to consumers and to them. The industry needs to create obligations between the parties in the new directive."

Maria Pittordis Head of Marine, Trade and Energy, Hill Dickinson and Chair of the European Cruise Council consumer affairs sub-committee

Implications of an evolving regulatory environment

The globalisation of the cruise industry has brought many benefits to all the sector's stakeholders – from the passengers, through the cruise companies to the local populations of the destinations being visited worldwide.

But it has also created one of its biggest challenges: the proliferation of regulation, which is increasingly being applied on local, national or regional bases rather than globally.

Cruising – as with the rest of the shipping industry – would prefer to see all regulatory decisions made and applied on an international basis, as they can impinge on areas such as ship design and operational systems which cannot easily be changed when it moves between different areas.

This issue is one of the key reasons why the major cruise associations such as Cruise Lines International Association (CLIA) and European Cruise Council (ECC) are working ever more closely together.

"There is always an issue with different interpretations of international regulations being applied locally," says Tom Strang, Chairman of ECC's environment sub-committee. "But now we have regional or local regulations being introduced outside of the International Maritime Organisation (IMO).

"We recognise the issues being addressed, and that we have an important role in protecting the environment in which we operate. Cruise companies are spending millions of Euros to do just that, and the overall aim is not just to meet regulations but to exceed their requirements."

The fact that regulations are sometimes being applied specifically or more stringently for passenger shipping (both cruise and ferry) than to other maritime and land operations is another ongoing concern for both ECC and CLIA.

ECC members do not believe they should be held to higher standards than, say, land-based companies, utilities and other

authorities in the same areas of environmental compliance.

The challenge now for cruising appears to be whether it can maintain the product value which has fuelled its unprecedented growth over the past decade when faced with the escalating costs coming from the waves of new regulation – particularly environmentally based regulation – as this often requires an associated upgrading of shore-based facilities if compliance is to be achieved at reasonable cost.

With any regulation or legislation there is always the danger of unintended negative consequences and, when it comes to the cruise sector, that does not just mean negative for the cruise companies. It can mean whole communities suffering significant loss of economic benefits.

One of the advantages cruising has over land-based travel and leisure companies is that its assets – the ships – are mobile, so can be moved around the world; and not just in response to consumer demand but also to operating cost inflation.

This is one of the reasons for the sector's resilience to economic downturns and geo-political events, which frequently damage tourism around the world. But it can, of course, represent bad news for individual destinations which fall out of favour with the cruise deployment decision-makers.

This has certainly been the case in Alaska.



"We recognise the issues being addressed, and that we have an important role in protecting the environment in which we operate. Cruise companies are spending millions of Euros to do just that, and the overall aim is not just to meet regulations but to exceed their requirements."

Tom Strang, Vice President of Policy and Regulation, Carnival Corporation & Plc and Chairman, environment sub-committee, European Cruise Council



Tax hike prompts Alaska downturn

Alaska is a long-established cruise destination which attracts higher-spending passengers and, although only visited by ships in the summer, was until recently the third most popular after the year-round Caribbean and Mediterranean.

Between 1996 and 2008 Alaska cemented that third place with impressive growth as its ports doubled or trebled their cruise visitor numbers. In just five years between 2003 and 2008 overall numbers to Alaska increased by 75% from 777,000 to 1,033,000.

Then in 2006 came a public vote in favour of the Alaska Cruise Ship Tax Initiative. This applied a \$50 cruise passenger head tax (\$46 excise plus \$4 to pay for Ocean Rangers to travel onboard each ship to monitor environmental compliance) and a 33% tax on onboard cruise ship gambling revenues while in the region.

Significantly, as far as the cruise companies were concerned, none of these taxes would be applied to non-cruise tourists.

Nearly all of those companies had made deployment decisions at least two years ahead, so the impact of this tax initiative only began to be noticed in 2009. Most other destinations enjoyed increases, as global cruise capacity grew and passenger numbers matched it, despite the economic downturn; but Alaska's cruise business stagnated.

Alaska then saw a significant reduction – down from over a million to 860,000 visitors scheduled for this year, with more ships and berths being withdrawn for 2011. Alaskan businesses estimated that this capacity fall of 14% would lead to the loss of about US\$200 million in economic benefits during 2011, with a resulting significant loss of jobs in tourism and ancillary sectors.

The cruise industry argued against the head tax, but it was the emergence of coordinated opposition from the Alaskan business community which was vitally important in raising awareness of the damage being done to the state's economy.

As a result the state governor agreed last spring to a number of important changes to Alaska's approach to cruise ships. These had the cumulative effect of suggesting that a new positive attitude towards cruising had taken place at the heart of government.

This is more than symbolically important as, apart from any fiscal downside, the cruise industry is always reluctant to operate where it believes it is not wanted. However the impact of these new, more cruise-friendly moves will – like the original tax imposition – take some time to filter through.

Early returns from the 2010 season showed a near-20% fall in cruise passenger visits, and the capacity cutbacks made for 2011 still stand – although a couple of new operators have deployed ships in Alaska.



The HELCOM initiative

As a result of its self-inflicted downturn, Alaska has fallen behind Northern Europe/Scandinavia in the league table of most popular cruise destinations.

This, though, is tinged with a certain irony, as the Baltic is the major destination within that region – and it is there that cruise companies now believe they may also need to be reviewing their itineraries as evolving environmental regulation promises further operating cost and other issues for the cruise industry. The Baltic is emerging as – potentially – another Alaska situation for the cruise sector.

The key similarities as far as ECC and CLIA are concerned is that in both regions cruise ships appear to face being regulated to a higher degree than non-passenger vessels or land-based facilities.

Conversely, passenger vessels (of which cruise ships account for only 4% – a tiny proportion of global shipping) are relatively insignificant contributors to the pollution which the regulators are seeking to reduce.

Furthermore, the limitations of the current technology and facilities – seagoing or land-based – appear at first sight not to have been adequately taken into account in proposed regulations.

Some of the specific pollutant issues are, though, different in each region. In the Baltic the key issue is eutrophication: too

many nutrients going into marine plant life, the decomposition of which kills off other marine life by starving it of oxygen. Studies have concluded that cruise ships and ferries are responsible for only minimal amounts of this nutrient spill – less than 0.01% for nitrogen and 0.1% for phosphorus.

Cruise lines are concerned that, almost uniquely in international regulations, these proposals only target one sector of the international shipping industry. Nevertheless there remains a consensus within ECC that everything that can be done, should be done to protect the Baltic Sea.

“It is in our own interests – and that of our children – to have a clean Baltic Sea,” says Michael Thamm, President of ECC member AIDA Cruises.

“As far as I am concerned, the discharge of untreated waste into the Baltic by ships – cruise or otherwise – is completely unacceptable, regardless of whether it is legal or not. There is also a clear commercial imperative for each company to behave ethically and to be a good citizen.

“But a joint effort is required by all stakeholders to encourage ports to establish or expand their wastewater reception facilities; and also by the manufacturers of this type of equipment to increase their efforts to make onboard treatment systems even more efficient.”

This is a reference to the major sticking point in the push by the nine member states of HELCOM (Helsinki Commission



– Baltic Marine Environment Protection Commission) towards designating the Baltic Sea an IMO ‘special area’ under MARPOL Annex IV. This would impose greatly reduced discharge limits, and highlights the shortage of adequate wastewater reception and municipal treatment facilities at ports.

Cruise ships do not have the capacity to store all black/grey water during a Baltic cruise – yet the first HELCOM proposal did not require port reception facilities be upgraded accordingly before the regulations were to go into effect.

Without this it is quite possible that ships would have to stop cruising in the Baltic if the new discharge limits were applied. They would simply not be able to land all their wastewater, and onboard treatment technology does not yet exist that can reduce nutrients reliably and consistently by the required 80%.

As an unambiguous sign of their commitment to the environmental protection of the Baltic, earlier this year, both ECC and CLIA signed a voluntary agreement pledging that their members would discharge wastewater ashore at any port with adequate facilities operating under the ‘no special fee’

agreement to handle and treat the volume involved.

“Our research suggests a port needs to have a pump capacity of 200cu m per hour at every cruise berth,” says Strang, “and we would need this at the five main Baltic ports: St Petersburg, Tallinn, Helsinki, Copenhagen and Stockholm.

“Currently only two – Helsinki and Stockholm – have reception facilities at all cruise berths, and none have more than 100cu m pump capacity.

“We recognise the problem of eutrophication, but HELCOM’s own impact assessments show that cruise ships are not significant contributors. Our concern is that a political decision has been made to make the Baltic a ‘special area’ before the issue has been resolved of how those expected to comply with the new requirements can remain compliant, either through new technology or enhanced facilities.

“Clearly the Baltic is an important destination for us, so it is in our interests to protect the sea. This is why we are cooperating with HELCOM and have engaged with such environmental NGOs as the World Wildlife Fund.

“We also believe that some of the EU funding which is available to promote its clean ships and clean seas policies should be used to help ports provide the necessary facilities.

“It is also important that HELCOM’s own ‘no special fee’ arrangement is applied to our members for using these facilities, which is why this is written into our voluntary agreement with HELCOM.”

ECC concerns were mirrored by CLIA’s representations to IMO in advance of its March meeting, at which a decision on making the Baltic a ‘special area’ was deferred to the autumn.

This was a result of IMO’s Marine Environmental Protection Committee (MEPC) highlighting – among other contentious issues – the lack of a provision requiring port waste reception and treatment facilities to be provided that were truly adequate to handle all wastewater generated onboard cruise ships.

A revised proposal from the HELCOM member states containing a new provision will be considered by IMO in the autumn.

For regulations to be adopted that deliver the environmental benefit promised, and that allow passenger ships to comply in the most cost-effective manner, it is clear that this topic needs to be subject to a much more detailed and rigorous technical examination of the current proposals. ECC will be engaging positively in that debate with the MEPC.



“It is in our own interests – and that of our children – to have a clean Baltic Sea.”

Michael Thamm, President of ECC member AIDA Cruises.

Emissions and ECAs – the issues

The revised MARPOL Annex VI, which deals with air pollution from ships, was widely welcomed by industry and regulators alike as a positive step in transitioning the global industry to using cleaner fuels.

However some of the requirements of the ECAs (Emissions Control Areas), which are sometimes known as SECAs (Sulphur ECAs), taken together with some specific EU requirements, have considerable cost implications as well as requiring operators to carry as many as three different types of fuel.

The IMO global requirement for fuel used will be – subject to a 2018 review of low-sulphur fuel availability – for a 0.5% maximum sulphur (SOx) content from 2020. This could, though, be stretched to 2025 in the review. It is currently 4.5%, reducing to 3.5% in 2012.

In the Baltic and North Sea ECAs the permitted sulphur content was reduced from a maximum of 1.5% to 1% in July 2010, and will fall to 0.1% in 2015. And the maximum for ships in EU ports (docked or anchored off) was reduced to 0.1% at the beginning of this year by virtue of an EU Directive.

The newly approved North America ECA will be effective from 2011, with its sulphur content rules to be applied from 2012: a 1% maximum, dropping to 0.1% in 2015. The state of California will have its own 0.1% limit in 2012.

At 0.5% cruise lines can still use residual fuel, but 0.1% means marine gas oil (MGO) is significantly higher in price. And the price difference is almost certain to widen further when demand for MGO/MDO begins to grow exponentially as a result of the new regulations.

There is also the prospect of NOx (nitrogen oxide) emissions needing to be reduced by 75% on newbuilds from 2016, and SOx limits could fall as low as 0.001% further down the line. Some form of CO2 cap and trading system is also likely to be introduced for the maritime sector.

And new ECAs around the world, possibly including the Mediterranean and Europe's North Atlantic coast, are highly probable.

Carnival Corporation has reported that the existing Baltic and North Sea ECAs have added between US\$50 and US\$70 million to its annual operating costs, and it expects the North



“Our passengers want to holiday in a pristine environment, so we have to explain our actions and responses to them, as well as be compliant with the regulations.”

Richard Vogel, CEO, TUI Cruises



American ECA to have a similar impact on its bottom line.

If more ECAs are introduced and SOx limits drop further, these extra costs will escalate – leaving cruise companies with the choice of absorbing them, building them into the cruise cost as some have already done with the higher fuel costs within EU ports, or redeploying their ships. This last option, of course, will become increasingly difficult as new ECAs are introduced. The cruise sector's relatively small size in maritime industry

terms is an important part of the emerging cost equation.

The much higher volume ferry and cargo businesses are both predicting a modal shift, with passengers or cargo shippers choosing alternative air or land routes because of the higher charges that will be levied on them within ECAs.

The potential pro rata impact on cruise ship costs could be even more radical for what is, by comparison, a low-volume and historically low-margin business.

As a result the sector is supporting the push by the European Community Shipowners Association (ECSA) for the ECA limits to go no lower than 0.5%. If accepted this would put a question mark against the need for ECAs once global IMO limits also come down to 0.5% from 2020 (or 2025).

"We support the ECSA stance that the 0.1% level will prompt a modal switch from sea to land," says Strang. "Although that does not directly apply to cruising, our sector is always included in passenger shipping when regulations are applied.

"We need to be consulted on these issues to ensure that the regulators appreciate not just our business needs but just how much we are doing – and spending – to improve our environmental performance."

In North America the Environmental Protection Agency (EPA) has suggested that its ECA will add a cost of US\$7 per passenger day, but CLIA believes it will be at least double that – and possibly treble.

Even if the EPA cost estimate is correct, that will mean an extra \$49 per passenger for a one-week cruise – or almost exactly the extra that was added to Alaska cruise prices by the controversial head tax, with the aforementioned catastrophic impact on business.

An EU estimate that its various emissions and other environmental regulatory initiatives will add 18% to the cost of cruises by 2030 looks optimistic, even by EPA standards.

An issue exists with the continuing availability of fuel with more than 1% sulphur content within ECAs, as this effectively removes the option of cruise lines using exhaust gas scrubbers to remove the excess sulphur.

There is also some dispute about the net environmental benefits of the ECA restrictions, in that the refining of low-sulphur distillate fuel itself creates increased CO2 emissions – quite apart from the negative environmental consequences that would arise from a modal shift from ships to roads.

The use of shore power when docked can reduce daily emissions by up to a ton of NOx and more than half a ton of SOx. There is also a significant (up to 75%) reduction in fuel.

Strang, however, voices the ECC view that shore power is no panacea for reducing emissions.

"There are huge costs involved for ports, as it is not enough for a busy port like Civitavecchia to have the connections at just one cruise berth. They really need to be at all of them. That is also then going to have a significant impact on the local grid when they are used simultaneously on busy cruise arrival days.

"This is why the installation of connections on their ships by cruise companies will not, of itself, drive the demand from the ports – they have their own cost and sourcing issues."

Past ECC Chairman and current Carnival UK Chief Executive David Dingle has made the point that, if emissions and other regulations and taxation make Europe a more expensive place in which to operate, it could lead to more ships being switched to operate in regions such as the Caribbean, which offer a more competitive operating climate.

This has serious implications not just for ports and communities within Europe but also for the European shipbuilders, as it has been orders for Europe-trading brands which have inflated their order books in recent times.

"We face tough challenges in many aspects of our business," says AIDA's Thamm. "We need to attract increasing numbers of passengers and find enough suitable quality employees to serve them, while reducing operating costs in the face of this rising tide of regulation."

"It is not just the regulations but where and why they are coming," says TUI Cruises CEO Richard Vogel. "Our passengers want to holiday in a pristine environment, so we have to explain our actions and responses to them, as well as be compliant with the regulations.

"Our problem is that it will not be possible to comply without passing on some of the cost to the public. We will have to explain this to them if we want to be able to maintain our growth." ■

IT Solutions for the Global Cruise Industry

Ship Property Management System

- Complete passenger, crew, visitor and group handling
- Check-in with offline functionality, Gangway Security with hands-free option
- Central cashless accounting with invoicing and credit card handling
- Guest survey, comment card handling, special requests and amenities
- Gift Card functionality
- Shore excursion and Spa administration, Dining room management
- FC Promoter
- Detailed crew activity, safety courses, crew effects and on-board payroll

Fleet Management System

- Overview of all fleet performance
- Complete fleet-wide passenger activity monitoring
- Multi-dimensional revenue analysis and vessel comparison
- Passenger data linked back to reservation system
- Shore excursion revenue analysis
- ResOnline—automatic data transfer from shore-side reservation systems; frequent cruisers information available fleet-wide
- Crew Management System—supports the overall shoreside and shipboard human resource operation

Materials Management System

- Centralized control of purchasing including warehouse and container functionality
- Real-time overview of inventory, consumables and uniforms
- Reliable and efficient cost control/tracking
- Full transparency of procurement procedures, automated invoicing
- MMSMobile
- Interfaced with external accounting systems
- Interfaced with company's SPMS, FMS and Micros Points of Sale

POS

- Micros Integrated Points of Sale 9700 with signature capturing and passengers photos available at the point of sale
- FC Retail—Point of Sale system tailor-made for shop operation; integrated with MMS
- Meal Count System—graphical order display and reporting system to streamline galley operations; realtime information available: dietary requirements, photographs, age, nationality, whether a guest is on board or ashore, VIP and loyalty status etc.
- Integrated with Micros, SPMS, SilverWhere and MMS enabling: stock deduction, accurate tracking of meals, reduced food costs





Member profiles



AIDA Cruises



www.aida.de

In 1996 AIDA introduced to Germany the idea of a holiday at sea beyond the classic cruise, with no traditions or conventions. Cruising with the first 'club ship' was to be both active and casual.

AIDA now operates and markets cruise vacations to 160 destinations worldwide. Today's fleet consists of seven club ships with the eighth, *AIDA Sol*, due to be delivered in March 2011. In 2012 AIDA will operate nine cruise ships in destinations such as the Mediterranean, the Canaries, the North and Baltic seas, the Caribbean, Central and South America and Asia.

With a German-international concept, AIDA Cruises offers a tailor-made product for the German-speaking market on innovative and modern vessels. The AIDA business model is based on the careful and responsible use of all resources and its ships operate according to the highest international quality, safety and environmental standards.

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Michael Thamm, President
Jörg Eichler, Senior Vice President Marketing & Sales
Paul Soulsby, Senior Vice President & CFO
Michael Ungerer, Senior Vice President Operations

Fleet

Ship	Capacity	Tonnage
<i>AIDA cara</i>	1,180	38,557
<i>AIDA vita</i>	1,266	42,289
<i>AIDA aura</i>	1,266	42,289
<i>AIDA diva</i>	2,050	69,203
<i>AIDA bella</i>	2,050	69,203
<i>AIDA luna</i>	2,050	69,203
<i>AIDA blu</i>	2,192	71,304

Newbuildings

<i>AIDA Sol</i>	2,194	71,304	March 2011
Newbuilding	2,194	71,304	May 2012

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Azamara Club Cruises

www.AzamaraClubCruises.com



Azamara Club Cruises is a destination-immersive cruise line for up-market travelers who want to not only see the places and cultures they visit, but to live them. Our two intimate, 694-guest ships, *Azamara Journey* and *Azamara Quest*, offer a boutique European hotel ambience with extraordinary service, fine cuisine and wines from around the world, and wellness and vigor programs, all while sailing to a host of destinations larger ships can't reach. Azamara Club Cruises sails around the globe, with more overnight and late-night stays in every region.

Cruising with Azamara Club Cruises allows guests to not just see the destination, but to live it. Consider destinations like St. Tropez, or St. Petersburg, Russia. Experiencing them only by day isn't really experiencing them. With Azamara Club Cruises, our guests can because we are slowing down the ships, to include more overnight stays and late-night stays in the many captivating locations we visit around the world. Each Azamara cruise itinerary has been carefully considered to allow you to fully experience more of what the world has to offer. We visit over 152 destinations in over 71 countries, including many of the world's most exotic places you long to see. Our ships have been designed to bring you right into the heart of each port and our cruisetours will take you into the heart of the countryside.

And onboard, no aspect exemplifies and distinguishes Azamara Club Cruises like dining. We have assembled an award-winning culinary team that prides itself on the lengths they go to make every meal a special encounter. The careful selection of ingredients, meticulous preparation, the search for inspiration, and elegance of presentation are all practiced at the highest level. Guests will enjoy inclusive amenities such as boutique red and white wines with lunch and dinner, gratuities for housekeeping, dining and bar staff, and bottled water, sodas, and specialty coffees and teas in all areas of the ship. But most importantly, a warm and friendly staff will anticipate guests needs, pamper, yet never be intrusive.

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Azamara Club Cruises truly has a global presence with office locations throughout the world and a network of International Representatives (IRs) which canvas the countries of Africa, Asia, Europe, Latin America, and the Middle East.

Fleet

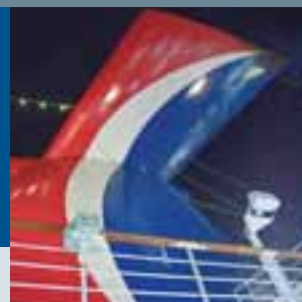
Ship	Launched*	Capacity
<i>Azamara Journey</i>	2007	700
<i>Azamara Quest</i>	2007	700

*Year entered service for Azamara Club Cruises



Carnival Cruise Lines

www.carnival.com



As the world's largest cruise companies, and one of the most innovative, Carnival Cruise Lines (a member of the Carnival Corporation) broke the mould of traditional cruising with the launch of its modern 'Fun Ships' some years ago. It now operates 23 'SuperLiners' on more than 40 mainly 3-7-night itineraries cruising from most major Florida ports, New York and California to the Caribbean, Mexico, Canada & New England and Alaska (from Seattle).

For summer 2011 the company will return to Europe, operating a new 3,646-passenger Fun Ship *Carnival Magic* on 7, 9 and 12-night Mediterranean cruises from Barcelona throughout the summer season.

Carnival Fun Ships are known for their relaxed and informal atmosphere, and the ships boast extensive amenities and activities to suit passengers of all types and all ages – including the state-of-the-art Cloud 9 Spa and fitness centres. Activities include a huge choice of sports alongside alternative activities such as wine tasting and quizzes/pool games. Dining ranges from elegant restaurants to informal bistros, oriental or Mexican cuisine, and a 24-hour pizzeria and round-the-clock room service for snacks. Many ships even have a sophisticated reservations-only steakhouse. Night-time entertainment is headed by spectacular Broadway-style stage shows performed in the three-tier theatre; more intimate interludes can be enjoyed in the cosy piano bars.

Camp Carnival, one of the best kids' clubs afloat, offers a free programme of daytime activities for youngsters aged 2-15 in four separate age groups – and onboard the latest Fun Ships there are even spectacular waterparks and slides.

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Joni Rein, VP Worldwide Sales
Justin French, Managing Director, International

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SENIOR OFFICERS – UNITED KINGDOM

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Wendy Lahmich, Head of Sales & Marketing, UK & Ireland

Ships and Tonnage

Name	Tonnage	Capacity	Entered Service
<i>Carnival Magic</i>	130,000	3,646	May '11
<i>Carnival Dream</i>	130,000	3,646	Sep '09
<i>Carnival Splendor</i>	113,000	3,006	July '08
<i>Carnival Freedom</i>	110,000	2,974	March '07
<i>Carnival Liberty</i>	110,000	2,974	July '05
<i>Carnival Valor</i>	110,000	2,974	Dec '04
<i>Carnival Miracle</i>	88,500	2,124	Feb '04
<i>Carnival Glory</i>	110,000	2,974	July '03
<i>Carnival Conquest</i>	110,000	2,974	Dec '02
<i>Carnival Legend</i>	88,500	2,124	Aug '02
<i>Carnival Pride</i>	88,500	2,124	2001
<i>Carnival Spirit</i>	88,500	2,124	2001
<i>Carnival Victory</i>	102,353	2,758	2000
<i>Carnival Triumph</i>	102,353	2,758	1999
<i>Elation</i>	70,367	2,040	1998
<i>Paradise</i>	70,367	2,040	1998
<i>Carnival Destiny</i>	101,353	2,642	1996
<i>Inspiration</i>	70,367	2,040	1996
<i>Imagination</i>	70,367	2,040	1995
<i>Fascination</i>	70,367	2,040	1994
<i>Sensation</i>	70,367	2,040	1993
<i>Ecstasy</i>	70,367	2,040	1991
<i>Fantasy</i>	70,367	2,040	1990

New ships on order

<i>Carnival Magic</i>	130,000	3,646	May 2011
<i>Carnival Breeze</i>	130,000	3,690	Spring 2012



Celebrity Cruises



www.CelebrityCruises.com

Celebrity Cruises is the world's highest-rated premium cruise line, and has one of the youngest and most innovative fleets of any major line. Since Celebrity's first sailing in 1990 it has been recognised as an industry leader, praised for providing friendly and engaging service, the exotic AquaSpaSM, gourmet cuisine, exciting entertainment, widely varied shore excursions and an overall atmosphere of easy elegance.

The recent introduction of Celebrity Cruises' new Solstice class of ships has reinforced Celebrity's position as an industry leader. It's only natural that Celebrity has followed the launch of its new ships with a new brand focus, 'Designed for you', and an announcement that it will 'Solsticise', or refit, the Millennium-class fleet with key Solstice-class elements over the next several years.

Cruises with Celebrity are designed for discerning cruisers, with modern, sophisticated environments, impeccable service, enriching and inspiring onboard programmes and world-class cuisine. The ultimate in premium cruising, Celebrity sails in Alaska, Bermuda, California, Canada/New England, the Caribbean, Europe, Hawaii, the Pacific Coast, Panama Canal and South America, and year-round in the Galapagos Islands. Celebrity also offers immersive cruisetour experiences in Alaska, Canada, Europe and South America.

As of 31 December 2010 Celebrity Cruises will operate 10 ships with two new Celebrity Solstice class ships *Silhouette* and an unnamed ship being introduced in Q3 2011 and Q4 2012 respectively. Its US\$3.7 billion investment in five stylish Solstice class ships between 2008 and 2012 represents the largest newbuild commitment for a single brand in industry history.

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Celebrity Cruises truly has a global presence with office locations throughout the world and a network of International Representatives (IRs) which canvas the countries of Africa, Asia, Europe, Latin America, and the Middle East.

Fleet

Ship	Launched	Capacity
<i>Unnamed</i>	2012	2,850
<i>Celebrity Silhouette</i>	2011	2,850
<i>Celebrity Eclipse</i>	2010	2,850
<i>Celebrity Equinox</i>	2009	2,850
<i>Celebrity Solstice</i>	2008	2,850
<i>Celebrity Constellation</i>	2002	2,050
<i>Celebrity Summit</i>	2001	2,050
<i>Celebrity Infinity</i>	2001	2,050
<i>Celebrity Millennium</i>	2000	2,050
<i>Celebrity Mercury</i>	1997	1,898
<i>Celebrity Century</i>	1995	1,800
<i>Celebrity Xpedition</i>	2004	100



Croisières de France

www.cdfcroisieresdefrance.com



Croisières de France (CDF) is owned by Royal Caribbean Cruises Ltd and is dedicated to the French-speaking market. Its aim is to develop and increase the cruise market in France and Francophone countries with an original concept.

CDF offers all-inclusive and French '*art de vivre*' cruise vacations. It features French ambience, French-speaking tour guides on shore excursions, high-quality food, and the kind of stateroom decorations and amenities that French people like.

The company began operations in May 2008 with *Bleu de France*, built in 1981 and totally remodelled in 2008 for a maximum of 752 passengers. The ship operates Mediterranean cruises from Marseilles during the spring, summer and autumn and repositions to Salvador de Bahia for Brazilian cruises in the winter.

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Fleet

Ship	Capacity	Tonnage
<i>Bleu de France</i>	748	37,301



Costa Cruises

www.costacruise.com



Costa Cruises is Europe's number-one cruise company. For over 60 years its ships have plied the seas of the world, offering the best in Italian style, hospitality and cuisine while providing dream holidays with the utmost in terms of fun and relaxation. Its fleet numbers 14 ships, all flying the Italian flag. Together they visit some 250 separate destinations each year in the Mediterranean, Northern Europe, the Baltic Sea, the Caribbean, South America, the UAE, the Far East, the Indian Ocean and the Red Sea. Two more new ships will be added by 2012.

Since 2004 Costa Cruises has been certified by RINA with the BEST4, an integrated system of voluntary certification including social accountability, environment, safety and quality. Costa Cruises is an official partner of WWF Italy for the protection of the Mediterranean Sea. All the ships in the Costa fleet have been assigned RINA's Green Star notation, based on the highest environmental protection standards, even stricter than the international MARPOL convention. Costa Cruises was the first cruise line in the world to install Repcet, a trial programme to record whale sightings. Since 2005 Costa Cruises has been collaborating with the Joint Research Centre of the European Commission for monitoring climate change in the Mediterranean. This commitment to safeguarding the environment and to Corporate Social Responsibility in general is reflected in Costa Cruises' Sustainability Report.

With revenues of some €2.6 billion and with 1.82 million guests in 2009, Costa Crociere S.p.A. is the largest Italian travel group; it comprises the brands Costa Cruises, AIDA Cruises and Iberocruceros. Costa Crociere S.p.A. is a member of Carnival Corporation.

Head office

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Officers

Alessandro Centrone, VP Corporate Human Resources
Giuseppe De Iaco, CIO & VP Corporate Information Technology
Antonio De Rosa, VP Cruise Operations
Marco Diodà, VP & Continuous Improvement
Pier Luigi Foschi, Chairman & CEO
Ernesto Gori, VP Quality Standards Compliance & Auditing
Fabrizia Greppi, VP Corporate Marketing and Communication
Matti Heikkinen, VP Technical Operations
Beniamino Maltese, VP and CFO Corporate Finance
Gianni Onorato, President

European offices

Costa Kreuzfahrten – Austria
Costa Kreuzfahrten GmbH – Switzerland
Costa Kreuzfahrten Niederlassung – Germany
Costa Cruises – UK
Costa Cruceros S.L. – Spain, Barcelona
Costa Cruceros S.L. – Spain, Madrid
Costa Croisières – France
Costa Cruises – Benelux
Costa Cruzeiros – Portugal

Rest of the world offices

Costa Cruzeiros – Brazil, Rio de Janeiro
Costa Cruzeiros – Brazil, San Paulo
Costa Cruceros S.A. – Argentina, Buenos Aires
Costa Cruises – Pacific Asia Operations, Hong Kong
Costa Cruises – China, Shanghai
Costa Cruise Lines N.V. – USA, Miami

Fleet

Ship	Launched	Capacity	Tonnage
<i>Costa Marina</i>	1990	1,000	25,600
<i>Costa Classica</i>	1991	1,680	53,000
<i>Costa Allegra</i>	1992	1,000	28,400
<i>Costa Romantica</i>	1993	1,697	53,000
<i>Costa Victoria</i>	1996	2,394	75,200
<i>Costa Atlantica</i>	2000	2,680	85,700
<i>Costa Mediterranea</i>	2003	2,680	85,700
<i>Costa Fortuna</i>	2003	3,470	102,600
<i>Costa Magica</i>	2004	3,470	102,600
<i>Costa Concordia</i>	2006	3,780	114,500
<i>Costa Serena</i>	2007	3,780	114,500
<i>Costa Luminosa</i>	2009	2,826	92,600
<i>Costa Pacifica</i>	2009	3,780	114,500
<i>Costa Deliziosa</i>	2010	2,826	92,600

Ships on order

<i>Costa Favolosa</i>	Summer 2011	3,780	114,500
<i>Costa Fascinosa</i>	Spring 2012	3,780	114,500



Cunard Line

www.cunard.co.uk



Cunard Line was formed in 1839 principally to carry the Royal Mail between the UK and North America, and in doing so inaugurated in 1840 the first timetabled steamship service across the Atlantic. But today's fleet is the youngest and most famous in the cruise industry – supported by one of the oldest names in shipping.

The fleet currently consists of flagship *Queen Mary 2*, which operates the only regularly scheduled transatlantic service, and *Queen Victoria*. The new *Queen Elizabeth* will join her sisters in October 2010. Cunard voyages include transatlantic crossings, the Mediterranean, Northern Europe, the Caribbean, Canada and New England as well as World Cruises – Cunard being the first to offer a World Cruise in 1922.

Head office

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Reservations: 0845 071 0300

Senior Officers

David Dingle, Chief Executive Officer, Carnival UK
Peter Shanks, President and Managing Director, Cunard Line

US Office

Jan Swartz, Executive Director, Sales, Marketing and Customer Service
Cunard Line
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Valencia, CA 91355
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Fleet

Ship	Tonnage	Capacity
<i>Queen Mary 2</i>	148,500	2,620
<i>Queen Victoria</i>	90,000	2,014

Ship on order

<i>Queen Elizabeth</i> (2010)	92,000	2,092
To be delivered October 2010		

Delphin Group



www.delphinkreuzfahrten.de

www.hansakreuzfahrten.de

The Hamburg-based Delphin Group owns two renowned German cruise brands, Delphin Kreuzfahrten and Hansa Kreuzfahrten. Both provide classic cruises for the German-speaking upper-middle-class market, with a major focus on a cosy and homely atmosphere onboard.

Delphin Voyager, *Princess Daphne* and *Delphin* are three charming small-sized ocean-going vessels. With experienced and service-minded crews they cruise the northern and southern hemisphere including expeditions to the Arctic and Antarctic waters and round-the-world trips. All three are thoroughly up to date and are further modernised in yearly shipyard checks. They are equipped with everything the discerning passenger could expect from a cruise vacation.

Sophisticated itineraries include visits to known and unknown places worldwide. Thanks to the vessels' compact sizes they can take their passengers to the loveliest places, with the best views. Two more business units of the privately owned Delphin Group ensure successful cruises right from the start: Conpart Hotelmanagement & Catering Service guarantees consistency and culinary competence aboard, and MTC (Marine Trade Consulting) ensures high standards in technical and security matters.

Hansa Kreuzfahrten | Delphin Kreuzfahrten

Deichstraße 9
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Heinz-Herbert Hey, Managing Director

Delphin Kreuzfahrten

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www.delphinkreuzfahrten.de

Hansa Kreuzfahrten

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www.hansakreuzfahrten.de

Fleet

Ship	Tonnage	Capacity
<i>MV Delphin Voyager</i>	23,287	590
<i>MV Delphin</i>	16,214	470
<i>MV Princess Daphne</i>	15,833	450

Disney Cruise Line

www.disneycruise.com



Disney's new ships – *Disney Dream* and *Disney Fantasy* – will follow the design of the original Disney Cruise Line ships, a modern interpretation of classic ocean liners of the 1930s. Disney Imagineers drew their inspiration from the original trans-Atlantic ships that featured a dramatic black hull with two funnels and porthole windows. The profile of the ships, with their gentle curves at the stern combined with sleek angles of the bow, are reminiscent of the art deco designs of the era. To add whimsy to the classic design, the Disney ships have the same exterior color palette as Mickey Mouse with black, white, red and yellow. The new ships will feature elegant, detailed Disney scrollwork at the bow and will evoke images of the glamour of the golden age of cruising.

The *Disney Dream*, scheduled to come online in 2011, will have several new notable innovations for guests. Virtual Portholes offer a "window" to the world with a real-time view outside the ship. High-definition cameras placed on the exterior of the ship feed live video to each Virtual Porthole. The live video feed corresponds to the stateroom location – with a view to port, starboard, forward or aft. As guests are observing the outside views, they may glimpse a magical surprise: animated characters, such as Peach the starfish from the Disney-Pixar film "Finding Nemo," that pop by the Virtual Porthole.

Enchanted Art immerses guests in Disney storytelling and looks like other hanging art pieces around the ship, but is actually a framed LCD screen with technology that recognizes a guest is present. A work of art first appears to be an animation cell from a Disney classic, then magically comes alive as a full screen masterpiece.

AquaDuck, a first-of-its-kind water coaster, is an exhilarating, high-speed thrill ride that combines all the ups and downs of a roller coaster with all the twists and turns of a water slide. Riders will zip through a translucent tube that twists over the side of the ship, giving them a jaw-dropping view of the ocean 150 feet below.

Head Office

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Lake Buena Vista, FL 32830-0299
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Email: DCL.Guest.Communications@disneycruise.com

Karl Holz, President, Disney Cruise Line
Celebration, Florida

Tom Wolber, Chief Operating Officer
London, England

Fleet

Ship	Capacity	Tonnage
<i>Disney Magic</i>	2,700	83,000
<i>Disney Wonder</i>	2,700	83,000

Ships on order

<i>Disney Dream</i>	4,000	128,000
Scheduled for 2011		
<i>Disney Fantasy</i>	4,000	128,000
Scheduled for 2012		

Sales/marketing offices (worldwide) – address and contact details for each including the name of the General Manager

Jeff James, Vice President, Sales
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Fred. Olsen Cruise Lines

www.fredolsencruises.co.uk



Fred. Olsen's four ships – *Balmoral*, *Braemar*, *Black Watch* and *Boudicca* – are all small by today's standards, with the largest carrying only 1,350 passengers. They offer a warm welcome with a friendly and relaxed atmosphere onboard, and many passengers cruise with the company time and time again.

These ships and cruises have great appeal to the 50-plus UK market, as the language onboard is English and prices are in Sterling. Cruises depart mostly from a variety of UK ports, although *Braemar* relocates to the Caribbean each autumn for a winter fly-cruise programme.

Itineraries range from popular European areas such as the Mediterranean, Baltic and Norway to the long-voyage routes – 'Around South America' and 'Around the World'. The compact size of Fred. Olsen ships makes them ideal for exploring some of nature's most wondrous sights, such as the scenery of the fjords and the Arctic, and tiny islands in the Pacific or Caribbean.

Onboard activities include *The Arts Club*, Fred. Olsen's programme of special-interest cruises which allows passengers to dip in or out of subjects as they choose. *Flagship Golf* offers up to four rounds of golf ashore during the cruise, plus a special programme of golfing and social activities for golfers and their partners.

Head office

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Senior officers

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Nigel Lingard, Marketing Director
Matt Grimes, Director of Planning and Logistics
Susana Entrena, Director of Hotel Operations
Peter Deer, Commercial Director
Richard Chilvers, Director of IT and Facilities
Kate Wooldridge, International Sales Manager

Fleet

Ship	Capacity	Tonnage
<i>Balmoral</i>	1,350	43,537
<i>Braemar</i>	929	24,344
<i>Boudicca</i>	856	28,388
<i>Black Watch</i>	804	28,613

Hapag-Lloyd Cruises

www.hl-cruises.com



Hapag-Lloyd Cruises is one of Germany's foremost providers of premium, luxury and expedition cruises. Today Hapag-Lloyd is a wholly owned subsidiary of TUI AG within the group's cruise ship division, but is functionally fully independent. TUI is Europe's leading travel group.

Hapag-Lloyd offers four ships with their own unique character, hundreds of destinations, onboard and land programmes and attractive travel combinations.

MS Europa, the flagship, is the only cruise liner to have been awarded the coveted 5-star plus distinction by the Berlitz Cruise Guide since its commissioning in 1999. *MS Hanseatic* (the only 5-star expedition ship) and *MS Bremen* (four stars) are both designed for travel in polar regions and for destinations 'off the beaten track', such as Antarctica, the Northwest Passage, the Amazon and the South Seas. *MS Columbus* is a 3-star plus ship with a relaxed onboard atmosphere, ideal for those embarking on their first cruise.

Since 2004 Hapag-Lloyd has increased its number of international cruises (German/English), which ensure that English-speaking passengers feel comfortable from the moment they step onboard. Travel documents as well as information, announcements, lectures and safety drills onboard are provided in both languages, and the entire crew is fluent in English.

Head Office

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Germany
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Booking information:

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Visitors address: Anckelmannsplatz 1, 20537 Hamburg
Company Register: Amtsgericht Hamburg HRB 90034

Executives

Sebastian Ahrens, Management spokesman
Dr. Wolfgang Flaegel

Press Contact

Negar Etminan, Head of PR and spokeswoman
Email: press@hlkf.de

Fleet

Ship	Capacity	Tonnage
<i>MS Europa</i>	408	28,890
<i>MS Hanseatic</i>	184	8,378
<i>MS Bremen</i>	164	6,752
<i>MS Columbus</i>	420	15,000

Holland America Line

www.hollandamerica.com



Holland America Line's fleet of 15 ships offers nearly 500 cruises to 320 ports in more than 100 countries, territories or dependencies; its two- to 108-day itineraries visit all seven continents. Highlights include Antarctica, South America, Australia/New Zealand and Asia voyages, a Grand World Voyage and popular sailings to ports in the Caribbean, Alaska, Mexico, Canada/New England, Europe and Panama Canal.

The company features Signature of Excellence enhancements across its fleet – a commitment totalling more than US\$525 million. It showcases the Culinary Arts Center, presented by *Food & Wine* magazine, a state-of-the-art onboard show kitchen in which more than 60 celebrated guest chefs and culinary experts provide cooking demonstrations and classes; Explorations Café powered by *The New York Times*; teens-only activity areas; and all-new stateroom amenities highlighted by flat-panel TVs and plush 'Mariner's Dream' beds.

The highest-rated premium cruise line in the world, Holland America Line is a member of the exclusive World's Leading Cruise Lines alliance, which includes Carnival Cruise Lines, Princess Cruises, Cunard Line, Seabourn Cruise Line and Costa Cruises. Sharing a passion to please each guest and a commitment to quality and value, these lines appeal to a wide range of lifestyles and budgets. The World's Leading Cruise Lines offer exciting and enriching cruise vacations to the world's most desirable destinations.

Headquarters

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Executives

Stein Kruse, President and CEO
Rick Meadows, Executive Vice President, Marketing, Sales, Guest Programs
Dan Gausz, Senior Vice President, Fleet
Paul Goodwin, Senior Vice President, On Board Revenue Services/ Tour Operations
Larry Calkins, Senior Vice President of Finance & Information Technology
Joe Slattery, Vice President, International Sales, Marketing & Planning

Fleet

Ship	Capacity	Tonnage
<i>Nieuw Amsterdam</i>	2,106	86,700
<i>Eurodam</i>	2,104	86,273
<i>Noordam</i>	1,918	82,318
<i>Westerdam</i>	1,916	82,348
<i>Oosterdam</i>	1,916	82,305
<i>Zuiderdam</i>	1,916	82,305
<i>Prinsendam</i>	835	37,983
<i>Amsterdam</i>	1,380	62,735
<i>Zaandam</i>	1,432	61,396
<i>Volendam</i>	1,432	61,214
<i>Rotterdam</i>	1,404	61,859
<i>Veendam</i>	1,350	57,092
<i>Ryndam</i>	1,206	55,819
<i>Maasdam</i>	1,258	55,575
<i>Statendam</i>	1,260	55,819

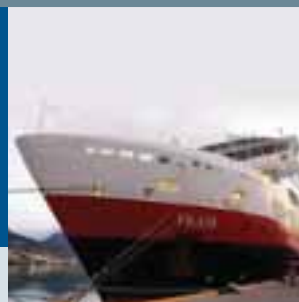
Sales/marketing offices

Netherlands Sales Office
Holland America Line
Postbus 23378
3001 KJ Rotterdam
The Netherlands
Tel: 0900-SAILHAL (0900-7245425)

United Kingdom
Holland America Line UK
5 Gainsford Street, London, SE1 2NE, United Kingdom
Tel: +44 845 351 0557 (Reservations)
Email: uksales@hollandamerica.com

Hurtigruten

www.hurtigruten.com



Hurtigruten is renowned for its comprehensive and adventurous voyages to some of the most beautiful, remote and dramatic coastlines on the planet. With 117 years of maritime experience and a fleet of 13 ships it offers voyages that go beyond the realms of other cruise lines, providing an opportunity to encounter incredible environments, wildlife and people.

Hurtigruten's ships have been an integral part of Norwegian coastal life for generations. They call at remote ports almost never visited by commercial liners, delivering goods and passengers to isolated communities lying amidst a backdrop of breathtaking scenery. Also offered are explorer cruises in the Antarctic and around Greenland and Spitsbergen.

Hurtigruten's other business activities include bus transportation, freight and ship chartering, and it has a limited portfolio of properties related to its operations.

Headquarters

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Senior Executives

Olav Fjell, Chief Executive Officer.
Torkild Torkildsen, Deputy Chief Executive Officer.
Glen Peter Hartridge, Head of Pricing & Revenue Management
Ole Frederik Hienn, Director Legal Affairs
Anders Olstad, Chief Financial Officer
Hans Rood, Sales Director
Dag Arne Wensel, Director Maritime & Technical Operations
Trond Overas, Product, Marketing & PR Director

Fleet

Name	Tonnage	Capacity
<i>MV Fram</i>	12,700	500
<i>MV Midnatsol</i>	16,151	1000
<i>MV Trollfjord</i>	16,140	822
<i>MV Finnmarken</i>	15,000	1000
<i>MV Nordnorge</i>	11,386	691
<i>MV Nordkapp</i>	11,386	691
<i>MV Polarlys</i>	11,341	737
<i>MV Nordlys</i>	11,204	691
<i>MV Richard With</i>	11,205	691
<i>MV Kong Harald</i>	11,204	691
<i>MV Vesteraalen</i>	6,261	560
<i>MV Lofoten</i>	2,621	400
<i>MV Nordstjernen</i>	2,191	400

Sales & Marketing Offices

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Fax: +49 4036 4177
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Kaspar Berens, Sales Director.

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Email: sales@hurtigruten.co.uk
Web: www.hurtigruten.co.uk
Kathryn Beadle, Sales & Marketing Director.

Iberocruceros

www.iberocruceros.es



The cruise company, owned by Costa Crociere S.p.A., specialises in offering a product with a decidedly Spanish style. Its new ship for 2010, *Grand Holiday*, brings its fleet to four with *Grand Mistral*, *Grand Voyager* and *Grand Celebration*.

The company has a team of 2,000 highly qualified professionals who work to offer passengers the highest level of comfort and enjoyment during their stay onboard. In 2010, in addition to the new ship, the company has added three new base ports (Vigo, Bilbao and Cadiz) to the existing two (Málaga and Barcelona). This makes Iberocruceros the shipping company with the most base ports in Spain.

Iberocruceros operates cruises with new and surprising itineraries, including Iceland and Greenland. And there is a new show onboard: from 2010 comedians from the famous and prestigious Comedy Club will perform on all the ships in the fleet.

Head Office

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Tel: +34 91 334 93 50
Reservations: 902 282221
Email: cruceros@iberocruceros.es

Senior Executives

Mario Martini, Chief Operating Officer
Alfredo Serrano, General Manager

Fleet

Ship	Capacity	Tonnage
<i>Grand Voyager</i>	836	25,000
<i>Grand Mistral</i>	1,700	48,200
<i>Grand Celebration</i>	1,896	47,626
<i>Grand Holiday</i>	1,848	46,052

Sales/Marketing Offices

Avenida de Burgos, 89. Planta 4ª. Edificio 3- Las Tablas
(Ciudad empresarial Adequa). 28050 Madrid. Spain

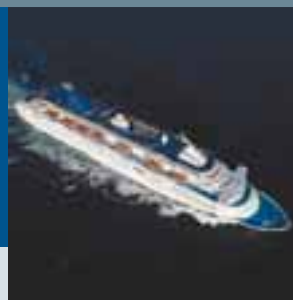
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Louis Cruises

www.louisdives.com



The Louis group, founded in 1935, started operating short cruises out of Limassol, Cyprus to the Eastern Mediterranean from the early '70s – a programme that is still in force. Louis Cruises was established as a brand in the mid '80s and has over the years evolved and expanded its cruise programmes.

Today, with a fleet of ten ships, Louis Cruises operates cruises from the ports of Piraeus, Genoa, Marseille and Limassol to destinations all over the Mediterranean, the Canary Islands and the Red and Black seas; and from the ports of Genoa and Marseille to the Western Mediterranean and North Africa as well as the Eastern Mediterranean. Louis Cruises also sails to the Aegean islands and the Eastern Mediterranean from Piraeus.

With more than 100 destinations on offer and 25 years of experience in international cruising, Louis Cruises meticulously prepares exciting and unique itineraries offering great value for money. It welcomes passengers to its home waters in the Mediterranean for a truly enjoyable onboard experience, sumptuous cuisine and warm service with a genuine smile, leaving them enriched with a Sea of Memories!

Head office

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Senior Officers

Costakis Loizou, Executive Chairman & CEO
Louis Loizou, Deputy CEO
George Paschalis, CFO
Captain George Koumpenas, Operations Director
Charis Papacharalambous, Sales & Marketing Director
Chris Theophilides, Business Development Director

Greece

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Pythagoras Nagos, Commercial Manager

Fleet

Ship	Capacity	Tonnage
<i>Louis Majesty</i>	1,464	40,876
<i>Louis Cristal</i>	960	25,611
<i>Orient Queen</i>	728	15,781
<i>Aquamarine</i>	1,050	23,149
<i>Coral</i>	748	14,194
<i>Calypso</i>	486	11,162
<i>Emerald</i>	1,000	26,428
<i>Sapphire</i>	576	12,263
<i>Thomson Spirit*</i>	1,254	33,930
<i>Thomson Destiny*</i>	1,450	37,773

*Chartered to Thomson Cruises of TUI Travel plc

United Kingdom

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Peter Adamou, Manager

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Pietro De Maestri, Sales Manager

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Ioannis Vassilakopoulos, Director



MSC Cruises

www.msccruises.com



Following several years of unprecedented growth, MSC Cruises currently operates a fleet of 11 ships, carrying 1.2 million passengers in 2010. It is a leader in the Mediterranean cruise market, sailing in the region throughout the year, as well as offering a wide range of seasonal itineraries in Northern Europe, the Atlantic Ocean, the Caribbean, North America and Canada, South America, the Indian Ocean and South and West Africa. The entirely family-owned company employs 12,000 staff around the world, and is present in 43 countries.

MSC believes that global leadership brings increased responsibility towards the physical and human environments in which the company operates. Its commitment to safeguarding the marine ecosystem, as well as protecting the health and safety of its passengers and staff, has earned numerous awards and certifications.

Embracing the philosophy of Corporate Social Responsibility still further, in July 2009 MSC Cruises launched an important partnership with UNICEF. The 'Get on board for children' project benefits disadvantaged children and adolescents in 126 vulnerable urban communities in Brazil by helping to ensure they receive a proper education.

MSC Cruises is proud of its Italian heritage, which is reflected in the company's reputation for sophisticated design and outstanding hospitality.

HQ address

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Senior officers

Pierfrancesco Vago, CEO
Giacomo Costa Ardissoni, CFO

Contacts

Achille Staiano, MSC Cruises Commercial Manager
International Market
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Fleet

Ship	Tonnage	Capacity
<i>MSC Magnifica</i>	95,128	2,518
<i>MSC Splendida</i>	137,936	3,274
<i>MSC Fantasia</i>	137,936	3,274
<i>MSC Poesia</i>	92,627	2,550
<i>MSC Orchestra</i>	92,409	2,550
<i>MSC Musica</i>	92,409	2,550
<i>MSC Opera</i>	59,058	1,712
<i>MSC Lirica</i>	59,058	1,560
<i>MSC Sinfonia</i>	58,625	1,554
<i>MSC Armonia</i>	58,625	1,554
<i>MSC Melody</i>	35,143	1,064

Ships on order

MSC Fantastica (Spring 2012)

European Sales/Marketing Offices

MSC Crociere - Naples, Italy
MSC Cruceros - Madrid, Spain
MSC Croisières - Paris, France
MSC Kreuzfahrten - Munich, Germany
MSC Cruzeros - Lisbon, Portugal
MSC Croisière/MSK Kreuzfahrten - Basel, Switzerland
MSC Kreuzfahrten - Wien, Austria
MSC Croisières/MSK Cruises Belux - Bruxelles, Belgium
MSC Cruises - Amsterdam, Netherland
MSC Cruises UK & Ireland - London, UK
MSC Cruises Sweden/Norway/Denmark - Stockholm, Sweden
MSC Krstarenja - Dubrovnik, Croatia
MSC Cruises - Istanbul, Turkey

Other World-wide offices

MSS Cruises - Johannesburg, South Africa
MSC Cruises USA & Canada - Fort Lauderdale, Fl., USA
MSC Cruzeros - Sao Paulo, Brasil
MSC Cruceros - Buenos Aires, Argentina
MSC Cruises - Sydney, Australia
MSC Cruises Asia - Hong Kong, China
MSC Cruises - Tokyo, Japan



Norwegian Cruise Line

www.ncl.com



Norwegian Cruise Line is the innovator in cruise travel with a 44-year history of extending the boundaries of traditional cruising – most notably with the introduction of Freestyle Cruising, which has revolutionised the industry by allowing guests more freedom and flexibility.

Today Norwegian has 11 purpose-built Freestyle Cruising ships, providing guests the opportunity to enjoy a relaxed cruise vacation on some of the newest and most contemporary ships at sea.

Norwegian's largest and most innovative Freestyle Cruising ship, *Norwegian Epic*, made its debut in June 2010.

Norwegian is the official cruise line of the creative organisation Blue Man Group, which performs for the first time at sea onboard *Norwegian Epic*. The line is also the official cruise line of Legends in Concert, Second City® Comedy Troupe, Howl at the Moon Dueling Pianos and Gibson Guitar; and also of Nickelodeon, the number-one entertainment brand for children. Cirque Dreams & Dinner is also featured onboard *Norwegian Epic* – the first show of its kind at sea under a big top.

Head office

7665 Corporate Center Drive, Miami, FL 33126
Tel: +1 305 436 4000
Tel: +1 866 234 7350

Senior Officers

Kevin Sheehan, Chief Executive Officer
Wendy Beck, Chief Financial Officer & Executive Vice President
Andy Stuart, Executive Vice President of Global Sales and Passenger Services
Bob Becker, Senior Vice President, Consumer Research
George Chesney, Senior Vice President, Human Resources
Vincent Cirel, Senior Vice President & Chief Information Officer
Dan Farkas, Senior Vice President & General Counsel
Howard Flanders, Senior Vice President of Finance and Treasurer
Mike Flesch, Senior Vice President, Hotel Operations
Crane Gladding, Senior Vice President, Revenue Management & Passenger Services
Maria Miller, Senior Vice President, Marketing
Dave Sprechman, Senior Vice President and Chief Accounting Officer

Fleet

Ship	Capacity	Tonnage
<i>Norwegian Epic</i>	4,100	155,873
<i>Norwegian Gem</i>	2,394	93,530
<i>Norwegian Pearl</i>	2,394	93,530
<i>Norwegian Jade</i>	2,402	93,558
<i>Norwegian Jewel</i>	2,376	93,502
<i>Pride Of America</i>	2,138	80,439
<i>Norwegian Dawn</i>	2,244	92,250
<i>Norwegian Star</i>	2,348	91,740
<i>Norwegian Sun</i>	1,936	78,309
<i>Norwegian Spirit</i>	2,018	75,338
<i>Norwegian Sky</i>	2,002	77,104

Sales/Marketing Offices

Miami Headquarters
7665 Corporate Center Drive, Miami, FL 33126
Kevin Sheehan, Chief Executive Officer

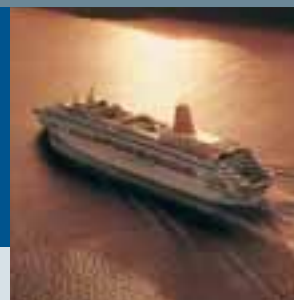
United Kingdom (London)
Horatio House, 77-85 Fulham Palace Road
Hammersmith, London, UK W68JA
Stephen Park, General Manager

Continental Europe (Germany)
Kreuzberger Ring 68
Wiesbaden, Hessen, Germany 65205
Michael Zengerle, General Manager



P&O Cruises

www.pocruises.co.uk



P&O Cruises can trace its roots back to 1837 when the Peninsular Steam Navigation Company was awarded the lucrative Admiralty contract to carry mail to the Iberian Peninsula and beyond. Today P&O Cruises combines innovation, professionalism and unrivalled experience on its fleet of seven ships dedicated to the British market.

Building on this wealth of knowledge and experience, *Azura* was launched in April 2010 – officially named by its ‘godmother’ Darcey Bussell CBE. A smaller ship, *Adonia*, will be added to the fleet in May 2011. P&O Cruises offers passengers the most stylish and contemporary holidays afloat; its destinations including the Caribbean, South America, Scandinavia, Mediterranean, Atlantic islands and round the world cruises.

Head office

P&O Cruises
Carnival UK
Carnival House, 100 Harbour Parade, Southampton,
Hampshire, SO15 1ST, United Kingdom
Tel: 0845 3 555 333
Email: poreservations@pocruises.com

Senior officers

David Dingle, Chief Executive Officer, Carnival UK
Carol Marlow, Managing Director, P&O Cruises

Fleet

Ship	Tonnage	Capacity
<i>Azura</i>	115,000	3,100
<i>Ventura</i>	115,000	3,078
<i>Oceana</i>	77,000	2,016
<i>Oriana</i>	69,000	1,828
<i>Aurora</i>	76,000	1,870
<i>Arcadia</i>	83,700	2,016
<i>Artemis</i>	46,000	1,200
<i>Adonia</i> (May 2011)	30,200	710

Phoenix Reisen

www.PhoenixReisen.com



Phoenix is a privately owned and managed company, founded in 1973 in Bonn, the former German capital. Although cruise holidays are the company's main business – it is the German market leader in Nile cruises – the company also offers beach vacations, roundtrips and special oriental programmes.

Phoenix is one of Germany's leading classic cruise operators/charterers. It has three seagoing vessels and 46 river cruise ships around the world. In 1988 Phoenix began operating the unforgettable *TS Maxim Gorki* to offer German style cruising throughout the world. From this one ship the fleet has gradually grown and now consists of an Albatros ship (*TS Albatros* from 1993 to 2004, *MV Albatros* from 2004), *MV Amadea* and *MV Alexander von Humboldt*. From 2011 *MV Artania* (ex *MVArtemis*) will join the fleet, replacing *MV Alexander von Humboldt*.

Cruising with Phoenix means classic manageable cruise ships, not mass market megaliners. Only German is spoken onboard. Cruises feature a very personal, familiar and casual atmosphere; modern balcony cabins, spa & wellness areas, production shows, open seating restaurants, excellent kitchen etc.; and a traditional cruise style with Captain's handshakes, Captain's Gala Dinner, lectures etc.

A Phoenix sea or river cruise offers excellent value for money with a variety of ship types and products for different demands and budgets. There are a high number of repeaters. The vessels are classic ships with a modern touch which operate worldwide including round-the-world-cruises each winter season. Phoenix means a traditional but casual cruise style combined with a large variety of itineraries – many off the beaten track.

Headquarters

Phoenix Reisen GmbH
Pfaelzer Str. 14
D-53111 Bonn
Germany
Tel: +49 (0228) 9260-55
Fax: +49 (0228) 9260-232

Senior Officers

Johannes Zurnieden, CEO
Jörg Kramer, CFO
Benjamin Krumpfen, COO
Michael Schulze, Director of Cruising

Fleet

Ship	Tonnage	Capacity
<i>MV Amadea</i>	29,000	600
<i>MV Albatros</i>	28,000	830
<i>MV Alexander von Humboldt</i>	15,000	470

46 river & coastal cruise ships under Phoenix Charter

New ships/acquisitions

<i>MV Artania</i>	44,500	1,200
May 2011, (P&O's <i>MV Artemis</i>)		

Princess Cruises

www.princess.com



One of the best-known names in cruising, Princess Cruises is a global cruise and tour company operating a fleet of 17 modern ships. They are renowned for their American-style luxury and innovative features including Movies under the Stars, The Sanctuary (an adults-only retreat) and a wide array of choices in dining, entertainment and amenities – all provided in an environment of exceptional customer service.

A recognised leader in worldwide cruising, Princess offers its passengers the opportunity to escape to more than 330 destinations around the globe, on all seven continents – more than any other cruise line. An award-winning company, Princess Cruises was most recently voted the Best Luxury Cruise Line 2009 at the British Travel Awards.

Head office

Princess Cruises
24305 Town Center Drive
Valencia
CA 91355-4999
United States
Tel: +1-800-PRINCESS (+1 800 774 6237)
Alan Buckelew, president and chief executive officer

Sales/Marketing Offices UK

Princess Cruises
Carnival UK
Carnival House, 100 Harbour Parade, Southampton,
Hampshire, SO15 1ST, United Kingdom
Tel: 0845 3 555 800
Email: enquiry@princesscruises.co.uk
Peter Shanks, UK Director

Fleet

Ship	Capacity	Tonnage
<i>Diamond Princess</i>	2,670	116,000
<i>Sapphire Princess</i>	2,670	116,000
<i>Ruby Princess</i>	3,080	113,000
<i>Crown Princess</i>	3,080	113,000
<i>Emerald Princess</i>	3,080	113,000
<i>Caribbean Princess</i>	3,110	113,000
<i>Grand Princess</i>	2,590	109,000
<i>Golden Princess</i>	2,590	109,000
<i>Star Princess</i>	2,590	109,000
<i>Coral Princess</i>	1,970	92,000
<i>Island Princess</i>	1,970	92,000
<i>Sea Princess</i>	1,950	77,000
<i>Sun Princess</i>	1,950	77,000
<i>Dawn Princess</i>	1,950	77,000
<i>Pacific Princess</i>	680	30,200
<i>Royal Princess</i>	680	30,200
<i>Ocean Princess</i>	680	30,200

Ships on order

Contracts to build two 3,600-passenger ships for Princess Cruises are scheduled to enter service in spring 2013 and spring 2014.

Pullmantur

www.pullmantur.es



Pullmantur is a leading Spanish tour operator and cruise company, founded in 1971, and is famous for introducing the 'all-inclusive' concept to cruising. Pullmantur is the cruise market leader in Spain with close to 50% of the market, and operates a modern fleet of six vessels with a daily passenger capacity of 12,000, cruising worldwide and visiting about 100 destinations.

The company offers a unique door-to-door flight service, operated by its in-house air travel division with a fleet of four Boeing 747-400s. Pullmantur Air provides charter flights to its European embarkation ports and long-haul flights between Spain and the Caribbean for the company's tour-operation division. Pullmantur also operates through satellite offices in Portugal and Mexico, and in France it has a subsidiary called Croisières de France (CDF), which is a brand targeted at the French contemporary cruise market with a 100% French all-inclusive cruising product.

Within its evolving Latin American growth strategy Pullmantur deploys five vessels with local embarkations in Brazil, Mexico, Colombia, Venezuela and Panama, and the company aims to be the most widely recognised brand in the Latin American region. Both Pullmantur and CDF have been Royal Caribbean International brands since 2006. They offer tremendous value positions in their respective markets and their ships deliver amazing vacations, offering award-winning service to almost a million guests each year.

Headquarters

Pullmantur Group
C/ Mahonia, N° 2, Planta 5ª
Edificio Pórtico
Campo de Las Naciones
28043 Madrid, Spain
Tel: +34 91 418 8700
Reservations: +34 902 24 00 70
Email: pullmantur@pullmantur.es

Gonzalo Chico Barbier, President & CEO
Ignacio Aguilera, Vice President and General Manager, Strategy, Business Development and International Markets
Pablo Alonso, Vice President and General Manager, Sales & Marketing
Andrés Molina, Chief Operations Officer
Antonio Díez Muro, Chief Financial Officer
Luis Avila, Director Legal Affairs & Secretary of the Board
José Luis de Arcenegui, Director Human Resources – Quality EFQM & Corporate Social Responsibility
Eric Davaille, Director Hotel Operations
Eduardo López, Puertas, Vice President Port, Bunker and Shore Services
José Luis Fernández, Director Information Technology & Business Processes
Enrique Bretos, Director & General Manager, Pullmantur Air
Montserrat Barriga, Director Internal Control
Maria José Yélamos, Director Customer Service

Fleet

Ship name	Capacity	Tonnage
<i>Sovereign</i>	2,322	73,529
<i>Empress</i>	1,607	48,563
<i>Pacific Dream</i>	1,442	47,427
<i>Zenith</i>	1,441	47,413
<i>Ocean Dream</i>	1,000	35,265

Sales/Marketing/Operations Offices

Pullmantur Portugal
Rua S.Tomas de Aquino No16, Loja 2
1600-871 Lisboa
Tel: +351.21.350.92.50
Email: portugal@pullmantur.pt
Website: www.pullmantur.pt
Agency Reservations: +351.21.350.92.50
Carlos Guarita, Country Manager

Pullmantur Malta
200 Old Bakery Street
VLT 1455 Valletta, Malta
Tel: +35.621.224.796
Malcolm Sammut, General Manager
Pullmantur also operates through a satellite office in Mexico

pullmantur

Royal Caribbean International

www.royalcaribbean.com



Royal Caribbean International is positioned at the upper end of the contemporary segment of the cruise vacation industry, though its quality enables it to attract consumers from the premium segment as well. This allows the company to achieve one of the broadest market coverages of any of the major cruise brands in the vacation industry.

As of 31 December 2010 Royal Caribbean will operate 22 ships with some 62,600 berths, offering cruise itineraries that range from two to 18 nights. Royal Caribbean offers a variety of itineraries to worldwide destinations including Alaska, Asia, Australia, Bermuda, Canada, the Caribbean, Europe, Hawaii, Latin America, the Middle East, the Panama Canal and New Zealand.

Royal Caribbean's strategy is to attract an array of vacationing consumers by providing a wide variety of itineraries and cruise lengths with multiple innovative options for onboard dining, entertainment and other activities. It offers a wide array of onboard services, amenities and activities, and has introduced many product innovations such as surf simulators, an interactive water park called the H2O Zone, 'Royal Promenades' which are boulevards with shopping, dining and entertainment venues, ice skating rinks, bungee jumping trampolines and rock climbing walls. Onboard its Oasis-class ships Royal Caribbean has introduced the new neighbourhood concept which consists of seven distinct themed areas including Central Park, a park open to the sky, and Boardwalk, an outdoor family-friendly area featuring a handcrafted carousel and an amphitheatre at sea known as AquaTheater.

Corporate office

Royal Caribbean International
Corporate Headquarters
1050 Caribbean Way, Miami, Florida USA
Tel: +1 305 539 6000
Richard D. Fain, Chairman and Chief Executive Officer
Adam M. Goldstein, President and Chief Executive Officer
Brian J. Rice, Executive Vice President and Chief Financial Officer
Michael Bayley, Executive Vice President, International
Harri U. Kulovaara, Executive Vice President, Maritime

Germany, Austria and Switzerland

Tel: +49 69 92007145
Tom Fecke, General Manager

Italy

Tel: +39 01054582203
Lina Mazzucco, General Manager

Norway, Sweden and Denmark

Tel: +47 22 51 37 83
Roar Meidal, General Manager

Spain

Tel: + 34 93 2703886
Belen Wanguemert, General Manager

United Kingdom

Tel: + 44 1932 834221
Dominic Paul, Vice President

International Representatives (IRs)

Rama Rebbapada, Regional Vice President IRs
Tel: +1 305 539 6000

Royal Caribbean International truly has a global presence with office locations throughout the world and a network of International Representatives (IRs) which canvas the countries of Africa, Asia, Europe, Latin America, and the Middle East.

Fleet

Ship	Launched	Capacity
<i>Allure of the Seas</i>	2010	5,400
<i>Oasis of the Seas</i>	2009	5,400
<i>Independence of the Seas</i>	2008	3,600
<i>Liberty of the Seas</i>	2007	3,600
<i>Freedom of the Seas</i>	2006	3,600
<i>Jewel of the Seas</i>	2004	2,100
<i>Mariner of the Seas</i>	2003	3,100
<i>Serenade of the Seas</i>	2003	2,100
<i>Navigator of the Seas</i>	2002	3,100
<i>Brilliance of the Seas</i>	2002	2,100
<i>Adventure of the Seas</i>	2001	3,100
<i>Radiance of the Seas</i>	2001	2,100
<i>Explorer of the Seas</i>	2000	3,100
<i>Voyager of the Seas</i>	1999	3,100
<i>Vision of the Seas</i>	1998	2,000
<i>Enchantment of the Seas</i>	1997	2,250
<i>Rhapsody of the Seas</i>	1997	2,000
<i>Grandeur of the Seas</i>	1996	1,950
<i>Splendour of the Seas</i>	1996	1,800
<i>Legend of the Seas</i>	1995	1,800
<i>Majesty of the Seas</i>	1992	2,350
<i>Monarch of the Seas</i>	1991	2,350



Royal Caribbean International

www.royalcaribbean.com



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Corporate office

Royal Caribbean International
Corporate Headquarters
1050 Caribbean Way, Miami, Florida USA
Tel: +1 305 539 6000
Richard D. Fain, Chairman and Chief Executive Officer
Adam M. Goldstein, President and Chief Executive Officer
Brian J. Rice, Executive Vice President and Chief Financial Officer
Michael Bayley, Executive Vice President, International
Harri U. Kulovaara, Executive Vice President, Maritime

Germany, Austria and Switzerland

Tel: +49 69 92007145
Tom Fecke, General Manager

Italy

Tel: +39 01054582203
Lina Mazzucco, General Manager

Norway, Sweden and Denmark

Tel: +47 22 51 37 83
Roar Meidal, General Manager

Spain

Tel: + 34 93 2703886
Belen Wanguemert, General Manager

United Kingdom

Tel: + 44 1932 834221
Dominic Paul, Vice President

International Representatives (IRs)

Rama Rebbapada, Regional Vice President IRs
Tel: +1 305 539 6000

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Fleet

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<i>Jewel of the Seas</i>	2004	2,100
<i>Mariner of the Seas</i>	2003	3,100
<i>Serenade of the Seas</i>	2003	2,100
<i>Navigator of the Seas</i>	2002	3,100
<i>Brilliance of the Seas</i>	2002	2,100
<i>Adventure of the Seas</i>	2001	3,100
<i>Radiance of the Seas</i>	2001	2,100
<i>Explorer of the Seas</i>	2000	3,100
<i>Voyager of the Seas</i>	1999	3,100
<i>Vision of the Seas</i>	1998	2,000
<i>Enchantment of the Seas</i>	1997	2,250
<i>Rhapsody of the Seas</i>	1997	2,000
<i>Grandeur of the Seas</i>	1996	1,950
<i>Splendour of the Seas</i>	1996	1,800
<i>Legend of the Seas</i>	1995	1,800
<i>Majesty of the Seas</i>	1992	2,350
<i>Monarch of the Seas</i>	1991	2,350



Saga Shipping Company

www.saga.co.uk/cruiseswww.spiritofadventure.co.uk

Saga has been operating its own fleet of cruise ships since 1997, and is unique in offering cruises exclusive to people aged 50 and over (although a travelling companion may be aged 40 and over). Saga currently has two ships – *Saga Ruby* (661 passengers) and *Saga Pearl II* (446 passengers).

Saga Ruby and *Saga Pearl II* are elegant ships which offer a traditional cruise experience enhanced by spacious cabins and public rooms, single-sitting dining and a high crew-to-passenger ratio.

Saga Pearl II joined the fleet in April 2010 after a multi-million pound refurbishment. She offers the same stylish surroundings and superb service that cruise goers have come to expect from our elegant ships, but with a smaller size that will offer a more relaxed and intimate atmosphere.

Sailings depart from and return to the UK with itineraries ranging from 4 to 110 nights in duration. Destinations include the Baltic and Norwegian Fjords, Mediterranean, Iceland, UK and Caribbean. In early 2011, *Saga Ruby* will embark on a full Round the World voyage. Meanwhile *Saga Pearl II* will embark on a Grand Voyage around the Caribbean and South America.

Spirit of Adventure

Spirit of Adventure offers a range of discovery cruises to interesting destinations aboard *MV Spirit of Adventure* (350 passengers) and is open to adults aged 21 and over.

The small size of *Spirit of Adventure* means she is more like a super-yacht than a super-liner, and she can reach destinations that are inaccessible to larger ships.

There is a choice of included tailor-made excursions at most ports and a range of informative lectures given by expert guest speakers reveal even more about the cultures, sights, wildlife and history of the places to be visited.

Spirit of Adventure offers a wide variety of cruises from the UK during summer months, with destinations ranging from the Baltic and Norwegian Fjords, Greenland, Iceland to around the British Isles. At other times of the year the ship visits far flung destinations such as Indonesia, Africa and Australasia, with flights included in the price of the cruise.

Headquarters

Saga Shipping
Enbrook Park
Sandgate
Folkestone
Kent CT20 3SE

Susan Hooper, Chief Executive, Acromas Travel
Robin Shaw, Chief Executive, Cruise Division of Acromas Travel

Spirit of Adventure and Saga Shipping Company Limited are divisions of the Acromas Group.

Fleet

Ship	Capacity	Tonnage
<i>Saga Pearl II</i>	446	18,591
<i>Saga Ruby</i>	661	24,492
<i>Spirit of Adventure</i>	352	9,570

Silversea Cruises

www.silversea.com



Silversea is a cruise company that reflects generations of maritime and travel experience. In the early 1990s the Lefebvre family of Rome, former owners of Sitmar Cruises, conceived and organised a unique cruise company with a pledge to build and operate the highest quality ships in the ultra-luxury segment. The name 'Silversea' was chosen because it connotes quality and luxury as well as capturing the romance and special sensations of the sea.

Silversea Cruises is recognised as an innovator in the luxury segment, offering guests large-ship amenities onboard its intimate, all-suite vessels: *Silver Cloud*, *Silver Wind*, *Silver Shadow*, *Silver Whisper* and *Silver Spirit* – all designed to offer an atmosphere of conviviality and casual elegance. And with the inclusion of the regal expedition ship *Prince Albert II* the company's itineraries encompass all seven continents.

Distinctive European styling is reflected in every detail, from uncompromising service to exquisite gourmet dining. Intimate spaces and well-travelled, international guests foster a welcoming onboard ambience in an all-inclusive environment. And in each fascinating destination Silversea provides access to exclusive explorations and enriching cultural connections.

Silversea caters to the cosmopolitan world traveller and maintains branch offices in the US, the UK, Australia and Singapore. The company's headquarters are in Monaco.

Corporate Office

Gildo Pastor Center
7, Rue du Gabian
98000 Monte Carlo
Phone: +377.9770.2424
Fax: +377.9770.2428

Manfredi Lefebvre D'Ovidio, Deputy Chairman
Enzo Visone, Executive Chairman
Kenneth Watson, Chief Operating Officer
Christian Sauleau, Executive Vice President, Fleet Operations
Alvarino Biasotti, Senior Vice President, Worldwide Financial Controller

Fleet

Ship	Capacity	Tonnage
<i>M/V Silver Cloud</i>	296	16,800
<i>M/V Silver Wind</i>	298	17,400
<i>M/V Silver Shadow</i>	382	28,258
<i>M/V Silver Whisper</i>	382	28,258
<i>M/V Silver Spirit</i>	540	36,000
<i>M/V Prince Albert II</i>	132	6,072

Sales/marketing offices

The Americas
Kenneth Watson
Chief Operating Officer
110 East Broward Blvd
Fort Lauderdale, FL 33301
Tel: +1 877 760 9052 or +1 954 522 2299
Fax: +1 954 356 5881

UK, Middle East, Egypt
Trudy Redfern,
Senior Vice President, Sales & Marketing
Managing Director, UK Office
77/ 79 Great Eastern Street
London EC2A 3HU
Tel: +44 844 770 9030
Fax: +44 844 770 9040

Continental and Northern Europe and new markets
Jerome Danglidis, Associate Vice President Marketing,
Continental Europe and New Markets
Gildo Pastor Center
7, Rue du Gabian
98000 Monte Carlo
Tel: +377 9770 2424
Fax: +377 9770 2428

Star Clippers

www.starclippers.com



In 1989 Swedish entrepreneur Mikael Krafft turned his boyhood dream into a reality when he founded Star Clippers, the only modern-day cruise line dedicated to re-creating the golden age of the tall sailing ships while providing passengers with a mega-yacht experience.

Meticulously researched down to the last detail, *Star Flyer* and *Star Clipper* entered service in the early 1990s as the tallest clipper ships ever built, with main masts rising 226ft and a maximum sailing speed of 17 knots. In July 2000 the twin sister-ships were joined by *Royal Clipper*, the line's flagship and the first fully rigged five-masted square-rigger since Preussen in 1902. Star Clippers recently announced plans to build another five-masted vessel for delivery in 2010.

Visiting ports untouched by larger cruise ships and offering passengers the activities, amenities and atmosphere of a private yacht, Star Clippers is recognised as one of the premier speciality cruise lines. Guests enjoy delectable cuisine in one unhurried sitting, and are pampered by services in a casually elegant atmosphere. Whether climbing the mast for a better view or relaxing in the net off the bow, guests step into a world where unique experiences abound and new adventures await.

During the winter and spring months both *Royal Clipper* and *Star Clipper* sail throughout the Caribbean and then reposition to the Mediterranean for the summer and fall seasons. *Star Flyer* sails up the Pacific Coast of Costa Rica in the winter and also repositions to the Mediterranean for the summer and fall seasons.

Head Office

Clipper Palace
4, rue de la Turbie
98000 Monaco
Tel: +377 97 97 84 00
Fax: +377 97 97 84 01
E-mail: info.monaco@starclippers.com

Senior Management

Mikael Krafft, President & Owner
Eric Krafft, vice-president
Jack Chatham, vice-president sales & marketing
Larry Haugh, vice-president sales
Capt. Farhat Shamim, vice-president marine operations

Brochure Request

Tel: +377 97 97 84 00 or www.starclippers.com

Fleet

Ship	Launched	Tonnage	Passengers	Crew
<i>Royal Clipper</i>	2000	5,000	227	106
<i>Star Clipper</i>	1992	2,298	170	72
<i>Star Flyer</i>	1991	2,298	170	72

Germany - SC Kreuzfahrten

Helmut Kutzner
Helmut.kutzner@starclippers.com

UK - Fred Olsen Travel

Alison Repoullos
alison.repoullos@fredolsentravel.co.uk

Austria - Klaus Holzmann

klaus.holzmann@starclippers.com

Benelux - Star Clippers

Olivia Van der Ghinst
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Italy, Spain & Portugal

Star Clippers
Laurence Ellena
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France - Star Clippers

Beatrice Frantz
beatrice.frantz@starclippers.com

Greece - Nereus Cruises

Mr Teris Tsafos
mail@nereusgroup.gr



Thomson Cruises/ Island Cruises

www.thomson.co.uk or www.islandcruises.com



Launched in 1996, Thomson Cruises has become one of the biggest cruise lines in the UK. The cruise arm of Thomson Holidays, it can offer an unbeatable range of regional flights, cruises and holidays. It flies from 21 UK airports and offers hotel add-ons in Majorca, Tenerife, Egypt, Turkey, Corfu, Cyprus and the Dominican Republic.

There are four ships in the Thomson Cruises fleet, visiting in the region of 100 ports. In the summer it is based in the Mediterranean, sailing from Majorca, Turkey and Corfu; in winter it cruises around the Caribbean, the Canaries and the Red Sea.

All ships come with the Thomson stamp of quality, which means good food, entertainment and service are guaranteed. It is the ultimate package holiday – everything from flights and food to tips and service charges are included in the price.

Island Cruises was launched in 2002 as the first UK company to bring the casual concept to cruise holidays. Today the Island Cruises brand stands alone as TUI Travel's casual cruise line. It's buffet dining as standard; there's no dress code and there are no set dining times – it's a great alternative to the more traditional cruise.

One of the benefits of being part of a large tour operator is being able to offer an extensive range of regional flights, as well as hotels for Cruise and Stay combination holidays.

Head office

Thomson Cruises
Wigmore House, Wigmore Lane, Luton, Bedfordshire
LU2 9TN, United Kingdom
Tel: +44 2476 282 828

David Selby, Managing Director
Maurice Kennedy, General Manager - Cruise Operations
Ian Corbett, Marketing Manager

Fleet

Ship	Tonnage	Capacity
<i>Thomson Dream</i>	55,000	1,506
<i>Thomson Destiny</i>	37,584	1,450
<i>Thomson Celebration</i>	33,930	1,250
<i>Thomson Spirit</i>	33,930	1,254
<i>Island Escape</i>	40,132	1,544

Sales

TUI Travel PLC
Wigmore House, Wigmore Lane, Luton, Bedfordshire
LU2 9TN, United Kingdom
Karen Doyle, General Manager Cruise Distribution

TUI Cruises

www.tuicruises.com



TUI Cruises is a joint venture of TUI AG and the globally operating cruise company Royal Caribbean Cruises Ltd. The company, formed in April 2008 and based in Hamburg, has been offering holidays at sea in the German-speaking market since May 2009.

Mein Schiff, the first ship of the fleet, focuses from bow to stern on relaxation and the feel-good factor. The premium all-inclusive concept is aimed above all at couples and families who value room to move, generous surroundings, high quality and individual service. The many restaurants, the 1,700sq m spa area, the personal Nespresso coffee machine in each cabin, spacious balconies and relaxation isles on the deck ensure that holidaying with TUI Cruises on *Mein Schiff* has a great effect on body and soul.

When *Mein Schiff 2* starts operating in May 2011 as the sister ship the fleet will provide a total of 3,836 berths.

Headquarters

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Frank Kuhlmann, CFO
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Nils Behrens, Director Marketing
Annette Engelke, Director Product Management & On-Board Services
Werner Englisch, Director Project Development
Katharina Rinne, Director Revenue Management & Pricing

TUI Switzerland

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TUI Austria

Rainer Wania
Leitung Reisebürovertrieb
rainer.wania@tui.at

Fleet details

Ship	Capacity	Tonnage
<i>Mein Schiff</i>	1,924	76,522

Ship acquisition

Mein Schiff 2



Associate members

AFRIMAR GROUP NORTH AFRICA • ASHCROFT & ASSOCIATES LIMITED • CRUISE BALTIC • CRUISE EUROPE • CRUISE NORWAY • CRUISES NEWS MEDIA GROUP, S.L. • DEERBERG-SYSTEMS GmbH • DUBAI CRUISE TERMINAL • DVB TRANSPORT (US) LLC • EUROYARDS EEIG • FIDELIO CRUISE • GP WILD (INTERNATIONAL) LIMITED / BREA • HAMWORTHY WATER SYSTEMS • HEPBURN BIO CARE (UK) LIMITED • HILL DICKINSON LLP • IRN RESEARCH • LLOYD'S REGISTER • LONDON CRUISE TERMINAL, PORT OF TILBURY LONDON LTD • MARITIME COMMUNICATIONS PARTNER AS (MCP) • MEDCRUISE • PASSENGER PORT ST PETERSBURG 'MARINE FAÇADE' • PORT OF DOVER • PORT OF TYNE AUTHORITY • SEACONSULT HAM GmbH • SEATRADE COMMUNICATIONS LIMITED • THOMAS MILLER P&I LIMITED • TURA TURIZM • V SHIPS LEISURE SAM • VISET MALTA PLC • WARTSILA CORPORATION • WEST OF ENGLAND INSURANCE SERVICES (LUXEMBOURG) SA.



Riga – the destination you will never forget!

Riga, the capital of the Republic of Latvia, has been shaped by its historical and cultural traditions for more than 800 years.

Visitors can admire architectural forms from Gothic to Modernism. This richness and variety of styles has been recognised by the United Nations and in 1997 the central part of Riga was included in the UNESCO list of world heritage sites on account of:

- One of the world's largest and best preserved assemblages of art nouveau buildings;
- Architecture that reflects periods of history from 1201 to the present day;
- Its unique collection of wooden structures.

Riga is an integral part of European culture, and for centuries the creative atmosphere of this magnificent Baltic capital has inspired composers, poets and artists. Riga has hundreds of attractions for visitors – its rich history, diverse architecture, spacious gardens and parks, museums, art galleries and world-class opera – as well as a

wonderful shopping experience at its enormous picturesque central market, and exceptional wining and dining at a cosy cafés and exquisite restaurants.

It is impossible not to fall in love with Riga. It provides inspiration for everyone: art lovers, music fans, mature professionals and the young at heart – anyone who is eager to experience the new and the beautiful.

CRUISE STATISTICS

The cruise season peaks in the summer months. Every year from May to September more and more passengers are attracted from all over the world, and cruise passengers are visiting Riga in growing numbers. In 2009 there were 88 cruise ship visits, and nearly 70,000 cruise passengers disembarked at the port. These figures represented a 16% increase in the number of calls, and a massive 38% growth in the number of passengers.

Cruise ship passengers from 52 different countries arrived in Riga during 2009. Visitors came mainly from Sweden, Germany, the UK and Spain, but Finland,

the US, Italy, France and Austria were also well represented.

Every year new cruise ships discover the delights of the port of Riga for the first time. During 2009 these included *Costa Magic*, *Costa Luminosa*, *Costa Mediterranea*, *Tahitian Princess*, *Thomson Spirit*, *Asuka II*, *Baltic Princess*, *Artemis*, *Boudicca*, *Birka Paradise*, *Princess Daphne* and *MSC Opera*.



CRUISE SHIP ACCOMMODATION

Open: 24 hours a day

Number of berths: 4

Total quay length: 900m

Depth at quay: 8m

Maximum vessel length: 310m

DISTANCES

To the city centre: 1.4km

To the airport: 13km

CONTACT DETAILS

Freeport of Riga Authority

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Telephone: +371 67 030 800

Fax: +371 67 030 835

E-mail: info@rop.lv

Website: www.rop.lv



FREEPORT OF RIGA AUTHORITY





Delivering memorable holidays for all generations

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