

CRUISE TOURISM REPORT

On 15 January 2008 Conservation International, Cozumel's Department of Tourism and the Florida-Caribbean Cruise Association witnessed the culmination of their 12-month partnership with the signing of a groundbreaking conservation agreement by cruise industry leaders representing government, private sector, civil society, and cruise lines as part of the Mesoamerican Reef Tourism Initiative (MARTI). By facilitating this agreement the partners set into motion, for the first time ever, a major environmental initiative that will help preserve some of the most endangered biodiversity on the planet living in the world's most visited cruise destination: Cozumel, Mexico.

In 2006, the island had 1,058 cruise ship dockings, which brought approximately 2.6 million cruise ship visitors to Cozumel. On peak days, the island receives up to nine cruise ships, which can bring more than 10,000 visitors to the island in one day. The rapid growth in cruise tourism has put greater pressure on environmental resources.

The agreement provides a framework to facilitate the sustainability of cruise tourism in Cozumel through concerted action by agreeing to work together to:

Enhance environmental awareness and education of cruise ship passengers, tour operators, service providers and the local community

Improve island management of tourism infrastructure, including improving island traffic and waste management

Fostering increased protection for Cozumel's reef system

Promoting consistent application and enforcement of laws and regulation

These lines of action emerged from a series of focus groups and a multi-stakeholder workshop that brought together more than 80 cruise industry leaders to define high priority environmental issues related to cruise visitation, and reach consensus on collaborative actions for addressing them. This participatory planning process for the cruise industry is the first of its kind in the region – and perhaps the world – making Cozumel a pioneer cruise destination in demonstrating its commitment to protecting its natural attractions and biodiversity.

Cruise industry leaders formed a multi-sector Destination Stewardship Working Group through which they will collaborate to implement the commitments outlined in the conservation agreement. At the time of writing, this Working Group had implemented three easy projects that are already demonstrating tangible improvements:

A newly produced 30-second educational video is shown to passengers onboard cruise ships encouraging them to leave a light footprint

A photo exhibition highlighting Cozumel's most pristine areas is displayed near piers and shopping areas

A recycling campaign is now offered on board all tour boats and offices of onshore service providers

Next steps include continuing to develop the environmental education campaign, not only for cruise ship passengers, but also for service providers and the local community. It is estimated that Cozumel's destination-level Cruise Passenger Education Campaign will reach more than 500,000 cruise visitors over the next six months.

This is a laudable initiative but is it generally indicative of the cruise ship tourism industry becoming more environmentally responsible or simply just greenwashing?

It is eight years since I wrote my last report for the Lighthouse Foundation. At this time there was a paucity of studies and little academic literature on the subject but the intervening years have seen a plethora of articles, reports, books, campaigns and websites appearing. Amongst the most informative have been the first comprehensive academic book* to raise awareness of cruise tourism edited by Ross Dowling and two popular books** written by Ross Klein who teaches in the School of Social Work at Memorial University of Newfoundland.

* *Cruise Ship Tourism*, 2006, CABI [HYPERLINK "http://www.cabi.org"](http://www.cabi.org)
<http://www.cabi.org>

***Cruise Ship Blues - The Underside of the Cruise Industry*, 2002, and *Cruise Ship Squeeze – The New Pirates of the Seven Seas*, 2005, New Society Publishers

Klein also maintains two websites [HYPERLINK "http://www.cruisejunkie.com"](http://www.cruisejunkie.com) <http://www.cruisejunkie.com> and [HYPERLINK "http://www.cruiseresearch.org"](http://www.cruiseresearch.org) <http://www.cruiseresearch.org> which have numerous resources including an 'Events at Sea' list which contains details of illness, cruise cancellations, suicides, passenger overboard, propulsion problems, environmental incidents, health issues as well as many others. Between January 2002 and December 2007, well over one thousand such events have been recorded which are usefully broken down by cruise line and by ship.

The research book *Cruise Ship Tourism* has 50 contributing authors including the

editor and is organized in five parts. Part I introduces the industry and some of its underpinning aspects, including examination of cruising from geographical, industrial and cultural perspectives. It is completed by an investigation of policy issues, based on the case of Bermuda. **[See appendix 1]** Part II focuses on the insatiable demand for cruising, including examination of passengers' perceptions of value, trends in the North American market, and passenger expectations and activities. Part III explores the supply side of cruising including cruise destinations and products with examples from around the world. Part IV explores the industry's interactions with the economic, social and natural environments. Part V, the final section, investigates a selection of a number of industry issues, before the book is brought to a close by a brief discussion of the future of the industry.

The following are some direct quotes and tables that stand out from the excellent introductory and concluding chapters written by the editor which are expanded upon in considerable detail by other authors in this 441 page book.

Today cruise ships are not viewed as a means of transport but as floating resorts. According to the World Tourism Organization the accommodation and related resort facilities comprise 75% of the ship with the remainder devoted to its operations.

Cruise companies are increasingly promoting and positioning their brand names to enable customers to identify products as competition grows.

The growth of cruise tourism is phenomenal. The revival of cruising has taken place in the last four decades, and today it forms a small but growing part in the global tourism industry. Cruise tourism is a niche form or type of tourism. In regard to its size within the industry, cruise ships account for only 0.6% of the hotel beds offered worldwide.

In a bid to outdo each other cruise companies are investing in the 'biggest', 'grandest', 'first', such as the first wedding chapel, ice rink, in-line skating track or rock-climbing wall.

Tables

Worldwide cruise demand

Worldwide cruise demand

<u>Year</u>	<u>Number (mill.)</u>
1995	5.67
2000	9.61
2006	16.00 (est)

Average age of cruisers

<u>Year</u>	<u>Age</u>
1995	65
2000	55
2006	45

Cruise market segments

<u>Type</u>	<u>%</u>
New baby boomers	33
Regular baby boomers	20
Demanding buyers	16
Luxury lovers	14
Explorers	11
<u>Ship enthusiasts</u>	<u>6</u>
Total	100

Cruise ship categories

Type	GRT (1000 t)	Passengers
Boutique	1-5	<200
Small	5-25	200-500
Mid	25-50	500-1200
Large	50-100	1200-2400
Mega	100-150	2400-4000

Major cruise corporations

Parent Group	Ships	Cruise lines
Carnival Corporation	70	11
Royal Caribbean Cruises	27	2
Star Cruises Group	19	4

Major cruise destinations

Rank	Destination	%
1	Caribbean	46
2	Mediterranean	11
3	Alaska	9
4	Northern Europe	8
5	West Mexico	6
5	Panama Canal	6
7	South Pacific	2
7	South America	2
9	Other	10
Total		100

The tourism industry impacts both positively and negatively on the economic, socio-cultural and natural environments. The cruise industry is no exception, and for such a small niche its impacts are disproportionate to its size. First, it has a considerable economic impact. For example, the US cruise industry generates more than 450,000 jobs accounting for US\$15 billion in wages and billions of dollars in the purchase of goods and services. Second, the industry also impacts on local government revenues and expenditures. Revenues earned by local governments from the cruise industry may be made up from:

sales taxes generated by local governments as a result of local spending by cruise ship passengers, crew and from cruise lines directly;
transient room taxes paid by cruise passengers;

revenues from fees paid by cruise lines and cruise passengers including docking fees, littering fees and other port charges;
garbage disposal fees and charges for water sales;
passenger fees including admissions and payments for medical services;
tax payments made by businesses selling goods and services to cruise visitors or sales taxes paid by business;
local purchases in support of their business operations;
secondary or indirect tax revenues (such as sales and property tax payments) made by employees (and their dependants) of the cruise industry.

In the past cruise ships were sold as ‘all-inclusive vacations’ but today that has changed and given way to a ‘user-pays’ situation. This means on-board revenue centres that include optional ‘extra-tariff’ restaurants and food outlets, mini bars, recreational activities and same-day newspapers. Onshore revenue generators include land-based tours and shopping programmes.

The industry has also been successful in reducing costs with savings having been achieved through consolidation and mergers. Cruise lines have also maintained their profitability by keeping labour costs low, by cutting unnecessary costs (such as use of bunker fuels rather than fuels that are more environmentally ‘green’) and by gaining concessions and incentives from ports.

There is growing evidence that the cruise tourism product provides tourists with an impoverished experience and leaves local communities disempowered and underpaid. Whereas in the past, tourists in the Caribbean would spend at least a few days and nights in an island hotel and have at least some encounters with island people and places, now most visitors are cruisers visiting individual islands for only a few hours at best, and often not even that as cruise companies discourage tourists from going ashore.

The International Transport Workers Federation allege that crew members are underpaid and have few rights – a situation it notes that has not changed for decades.

Since cruise ships are typically registered in ‘flags of convenience’ countries and spend most of their time in international waters, they are relative free from the laws of any particular nation and only slightly affected by international regulations.

The cruise industry faces a number of key environmental challenges related to its activities and operations in the world’s oceans, particularly in and around priority conservation areas. The International Maritime Organization (IMO) has recognized

this by designating particularly sensitive sea areas (PSSAs). There are currently eleven designated PSSAs whose guidelines place an obligation on all IMO member governments to ensure that ships flying their flag comply with the associated protective measures adopted to protect the PSSAs.

The following PSSAs have been designated:

-	the Great Barrier Reef, Australia (designated a PSSA in 1990)
-	the Sabana-Camagüey Archipelago in Cuba (1997)
-	Malpelo Island, Colombia (2002)
-	the sea around the Florida Keys, United States (2002)
-	the Wadden Sea, Denmark, Germany, Netherlands (2002)
-	Paracas National Reserve, Peru (2003)
-	Western European Waters (2004)
-	Extension of the existing Great Barrier Reef PSSA to include the Torres Strait (proposed by Australia and Papua New Guinea) (2005)
-	Canary Islands, Spain (2005)
-	the Galapagos Archipelago, Ecuador (2005)
-	the Baltic Sea area, Denmark, Estonia, Finland, Germany, Latvia, Lithuania, Poland and Sweden (2005)

The MARPOL Convention specifies the use of three complementary techniques to manage garbage: source reduction, recycling and disposal. A cruise vessel can either process material and discharge it in concert with MARPOL requirements or store it for discharge at ports for landfill, incineration or recycling.

In the preface to this book, the editor’s stated belief “is that the cruise industry can provide a number of benefits to governments, businesses, tourists and host communities. But this synergy will only be attained through increased knowledge, appropriate planning, sensitive development and active management. This is what this book is all about. The underpinning base of the approach to the subject is embedded firmly in my belief that cruise tourism is an exciting venture based on the twin goals of fostering client satisfaction alongside economic development. **Of course the key question really is: economic development for whom – the cruise companies or the multitude of stakeholders involved in this far-reaching industry?**”

The jury is still out on this question but the available evidence would seem to suggest that the economic value of cruise tourism remains under dispute, especially for Caribbean destinations, and the socio-cultural effects on this region are largely judged to be negative by those affected. **[See appendix 2]** Overall, there is nothing to dissuade my (personal) opinion that cruise companies are still hell bent on making a massive profit at all costs [the North American cruise industry alone

earned more than \$2.5 billion in net profit in 2004] and their multifarious socio-economic and environmental impacts are only just marginally curtailed through the various campaign activities of groups like:

Bluewater Network

HYPERLINK

"http://www.bluewaternet.org/campaign_ss_cruises.shtml"

http://www.bluewaternet.org/campaign_ss_cruises.shtml

Campaign to Safeguard America's Waters

HYPERLINK

"<http://www.earthisland.org/project/reportPage2.cfm?reportContentID=113&subSiteID=6&pageID=174>"

<http://www.earthisland.org/project/reportPage2.cfm?reportContentID=113&subSiteID=6&pageID=174>

Ocean Conservancy

HYPERLINK

"http://www.oceanconservancy.org/site/PageServer?pagename=issues_ships"

http://www.oceanconservancy.org/site/PageServer?pagename=issues_ships

Oceana **HYPERLINK** "<http://www.oceana.org/north-america/what-we-do/stop-cruise-ship-pollution/>"

<http://www.oceana.org/north-america/what-we-do/stop-cruise-ship-pollution/>

The Hawaiian Environmental Alliance - KAHEA

HYPERLINK "<http://www.kahea.org/cruiseships/>"

<http://www.kahea.org/cruiseships/>

Probably one of the most telling statements in this book is one author's suggestion: 'It may well be that the industry's freedom from meaningful regulation has peaked, and that a combination of grass-roots pressure, port state control and a strengthening of global regulatory regimes may gradually enforce a "meaningful link" between flag states and their ships, limit the freedom of offshore financial centres, strengthen the conventions not only of the IMO but also of the International Labour Organization (ILO) and force the industry to cooperate more meaningfully in regional development efforts'.

Sweating and Wayne (Chapter 30 in *Cruise Ship Tourism* – see attachment 1)

argue that there is significant potential for widespread adverse environmental impacts from mishandled waste and pollutants or poorly planned and implemented management processes. Although the major cruise lines have made progress in addressing and mitigating these impacts, there is still work to be done to fully minimize the effect of cruising on the natural environment.

At the end of this chapter, reference is made to the cruise industry having taken a leadership position on 10 December 2003 with the creation of the Ocean Conservation and Tourism Alliance (OCTA) – a joint initiative between the International Council of Cruise Lines (ICCL) and Conservation International (CI) – **see attachment 2**. This partnership is focusing on the protection of biodiversity in top cruise destinations and the promotion of science-based industry practices to minimize the cruise industry’s environmental impact. Amongst OCTA projects is the one on Cozumel referred to at the start of my report – **see attachment 3**. For additional perspective on the challenges of cruise tourism facing Cozumel – **see attachment 4**.

In March 2004, OCTA was reported as lacking substance and specific commitments according to a coalition of 30 environmental groups (including Bluewater Network and Oceana) who are also tackling cruise ship pollution – **see attachment 5**. A letter from this coalition charges “The collaboration appears to be a way for a polluting industry suffering from the spotlight of public disapproval to deflect mounting pressure to adopt better waste treatment systems and stricter standards for discharges.”

So what are members of this coalition advocating instead. All have been urging the industry and cruise companies to show real support for environmental improvements by supporting the Clean Cruise Ship Act of 2005 that has not yet been enacted by Congress – **see attachment 6**.

The key issues as perceived by the Bluewater Network are succinctly summarised in a short report – **see attachment 7** and in greater detail by the CRS Report for Congress in June 2007 – **see attachment 8**.

In December 2007 the long-overdue *Draft Cruise Ship Discharge Assessment Report* was released by the U.S. Environmental Protection Agency – **see attachment 9** and

HYPERLINK

"http://www.epa.gov/owow/oceans/cruise_ships/disch_assess_draft.html"

http://www.epa.gov/owow/oceans/cruise_ships/disch_assess_draft.html

The comment period has been extended to February 19 2008.

This report found that cruise ships routinely dump poorly treated sewage and highly contaminated raw graywater into harbours and coastal waters. These discharges contain concentrations of bacteria, chlorine, nutrients, metals and other pollutants that often far exceed federal effluent and water quality standards and are harmful to human health and the marine environment.

The Bluewater Network say this report shows that cruise ship dumping is out of control and is only getting worse with more ships and more passengers. Whilst the EPA has provided detailed pollution data, it has offered no solutions. Nevertheless, here's all the evidence that Congress now needs to step in to ban cruise ship dumping close to shore and in sanctuaries – and require best treatment everywhere else.

Klein, in a recent report – **see attachment 10**, concludes very realistically:

“It appears that the cruise industry, no matter what its environmental practices, has the money needed to buy an image, to buy positive media visibility (and limit negative media attention), and to influence politicians and government decision-making. The cruise industry is sophisticated in its strategies and has effectively shaped the debate, defined the issues, and placed environmental groups in positions where they appear inept or impotent. Thus far, use of the judicial system has been the only arena in which environmental interests have had a fair and relatively unbiased hearing. But legal cases take money, and the cruise industry with its billions in profits has much deeper pockets.

“The environmental movement, in contrast, has shown much less sophistication. Except for local groups, which have had a degree of success on the local level, most of the national organizations lack an appreciation for the depth of the cruise industry's political, business, and social connections and the social capital accrued. They are often naïve about the political force being confronted. The current effort to introduce and enact the Clean Cruise Ship Act of 2004 is an excellent example. While many person hours were devoted to collaboration between environmental organizations, and between these organizations and the sponsors in the U.S. Congress, relatively little attention was given to amassing the social capital needed to push the legislation. Even more salient is that many of these organizations lack an in depth understanding of the way the cruise industry and its partners operate. They are unaware of which members of Congress have been liberally supported and the nature of the support. They also lack cognisance of the tentacles of the cruise industry and its full range of influence. Without this appreciation, environmental groups risk being co-opted, or only succeed in efforts on which the

cruise industry wants them to succeed.”

In the concluding chapter of his book *Cruise Ship Squeeze* – **see attachment 11**, Klein gives his prognosis for the future of the cruise industry as one of continued expansion and growth, expands on the prospects for positive change, and advances four other projections. Like him, I believe there are several factors that appear important for increasing likelihood of success for environmental activists. Building coalitions is high on the list – activists need to work cooperatively rather than engaging in turf wars or worrying about who is going to get credit. They need to increase their own social capital if they are to effectively confront the cruise industry. Building a strong grassroots base is of key importance. They should also take a page out of the cruise industry’s book of strategies. Use the media, play to and lobby politicians and political parties, and conduct and publish scientific studies or position papers supporting what they espouse. Each alone has limited impact, but a multi-pronged strategy using a broad base of coalitions and grassroots activity will increase the chances for success.

APPENDICES

1) BERMUDA

I have enclosed a copy of this book chapter. Since it was written, it is interesting to note that the Bermuda Government has now struck a new 10-year deal with Norwegian Cruise Line to accommodate mega cruise ships with all the associated problems they bring. These concerns are further outlined from copy derived from a local website.

2) CARIBBEAN

I have enclosed three relevant chapters from the Dowling book plus a selection of recent press articles. In addition, the Center on Ecotourism and Sustainable Development has produced a series of cruise tourism impact studies for several Central American countries that you may find interesting.

3) HAWAII

Some very recent articles enclosed about the economic impact of Norwegian Cruise Line decision to remove two of its cruise ships from calling at Hawaii.

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