



Seatrade Cruise News

Survey of Worldwide Cruise Ports

SURVEY OF WORLDWIDE CRUISE PORTS (DECEMBER 2018)

The pace of the LNG revolution in cruising has accelerated over the past three years, according to the latest Seatrade Cruise News Survey of Cruise Ports which was carried out last month (November). The first such survey took place in 2015 and, since then, many more ports have made plans to supply visiting or homeporting cruise ships with the new, more environmentally-friendly fuel. This has not, though, reduced the continued pressure for ports to provide the option for ships to plug into shore power installations.

Another key development highlighted in the survey is the imposition by an increasing number of ports of restrictions on the number of cruise calls and cruise visitors. This has been prompted by fears of congestion in certain popular cruise destinations, although some ports believe that cruising is being unfairly scapegoated for what is now more commonly termed "overtourism".

The report also contains data on cruise port views on:

- Likely growth in cruise traffic
- Support for – and opposition to – the sector from local port communities and tourism organisations
- The long-term commitment (or otherwise) of cruise lines to individual ports and destinations
- Increasing or decreasing pressure from cruise lines for lower port fees



PORTS COMMIT TO LNG

European ports are embracing the LNG cruise ship revolution with 60% of those participating in the second Seatrade survey* of global cruise ports reporting plans to provide the fuel within their facilities.

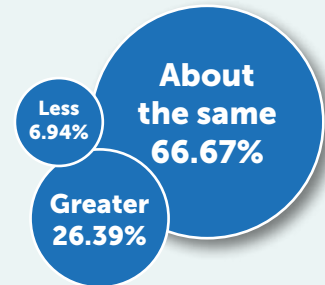
The first survey took place in 2015, which was the same year that Carnival Corporation placed the industry's first LNG ship orders. At the time, just over half (51.5%) the global ports surveyed already had plans to invest in supplying LNG. But, with other companies quickly following the Carnival lead so that 21 LNG-powered ships are currently due to join the global fleet, more ports are committing to the new fuel with those located in Northern Europe and across the Mediterranean leading the way.

In the latest survey, the share of global ports with LNG plans has risen to more than 57% with that for Euro-Med ports now standing just short of 60%. In addition, the proportion of those across the whole survey which already offer LNG has risen from 7% to 9.5%.

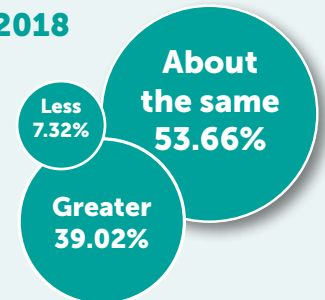
As well as the perceived commercial imperative to add LNG-provision to their services, other external pressures may also be playing a part in these decisions as the survey also highlights a significant rise in local demands (from community and political groups) for them to introduce shore power for visiting ships.

Is the local pressure for your port to introduce shore power becoming...

2015

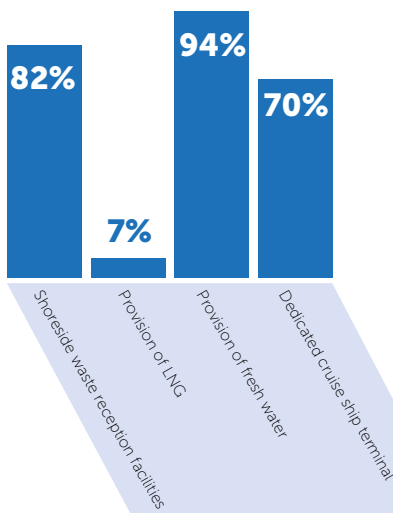


2018

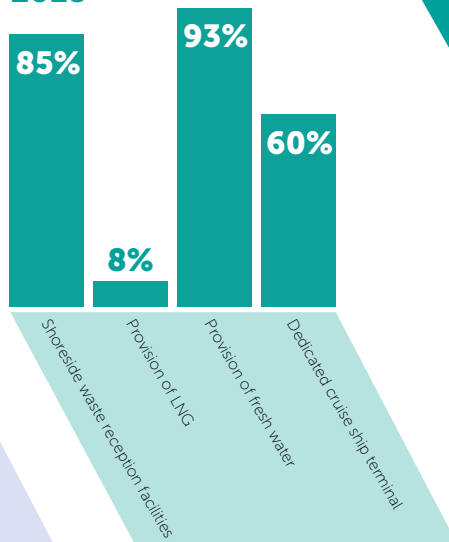


Do you already offer any of the following services to calling cruise ships

2015



2018



More than 38% of ports are aware of greater local pressure being applied compared to just 26% in the 2015 survey. For Euro-Med ports, the share was even higher at nearly 41%. As LNG is a cleaner fuel, its provision should negate some of the need for separate locally-generated power provision although some ports may still find they need to provide both to appease local demands for cleaner air.

GOOD NEWS ON PORT FEES

With all the extra costs involved in bowing to such pressure, the ports are welcoming a reduction in the pressure from cruise lines for lower port charges. The survey showed less than 23% reporting greater pressure for lower charges compared with 43% in 2015. It was down to 20% for Euro-Med ports.

This will be good news for those multi-use ports where the cruise sector can be under pressure to match the contribution to revenues provided by cargo and other non-cruise activities.

Almost all the ports surveyed rejected the idea that they might be better off concentrating on non-cruise business but there were some caveats. One said: "Not everyone believes what CLIA says - cruises do involve a lot more work and much less revenue than cargo operations - but we still like to see many different products in our basket."

Others pointed to cruising's far greater impact on the local economy than other port activities. One said that "cruise business may not be a major direct revenue generator but it should be looked at from a local economic impact point of view."

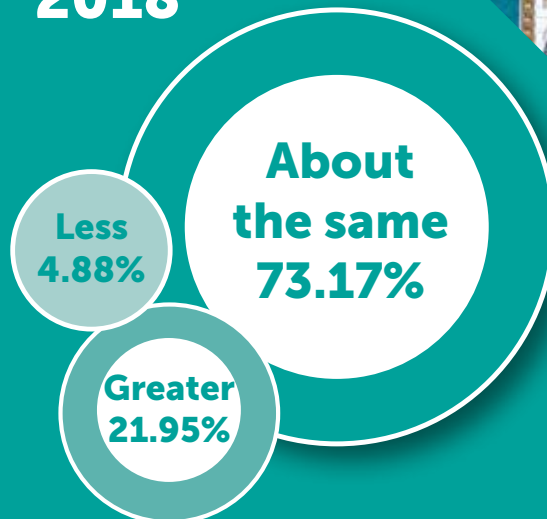


Is the pressure from cruise lines for lower port charges becoming..

2015



2018



And at least the ports remain largely convinced that investing in their cruise infrastructure will guarantee them more cruise calls. Nearly three-quarters (71.4%) of them are confident of this compared with just two-thirds in 2015. But some doubts remain with several ports summing up their fears.

One believes that "the reality is that it doesn't matter what efforts we make in ad hoc infrastructure, the lines still don't consider ports as a long-term or even a medium-term link."

Another contends that "cruise lines go where the money is and short-term results rule" while a third adds: "they take what works and offers the best price. If our investments result in higher prices, they will visit but, if someone else can deliver a similar product at a better price, they might well leave. New infrastructure is necessary but not sufficient on its own to earn the cruise lines' loyalty."

Other ports are more optimistic about their relationship with the lines. One

insists that: "ours is a marquee port and we have a huge investment plan to increase the number of mega-ship berths and, even if competition is high in the region, we believe that our planned extra capacity will match growth in cruise line demand."

There has, though, been a slight tempering of the optimism among cruise ports about the level of that growth. Less than 67% now expect more calls over the next two years compared with more than 72% three years ago. Among Euro-Med ports, this drops below 64%.

The calls themselves are reported as becoming longer by a quarter of ports when that share was slightly larger (29%) in 2015. Against this, only 1% instead of 4% said their calls had shortened in duration.

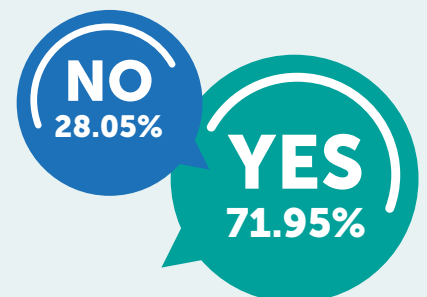
PORTS MOVE TO CAP CALLS

Over the past three years, the issue of so-called "overtourism" has increased congestion and other

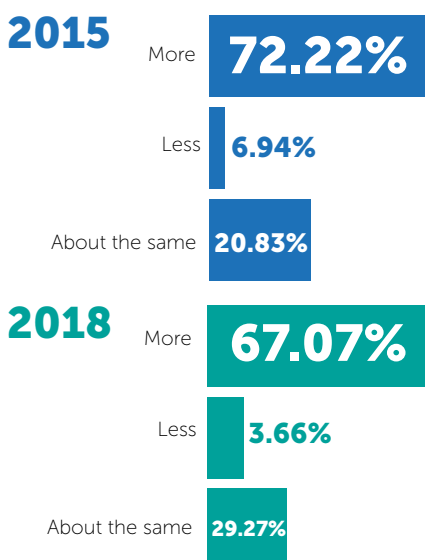
environmental concerns within the communities served by cruise ports and the result is that more than a quarter (27%) of those in this survey have restrictions to cap the number of cruise calls/passengers either in place or proposed.

This surprisingly high proportion may have something to do with the rise in the number of ports which acknowledge an increase in local community opposition to more cruise tourism. Since 2015, the ports affected by this has risen from less than 2% to nearly 10% in 2018.

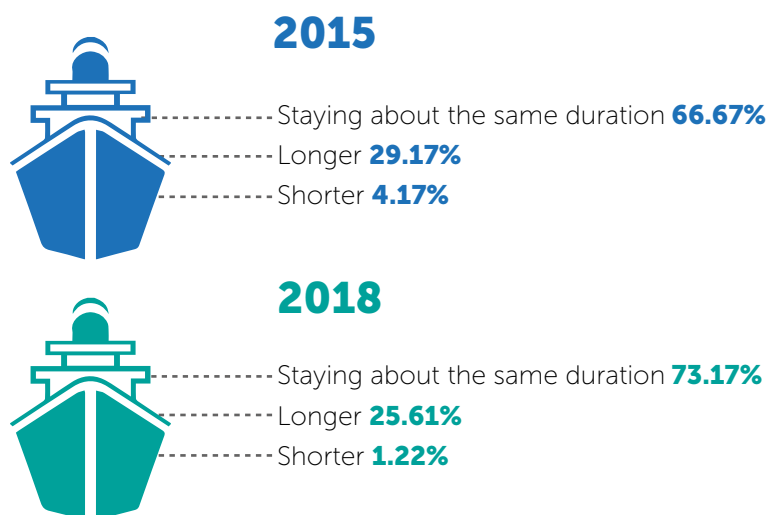
Do you believe that investing in cruise infrastructure will guarantee your port more calls?



In terms of cruise calls at your port over the next two years, do you expect...



Are cruise ship calls at your port becoming...



One port says: "Cruise is being scapegoated for overtourism. The level of spending by our transit cruise visitors was studied and found to be too low to allow any promotion for more cruise tourism as it is difficult to keep cruise visitors out of the main city destinations."

Another, which has a daily cap on cruise visitors, points out that "there is a great variation in local opinions (on cruise tourism) but, although there is a balance between supporters and opponents of it, it is those against it who make the most noise."

This rise in anti-cruise opinion may, in turn, explain a drop in those ports which believe they have received enough support from their local tourism department – this fell from 62% to 59% - although one port observes that "our local tourism department remains very committed to cruise tourism but simply has few economic resources."

Although congestion fears and the general recognition of the issues of overtourism potentially spoiling destinations for both residents and tourists, much of the opposition to the sector is based on environmental concerns and, in particular, the emissions from cruise ships.

Several of the ports express the view that cruise lines need to be more transparent about the nature of those emissions and give the ports and local authorities the information they need to reassure local communities that they have nothing to fear from the ships' impact on air quality.

One says: "we need the lines to show themselves to be socially responsible with real actions which are supported by analyses and statistics."

EMISSIONS DATA NEEDED FROM LINES

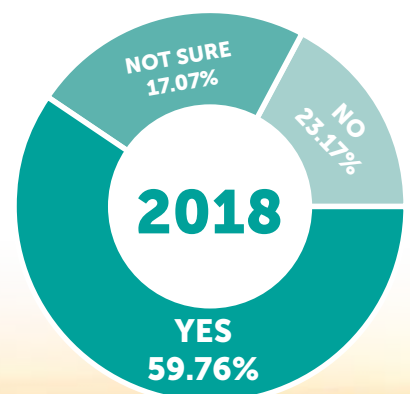
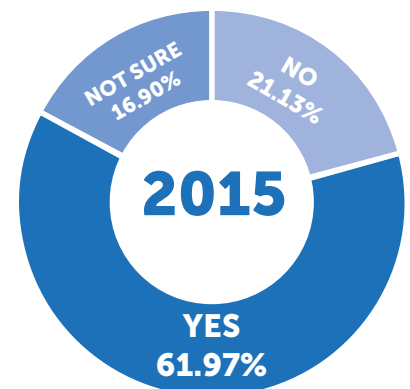
Another asks that lines provide information on their ship emissions "as it would help us handle the pressure from environmentalists."

On the broader issue of their relationship with the cruise lines, the ports would like to see more co-operation and communication between the two sides on issues such as destination information and marketing.

One port says that "cruise lines are so focused on how to increase their onboard revenues that they are sometimes forgetting all about the visitor experience ashore, particularly for those not buying tours and exploring independently – this is a big challenge for the industry."

And no survey of ports would be complete without one raising the issue of a more equal share of the increasing profits generated by cruise tourism: "Cruise lines are sometimes called sharks but that does not mean that ports should behave like shrimp. Looking at the main cruise companies' financial results, there is ample margin for ports to aspire to a larger part of the cake. But they need to unite first."

Does your port receive enough support from the local tourism department?



Seatrade Cruise Ports Survey, which took place during November 2018 attracted a response from 84 ports (72 in 2015). Of those, 3(4) are homeports; 36(25) are transit ports; and 45 (42) handle both transit and homeporting calls. Of the total, 69 are located either in Northern Europe (32) or the Mediterranean and adjoining seas (37) with the remaining 15 in North America (3), the Caribbean (4), Asia (3), Middle East and India(2), West and South Africa (2) and Australasia (1).

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