

THE CRUISE INDUSTRY

**A €34 Billion Partner in
Europe's Economic Growth**

Contribution of Cruise Tourism to the
Economies of Europe **2010 Edition**

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GP Wild (International) Limited and Business Research and Economic Advisors (BREA) were engaged by the European Cruise Council and Euroyards to conduct a comprehensive analysis of the global cruise industry's operations in Europe and its contribution to the European economy using the most recent available statistics.

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Prepared by **G.P. Wild (International) Limited** and
Business Research & Economic Advisors



Executive Summary

G. P. Wild (International) Limited and Business Research and Economic Advisors were engaged by the European Cruise Council and its partners to conduct a comprehensive analysis of the global cruise industry's operations in Europe¹ and its contribution to the European economy in 2009. Some of the major highlights of cruise operations in Europe during 2009 were:

- **During 2009 there were 45 cruise lines domiciled in Europe, operating 124 cruise ships with a capacity of around 127,000 lower berths. Another 64 vessels with a capacity of 76,600 lower berths were deployed in Europe by non-European lines.**
- **Over 4.9 million European residents booked cruises, a 12.1 % increase over 2008, representing nearly 29% of all cruise passengers worldwide.**
- **More than 4.8 million passengers embarked on their cruises from a European port, a 3.2% increase over 2008, with over 75% of these being European nationals.**
- **The vast majority of these cruises visited ports in the Mediterranean, the Baltic and other European regions, generating 23.8 million passenger visits at European port cities, a 9.4% increase over 2008.**
- **In addition, an estimated 12.4 million crew also arrived at European ports. (This the first year for which crew arrivals and spending have been included in our analysis.)**

As a result of the European cruise operations and the investment in new cruise ships by the global cruise industry, this industry generated significant economic impacts throughout Europe. In 2009, cruise industry direct expenditures declined by 1.2% from 2008. As will be discussed below this reduction was the net result of a 13% decline in the shipbuilding sector and a 6% increase in the remaining components of cruise industry expenditures. The economic impacts of the cruise industry included the following:

- **€14.1 billion in direct spending** by cruise lines and their passengers and crew,
- **€34.1 billion in total output,**
- **296,288 jobs², and**
- **€9.0 billion in employee compensation³.**

These impacts are the sum of the direct, indirect and induced impacts of the cruise industry. In summary, **each €1 million in direct cruise industry expenditures generated:**

- **€2.42 million in business output, and**
- **21 jobs paying an average wage of over €30,000.**

Direct Economic Impacts

The direct economic impacts include the production, employment and compensation that were generated in those European businesses that supplied goods and services to the cruise lines and its passengers. The direct impacts also include the compensation paid to the European employees of the cruise lines.

In 2009, the cruise industry generated direct expenditures of €14.1 billion. These expenditures included the following:

- **€4.6 billion** in spending for the construction of new cruise ships and the maintenance and refurbishment of existing ships with European shipyards, a 13% decline from 2008. Growth in the construction and maintenance of ships had slowed during 2008 and turned negative during 2009 as the decline in new orders during 2007 and 2008 finally impacted on European shipyards.
 - During 2009 there were some 21 cruise ships under construction at European shipyards.
 - As of the end of 2009, European shipyards were under contract to build 26 cruise ships with a combined value of €15.4 billion through to 2012.
- **€5.4 billion** in spending by cruise lines with European businesses for goods and services in support of their cruise operations, an increase of 6% over 2008. Among the major expenditures were the following:
 - Food and beverage manufacturers produced nearly €480 million in provisions consumed on board cruise ships.
 - An estimated €780 million in commissions was paid to European travel agents.
 - The cruise industry spent over €1 billion on financial and business services including: insurance, advertising, engineering and other professional services.
- **€2.9 billion** in cruise passenger and crew spending. Passenger expenditures included spending for shore excursions, pre- and post-cruise hotel stays, air travel and other merchandise at ports-of-embarkation and ports-of-call. Crew spending was concentrated in expenditures for retail goods and food beverages. Total passenger expenditures increased by just over 3% from 2008.
 - Excluding airfares, embarking passengers spent on average nearly €70 at embarkation port cities.
 - On average, cruise passengers then spent another €60 at each port visit on their cruise itinerary.
- **€1.2 billion** in wages and salaries plus benefits, an increase of nearly 3% from 2008, were paid to the European employees, administrative staff and crew, of the cruise lines.
 - Cruise lines employed nearly 4,500 Europeans in their headquarters and administrative offices.
 - Another 46,500 European nationals were employed as officers and ratings on cruise ships.

These expenditures generated employment and employee compensation across a wide range of industries and in virtually every country that sourced passengers and/ or hosted cruise ship calls. As indicated in the following table, the €14.1 billion in direct expenditures generated nearly **143,233 direct jobs** paying **€4.3 billion in employee compensation**.

1. For the purposes of this report, unless otherwise stated, Europe is defined as the EU with 27 members plus Switzerland, Norway and Iceland. The EU-27 member states are fully defined in the Glossary.

2. Full time equivalents.

3. By definition, total output includes compensation. Output includes all intermediate inputs, taxes net of subsidies, net surplus (profits, net interest, dividends and other items) and employee compensation.

Direct Economic Impacts of the European Cruise Sector, by Industry, 2009

Industry	Expenditures € Million	Jobs	Compensation € Million
Agr., Mining & Construction	€ 10	100	€ 3
Manufacturing	€ 6,862	37,976	€ 1,431
Nondurable Goods	€ 1,437	5,509	€ 188
Durable Goods	€ 5,425	32,467	€ 1,243
Wholesale & Retail Trade	€ 574	7,953	€ 151
Transportation & Utilities	€ 3,118	20,258	€ 772
Hospitality	€ 322	5,007	€ 101
Financial and Business Services	€ 1,436	12,862	€ 435
Personal Services & Govt	€ 550	7,981	€ 224
Subtotal	€ 12,872	92,137	€ 3,117
Cruise Line Employees	€ 1,179	51,096	€ 1,179
Grand Total	€ 14,051	143,233	€ 4,296

The following three components of the direct economic impacts of the European cruise industry accounted for nearly 80% of the direct expenditures.

- The Manufacturing sector, led by the shipbuilding industry, accounted for 49% of the cruise industry's direct expenditures, 27% of the direct jobs and 33% of the direct employee compensation.
- European employees of the cruise lines accounted for 36% of the direct jobs generated by the cruise industry and 27% of the compensation.
- The Transportation and Utilities sector which includes tour operators and travel agents accounted for 22% of the direct expenditures and 14% of the direct jobs and 18% of the compensation impacts.

Total Economic Impacts

The total economic impacts are the sum of the direct, indirect and induced impacts. The indirect impacts result from the spending by the directly impacted businesses for those goods and services they require to support the cruise industry. The induced impacts result from the spending by the impacted employees for household goods and services. Thus, the indirect impacts primarily affect business-to-business enterprises while the induced impacts primarily affect consumer businesses. The total economic impacts are shown in the following table.

Total Economic Impacts of the European Cruise Sector, by Industry, 2009⁴

Industry	Output € Million	Jobs	Compensation € Million
Agr., Mining & Construction	€ 1,818	14,914	€ 255
Manufacturing	€ 11,660	71,281	€ 2,701
Nondurable Goods	€ 3,726	15,691	€ 605
Durable Goods	€ 7,924	55,590	€ 2,096
Wholesale & Retail Trade	€ 1,948	25,073	€ 526
Transportation & Utilities	€ 8,246	89,707	€ 2,841
Hospitality	€ 1,075	13,580	€ 212
Financial and Business Services	€ 7,826	57,653	€ 1,891
Personal Services & Govt	€ 1,513	24,080	€ 580
Total	€ 34,076	296,288	€ 9,006

Includes the European employees of the cruise lines and their compensation.

The total economic impacts are more evenly spread among the various industries than the direct economic impacts as the indirect and induced impacts affect non-cruise sectors. Yet the manufacturing (primarily shipbuilding) and transportation sectors still accounted for more than half of the cruise industry's total impact throughout Europe.

- The Transportation and Utilities sector, which includes the employees of the cruise lines, accounted for 24% of the total output and 30% of the total employment and 32% of the total compensation impacts.
- The Manufacturing sector, which includes the shipbuilding industry, accounted for 34% of the total output, 24% of the jobs and 30% of the total compensation generated by the cruise industry.

Country Impacts

The economic impacts were spread throughout Europe. However, as indicated in the following table the majority of these impacts were concentrated in six countries, which accounted for over 80% of the cruise industry's impacts throughout Europe.

Total Economic Impacts of the Cruise Sector, by Country, 2009

Country	Direct Expenditures € Million	Growth from 2008	Total Jobs	Total Compensation € Million
Italy	€ 4,331	0.3%	96,076	€ 2,828
UK	€ 2,408	6.4%	55,599	€ 1,953
Germany	€ 1,918	-18.4%	31,395	€ 1,095
France	€ 1,158	-17.2%	15,128	€ 687
Spain	€ 1,119	3.8%	24,248	€ 729
Finland	€ 906	0.5%	13,658	€ 522
Top Six	€ 11,840	-3.5%	236,104	€ 7,814
Rest of the EU +3	€ 2,211	14%	60,184	€ 1,192
Total	€ 14,051	-1.2%	296,288	€ 9,006

The three countries of Italy, the UK and Germany accounted for 61% of the direct expenditures of the cruise industry. These countries generally participated in all segments of the industry:

- Serving as major source and destination markets for cruise passengers,
- Maintaining headquarters facilities and providing crew,
- Providing shipbuilding and repair services⁵, and
- Provisioning and fuelling of cruise ships.

The remaining three countries in the top six tended to be impacted in one or two major segments:

- France is principally a source and destination market with the addition of shipbuilding.
- Spain serves primarily as a source and destination market with some headquarters operations.
- Finland's impacts flow almost exclusively through its shipbuilding activity.

As shown in the table the top six countries experienced a 3.5% decline in direct cruise industry expenditures during 2009.

4. Since compensation is included in total output, these impacts are not additive. Output is a measure of the industry's impact on the overall economy while compensation is a measure of the industry's impact on employees and the household sector.

5. The UK contribution is primarily limited to ship repair services.

The losses were concentrated in Germany and France with respective losses of 18% and 14%. In both countries shipbuilding expenditures declined by approximately 30% and overwhelmed gains in other expenditures by passengers, crew and the cruise lines.

Direct expenditures in Italy and Finland remained essentially unchanged from 2008. Expenditures at Italian shipyards fell by just under 4% while passenger expenditures declined by 7%. These losses were offset by increases in administrative and operating expenditures by the cruise lines. In Finland, shipbuilding and passenger expenditures grew by a combined 2%. However, these gains were partially offset by a reduction in administrative and operating expenses of the cruise industry.

Finally, the UK and Spain experienced respective increases in direct expenditures of 6.4% and 3.8%. Shipbuilding in these countries accounts for a smaller share of direct cruise industry expenditures than in the other four countries. Thus, the decline in shipbuilding had a smaller impact and was offset by gains in the other spending by the cruise lines and their passengers and crew.

An Overview of the Importance of the European Cruise Industry – Facts and Figures

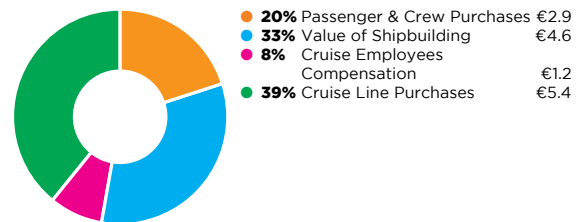
The cruise industry in Europe⁶ is a dynamic source of economic activity providing economic benefits to virtually all industries and countries throughout Europe.

- Cruise tourism in Europe impacts all of the major aspects of the industry, including: ports of embarkation, ports-of-call, shipbuilding, ship maintenance, provisioning, sales and marketing, and the staffing of cruise ships and administrative facilities.
- Over 4.9 million European residents booked cruises in 2009, an 11.5% increase over 2008.
- In 2009, Europeans represented 29% of all cruise passengers worldwide, compared with 22% ten years earlier.
- More than 4.8 million passengers embarked on their cruises from a European port, a 3.2% increase over 2008. Approximately 3.6 million (77%) were European nationals.
- The vast majority visited ports in the Mediterranean, the Baltic and other European regions and generated 23.8 million passenger visits during 2009, a 9.4% increase over 2008.
- In addition, an estimated 12.4 million crew also arrived at European ports during 2009.

The cruise industry's direct spending made by the cruise lines⁷ and their passengers throughout Europe was reduced by 1.2% from 2008 to total €14.1 billion in 2009.

- Cruise passengers and crew spent an estimated €2.9 billion in purchases during their port visits, ranging from accommodation to retail purchases of jewellery, clothing and other similar items. This represented a 5.2% increase over passenger expenditures in 2008⁸.

Direct Cruise Industry Expenditures in Europe, 2009 €14.1 Billion



- Europe is also the centre of and world leader in cruise ship construction and refurbishment. However, the impact of declining orders in 2007 and 2008 was finally felt during 2009 with a 12.8% decrease in expenditures for cruise construction and maintenance from 2008 to €4.6 billion in 2009.
- Included in the €14.1 billion is €1.2 billion in compensation paid to the European employees of the cruise industry. During 2009, the industry continued to offset the increase in crew with a reduction in landside staff and thus total employee compensation increased by only 2.5%.
- Finally, the cruise lines also spent another €5.4 billion with European businesses to support their cruise and administrative operations, an increase of 6.5% from 2008.

This spending by the cruise lines and their passengers generated an estimated 296,288⁹ jobs throughout Europe through direct, indirect and induced economic impacts. This figure is a 4.9% reduction from 2008 and is partly due to a fall in direct expenditures, an increase in labour productivity and a decline in the implicit employment and income multipliers.

- In turn, the workers in these jobs produced an estimated €34.1 billion in total output and received €9.0 billion in total (direct, indirect and induced) compensation¹⁰. The total output impact grew by 6% while the compensation impact fell by 10% from 2008.

6. The European cruise industry is defined as those cruise-related activities that take place within Europe including cruise itineraries that visit European ports and destinations and also directly impact businesses and individuals located in Europe. It is broadly defined to include cruise lines and their employees; the direct suppliers to the cruise lines, such as wholesale distributors, stevedoring firms, and financial and business service providers, such as insurers and consultants; shipyards; and cruise passengers.

7. Cruise lines are defined as those cruise companies that offer multi-day cruises in open waters. It excludes companies that offer river cruises.

8. This was the first year for which estimates of spending by crew were developed.

9. These are full time equivalent jobs (FTEs).

10. As defined by the OECD. Compensation and remuneration are used interchangeably in the report and are considered to mean the same thing. Also, compensation is included in output.

Cruise New Building and Investment 2010-14

Over the five-year period from 2010 to 2014, 31 cruise vessels have been scheduled for delivery for worldwide trading with capacity for 70,820 passengers. Of these 12 ships with 26,600 berths (38%) are primarily for the European source market, representing investment of €5.1 billion. Many of the others will visit European destinations. This new investment underlines the cruise industry's continuing commitment to the future of its business both in Europe and elsewhere in the world.

Year Completed	Ships	Berths	Investment (Millions)
2010	12	27,586	€ 5,425
2011	11	17,766	€ 4,005
2012	6	17,728	€ 3,437
2013	1	3,600	€ 580
2014	1	3,600	€ 580
Total	31	70,280	€ 14,027

Note. 2011 data includes two ships due for 2010 delivery but delayed by disputed quality/shipyard bankruptcy.

- At the same time, however, the dearth of new orders over the last few years means that the forward orderbook has diminished in value compared with last year. There has been a recent welcome trend towards new ordering and this needs to be maintained, so that the industry can continue to satisfy future growth in demand.

Cruise Industry Expenditures by Country

The cruise industry generated an estimated €14.2 billion in direct expenditures throughout Europe in 2008. These expenditures were derived from four major sources:

- Cruise passengers;
- The construction and maintenance of cruise ships;
- Cruise line purchases in support of their operations; and
- Compensation of cruise line administrative staff and crew in Europe.

Furthermore, this spending impacted to some degree each of the 30 European countries included in the analysis.

- The top ten countries accounted for 95% of the cruise industry's expenditures throughout Europe.
- Italy, as the leading centre for cruise ship construction in Europe and the largest cruise embarkation and destination market, benefited from €4.3 billion in direct cruise industry expenditures, a marginal increase of 0.3% from 2008.
- The UK is the largest source market for cruise passengers in Europe with over 1.5 million residents taking cruises during 2009. It was also the second largest market in terms of cruise industry direct spending with €2.4 billion, a 6.4% increase over 2008.
- Germany is the second largest passenger source market in Europe and also the second largest market for cruise ship construction and maintenance. However, with the nearly 30% fall in cruise ship construction at German yards, total direct spending by the cruise industry in Germany was reduced by 18.4% from 2008 to €1.9 billion in 2009. As a result of this decline its direct expenditure ranking also fell from second to third.

Cruise Industry Direct Expenditures by Country, 2009

Country	Direct Spending (Millions)	Share of Total
Italy	€ 4,331	30.8%
UK	€ 2,408	17.1%
Germany	€ 1,918	13.7%
France	€ 1,158	8.2%
Spain	€ 1,119	8.0%
Finland	€ 906	6.4%
Greece	€ 598	4.3%
Norway	€ 417	3.0%
Netherlands	€ 290	2.1%
Denmark	€ 203	1.4%
Top 10	€ 13,348	95.0%
Rest of Europe	€ 703	5.0%
Total	€ 14,051	100.0%

Even with the contraction in shipbuilding, the four major centres for cruise ship construction, Italy, Finland, Germany and France, were among the top six countries for cruise industry spending. These four countries accounted for 89% of construction and maintenance of cruise ships and 59% of total industry expenditures in Europe during 2009.

A Global Industry

The cruise industry has enjoyed dynamic growth over a period of 30 years, driven mainly by demand from North America. The following table sets out international cruise sector growth between 1999 and 2009.

- Over the ten years from 1999 to 2009 demand for cruising worldwide has almost doubled from 8.59 million passengers to 16.93 million (+97%). Over a similar period, global, mainly land-based tourism has grown by around one-third to an estimated 880 million in 2009, 4% down on 2008.
- Although North American cruise passenger numbers have increased by 77%, the region's relative share of the total has declined from 68% in 1999 to 61% in 2009.

International Demand for Cruises 1999 to 2009

Region	1999	2004	2005	2006	2007	2008	2009
Million passengers							
N. Am.	5.86	9.14	9.96	10.38	10.45	10.29	10.40
Europe*	1.88	2.80	3.15	3.44	4.05	4.46	5.00
Sub-total	7.74	11.94	13.11	13.82	14.5	14.75	15.40
RoW **	0.85	1.13	1.21	1.29	1.37	1.45	2.10
Total	8.59	13.07	14.32	15.11	15.87	16.20	17.50
% NA	68.2	69.9	69.6	68.7	65.8	63.5	59.4

* Including Russia and Eastern European countries outside the EU-27.

** The rest of the world figure is an estimate but has been increased for 2009 to take account of the recent dynamic growth in South America, China and Australasia.

Source: G. P. Wild (International) Limited from PSA, CLIA, ECC and other sources.

A European Growth Industry

The falling global share of the North American market reflects expansion in Europe as can be seen from the more detailed figures for European growth over 2007-9, shown in the next table.

- In 1999 an estimated 1.9 million Europeans cruised but by 2009 this figure had grown to 4.9 million, representing an increase of 163%.
- Over a similar period Europe as a source market for land-based tourism expanded by around 20%.

Western European Cruise Market 2007-9

Source Market	2007		2008		2009		% Change 2007/9
	Group Total 1,000s Pax	Market Share %	Group Total 1,000s Pax	Market Share %	Group Total 1,000s Pax	Market Share %	
UK	1,335	33	1,477	33	1,533	31	+15
Germany	763	19	907	21	1,026	21	+34
Italy	640	16	682	15	799	16	+25
Spain	518	13	497	11	587	12	+13
France	280	7	310	7	347	7	+24
Other	467	12	550	12	652	13	+40
Total	4,004	100	4,422	100	4,944	100	+23

Source: ECC

The European Cruise Fleet

During 2009 there were 45 cruise lines domiciled in Europe which operated 123 cruise ships with a capacity of around 125,000 lower berths. In addition there were 22 cruise lines domiciled outside Europe participating in the European cruise market. These lines, predominately North American, deployed 64 vessels in the region with a capacity of 76,620 lower berths.

There were at least 152 cruise ships active in the Mediterranean and 95 in Northern Europe during 2009¹¹, some of which repositioned from the Mediterranean for the shorter Northern season. These ships ranged in size from the 3,634 passenger *Independence of the Seas* to ships with a capacity of less than 100 passengers.

The Mediterranean

- In 2009 152 cruise ships were active in Mediterranean waters with a capacity of 176,019 lower berths (an average of 1,158 berths per ship).
- Collectively these ships carried a potential 3.33 million passengers on 2,779 cruises, offering a total capacity of 26.31 million pax-nights, giving an average cruise length of 7.9 nights.
- The Mediterranean market was expected to continue to grow in 2010 with a potential 27.7 million pax-nights with further expansion likely in 2011.
- In 2009, North American operators deployed 50 ships with 59,697 lower berths in the Mediterranean, including some ships targeted at European markets. In comparison, European domiciled lines operated 101 vessels, which offered 114,860 lower berths.

Northern Europe

- In 2009 a total of 95 cruise ships were active in Northern European waters with a capacity of 97,027 lower berths (average 1,021 berths per ship).
- Collectively these carried a potential of 1.04 million passengers on 1,020 cruises, offering a total capacity of 10.18 million pax-nights, giving an average cruise length of 9.8 nights.
- The Northern European market is expected to contract slightly in terms of overall capacity with 9.73 million pax-nights offered in 2010 but resumed growth is likely in 2011.
- In 2009, North American operators deployed 25 ships, with 35,345 berths in Northern Europe. European domiciled cruise lines operated 68 vessels with 60,876 lower berths.

European Cruise Ports

The European cruise industry is to a large extent destination-led and the Mediterranean and Northern European regions include many attractive destinations.

- Many of the leading ports are regarded as "must see" or "marquee" destinations that cruise line planners will wish to include in their itineraries.
- Other ports, some of which are also marquee ports in their own right, have advantages of strategic location, access to major hub airports and suitable bed-stock, enabling them to feature prominently as homeports.
- The following table summarises the position in 2009 for the leading European ports in respect of the embarkations, disembarkations and port-of-call visits at each port.

Leading Cruise Ports in 2009 – Thousands of Passengers

Port	Revenue Passengers, 2009			Total
	Embarking	Disembarking	Port Call	
Mediterranean				
Barcelona	593	587	971	2,151
Civitavecchia	353	367	1,082	1,803
Venice	581	589	251	1,421
Naples	65	70	1,130	1,265
Palma Majorca	265	269	534	1,056
Savona	282	293	138	713
Northern Europe				
Southampton	525	525	0	1,055
Copenhagen	225	225	225	675
St Petersburg	0	0	429	429
Lisbon	43	41	332	416
Tallinn	0	0	416	416
Stockholm	45	45	357	447
Helsinki	20	21	320	361

Note: Includes some estimation, indicated by italics where exact breakdown is unavailable. Source: MedCruise, Cruise Europe and individual port data.

Major European Home Ports

The principal homeports in the Mediterranean and Northern Europe are shown in the following table with passenger throughputs (or revenue passengers), where available for 2007-9.

11. The figures for the Mediterranean and North European fleets cannot be compared with those given for the domiciled and non-domiciled fleets as ships move between markets both within Europe and worldwide. Similarly the Mediterranean and North European fleets are not directly comparable.

Revenue Passengers – Major European Home Ports 2007-9

Home Port	Country	2007	2008	2009
Mediterranean				
Barcelona	Spain	1,765,838	2,069,651	2,151,465
Civitavecchia	Italy	1,586,101	1,818,616	1,802,938
Piraeus (Athens)	Greece	1,000,000	1,290,000	1,500,000
Venice	Italy	1,003,529	1,215,088	1,420,980
Palma Majorca	Spain	1,048,906	1,131,147	1,056,215
Savona	Italy	761,000	772,000	712,681
Genoa	Italy	520,197	547,905	671,468
Northern Europe				
Southampton	UK	798,463	971,258	1,054,900
Copenhagen	Denmark	502,000	555,819	675,000
Kiel	Germany	173,000	222,130	291,388
Dover	UK	164,723	273,187	259,222
Amsterdam	Netherlands	147,947	226,079	181,548
Harwich	UK	108,745	133,660	135,000
Hamburg	Germany	132,678	89,791	126,839
Bremerhaven	Germany	74,458	127,300	126,000

Note: Where a port also handles Port-of-Call passengers, these are also included in the totals shown in the above table.

Source: MedCruise, Cruise Europe and individual port data.

Key European Ports-of-Call

The principal ports-of-call in the Mediterranean and Northern Europe are shown in the following table with passenger throughputs, where available, from 2007 to 2009.

Major EU+3 Ports-of-Call 2007-9

Port-of-Call	Country	2007	2008	2009
Mediterranean				
Naples	Italy	1,151,345	1,237,078	1,265,000
Livorno	Italy	713,144	849,050	795,313
Nice/ Villefranche/ Cannes	France	559,411	708,785	742,668
Marseille	France	434,087	540,000	622,300
Bari	Italy	351,897	465,739	567,885
Malaga	Spain	290,558	352,875	487,955
Palermo	Italy	471,395	537,721	478,900
Valletta	Malta	487,817	556,861	441,913
Gibraltar	UK dep	275,993	308,989	348,199
Limassol/ Larnaca	Cyprus	427,408	376,296	320,467
Messina	Italy	291,296	337,117	253,200
Monte Carlo	Monaco	184,117	231,639	235,904
Ajaccio	France	191,548	197,571	229,882
Valencia	Spain	179,209	199,335	184,909
Northern Europe				
Stockholm	Sweden	281,000	363,276	447,000
St Petersburg	Russia	299,288	394,644	428,550
Lisbon	Portugal	305,185	407,508	415,758
Tallinn	Estonia	288,564	375,578	415,575
Helsinki	Finland	259,064	360,000	361,000
Bergen	Norway	198,919	232,210	282,938
Oslo	Norway	197,173	239,991	269,736
Cadiz	Spain	190,000	224,905	235,324
Vigo	Spain	151,711	216,333	222,948
Geiranger	Norway	136,324	163,695	218,096
Rostock/ Warnemunde	Germany	115,000	171,500	160,000
Stavanger	Norway	67,635	125,603	147,340
Flam	Norway	120,756	119,684	142,608
Gdynia	Poland	89,088	123,521	134,484
Nordkapp	Norway	66,455	80,844	95,197
Havre, Le	France	77,974	78,250	86,315
Zeebrugge	Belgium	65,000	74,800	83,148
Tromso	Norway	60,461	77,874	78,269
Dublin	Ireland	60,000	65,101	71,750
Cork	Ireland	40,996	60,909	71,500

Notes for Key European Ports-of-Call listing:

- Where a port also handles some home porting passengers, these are also included in the totals shown in the above table.
- MedCruise member ports located in the Mediterranean but outside the EU, which are important ports-of-call, include Dubrovnik, handling 846,000 cruise tourists in 2009, the Tunisian ports (mainly La Goulette), which handled around 752,000 and Kusadasi, Turkey, with around 645,00 passengers (est.).
- Large numbers of cruise passengers also visit Greek islands and mainland ports of call, for which no statistics are generally published.

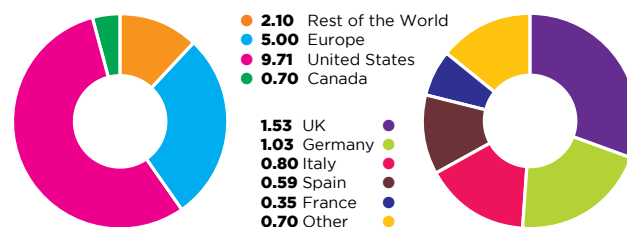
Source: MedCruise, Cruise Europe and individual port data.

Cruise Passengers Where do they come from and where do they go?

Source Markets

There were an estimated 17.50 million global cruise passengers in 2009. The countries of Western Europe accounted for 29% of them.

Global Source Markets by Cruise Passengers 17.50 Million Passengers



Note: UK includes Irish Republic; USA includes Puerto Rico.

During 2009, almost 5 million residents of Western Europe cruised. The top five source markets, which were UK, Germany, Italy, Spain and France, accounted for nearly 87% of the market.

European Cruise Passengers by Source Country, 2009

Country	Passengers	Share of Total
United Kingdom	1,533,000	31.0%
Germany	1,027,000	20.8%
Italy	799,000	16.2%
Spain	587,000	11.9%
France	347,000	7.0%
Scandinavia	173,000	3.5%
Benelux	110,000	2.2%
Austria	80,000	1.6%
Switzerland	76,000	1.5%
Portugal	30,000	0.6%
Other EU + 3	182,000	3.7%
Total	4,944,000	100.0%

Source: European Cruise Council and other trade sources.

- The European market has grown by 23% over the past three years and has more than doubled over the last ten. Fifty-eight percent of Europeans cruised in the Mediterranean and Atlantic Isles in 2009, 18.0% in Northern Europe and the remaining 24.0% cruised outside Europe, primarily in the Caribbean.

Cruise Passengers Embarked at European Ports

Just over 4.8 million cruise passengers embarked on their cruises from European ports in 2009.

- Italian ports, led by Venice, Savona, Genoa and Civitavecchia, were European market leaders with 1.7 million passenger embarkations in 2009.
- Spain was in second position with just over 990,000 passenger embarkations during 2009. Barcelona and Palma were Spain's major embarkation ports.
- The United Kingdom was third behind Spain with 733,000 embarkations. The principal embarkation ports for UK passengers were Southampton and Dover.
- The next three most important cruise embarkation countries were Greece, Germany and Denmark. Ports in Greece generated 503,000 passenger embarkations, followed by Germany with 273,000 and Denmark with 240,000. The major embarkation ports in these countries were: Piraeus in Greece, Hamburg and Kiel in Germany and Copenhagen in Denmark.

Cruise Passengers by Country of Embarkation, 2009

Country	Passengers	Share of Total
Italy	1,704,000	35.3%
Spain	991,000	20.5%
United Kingdom	733,000	15.2%
Greece	503,000	10.4%
Germany	273,000	5.7%
Denmark	240,000	5.0%
France	102,000	2.1%
Netherlands	58,000	1.2%
Sweden	50,000	1.0%
Portugal	49,000	1.0%
Cyprus	48,000	1.0%
Malta	14,000	0.3%
Other EU + 3	55,000	1.1%
EU+3	4,820,000	99.8%
Other Europe	10,000	0.2%
Total	4,830,000	100.0%

Source: European Cruise Council and other trade sources.

Port-of-Call Visits

The vast majority of cruise port calls in Europe are at the Mediterranean and Baltic ports. The top ten destination countries accounted for 86% of cruise passenger visits in 2009. The top four are in the Mediterranean¹² and accounted for two-thirds of all European passenger visits.

- Following the revival in the Eastern Mediterranean as a safe cruising area Greece was the leading destination with nearly 5 million cruise passengers. Santorini, Mykonos and Rhodes were the leading island calls.
- Led by Naples, Civitavecchia and Livorno, Italian ports also hosted visits of nearly 5 million cruise passengers.
- With the inclusion of the Canary Islands, Spanish ports received 4.1 million cruise passenger visits in 2009.
- Norway was the leading destination in Northern Europe with nearly 1.7 million passenger visits, led by Bergen and Oslo.

European Cruise Passengers by Country of Destination, 2009

Country	Passengers	Share of Total
Greece	4,973,000	20.9%
Italy	4,956,000	20.9%
Spain	4,118,000	17.3%
France	1,851,000	7.8%
Norway	1,672,000	7.0%
Portugal	825,000	3.5%
Denmark	524,000	2.2%
Sweden	514,000	2.2%
United Kingdom	454,000	1.9%
Estonia	416,000	1.8%
Malta	414,000	1.7%
Gibraltar	348,000	1.5%
Finland	329,000	1.4%
Germany	328,000	1.4%
Cyprus	225,000	1.0%
Ireland	160,000	0.7%
Poland	153,000	0.6%
Iceland	144,000	0.6%
Netherlands	113,000	0.5%
Other EU + 3	255,000	1.1%
EU+3	22,772,000	95.9%
Other Europe	984,000	4.1%
Total	23,756,000	100.0%

Shipbuilding in Europe

Although conventional merchant shipbuilding has been in decline in Europe since the late 70's in the face of lower-cost competition from the Far East, the European industry has been more successful in retaining market share in a number of specialist sectors.

- The most important of these is cruise ship construction in which the European industry has been the world leader for 40 years.
- All the oceanic cruise ships currently under construction are being built in European yards.
- The yards in Finland, France, Germany and Italy are the most important suppliers to the market and currently have collectively the following shares of the world total of new ships due for delivery from 2010 to 2014:
 - 90% by number;
 - 99% by tonnage, capacity, and investment.
- The orderbook has shrunk by 12 ships and around 36,000 berths since its peak at the end of 2007.
- Although other yards have the capacity and technology to build cruise ships, they may not have project management ability, aptitude or the desired balance of labour and skills required to deliver a cost effective result within a required budget in the contracted delivery time.
- The majority of cruise ships serving the European market are dry-docked in Europe, together with a number of North American ships summering in Europe.
- European yards also undertake major conversions such as replacement of main engines and insertion of a mid-body to lengthen the ship.

12. The majority of calls in Spain and France are at ports on their Mediterranean coasts.

- The outstanding reputation of European yards has meant that US cruise lines have continued to order ships in Europe despite the weakness of the US dollar against the euro.
- Europe offers an abundance of specialist skills and sophisticated technology in areas such as navigation and outfitting, which support European cruise ship construction and assist the yards in maintaining a competitive edge over their rivals in other parts of the world.

The allocation of the 2010-14 order book by country of build is shown in the next table.

Ocean-going Cruise Vessels – Scheduled Newbuildings, 2010-2014

Country of Build	No.	GT	Pax (LB)	Cost € Millions	Share of Cost
Finland	1	225,282	5,400	€ 1,023	7.3%
France	3	382,600	10,280	€ 1,851	13.2%
Germany	8	823,000	20,072	€ 4,330	30.9%
Italy	16	1,372,300	34,074	€ 6,679	47.6%
Spain	1	5,000	136	€ 78	0.6%
Total, Europe*	29	2,808,182	69,962	€13,961	99.5%
Non-Europe	2	12,700	318	€ 67	0.5%
Total	31	2,820,882	70,280	€14,028	100.0%

Note: GT (Gross Tonnage), LB (Lower Berths), Pax (Passenger). The table includes additional orders placed during 2010 to date but excludes the prospective order placed in France by a Libyan company.

* Canada & USA.

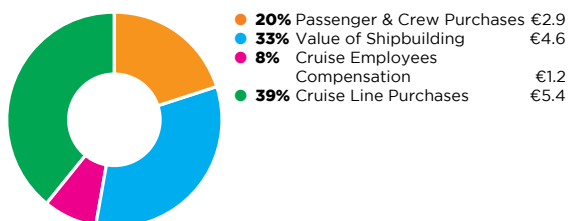
Source: G. P Wild (International) Limited.

Direct Cruise Industry Expenditures in Europe A Broadly Based Flow of Spending

Major Segments

Cruise tourism generated €14.1 billion in direct expenditures throughout Europe in 2008, a 1.2% decline from 2008. As indicated in the following figure, these expenditures were broadly distributed across the major source segments.

Direct Cruise Industry Expenditures in Europe, 2009 €14.1 Billion



Shipbuilding

The global cruise industry spent €4.6 billion, 33% of total European cruise industry expenditures and a 13% percent decline from 2008, with European shipyards for newbuildings and the maintenance of existing cruise ships.

Cruise Industry Expenditures for Newbuildings and Refurbishment (Millions), 2009

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

- Just over 88% of these expenditures relate to the work-in-progress for the construction of new cruise ships, with the remaining 12% covering conversion, refitting, refurbishment and maintenance of cruise ships.
- Since the cruise ship order book peaked in 2007, new orders have fallen in each of the next two years. As a consequence, the growth in shipbuilding expenditures declined in 2008 and finally turned negative in 2009.

Cruise Line Purchases

Cruise lines spent an additional €5.4 billion with European businesses in support of their cruises. This was 39% of the total and a 6.5% increase over 2008. These purchases included a broad range of products and services and touched virtually every industry in Europe.

Among the major industries that benefited from the impact of direct cruise line spending were:

- Food and beverage manufacturers produced €479 million in provisions consumed on board cruise ships.
- Petrochemicals produced an estimated €646 million, a 12% increase over 2008, including bunker fuels, lubricants, paint and cleaning supplies.
- Another €491 million in the manufacture of metals and machinery, including material handling equipment, engines, lighting equipment and computers.
- Transport Services included an estimated €825 million in commissions paid to European travel agents.
- The cruise industry spent an estimated €1.2 billion on business services including: advertising, engineering and other professional services, computer programming and support services and direct mail and market research.

Direct Cruise Lines Purchases by Industry (Millions), 2009 (Excluding Shipbuilding)

Industry	Purchases	Share of Total
Ag. Min., & Const.	€ 10	0.2%
Food & Tobacco	€ 479	8.8%
Textiles & Apparel	€ 163	3.0%
Paper & Printing	€ 149	2.7%
Petroleum & Chemicals	€ 646	11.9%
Stone & Glass	€ 24	0.4%
Metals	€ 226	4.2%
Machinery	€ 265	4.9%
Other Manufacturing	€ 350	6.4%
Utilities	€ 10	0.2%
Wholesale Trade	€ 54	1.0%
Transportation Services	€ 1,217	22.4%
Communications	€ 23	0.4%
Financial & Bus. Services	€ 1,403	25.8%
Personal Serv. & Gov't	€ 420	7.7%
Total	€ 5,439	100.0%

Note: In this and subsequent tables in the economic impact sections, the totals may differ from the sum of the components due to rounding.

Cruise Passengers

Passengers and crew spent €2.9 billion at ports-of-embarkation and call, accounting for 20% of total cruise industry expenditures. This was a 5.2% increase over passenger spending in 2008.

- The 4.8 million cruise tourists that embarked on cruises from European ports spent an estimated €1.3 billion on airfares, port fees, accommodation, excursions, food and beverages amongst others at the embarkation ports, 7.6% more than in 2008.
- European airfares accounted for approximately three-fourths of these embarkation expenditures.
- The 23.85 million passenger visits at European ports-of-call generated an additional €1.45 billion in expenditures for tours, food and beverage, merchandise and other similar expenditures. This is an increase of 1.7% from 2008.
- An estimated 40% of the crew visited port cities during cruise calls and spent an estimated €78 million, or nearly €16 per crew visit.
- Including port-of-embarkation visits, each passenger visit at a European port generated an average total passenger expenditure of just under €98.

Compensation of Cruise Line Employees

European cruise lines spent €1.18 billion on compensation for employees who resided in Europe during 2009, a 2.6% increase from 2008. These figures accounted for 8% of total cruise industry expenditures. The cruise lines employed over 51,000 residents of Europe in their administrative offices and as crew onboard their ships.

- The cruise industry employed nearly 4,200 workers in their European offices, located mainly in the U.K., Italy, Germany, Spain and France.
- Almost 47,000 Europeans worked as sea staff onboard cruise ships. Approximately one-third of these crewmembers were residents of Western European countries and two-thirds were from Eastern Europe. These include hotel, entertainment and medical staff, as well as more conventional crew functions.

Cruise Line Compensation Shares by Country, 2009 Country of Residence of Employees

Country	Share of Total
United Kingdom	37.0%
Italy	35.8%
Germany	7.2%
Norway	6.8%
Spain	3.0%
Portugal	2.2%
France	2.2%
Ireland	1.0%
Netherlands	0.9%
Romania	0.7%
Austria	0.6%
Bulgaria	0.5%
Poland	0.3%
Rest of EU+3	1.8%

Direct Expenditures by Country

As indicated in the following tables, businesses in virtually every country in Europe were directly impacted by the cruise industry.

- The three countries of Italy, the UK and Germany accounted for 61% of the direct expenditures of the cruise industry. These three countries experienced a combined decline of 3.1% in direct expenditures from 2008. These countries participated in all segments of the industry:
 - Serving as major source and destination markets for cruise passengers,
 - Maintaining headquarters facilities and providing crew,
 - Providing shipbuilding and repair services, and
 - Provisioning and fuelling of cruise ships.

Direct Cruise Industry Expenditures by Country, 2009 € Millions

Country	Direct Spending	Share of Total
Italy	€ 4,331	30.8%
UK	€ 2,408	17.1%
Germany	€ 1,918	13.7%
France	€ 1,158	8.2%
Spain	€ 1,119	8.0%
Finland	€ 906	6.4%
Greece	€ 598	4.3%
Norway	€ 417	3.0%
Netherlands	€ 290	2.1%
Denmark	€ 203	1.4%
Top 10	€ 13,348	95.0%
Portugal	€ 169	1.2%
Sweden	€ 158	1.1%
Malta	€ 62	0.4%
Cyprus	€ 49	0.3%
Austria	€ 32	0.2%
Rest of the EU+3	€ 233	1.8%
Total	€ 14,051	100.0%

The top six countries experienced a 3.5% fall in direct cruise industry expenditures during 2009. The losses were concentrated in Germany and France with respective reductions of 18% and 14%. In both countries shipbuilding expenditures decreased by approximately 30% and overwhelmed gains in other expenditures by passengers, crew and the cruise lines.

Direct expenditures in Italy and Finland remained essentially unchanged from 2008. Expenditures at Italian shipyards were reduced by less than 4% while passenger expenditures fell by 7%. These losses were offset by increases in administrative and operating expenditures by the cruise lines. In Finland, shipbuilding and passenger expenditures grew by a combined 2%. However, these gains were partially offset by a fall in administrative and operating expenses of the cruise industry.

Finally, the UK and Spain experienced respective increases in direct expenditures of 6.4% and 3.8%. Shipbuilding in these countries accounts for a smaller share of direct cruise industry expenditures than in the other four countries. Thus, the reduction in shipbuilding had a smaller impact and was offset by gains in the other spending by the cruise lines and their passengers and crew.

- The seven countries in the top ten but outside of the top three tended to be impacted in one or two major segments:
 - France: principally a source and destination market, together with shipbuilding;
 - Spain: primarily a source and destination market with some headquarters operations;
 - Finland: undertakes shipbuilding;
 - Greece: predominantly a destination market with some ship repair services;
 - Norway: supplies ship maintenance services and is an important destination market in Northern Europe;
 - Netherlands: mainly provides support services and provisioning for cruise ships;
 - Denmark: chiefly a destination market with some ship repair services.

The next five countries had direct cruise industry spending between €32 million and €169 million. These countries were primarily impacted as either source markets and/or destination markets.

- Source Market: Austria;
- Destination Markets: Malta, Sweden, Cyprus and Portugal.

The remaining 15 countries all had direct cruise industry expenditures of under €25 million. These countries were primarily impacted as either source markets or as sources for crew:

- Source Markets: Belgium, Ireland, Iceland, Switzerland and Luxembourg;
- Crew: Bulgaria, Estonia, Hungary, Poland, Slovakia, Lithuania, Czech Republic, Latvia, Romania and Slovenia.

The Economic Benefits of Cruise Tourism

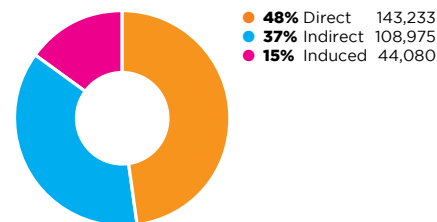
The cruise industry generates employment and income

Employment Impacts

The €14.1 billion in direct cruise tourism expenditures throughout Europe in 2009 generated 296,288 jobs (direct, indirect and induced).

Total Employment Impact in Europe, 2009

296,288 Jobs



Direct Employment Impacts

The cruise tourism expenditures directly generated 143,233 jobs. These included employees of the cruise lines, direct suppliers to the cruise lines and employees of establishments providing goods and services to passengers.

The direct economic impacts of the cruise industry are derived from a broad range of activities including:

- Port services and cruise industry employment;
- Transportation of cruise passengers from their place of residence to the ports of embarkation;
- Travel agent commissions;
- Spending for tours and pre- and post-cruise stays in European port cities;
- Passenger spending for retail goods in European port cities; and
- Purchases of supplies by the cruise lines from European businesses.

Direct Cruise Industry Employment by Industry, 2009

Industry	Direct Jobs	Share of Total
Agr., Mining & Construction	100	0.1%
Manufacturing	37,976	26.5%
Food & Tobacco	2,188	1.5%
Textiles & Apparel	1,476	1.0%
Paper & Printing	1,025	0.7%
Petroleum & Chemicals	820	0.6%
Stone, Clay & Glass	157	0.1%
Metals	2,014	1.4%
Machinery	1,060	0.7%
Electrical Machinery	628	0.4%
Shipbuilding	25,938	18.2%
Other Manufacturing	2,670	1.9%
Wholesale & Retail Trade	7,953	5.6%
Hospitality	5,007	3.5%
Transportation & Utilities	20,258	14.1%
Air Transport	4,684	3.3%
Transport Services	14,235	9.9%
Other Transport & Utilities	1,339	0.9%
Financial and Business Services	12,862	8.9%
Finance, Ins. & Real Estate	899	0.6%
Business Services	11,963	8.3%
Personal Services & Govt	7,981	5.6%
Subtotal	92,137	64.3%
Cruise Line Employees*	51,096	35.7%
Grand Total	143,233	100.0%

* European Nationals

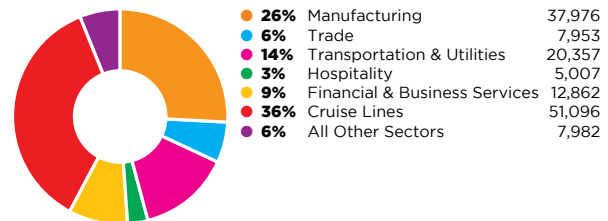
The direct jobs generated by the cruise industry are located on cruise ships, in headquarters of cruise lines, at travel agencies that sell cruises, at manufacturing plants that provide goods consumed on cruise ships, at shipyards, advertising agencies and at hotels that are used by passengers for pre- and post-cruise stays.

As indicated in the above table the direct employment impacts are broadly based and include the following:

- Cruise lines directly employed 51,096 European residents in their administrative offices and on board cruise ships. They accounted for 36% of the direct employment impacts.
- European manufacturers employed an estimated 37,976 workers, nearly 27% of the direct jobs, a 25% decline from 2008.
 - European shipyards employed an estimated 25,938 workers, nearly 30% fewer than in 2008, on the construction and repair of cruise ships.
 - Nearly 2,200 jobs were generated in the food, beverage and tobacco industries to produce food and beverage items consumed on cruise ships. More than 3,700 workers were employed in the metals, machinery and electrical machinery industries to produce equipment used in offices and on cruise ships.
- The wholesale and retail trade sector employed an estimated 7,953 workers to provide goods to the cruise lines and their passengers.
- The Transportation and Utilities sector employed just over 20,300 workers, 14% of the total. These included air transportation workers dependent on air travel by passengers and crew, lorry drivers who deliver goods to cruise ships, travel agents who sell cruises and tour operators that provide onshore excursions.
- Business service providers employed nearly 12,900 persons, including computer programmers, engineers, management consultants, lawyers and accountants.

- Over 5,000 workers were employed in hotels, restaurants and amusement enterprises as a direct result of passenger spending as part of their cruise vacations.
- Finally, nearly 8,000 jobs were generated in the personal services, government and other sectors. These include photographers, health care employees and social service providers, among others.

Direct Employment by Sector, 2009 143,233 Jobs



Total Employment Impacts

As indicated in the next table an estimated 296,288 total jobs, comprising direct, indirect and induced employment, were generated throughout Europe by the cruise industry in 2009, a decrease of 4.9% from 2008.

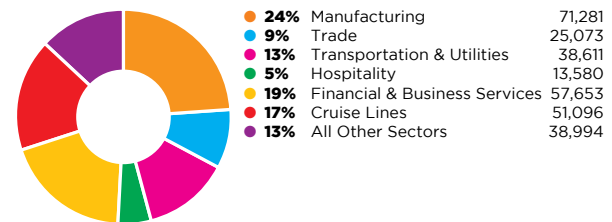
- European manufacturers employed almost 71,300 workers, 24% of the total jobs, as a result of the total economic impact of the cruise industry. This is a decline of nearly 25% from 2008.
 - Transportation equipment manufacture employed an estimated 30,679 workers, 83% on construction and maintenance of cruise ships and other vessels.
 - More than 8,600 jobs were generated in the food, textiles and apparel industries as result of cruise line, passenger and household demand for food, clothing and related products.
 - Approximately 17,000 workers were employed in metal and machinery industries primarily as a result of direct and indirect demand from the shipbuilding industry.
- Cruise lines directly employed more than 51,000 European residents in their administrative offices and on board cruise ships. They accounted for 17% of the total employment impacts.

Total Employment by Industry, 2009

Industry	Total Jobs	Share of Total
Agr., Mining & Construction	14,914	5.0%
Manufacturing	71,281	24.1%
Food & Tobacco	4,611	1.6%
Textiles & Apparel	4,022	1.4%
Paper & Printing	3,551	1.2%
Petroleum & Chemicals	3,507	1.3%
Stone & Glass	1,303	0.4%
Metals	10,440	3.4%
Machinery	3,457	1.2%
Electrical Machinery	3,129	1.1%
Transportation Equipment ¹³	30,679	10.3%
Other Manufacturing	6,582	2.2%
Wholesale & Retail Trade	25,073	8.5%
Hospitality	13,580	4.6%
Transportation & Utilities	38,611	13.0%
Air Transport	5,284	1.8%
Transport Services	19,325	6.6%
Other Transport	8,881	3.0%
Communications & Utilities	5,121	1.7%
Financial & Business Services	57,653	19.5%
Finance, Ins. & Real Estate	8,865	3.0%
Business Services	48,788	16.5%
Personal Services & Govt	24,080	8.1%
Subtotal	245,192	82.8%
Cruise Line Employees	51,096	17.2%
Grand Total	296,288	100.0%

- Financial and Business Services accounted for almost 20% of the total employment impacts with almost 57,700 jobs. While the total impacts measured in this section were spread throughout all components of this sector, the impacts were most heavily concentrated in the area of business services.
- Combined, the Trade and Hospitality sectors accounted for 13% of the total employment impacts, which amounted to over 38,600 total jobs. The trade jobs were primarily among wholesale trade establishments, while the hospitality jobs were concentrated in hotels and eating and drinking outlets.
- Transportation and Utility services accounted for 13% of the total employment impacts with just over 38,600 jobs. This reflects direct demand generated by the cruise industry and the strong inter-industry linkages which reflect the heavy usage of a variety of transportation services to supply businesses with their inputs and to deliver consumer goods to retail outlets.
- Nearly 15,000 total jobs, amounting to 5% of the total employment impacts were generated in the Agriculture, Mining and Construction segments. These jobs were spread fairly evenly throughout the industries in this sector.
- The Personal Services and Government sector accounted for 8% of the total employment impacts with just over 24,000 total jobs. These jobs were concentrated in the education, medical care and social services industries.

Total Employment by Sector, 2009 396,288 Jobs



Total Employment by Country

As indicated in the next table, the European cruise industry was responsible for generating employment in each of the EU+3 countries. The employment impacts were, however, concentrated in 10 countries, accounting for 91% of the industry's job creation. Another five had total employment impacts in excess of 1,000 jobs and accounted for 4% of total job creation. The remaining 17 countries accounted for 5% of total employment impacts and each had less than 1,000 jobs generated by the industry.

The Top Ten

- The three countries of Italy, UK and Germany accounted for 62% of the cruise industry's total employment impact in Europe, including:
 - Maintaining headquarters facilities and providing crew,
 - Serving as major source and destination markets for cruise passengers,
 - Providing shipbuilding and repair services, and
 - Provisioning and fuelling cruise ships.
- Italy accounted for 32% of the total employment impacts with 96,076 jobs:
 - As Europe's largest cruise destination market, the transportation, excluding cruise line employees, trade and hospitality industries accounted for a combined 23% of the total employment impacts.
 - The manufacturing sector accounted for 27% of the total impact with these jobs concentrated in the shipbuilding and metals industries.
 - The cruise lines directly employed an estimated 12,300 Italian residents as crew and administrative staff, 13% of the total employment impacts.

13. Transportation equipment includes shipbuilding, but also the manufacture of other transportation equipment, such as cars, buses, trucks, airplanes and railway rolling stock. Most of the indirect and induced impacts occur in these other industries.

Total Employment by Country, 2009

Country	Total Jobs	Share of Total
Italy	96,076	32.4%
UK	55,599	18.8%
Germany	31,395	10.6%
Spain	24,248	8.2%
France	15,128	5.1%
Finland	13,658	4.6%
Greece	11,794	4.0%
Norway	10,897	3.7%
Portugal	7,296	2.4%
Netherlands	4,753	1.6%
Top 10	270,844	91.4%
Malta	2,531	0.8%
Poland	2,411	0.8%
Sweden	2,036	0.7%
Denmark	1,931	0.7%
Cyprus	1,052	0.4%
Rest of EU+3	15,483	5.2%
Total	296,288	100.0%

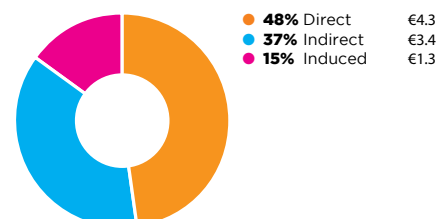
- The United Kingdom accounted for nearly 19% of the total employment impacts with an estimated 55,599 jobs:
 - As Europe's largest cruise passenger source market, the transportation, excluding cruise line employees, trade and hospitality industries accounted for a combined 23% of the total employment impacts.
 - The Financial and Business Services sector accounted for 23% of the total impact. These jobs were primarily in the advertising, professional consulting and insurance industries.
 - The cruise lines directly employed an estimated 13,000 UK residents as crew and administrative staff, which accounted for 23% of the total employment impacts.
- Germany accounted for almost 11% of the total employment impacts with around 31,400 jobs:
 - Manufacturing accounted for only 28% of the total impact. This was down from 44% in 2008. This reflects Germany's status as a major shipbuilding centre, which experienced a sharp reduction during 2009.
 - As Europe's second largest cruise passenger source market, Germany's transportation, excluding cruise line employees, trade, and hospitality industries accounted for a combined 19% of the total employment impacts.
 - The cruise lines directly employed an estimated 3,600 German residents as crew and administrative staff, which accounted for 11% of the total employment impacts.
- The remaining seven countries in the top ten tended to be impacted in one or two primary segments:
 - Spain, as a major source and destination market with some headquarters operations, had a total employment impact that totalled 24,248 jobs. Cruise line employees accounted for 5% of its total employment impact while the transportation, excluding cruise line employees, trade and hospitality industries accounted for 44% of the impact.

- France is a shipbuilding centre and a source and destination market. It had a total employment impact of over 15,000 jobs. The manufacturing sector accounted for 34% of the total, down from 53% in 2008, while the transportation, trade and hospitality industries accounted for 26% of the total employment impact.
- Finland features primarily as a shipbuilding centre. Its employment impact of in excess of 13,600 jobs was concentrated in the manufacturing sector, which amounted to 62% of the total impact.
- Greece is primarily a destination market with some ship repair services and had a total employment impact of nearly 11,800. Approximately 45% of these jobs were in the transportation sector and 8% in manufacturing.
- Norway provides ship maintenance services and crew and is a destination market with total employment impact of just under 11,000 jobs. Cruise line employees accounted for 33% of total impact and manufacturing for 14%.
- Portugal is a source for crew and ship repair services and is also a cruise destination market. It had a total employment impact of just over 7,300 jobs. Employees of the cruise lines amounted to 43% of the total impact and the transportation, excluding crew, trade and hospitality sectors accounted for 24%.
- Netherlands is primarily a source market for cruise industry purchases and shipbuilding. Purchases by cruise lines amounted to 71% of the direct expenditures with shipbuilding accounting for another 18%. The manufacturing sector was responsible for 24% of the total employment impacts while the transportation, trade and hospitality sectors accounted for 42%.
- The remaining 21 countries were primarily impacted as source markets, destination markets or as sources for crew. As a result most of the jobs generated in these countries were either as crew or in the transportation, trade and hospitality sectors.

Compensation Impacts

The cruise industry is also responsible for the generation of significant income throughout Europe. The 296,288 total jobs generated by cruise tourism also generated €9 billion in total compensation, which is comprised of direct, indirect and induced impacts.

Total Compensation Impact in Europe, 2009 €9 Billion



Direct Compensation Impacts

The cruise tourism expenditures directly generated €9 billion in compensation throughout Europe during 2009, a decline of 10% up from 2008. This compensation included that received by employees of the cruise lines, direct suppliers to the cruise lines and the employees of establishments providing goods and services to cruise passengers.

The distribution of compensation among the major industries in Europe is similar to but not identical to the employment distribution. The differences are due to the wage differentials among the impacted industries and the countries in which the jobs are generated.

Direct Cruise Industry Compensation by Industry, 2009

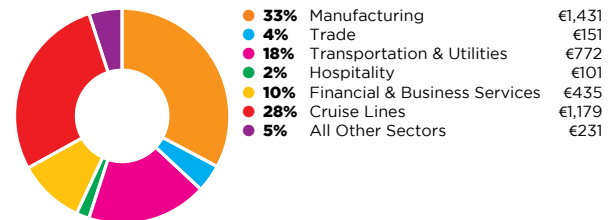
Industry	Direct Compensation € Millions	Share of Total
Agr., Mining & Construction	€ 3	0.1%
Manufacturing	€ 1,431	33.3%
Food & Tobacco	€ 72	1.7%
Textiles & Apparel	€ 37	0.9%
Paper & Printing	€ 34	0.8%
Petroleum & Chemicals	€ 45	1.1%
Stone & Glass	€ 5	0.1%
Metals	€ 55	1.3%
Machinery	€ 38	0.9%
Electrical Machinery	€ 24	0.6%
Shipbuilding	€ 1,055	24.5%
Other Manufacturing	€ 66	1.4%
Wholesale & Retail Trade	€ 151	3.5%
Hospitality	€ 101	2.4%
Transportation & Utilities	€ 772	18.0%
Air Transport	€ 223	5.2%
Transport Services	€ 497	11.6%
Other Transport	€ 40	0.9%
Communications & Utilities	€ 12	0.3%
Financial & Business Serv.	€ 435	10.1%
Finance, Ins. & Real Estate	€ 63	1.5%
Business Services	€ 372	8.6%
Personal Services & Govt	€ 224	5.2%
Subtotal	€ 3,117	72.6%
Cruise Line Employees	€ 1,179	27.4%
Grand Total	€ 4,296	100.0%

As indicated in the previous table the direct compensation impacts are broadly based and include the following.

- The nearly 51,100 European residents directly employed by the cruise lines received €1.2 billion in compensation. They accounted for 27% of the direct employment impacts.
- The 37,976 European manufacturing employees dependent on cruise-related spending earned an estimated €1.4 billion in compensation, amounting to 33% of the total direct compensation.
 - Employees of European shipyards engaged in the construction and maintenance of cruise ships received an estimated €1.1 billion in compensation in 2009.
 - Employees in the food, beverage and tobacco industry earned €72 million from the production of provisions consumed by cruise passengers and crew.
 - Workers directly employed in the metals and machinery industries earned €117 million producing a broad range of equipment used on cruise ships and in administrative offices.

- It was estimated that the 7,953 wholesale and retail trade sector employees directly employed as a result of cruise industry expenditures received €151 million in compensation.
- It was also estimated that the nearly 20,300 workers directly employed in Transportation & Utilities sector earned €772 million, 18% of the total direct compensation impacts.
- The 12,862 persons calculated to be employed in the Financial and Business Services sector were paid €435 million, which amounted to 10% of the direct compensation impacts.
- The more than 5,000 workers that were employed in the hospitality sector as a direct result of passenger spending on their cruise vacations made €101 million in compensation and accounted for 2.4% of the total.
- In the Personal Services and Government sectors, it was estimated that the nearly 8,000 directly generated jobs earned €234 million in compensation, 5.2% of the total direct compensation impacts.

Direct Compensation by Sector, 2009 €4.3 Billion



Total Compensation Impacts

As indicated in the next table an estimated €9 billion in total compensation, which combines the sums derived from direct, indirect and induced compensation, was earned by workers throughout Europe as a result of the European cruise industry in 2009, a decline of 10% from 2008.

- The more than 71,000 European manufacturing jobs generated by the European cruise industry produced €2.7 billion in total compensation. Manufacturing accounted for 30% of total compensation impacts.
 - The 30,679 workers estimated to be employed in the manufacturing of transportation equipment earned an estimated €1.3 billion in 2009. Nearly 83% of these earnings were paid to workers in the shipbuilding and repair industry.
 - The more than 8,600 employees the food, textiles and apparel industries earned €283 million in compensation as result of cruise line, passenger and household demand for these products.
 - The more than 17,000 workers employed in the metal and machinery industries primarily as a result of the direct and indirect demand from shipbuilding received €588 million in remuneration.

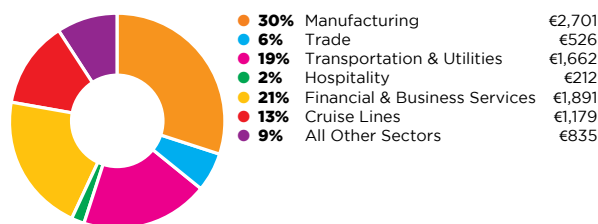
Total Compensation by Industry, 2009

Industry	Total Compensation € Millions	Share of Total
Agr., Mining & Constr.	€ 255	2.8%
Manufacturing	€ 2,701	30.0%
Food & Tobacco	€ 168	1.9%
Textiles & Apparel	€ 115	1.3%
Paper & Printing	€ 137	1.5%
Petroleum & Chemicals	€ 184	2.0%
Stone & Glass	€ 49	0.5%
Metals	€ 316	3.5%
Machinery	€ 141	1.6%
Electrical Machinery	€ 131	1.5%
Transportation Equipment*	€ 1,282	14.2%
Other Manufacturing	€ 178	2.0%
Wholesale & Retail Trade	€ 526	5.8%
Hospitality	€ 212	2.4%
Transportation & Utilities	€ 1,662	18.5%
Air Transport	€ 258	2.9%
Transport Services	€ 560	6.2%
Other Transport	€ 620	6.9%
Communications & Utilities	€ 224	2.5%
Financial & Business Serv.	€ 1,891	21.0%
Finance, Ins. & Real Estate	€ 528	5.9%
Business Services	€ 1,363	15.1%
Personal Services & Govt	€ 580	6.4%
Subtotal	€ 7,827	86.9%
Cruise Line Employees	€ 1,179	13.1%
Grand Total	€ 9,006	100.0%

* See footnote 13 on page 12 for a definition of this industry and its components.

- A sum of €1.2 billion was paid in compensation to European residents that were directly employed by the cruise lines in 2009, 13% of total compensation impacts.
- Financial and Business Services were estimated to employ nearly 58,000 workers due to the economic activities of European cruise industry. These workers made €1.9 billion in remuneration and accounted for 21% of the total compensation impacts.
- Combined, the Trade and Hospitality sectors accounted for 8.2% of the total compensation impacts with €738 million in earnings.
- The 38,611 jobs created in the Transportation and Utilities sector as a result of the direct, indirect and induced impacts of the European cruise industry produced €1.7 billion in employee compensation, amounting to 18.5% of the total impacts.
- The approximately 15,000 total jobs generated in the Agriculture, Mining and Construction industries produced €255 million in compensation, 2.8% of the total.
- The Personal Services and Government sector accounted for 6% of total compensation impacts with €580 million in earnings. This was earned by just over 24,000 workers that were employed as a result of the total impacts of the cruise industry in Europe.

Total Compensation by Sector, 2009 €9 Billion



Total Compensation by Country

Although the European cruise industry was responsible for generating compensation in each of the EU+3 countries, the majority of these impacts were concentrated in 10 countries, accounting for 96% of the industry's income creation. Another five countries each had total compensation impacts exceeding €15 million and accounted for another 3.2% of the total. The remaining 16 countries accounted for 1.4% of the total compensation impacts with less than €15 million each.

The Top Ten

The three countries of Italy, UK and Germany accounted for 65% of the cruise industry's total compensation impact in Europe.

- Italy accounted for 31.4% of the total compensation impacts with €2.8 billion in earnings:
 - Manufacturing was responsible for 32% of the total impact with compensation totalling €909 million and concentrated in shipbuilding and metals.
 - As Europe's largest cruise destination market, the transportation, excluding cruise line employees, trade and hospitality industries together amounted to 24% of the total compensation impacts, €693 million in earnings.
 - The nearly 12,300 workers calculated to be directly employed by the cruise lines earned €400 million, 14% of the total compensation impacts.
- The United Kingdom accounted for almost 22% of the total compensation impacts with just under €2.0 billion in earned income:
 - Financial and Business Services, with €520 million, were responsible for 26% of the total compensation impacts, concentrated in the advertising, professional consulting and insurance industries.
 - As Europe's largest source market, the transportation excluding cruise line employees, trade and hospitality industries accounted for €398 million in compensation, amounting to 20% of the total compensation impacts.
 - The 13,059 workers estimated to be directly employed by the cruise lines earned €413 million, which responsible for 21% of the total compensation impacts.

Total Compensation by Country, 2009

Country	Total Compensation € Millions	Share of Total
Italy	€ 2,828	31.4%
UK	€ 1,953	21.7%
Germany	€ 1,095	12.2%
Spain	€ 729	8.1%
France	€ 687	7.6%
Finland	€ 522	5.8%
Norway	€ 340	3.8%
Greece	€ 211	2.2%
Denmark	€ 133	1.5%
Netherlands	€ 132	1.5%
Top 10	€ 8,630	95.8%
Portugal	€ 101	1.1%
Sweden	€ 82	0.9%
Malta	€ 34	0.4%
Poland	€ 19	0.2%
Cyprus	€ 18	0.2%
Rest of EU+3	€ 122	1.4%
Total	€ 9,006	100.0%

- Germany accounted for 12% of the total compensation impacts with earnings amounting to just under €1.1 billion:
 - Manufacturing amounted to 41% of the total impact with €444 million in employee compensation. This reflects Germany's shipbuilding status, with jobs concentrated mainly in the shipbuilding and metals industries.
 - As Europe's second largest cruise passenger source market, Germany's transportation excluding cruise line employees, trade and hospitality industries accounted for a combined 19% of the total compensation impacts with €205 million in earnings.
 - The nearly 3,600 workers directly employed by the cruise lines earned €81 million, 7% of total compensation impacts.
- The remaining seven countries in the top ten tended to be impacted in one or two primary segments:
 - Spain, as a major source and destination market with some headquarters operations, had a total compensation impact of €729 million, accounting for 8.1% of the European total. Cruise line employees were responsible for 5% of the impact and the transportation excluding cruise line employees, trade and hospitality industries for 40%.
 - France is a shipbuilding centre and a source and destination market. It had a total compensation impact of €687 million in earnings. The manufacturing sector accounted for 26% whilst the transport, trade and hospitality industries amounted to 25% of the total compensation impact.
 - Finland features primarily as a shipbuilding centre. Its compensation impact of €522 million was concentrated in the manufacturing sector, which accounted for two-thirds of the total impact.
 - Norway provides ship maintenance services and crew and is a destination market with a total compensation impact of €340 million, 3.8% of the total impact. Cruise line employees accounted for 22% of the total compensation impact while the manufacturing sector amounted to 19%.

- Greece is primarily a destination market with some ship repair services with a total compensation impact of €211 million, 2.2% of the European total. Just over half, 52%, came from the transportation sector and 10% from manufacturing.
- Denmark is primarily a destination market and also undertakes ship repair. With €133 million in total compensation impacts, it accounted for 1.5% of the total European impact. The transportation sector was responsible for two-thirds of the total impacts while the trade and hospitality sectors accounted for another 10%.
- Netherlands primarily provides support services and provisioning for cruise ships. It had a total compensation impact of €132 million in earnings, 1.5% of the total European impact. Manufacturing accounted for 34% and the Financial and Business Services sector for 23%.

The remaining 21 countries were primarily impacted as source markets, destination markets or as sources for crew. As a result most of the compensation generated in these countries was either as cruise line compensation or earnings in the transportation, trade and hospitality sectors.

Glossary of Specialist Terms and Abbreviations

Term or Abbreviation	Definition
CLIA	Cruise Lines International Association, US-based body representing the interests of cruise lines active in North America.
Compensation (Remuneration)	Compensation (remuneration, income) is the sum of wage and salary payments, benefits, including health and life insurance, retirement payments and any other non-cash payments; includes all income to workers paid by employers.
Cruise Europe	Organisation representing the interests of cruise ports located mainly in Northern European waters
ECC	European Cruise Council, formed in 2004 to represent the interests of cruise lines active in Europe.
EU	Comprising 27 member states of Belgium, Bulgaria, Denmark, Germany, Greece, Spain, France, Republic of Ireland, Italy, Luxembourg, Netherlands, Austria, Portugal, Finland, Sweden, United Kingdom, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.
EU+3	The EU countries listed above plus Switzerland, Norway and Iceland.
Full time equivalents (FTEs)	Employment (jobs, workers) figures are expressed as full-time equivalent employment, a computed statistic representing the number of full-time employees that could have been employed if the hours worked by part-time employees had been worked by a full-time employee. Thus, FTE is always less than the sum of full-time and part-time employees.
Homeport	Port at which a cruise ship is based, normally for a series of cruises. May also be referred to as base-port.
International cruising	This normally refers to cruises on ships that visit ports in more than one country and are also marketed internationally. Other non-international cruising such as coastal and riverine is excluded from the scope of the current study.
Lower Berths	Used to measure the normal capacity of a ship when two beds in each cabin are occupied.
MedCruise	Organisation representing the interests of cruise ports located in the Mediterranean and adjacent waters.
OECD	Organisation for Economic Co-operation and Development, a body comprising mainly the established industrialized countries in Europe, North America and the Commonwealth.
Pax	Abbreviation for passengers.
Pax-nights	Number of passengers in lower berths multiplied by the number of nights a ship is occupied during a cruise. May also be referred to as bed-days or pax-days.
Port-of-Call	Port at which a cruise ship calls during the course of a cruise. Also sometimes referred to as a transit port.
PSA	Passenger Shipping Association, UK body representing the interests of cruise lines and ferry operators active in the UK market.

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Cruise Council

European Cruise Council

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