



LA CONTRIBUTION ECONOMIQUE DE LA CROISIERE BAT UN NOUVEAU RECORD EN EUROPE

La production économique totale enregistre une augmentation de 4% en 2013, et 22% de croissance depuis 2008 malgré la crise économique.

La contribution économique directe à la France a augmenté de près de 1%, demeurant la 5^{ème} plus élevée d'Europe avec 1.076 milliards d'euros. Le nombre de passagers ayant embarqué sur une croisière en France a augmenté de 21% et ceux ayant visité la France de 3,9% par rapport à 2012, avec plus de 2,4 millions en 2013.

Paris, 16 juin 2014 – L'industrie de la croisière continue à jouer son rôle de contributeur pour faire émerger l'économie européenne de son ralentissement grâce à une nouvelle année de forte croissance en 2013. Les chiffres indiqués ce jour par CLIA Europe révèlent que la production économique de l'industrie de la croisière en Europe a atteint un record historique de 39,4 milliards d'euros en 2013. Les dépenses directes générées par l'industrie ont atteint 16,2 milliards d'euros en 2013, comparés à 15,5 milliards d'euros en 2012.

En termes de création d'emplois, l'industrie de la croisière a comptabilisé 339.417 emplois en 2013 pour un montant total de rémunération de 10,5 milliards d'euros, soit 4% de plus qu'en 2012.

Trois facteurs majeurs contribuent grandement à la croissance annuelle de l'industrie de la croisière : la hausse des passagers en provenance d'Europe ; une augmentation de passagers embarquant dans les ports européens ; la domination des chantiers européens dans le secteur de la construction navale mondiale.

Selon le Rapport de la Contribution Economique 2014 de CLIA Europe¹, 6,4 millions de résidents européens ont réservé une croisière en 2013, représentant une hausse de 3,6% par rapport à 2012 et 30% des passagers de croisières à travers le monde. L'Europe est aussi une destination majeure pour les passagers de croisières et les navires du monde entier, générant des investissements touristiques et des dépenses conséquentes. Ainsi, le nombre de passagers ayant embarqué pour leurs croisières dans des ports européens a atteint 6 millions en 2013, une hausse de 5,2% par rapport à 2012. Environ 5 millions de ces passagers étaient originaires d'Europe, et 1 million venant d'autres pays.

¹ *CLIA Europe, Contribution of Cruise Tourism to the Economics of Europe 2014 Edition, www.cliaeurope.eu*

Les chantiers navals européens, qui construisent la plupart des plus beaux navires de croisières au monde, ont enregistré une hausse de 4,7% de leurs chiffres d'affaires. En 2013, les compagnies de croisières ont dépensé 4,3 milliards d'euros pour de nouvelles constructions et rénovations en Europe, seconde année de hausse après deux années de « retranchement ». Actuellement, en incluant les livraisons effectuées au cours du premier semestre 2014, les chantiers navals européens ont 24 navires de croisières en commande pour une valeur totale de 12,1 milliards d'euros d'ici 2017.

Monsieur Pierfrancesco Vago, président de CLIA Europe, a déclaré : *« Les résultats positifs atteints cette année réaffirment la position de l'Europe comme un hub dynamique à la base de l'industrie de la croisière mondiale. L'industrie de la croisière continue de générer d'importants bénéfices économiques pour l'Europe durant cette période cruciale de reprise, produisant des emplois cruciaux pour les citoyens européens ainsi que du nouveau commerce pour ses industries et des revenus pour ses états. »*

Robert Ashdown, Secrétaire Général de CLIA Europe, a lui ajouté : *« Malgré la difficile conjoncture économique en 2013, plus de 6 millions d'Européens ont choisi d'effectuer une croisière l'an dernier, plus du double d'il y a dix ans. La croisière permet aussi d'augmenter le nombre de touristes visitant l'Europe, avec un million de citoyens de pays tiers ayant embarqué dans un port européen en 2013, et permet à l'Europe de rester en tête de la construction navale mondiale, avec 24 nouveaux navires de croisières prévus pour livraison d'ici 2017. En plus de ces chiffres significatifs, il est important de rappeler que la croisière reste à ce jour la plus sûre, la plus abordable et la plus inoubliable des expériences de vacances. »*

La contribution économique directe à la France a augmenté de près de 1%, demeurant la cinquième plus élevée en Europe, à 1.076 milliards d'euros. Le nombre de Français ayant réservé une croisière a augmenté de 9% avec 522.000 passagers, franchissant pour la première fois, le cap symbolique du demi-million. Le nombre de personnes ayant embarqué sur une croisière en France a augmenté de 21% et le nombre de personnes ayant visité la France de 3,9% comparé à 2012, avec plus de 2,4 millions en 2013. La France a été la cinquième destination de croisière en Europe. L'économie française en 2013 a augmenté de 0,3% et les prévisions prévoient une hausse de 1,0% en 2014 et 1,5% en 2015.

Selon Georges Azouze, Président de CLIA France : *« Le développement de la croisière en France et en Europe montre une forte résilience à la crise économique que nous traversons depuis 2008. Grâce aux investissements des compagnies dans de nouveaux navires, ainsi que des ports dans les infrastructures d'accueil, l'industrie de la croisière apporte une contribution importante et croissante à l'économie française, tout en créant des emplois et en participant au rayonnement du secteur touristique de la France auprès de croisiéristes étrangers toujours plus nombreux à visiter notre pays. »*

Les chiffres clé 2013 enregistrés par CLIA Europe :

- 43 compagnies de croisières domiciliées en Europe, exploitant 125 navires pour une capacité d'environ 145.000 lits
- 73 paquebots supplémentaires avec une capacité d'environ 104.000 lits déployés en Europe par des compagnies non-européennes
- 39,4 milliards d'euros de retombées économiques totales
- 16,2 milliards d'euros de dépenses directes par les compagnies, passagers et équipages
- 339.417 emplois
- 10,5 milliards de rémunérations des employés
- La Contribution Economique Directe à la France a augmenté de presque 1%, demeurant la cinquième plus élevée en Europe, à 1.076 milliards d'euros.
- Le marché français (nombre de Français ayant réservé une croisière) est en hausse de 9% avec 522.000 passagers.
- Le nombre de personnes ayant embarqué pour une croisière en France a augmenté de 21% et celles ayant visité la France de 3,9% par rapport à 2012, à plus de 2,4 millions en 2013. La France a été la cinquième destination de croisière en Europe.
- L'économie française en 2013 a augmenté de 0,3% et devrait augmenter de 1,0% en 2014 et 1,5% en 2015.

À propos de CLIA

CLIA (Cruise Lines International Association, association internationale des compagnies de croisières) est la plus grande association professionnelle des industriels de la croisière dans le monde. Elle est présente en Amérique du Nord et en Amérique du Sud, en Europe, en Asie et en Australasie. CLIA représente les intérêts des compagnies de croisières et des agents de voyages auprès des législateurs et des organismes réglementaires. CLIA participe également à la formation des agents de voyages, ainsi qu'à la recherche et aux communications marketing visant à promouvoir l'attrait et l'intérêt des vacances en croisière. Elle compte des milliers d'agents et d'agences de voyages membres. Le programme Associate Member and Executive Partner de CLIA regroupe les plus grands fournisseurs de provisions et de services du secteur qui aident les compagnies de croisières à garantir aux millions de passagers annuels une expérience sûre, respectueuse de l'environnement et agréable pour leurs vacances en croisière. Pour plus d'informations sur CLIA, le secteur de la croisière et les compagnies de croisières et agences de voyages membres de CLIA, consultez le site www.cliaeurope.eu. Vous pouvez retrouver CLIA sur [Facebook](#) et [Twitter](#), et suivre sa présidente Christine Duffy sur [@CLIACEO](#) et cruising.org/ceoblog.

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THE CRUISE INDUSTRY



Contribution of Cruise Tourism to the
Economies of Europe **2014 Edition**

CLIA Europe Member Lines



As the new Chairman of CLIA Europe I'm delighted to welcome you to our annual Economic Contribution Report. It outlines another successful year for the cruise industry in Europe and describes how its growth continues to generate much needed investment and jobs across Europe.

I invite you to explore the report and discover how, in today's fast-changing world, the cruise industry continues to make a positive difference by generating new economic opportunities within the travel and tourism industry and beyond. In the wake of European economic and financial uncertainties, European cruise tourism has once again been a constant and reliable source of much needed new business growth across coastal communities, the shipbuilding centres and the national capitals.

In the five years from 2008-2013, the total output of the European cruise industry has increased by 22% to over €39billion while the number of European-sourced passengers has grown by 44% to 6.4 million in 2013. Impressive, sustained growth such as this has resulted in a stronger representation of the cruise industry in order to ensure that the industry continues to deepen its market penetration and encourage more people to cruise, more often. Key to delivering this objective are CLIA Europe's national chapters in the UK & Ireland, Germany, Italy, France, Spain, Netherlands and Belgium & Luxembourg. This commitment by the industry to European cruising will help us achieve even greater success in those markets and across Europe in the coming years.

This report, commissioned by CLIA Europe from the independent economic experts G.P. Wild (International) Limited and Business Research and Economic Advisors, once again demonstrates the crucial role cruise tourism can play in regenerating and rebalancing the European economy. Europe is firmly established as the world's second largest cruise market after North America. The numbers choosing a cruise holiday in Europe has more than doubled in the past decade while the industry attracted almost one million passengers from outside Europe. European passenger demand now commands 30 per cent of the global market.

Cruise tourism created more than 12,000 badly needed new jobs last year, and now generates employment for more than 339,000 people across Europe. European shipyards, which build almost all the world's state of the art cruise liners, received a welcome boost with a net increase of five ships on the cruise ship order book. 27 ships are now scheduled for delivery over the next four years, with a combined capacity of over 76,000 passengers and representing a total investment by the cruise industry in Europe of over €12 billion.

Europe is witnessing a fragile economic recovery and we look forward to working constructively with the new European Parliament and European Commission, together with Governments across Europe, to ensure that we can continue to contribute to that revival. By ensuring that Europe remains a good place in which to do cruise business we are confident that this industry can deliver sustained, and sustainable, economic growth for the foreseeable future.



Pierfrancesco Vago
Chairman CLIA Europe and Executive Chairman of MSC Cruises

FOREWORD	1
EXECUTIVE SUMMARY	3
REPORT SUMMARY	4
OVERVIEW – FACTS AND FIGURES	7
CRUISE INDUSTRY EXPENDITURES BY COUNTRY	8
A GLOBAL INDUSTRY	9
EUROPEAN CRUISE PORTS	10
CRUISE PASSENGERS SOURCE MARKETS	13
SHIPBUILDING IN EUROPE	15
DIRECT CRUISE INDUSTRY EXPENDITURES IN EUROPE	16
THE ECONOMIC IMPACTS OF CRUISE TOURISM	19
GLOSSARY OF SPECIALIST TERMS AND ABBREVIATIONS	25
SOURCES OF INFORMATION	25

GP Wild (International) Limited and Business Research and Economic Advisors (BREA) were engaged by the European Cruise Council 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.



Production by



G. P. Wild (International) Limited and Business Research and Economic Advisors were engaged by CLIA Europe to conduct a comprehensive analysis of the global cruise industry's operations in Europe and its contribution to the European economy in 2013. For the purposes of this report, unless otherwise stated, Europe is defined as the EU with 27 members as of January 1, 2013 plus Switzerland, Norway and Iceland. The EU-27 member states are fully defined in the Glossary.

Some of the major highlights of cruise operations in Europe during 2013 were:

- **During 2013 there were 43 cruise lines domiciled in Europe, operating 125 cruise ships with a capacity of around 145,000 lower berths. Another 73 vessels with a capacity of around 104,000 lower berths were deployed in Europe by 24 non-European lines.**
- **An estimated 6.4 million European residents booked cruises, a 3.6% increase over 2012, representing 30% of all cruise passengers worldwide.¹**
- **An estimated 6.0 million passengers embarked on their cruises from a European port, a 5.2% increase over 2012. Of these around 5.0 million were European nationals and about 1.0 million came from outside Europe.**
- **The vast majority of these cruises visited ports in the Mediterranean, the Baltic and other European regions, generating 31.2 million passenger visits at a total of around 250 European port cities, an increase of 8.7% over 2012.**
- **In addition, an estimated 15.2 million crew also arrived at European ports.**

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 2013, cruise industry direct expenditures grew by 4.7% from 2012 to €16.2 billion. As will be discussed below this increase was the net result of a fairly uniform increase in the major components of cruise industry expenditures. The total economic impacts of the cruise industry included the following:

- **€39.4 billion in total output²,**
- **€16.2 billion in direct spending by cruise lines and their passengers and crew,**
- **339,417 jobs³, and**
- **€10.5 billion in employee compensation.⁴**

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:

- **€2.43 million in business output, and**
- **21 jobs paying an average annual wage of nearly €31,000.**

1 The EU was expanded to 28 states effective as of 1 July 2013 through the addition of Croatia. Since the report covers a full year's activities the economic impact assessment has been confined to the 27 member-states at 1 January 2013. The scope of the report on 2014 will be extended to cover the EU-28.

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

3 Full time equivalents

4 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.

Direct Economic Impacts

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

In 2013, the cruise industry generated direct expenditures of **€16.2 billion**. These expenditures included the following:

- **€4.03 billion** in spending for the construction of new cruise ships and the maintenance and refurbishment of existing ships with European shipyards, a 4.7% increase from 2012. This was the second annual increase following three consecutive years in which these expenditures had fallen. Growth in the construction and maintenance of ships had slowed during 2008 and turned negative during 2009 as the decline in new orders during 2008 and 2009 finally impacted European shipyards. As anticipated this lagged impact of the decline in new orders on actual construction was finally reversed in 2012.
- At the outset of 2013 there were 20 cruise ships on the order books of the European shipyards.
- Currently, including deliveries during the first half of 2014, European shipyards are under contract to build 24 cruise ships with a combined value of €12.1 billion through to 2017.
- **€6.91 billion** in spending by cruise lines with European businesses for goods and services in support of their cruise operations, an increase of 4.7% over 2012. Among the major expenditures were the following.
 - Cruise lines purchased nearly €666 million in provisions consumed on board cruise ships from European food and beverage manufacturers.
 - An estimated €840 million in commissions were paid to European travel agents.
 - The cruise lines spent €1.55 billion on financial and business services including: insurance, advertising, engineering and other professional services.
- **€3.80 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 and beverages. Total passenger and crew expenditures increased by 4.5% from 2012.
 - Including airfares, embarking passengers spent an average of €288.
 - Excluding airfares, cruise passengers spent an average of nearly €80 at embarkation port cities.
 - On average, cruise passengers then spent another €62 at each port visit on their cruise itinerary.
 - Crew spending at each port call averaged €23 per crew member.
- **€1.45 billion** in wages and salaries plus benefits, an increase of 5.6% from 2012, were paid to the European administrative staff and crew of the cruise lines.

- Cruise lines employed just over 5,600 European nationals in their headquarters and administrative offices.
- An estimated 56,800 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 Table ES - 1, the €16.2 billion in direct expenditures generated about **164,800 direct jobs** paying **€4.97 billion in employee compensation**.

Table ES - 1: Direct Economic Impacts of the European Cruise Sector by Industry, 2013

Industry ^①	Expenditures € Million	Jobs	Compensation € Million
Agr., Mining & Constr. ^②	€20	171	€4
Manufacturing	€7,485	39,070	€1,575
Nondurable Goods	€2,063	6,575	€244
Durable Goods	€5,422	32,495	€1,331
Wholesale & Retail Trade	€825	11,351	€225
Transportation & Utilities	€3,741	22,504	€824
Hospitality ^③	€421	6,636	€146
Financial and Business Services	€1,554	12,650	€467
Personal Services & Govt.	€695	9,990	€280
Subtotal	€14,741	102,372	€3,521
Cruise Line Employees	€1,449	62,432	€1,449
Grand Total	€16,190	164,804	€4,970

①The aggregate (bold) and sub-industries are based on standard industry definitions used by the OECD in its input-output accounts. The level of detail in each table may vary but the definitions remain the same.

②Agr, Mining & Constr. is the aggregation of the Agriculture, Mining and Construction industries. Generally, the estimated impacts for each of these industries is too small and imprecise to show.

③Hospitality includes hotels, restaurants and bars and amusement and recreation establishments.

The following three economic sectors accounted for approximately 75% of the direct economic impacts of the European cruise industry:

- The Manufacturing sector, led by the shipbuilding industry, accounted for 46% of the cruise industry's direct expenditures, 24% of the direct jobs and 32% of the direct employee compensation.
- European employees of the cruise lines accounted for 38% of the direct jobs generated by the cruise industry and 29% of the compensation.
- The Transportation and Utilities, excluding the direct employees of the cruise lines and their wages but including tour operators and travel agents among others, accounted for 23% of the direct expenditures, 14% of the direct jobs and 17% 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 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, indirect impacts primarily affect business-to-business enterprises while the induced impacts primarily affect consumer businesses. The total economic impacts are shown in Table ES - 2.

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 account for more than half of the cruise industry's total impact throughout Europe.

- The Transportation and Utilities sector, including the employees of the cruise lines, accounted for 22% of the total output and 31% of the total employment and 30% of the total compensation impacts.
- The Manufacturing sector, which includes the shipbuilding industry, accounted for 35% of the total output, 23% of the jobs and 28% of the total compensation generated by the cruise industry.

Table ES - 2: Total Economic Impacts of the European Cruise Sector by Industry, 2013 ^①

Industry	Output € Million	Jobs	Compensation € Million
Agr., Mining & Constr.	€2,428	17,463	€335
Manufacturing	€13,744	76,811	€2,976
Nondurable Goods	€4,851	19,659	€718
Durable Goods	€8,893	57,152	€2,258
Wholesale & Retail Trade	€2,354	30,810	€556
Transportation & Utilities ^②	€8,531	106,469	€3,118
Hospitality	€1,250	16,951	€376
Financial and Business Services	€9,149	65,056	€2,333
Personal Services & Govt	€1,905	25,857	€804
Total	€39,361	339,417	€10,498

^① 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.

^② Includes the European employees of the cruise lines and their compensation.

Country Impacts

The economic impacts were spread throughout Europe. However, as indicated in Table ES-3 the majority of these impacts were concentrated in five countries, which accounted for about 80% of the cruise industry's impacts all over Europe.

The three countries of Italy, Germany and the UK accounted for 66% of the direct expenditures of the cruise industry. These three countries experienced a combined increase of 3.9% in direct expenditures from 2012. 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.

Table ES - 3: Total Economic Impacts of the Cruise Sector by Country, 2013

Country	Direct Expenditures € Million	Growth from 2012	Total Jobs	Total Compensation € Million
Italy	€4,571	2.5%	102,867	€3,107
UK	€3,125	6.5%	70,241	€2,580
Germany	€3,060	3.6%	46,863	€1,706
Spain	€1,226	-2.2%	25,620	€763
France	€1,076	0.9%	14,461	€632
Top 5	€13,058	3.1%	260,052	€8,788
Norway	€606	9.8%	14,864	€481
Greece	€574	-2.4%	11,215	€215
Finland	€518	96.2%	7,742	€292
Netherlands	€357	1.7%	5,826	€166
Denmark	€223	4.2%	2,965	€104
Next 5	€2,278	15.7%	42,612	€1,258
Rest of the EU+3	€854	3.9%	36,753	€452
Total	€16,190	4.7%	339,417	€10,498

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

- Spain serves primarily as a source and destination market with some headquarters operations.
- France is principally a source and destination market with the addition of shipbuilding.

As shown in table ES - 3 the top five countries experienced a combined 3.1% growth in direct cruise industry expenditures during 2013. The UK led the way with a 6.5% increase in direct expenditures and accounted for nearly half of the net increase in expenditures among the top 5 countries. With the exception of shipbuilding, which experienced a 1% decline, growth was fairly uniform across the remaining major expenditure categories with passenger and crew spending increasing by 6.8%, cruise employee compensation increasing by 8.5% and other expenditures by cruise lines expanding by 6.3%.

Germany and Italy experienced somewhat smaller gains in direct cruise sector expenditures with respective gains of 3.6% and 2.5%. The growth in Germany was led by a 5.1% increase in shipbuilding. Spending by passengers and crew and cruise line expenditures for employee compensation each increased by 4.1% over 2012. Additional expenditures by cruise lines for goods and services in support of their cruise operations rose by 1.5%.

As noted above Italy experienced a 2.5% increase in direct cruise industry expenditures in 2013 which followed a slight 0.2% gain in 2012 and a 2% decline in 2011. This growth in spending was the net result of a 2.1% decline in spending at Italian shipyards and a 4.1% rise in spending by cruise lines and their passengers and crew.

Direct cruise sector spending rose by nearly 1% in France during 2013. This followed a 13% fall in direct spending in 2012. The 2013 increase was the net result of a 2% decrease in shipbuilding expenditures and a 9% growth in the other major sources of cruise industry spending. Passenger and crew spending grew by 12% as a result of an 11% increase in passenger visits (embarkations and transit visits) and an 8% rise in passengers sourced from France.

Finally, direct expenditures in Spain declined by 2.2% during 2013. Spending by passengers and crew at Spanish port cities decreased by 3% primarily due to a 17% fall in passengers sourced from Spain and a 2% increase in embarkations and

transit visits at Spanish ports. Additionally, spending at Spanish shipyards fell by 12%. These reductions were only partially offset by a 2% increase in expenditures by cruise lines for employee compensation and other purchases with Spanish businesses.

The next five countries experienced a combined growth in direct spending of nearly 16%. This was primarily driven by Finland's 96% growth which was, in turn, driven by a 156% increase in spending for shipbuilding and maintenance. These impacts are more fully defined elsewhere in this report.

Five-year Growth Trend

Since 2008 European-sourced passengers have grown by 43.8% from 4.42 million in 2008 to 6.36 million in 2013. The global recession in 2009 and the subsequent moderate rebound in global economic growth have resulted in a significant reduction in the rate of growth in European passengers which averaged 2.4% over the past two years.

Embarkations at European ports have grown at a more moderate pace of 29.4% over the 5-year period, increasing from 4.69 million in 2008 to just over 6.04 million in 2013. The stronger increase in embarkations relative to sourced passengers since 2011 reflects the continued growth in North American sourced passengers on European cruises.

Finally, port-of-call passenger visits have risen by 43.7% over the 2008-2013 period, growing from 21.71 million to 31.19 million.

Table ES - 4: European Passenger Statistics, 2009 - 2013 Millions

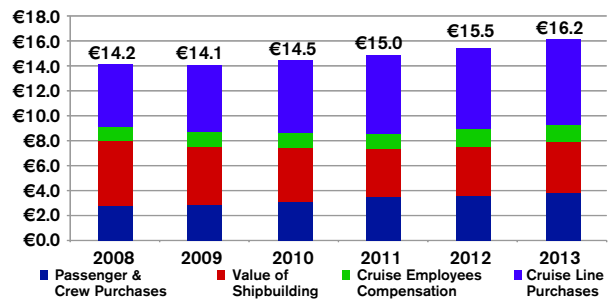
Category	2009	2010	2011	2012	2013	% Change 2008-2013
European-Sourced Passengers	4.94	5.57	6.07	6.14	6.36	43.8
Percent Change	11.8%	12.6%	9.0%	1.2%	3.6%	
Embarkations from European Ports	4.83	5.28	5.59	5.77	6.07	29.4
Percent change	3.0%	9.3%	5.9%	3.2%	5.2%	
Port-of-Call Passenger Visits	23.76	25.18	27.50	28.69	31.19	43.7%
Percent change	9.4%	6.0%	9.2%	4.3%	8.7%	

Note: Historical data for European-sourced passengers has been revised to be consistent with data published by IRN Research.

Since 2008, direct expenditures have increased by 14% from €14.2 billion in 2008 to €16.2 billion in 2013. This represents an average annual growth rate of 2.6% over the five-year period. Figure ES - 1 clearly shows the impact that the contraction in the value of shipbuilding from 2009 through 2011 has had on the growth trend for direct cruise expenditures, which finally experienced a rebound in growth in 2012 and 2013 after remaining virtually flat over the prior three years. With the increase in shipbuilding during 2012 and 2013, the overall growth in direct expenditures has averaged nearly 4% per year over the past two years.

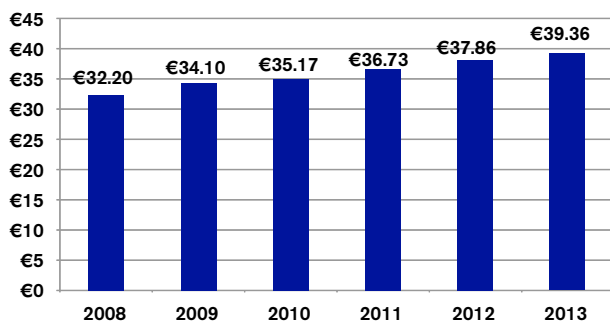
Given the expansion in passenger visits, each of the remaining components of direct expenditures has steadily increased on a year-over-year basis. Since 2008, the combined expenditures by cruise lines, passengers and crew, and employee compensation have risen by 36% from €9.0 billion in 2008 to €12.2 billion in 2013. However, the average annual growth of 4.8% in the increase of these other expenditures in 2012/13 was well below the average annual rise of 8.1% in 2010/11.

Figure ES - 1: Direct Cruise Industry Expenditures in Europe, 2008 - 2013



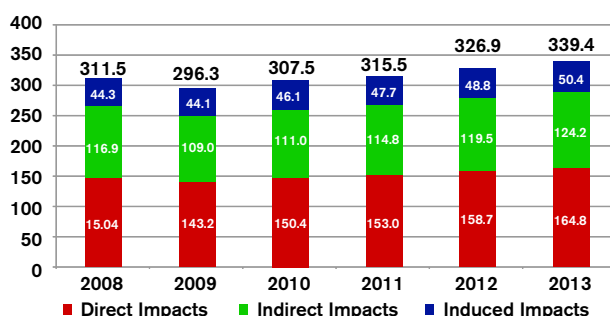
The total output of the industries affected by the direct, indirect and induced impacts of the European cruise industry has risen by 22% from €32.2 billion in 2008 to €39.4 billion in 2013. The stronger growth in total output relative to the increase in direct expenditures is partially the result of improved productivity throughout most European industries.

Figure ES - 2: Total Output Generated by Cruise Industry Expenditures in Europe, 2008 - 2013



The total employment associated with the total output discussed above has increased by 9% from 311.5 thousand jobs in 2008 to 339.4 thousand jobs in 2013. The slower growth in employment is the result of the inverse impact of productivity increases on employment relative to output. In addition, the combination of the decline in cruise ship building, which has a considerable multiplier impact, and the impact of the 2009 global recession, resulted in an absolute decline in total employment in 2009 which had taken until 2011 to be fully reversed. The average growth of 3.7% per year in European jobs in 2012/13 generated by the cruise sector was an improvement from the 3.2% average increase in 2010/11. This relatively stronger performance in growth during past two years is partially due to the small rebound in shipbuilding and repair at European shipyards and the rise of cruise lines employees, especially European crew.

Figure ES - 3: Total Employment Generated by Cruise Industry Expenditures in Europe, 2008 - 2013



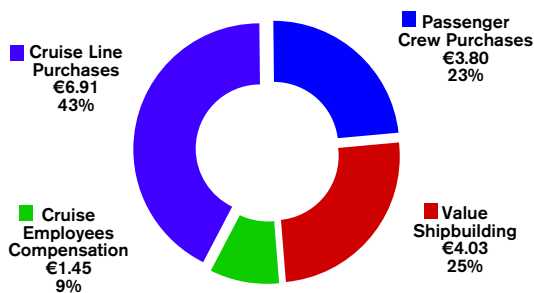
1. An Overview of the Importance of the European Cruise Industry – Facts and Figures

The cruise industry in Europe⁵ 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. While fiscal and economic conditions in Europe during 2013 continued to constrain the growth in demand, cruise passengers either sourced from or visiting European ports continued to increase at a moderate pace.
- An estimated 6.4 million European residents booked cruises in 2013, a 3.6% increase over 2012.
- In 2013, Europeans represented 30% of all cruise passengers worldwide, compared with 21.7% ten years earlier.
- Just over 6.0 million passengers embarked on their cruises from a European port, a 5.2% increase over 2012. Almost 5 million (83%) were European nationals.
- The vast majority visited ports in the Mediterranean, the Baltic Sea and other European regions and generated 31.2 million passenger visits during 2013, an 8.7% increase over 2012.
- Cruise lines visited a total of around 250 European port cities including in the Black Sea and Atlantic Isles.
- In addition, an estimated 15.2 million crew also arrived aboard cruise ships calling at European ports during 2013.

The cruise industry's direct spending made by the cruise lines⁶ and their passengers and crew throughout Europe increased by 4.7% in 2013 to €16.2 billion after increasing by 3.4% in 2012 and 3.3% in 2011.

Fig. 1.1: Direct Cruise Industry Expenditures in Europe, 2013



- Cruise passengers and crew spent an estimated €3.80 billion in purchases during their port visits, ranging from accommodations to retail purchases of jewellery, clothing and other similar items. This represented a 4.5% increase over passenger and crew expenditures in 2012 which is slightly lower than the 5.7% growth in 2012 and less than half of the 10.7% growth experienced during 2011.

- Europe is also the centre of and world leader in cruise ship construction and refurbishment. After three successive years of decline from 2009 through 2011, spending for new buildings and maintenance at European shipyards stabilized with a slight expansion of 0.3% to €3.85 billion in 2012. These expenditures experienced a more robust expansion of 4.7% in 2013 to €4.03 billion.
- Included in the €16.2 billion of direct spending from cruise lines is €1.45 billion in compensation paid to employees of the cruise industry that reside in Europe. With increases in crew and landside employment during 2013, total employee compensation grew by 5.6%.
- Finally, the cruise lines also spent another €6.9 billion with European businesses to support their cruise and administrative operations, an increase of 4.7% from 2012.
- This spending by the cruise lines and their passengers and crew generated an estimated 339,417⁷ jobs throughout Europe through the direct, indirect and induced economic impacts. This is a 3.8% increase from 2012.
- In turn, the workers in these jobs produced an estimated €39.4 billion in total output and received €10.5 billion in total (direct, indirect and induced) compensation. The total output impact increased by 4.0% while the compensation impact rose by 4.3% from 2012.

Cruise New Building and Investment 2014-17

- Over the period from 2014 to 2017, 27 cruise vessels have been scheduled for delivery for worldwide trading with capacity for 76,161 passengers of which 24 will be constructed in Europe, two in Japan and one in North America. Out of the total, 10 ships with 21,075 berths (27.7%) will primarily serve the European source market, representing an investment of €3.8 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.

Table 1.1: Cruise Ship Orders 2014-17

Year Completed	Ships	Berths	Investment (Millions)
2014	6	18,196	€2,836
2015	7	18,930	€3,142
2016	10	26,046	€4,393
2017	4	12,989	€2,337
Total	27	76,161	€12,708

- 2013 saw a net increase of 5 in the cruise ship order book with 6 deliveries and 11 new orders. Although Europe continues to dominate the cruise shipbuilding market, the emergence of competition from China, as well as Japan, remains a possibility, as we move towards the second half of the present decade.

⁵ 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.

⁶ Cruise lines are defined as those cruise companies that offer multi-day cruises in open waters. This definition thus excludes companies that offer river cruises.

⁷ These are full time equivalent jobs (FTEs).

2. Cruise Industry Expenditures by Country

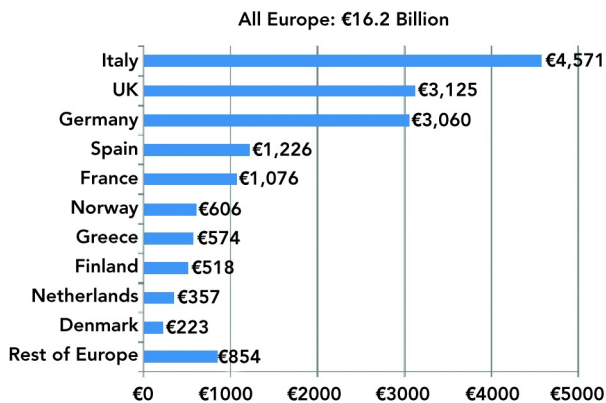
The cruise industry generated an estimated €16.2 billion in direct expenditures throughout Europe in 2013. These expenditures were derived from four major sources:

- 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 on each of the 30 European countries included in the analysis.

- The top ten countries accounted for 94.7% of the cruise industry's expenditures throughout Europe.
- Italy, as a leading centre for cruise ship construction in Europe (together with Germany) and the largest cruise embarkation and destination market, benefited from €4.57 billion in direct cruise industry expenditures, an increase of 2.5% over 2012.
- The UK is the largest source market for cruise passengers in Europe with 1.69 million residents taking cruises during 2013. It ranks second (up from third in 2012) in terms of cruise industry direct spending with €3.12 billion, a 6.5% increase over 2012.
- Germany is the largest market for cruise ship construction and maintenance and also the second largest source market in Europe. Spurred by a 5% increase in cruise ship construction at German yards and a 4% increase in passenger and crew spending at German ports, total direct spending by the cruise industry in Germany rose by 3.6% from 2012 to €3.06 billion in 2013.

Figure 2.1: Cruise Industry Direct Expenditures by Country, 2013, Millions



Even with the contraction in shipbuilding from 2009 through 2011, the six major centres for cruise ship construction and maintenance, Germany, Italy, France, Spain, Finland and the UK, were among the top ten countries for cruise industry spending. These six countries accounted for 93% of construction and maintenance of cruise ships globally and 83% of total industry expenditures in Europe during 2013.

3. A Global Industry

The cruise industry has enjoyed dynamic growth over a period of 30 years, driven initially by demand from North America and more recently by growing demand from Europe and the rest of the world. Table 3.1 sets out international cruise sector growth between 2003 and 2013.

- Over the ten years from 2003 to 2013 demand for cruising worldwide has increased from 12.0 million passengers to 21.3 million (+77%) with 2.0% growth achieved in 2013. Over a similar period, global, mainly land-based tourism, has risen by around 57% to an estimated 1.087 billion tourists in 2013, 5.0% up on 2012.
- Although North American cruise passenger numbers have increased by 44%, the region's relative share of the total market has declined from 70% in 2004 to 55% in 2013.

Table 3.1: International Demand for Cruises 2003 to 2013

Region	2003	2008	2009	2010	2011	2012	2013
Million passengers							
N. Am.	8.23	10.29	10.40	11.00	11.44	11.64	11.82
Europe ①	2.71	4.47	5.04	5.67	6.15	6.23	6.40
Sub-total	10.94	14.76	15.44	16.67	17.58	17.87	18.22
RoW ②	1.08	1.54	2.15	2.40	2.91	3.03	3.09
Total	12.02	16.29	17.59	19.07	20.49	20.90	21.31
% NA	68.5	63.2	59.1	57.7	55.8	55.7	55.5

① Including Russia and Central and Eastern European countries outside the EU-27. ② Rest of the world: Largely estimated and adjusted from 2009 to take account of dynamic growth in the southern hemisphere.

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

A European Growth Industry

The global share of the North American market has stabilised at around 55% over recent years, as expansion in Europe has slowed down compared with the earlier period. This can be seen from the more detailed figures for European growth over the 2011-2013 period, which are shown in Table 3.2.

Table 3.2: Key European Cruise Markets 2011-13

Source Market	2011		2012		2013		% Change 2011/13
	Group total	Market Share	Group total	Market Share	Group total	Market Share	
	1,000s Pax	%	1,000s Pax	%	1,000s Pax		
UK ①	1,700	28.0	1,701	27.7	1,726	27.2	+2
Germany	1,388	22.9	1,544	25.2	1,687	26.5	+22
Italy	923	15.2	835	13.6	869	13.7	-6
France	441	7.3	481	7.8	522	8.2	+18
Spain	703	11.6	576	9.4	475	7.5	-32
Other	913	15.0	1,002	16.3	1,078	17.0	+18
Total	6,068	100	6,139	100	6,357	100	+5

① Including Ireland Source: IRN

- In 2003 an estimated 2.6 million Europeans cruised but by 2013 this figure had grown to 6.4 million, representing an increase of 146%.
- Over the same period Europe as a source market for land-based tourism expanded by 38% to reach 563 million tourists.

The European Cruise Fleet

During 2013 there were 43 cruise lines⁸ domiciled in Europe which operated 125 cruise ships with a capacity of 144,717 lower berths. In addition there were 24 cruise lines domiciled outside Europe participating in the European cruise market. These lines, predominately North American, deployed 73 vessels in the region with a capacity of 104,497 lower berths.

There were at least 166 cruise ships active in the Mediterranean and 108 in Northern Europe during 2013⁹, some of which repositioned from the Mediterranean for the shorter Northern season. These ships ranged in size from the 4,200 passenger Norwegian Epic to ships with a capacity of less than 100 passengers. The Norwegian Epic is the largest ship so far to be deployed in European waters, but this honour will pass to the 5,400 passenger Oasis of the Seas during 2014.

The Mediterranean

- In 2013 a total of 166 cruise ships were active in Mediterranean waters with a capacity of 220,352 lower berths with an average of 1,327 berths per ship.
- Collectively these ships carried a potential 3.86 million passengers on 2,619 cruises, offering a total capacity of 31.47 million passenger-nights, giving an average cruise length of 8.15 nights. Assuming 100% occupancy, an additional 428,000 passengers cruised the Atlantic Isles.
- In 2013, North American operators deployed 56 ships with 83,137 lower berths in the Mediterranean, including some ships targeted at European markets. In comparison, European domiciled lines operated 110 vessels, which offered 137,215 lower berths.

Northern Europe

- In 2013 a total of 108 cruise ships were active in Northern European waters with a capacity of 128,439 lower berths with an average of 1,189 berths per ship.
- Collectively these carried a potential of 1.57 million passengers on 1,249 cruises, offering a total capacity of 13.86 million passenger-nights, giving an average cruise length of 8.85 nights.
- The Northern European market grew by around 5% in 2013 but is expected to fall back slightly in 2014.
- In 2013, North American mainstream operators deployed 31 ships, with 49,623 lower berths in Northern Europe. European mainstream operators deployed 62 vessels with 75,552 lower berths. The balance was largely made up of niche market ships visiting the polar-regions.
- The Baltic Sea is the largest segment in the Northern Europe market, generating capacity of around 5.14 million passenger nights in 2013, falling to just under 5 million in 2014.

⁸ Two ships operated by Israeli companies have been included in the European-domiciled fleet.

⁹ 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. The Mediterranean total includes a few ships cruising to the Atlantic Isles only.

4. 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 destination 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 position, access to major hub airports and suitable bed-stock, enabling them to feature prominently as home ports.

Table 4.1 summarises the position in 2013 for the leading European ports¹⁰ in respect of the embarkations, disembarkations and port-of-call visits at each port. Some data has been estimated, indicated by italics.

Table 4.1: Leading Cruise Ports in 2013 - Thousands of Passengers

Port	Revenue Passengers, 2013		Port Call	Total
	Embarking	Disembarking		
Mediterranean Top ten				
Barcelona	754	752	1,093	2,599
Civitavecchia	496	494	1,548	2,538
Venice	752	761	303	1,815
Piraeus	149	160	994	1,303
Palma Majorca	245	246	755	1,246
Marseille	191	191	807	1,188
Naples	58	52	1,064	1,175
Dubrovnik	12	12	1,112	1,137
Genoa	327	324	401	1,051
Savona	337	333	269	939
Northern Europe Top ten				
Southampton	796	796	54	1,646
Copenhagen	224	224	352	800
Lisbon	24	26	507	558
Hamburg	261	259	32	552
St Petersburg	0	0	524	524
Tallinn	8	8	503	519
Cadiz	2	2	487	491
Stockholm	32	32	421	486
Bergen	0	0	453	453
Helsinki	*	*	419	420

* Less than 500. Estimates in italics.

Source: MedCruise, Cruise Europe and individual port data.

Major European Home Ports

The principal home ports in the Mediterranean and Northern Europe are shown in Table 4.2 with passenger throughputs (or revenue passengers), where available for 2011-13.

Table 4.2: Revenue Passengers - Major European Home Ports 2011-13

Home Port	Country	2011	2012	2013
Mediterranean				
Barcelona	Spain	2,642,493	2,408,960	2,599,232
Civitavecchia	Italy	2,577,438	2,394,423	2,538,259
Venice	Italy	1,786,416	1,739,501	1,815,823
Piraeus (Athens)	Greece	1,566,500	1,290,300	1,302,581
Palma Majorca	Spain	1,419,502	984,785	1,245,856
Marseille	France	826,000	890,124	1,188,031
Genoa	Italy	798,521	797,239	1,051,015
Savona	Italy	948,459	810,097	939,038
Northern Europe				
Southampton	UK	1,455,245	1,577,790	1,646,000
Copenhagen	Denmark	820,222	840,000	800,500
Kiel	Germany	377,205	348,180	363,476
Dover	UK	223,825	207,820	255,137
Hamburg	Germany	314,494	430,329	552,359
Amsterdam	Netherlands	258,576	289,757	276,912

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.

¹⁰ In this and the subsequent port tables non-European Mediterranean ports are included.

4. European Cruise Ports

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 2011 to 2013.

Table 4.3: Major European Ports-of-Call 2011-13

Port-of-Call	Country	2011	2012	2013
Mediterranean				
Marseille	France	826,000	890,124	1,188,031
Naples	Italy	1,297,236	1,228,651	1,175,018
Dubrovnik	Croatia	985,398	950,791	1,136,663
Santorini	Greece	962,000	838,899	750,000
Corfu	Greece	453,000	655,764	744,651
Livorno	Italy	982,928	1,037,849	736,516
Côte d'Azur ^①	France	666,082	702,080	613,218
Bari	Italy	586,848	618,882	604,781
Mykonos	Greece	684,000	657,511	520,000
Tunis	Tunisia	313,267	582,601	511,065
Messina	Italy	500,636	438,379	501,316
Valletta	Malta	566,042	611,757	477,759
Valencia	Spain	378,463	480,233	473,114
Palermo	Italy	567,049	354,399	410,999
Malaga	Spain	638,845	651,517	397,064
Toulon/ St Tropez	France	265,000	311,072	385,971
Northern Europe				
Lisbon	Portugal	502,644	522,604	558,040
St Petersburg	Russia	455,476	452,000	523,525
Tallinn	Estonia	437,517	440,504	519,319
Cadiz	Spain	376,000	334,266	491,112
Stockholm	Sweden	452,000	467,000	485,858
Rostock/ Warnemunde	Germany	257,300	382,000	483,000
Bergen	Norway	350,248	446,906	453,015
Helsinki	Finland	385,000	368,000	420,000
Stavanger	Norway	215,026	277,000	343,500
Geiranger	Norway	229,220	312,136	314,867
Oslo	Norway	312,859	303,386	298,403
Flam	Norway	156,907	199,875	248,945
Havre, Le	France	185,194	212,825	242,000
Zeebrugge	Belgium	142,444	151,930	224,000

^① Mainly Nice, Villefranche and Cannes.

Notes:

1. Where a port also handles some home porting passengers, these are also included in the totals shown in the above table.
2. Other ports and destinations located in the Mediterranean, which are important ports-of-call but for which data is uncertain include the following with estimates of 2013 passenger numbers by G. P. Wild (in thousands): Istanbul (645), Katakolon (700), Kusadasi (530).
3. Three of the five leading ports of call in Northern Europe are in the Baltic Sea.

Source: MedCruise, Cruise Europe and individual port data.

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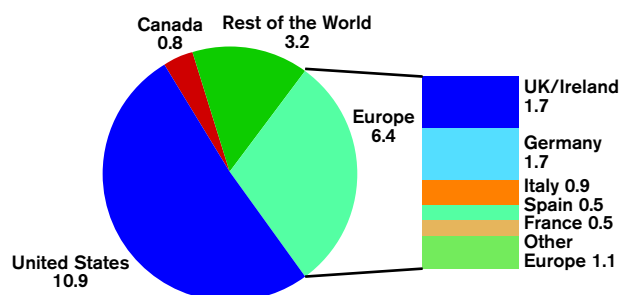


5. Cruise Passengers - Where do they come from and where do they go?

Source Markets

There were an estimated 21.3 million global cruise passengers in 2013. The countries of Europe accounted for 30% of them in terms of a source market.

Figure 5.1: Global Source Markets by Cruise Passengers



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

During 2013 an estimated 6.36 million residents of the EU+3 countries cruised. The top five source markets - UK, Germany, Italy, France and Spain - accounted for over 83% of the market.

Table 5.1: European Cruise Passengers by Source Country, 2013

Country	Passengers	Share of Total
UK/ Ireland ①	1,726,000	27.2%
Germany	1,687,000	26.5%
Italy	869,000	13.7%
France	522,000	8.2%
Spain	475,000	7.5%
Switzerland	152,000	2.4%
Norway	141,000	2.2%
Austria	126,000	2.0%
Netherlands	114,000	1.8%
Sweden	85,000	1.3%
Belgium	69,000	1.1%
Denmark	38,000	0.6%
Finland	24,000	0.4%
Other Europe	329,000	5.1%
Total	6,357,000	100.0%

① Of which Ireland, est. 35,000.

Source: IRN for CLIA Europe.

- The European market has grown by 14% over the past three years and by 146% over the last ten. Fifty-six percent of Europeans cruised in the Mediterranean and Atlantic Isles in 2013, 22% in Northern Europe and the remaining 22% cruised outside Europe, primarily in the Caribbean.

Passenger Embarkations

An estimated 6.052 million cruise passengers embarked on their cruises from European ports in 2013.

- Italian ports, led by Venice, Civitavecchia, Savona and Genoa, were European market leaders with 2.14 million passenger embarkations in 2013.
- Spain was in second position with nearly 1.3 million passenger embarkations during 2013. Barcelona and Palma were Spain's major embarkation ports.

- The United Kingdom was third behind Spain with just over one million embarkations. The principal embarkation ports for UK passengers were Southampton and Dover.
- The next three most important cruise embarkation countries were Germany, France and Denmark. Ports in Germany generated 565,000 passenger embarkations, followed by France with 232,000 and Denmark with 224,000. The major embarkation ports in these countries were: Kiel and Hamburg in Germany, Marseille in France and Copenhagen in Denmark.

Table 5.2: Cruise Passengers by Country of Embarkation, 2013

Country	Passengers	Share of Total
Italy	2,137,000	35.2%
Spain	1,298,000	21.4%
UK	1,038,000	17.1%
Germany	565,000	9.3%
France	232,000	3.8%
Denmark	224,000	3.7%
Greece	212,000	3.5%
Netherlands	96,000	1.6%
Malta	51,000	0.8%
Cyprus	50,000	0.8%
Sweden	48,000	0.8%
Norway	40,000	0.7%
Portugal	27,000	0.4%
Other EU + 3	34,000	0.6%
EU+3	6,052,000	99.7%
Other Europe ①	18,000	0.3%
Total	6,070,000	100.0%

① Russia, Georgia and Ukraine

Source: G. P. Wild (International) Limited.

Port-of-Call Visits

The vast majority of cruise port calls in Europe are at the Mediterranean and Baltic Sea ports. Including the Black Sea and Atlantic Isles the region as a whole includes around 250 ports visited by cruise ships. The top ten destination countries accounted for 83% of cruise passenger visits in 2013. The top three are in the Mediterranean¹¹ and accounted for 54% of all European passenger visits.

- Led by Civitavecchia, Naples, and Livorno, Italian ports also hosted just under 7 million passenger visits in 2013 making Italy the largest cruise destination in Europe.
- With the inclusion of the Canary Islands, Spanish ports received nearly 5.2 million cruise passenger visits in 2013. Spain's ranking rose from third in 2009 to second in 2010 and has remained second since then.
- Greece has maintained its ranking as the third most popular destination in Europe with 4.6 million passenger visits in 2013. Piraeus, Santorini, Mykonos and Katakolon were the leading destination ports.

¹¹ The majority of calls in Spain are at ports on their Mediterranean coasts.

5. Cruise Passengers - Where do they come from and where do they go?

- Norway's rank rose from fifth in 2011 to fourth in 2012 and has remained as the fourth highest destination market throughout Europe and the leading destination in Northern Europe with over 3 million passenger visits, led by Bergen, Geirangerfjord and Oslo.
- Just over 2.4 million cruise passengers arrived at French ports in 2013. This is a 4.3% increase from 2012 and placed France as the fifth highest cruise destination in Europe.

Table 5. 3: European Cruise Passengers by Country of Destination, 2013

Country	Passengers	Share of Total
Italy	6,970,000	22.4%
Spain	5,236,000	16.8%
Greece	4,601,000	14.8%
Norway	3,023,000	9.7%
France	2,410,000	7.7%
Portugal	1,138,000	3.6%
United Kingdom	866,000	2.8%
Sweden	529,000	1.7%
Estonia	509,000	1.6%
Denmark	483,000	1.5%
Benelux	472,000	1.5%
Finland	429,000	1.4%
Malta	378,000	1.2%
Germany	367,000	1.2%
Gibraltar	278,000	0.9%
Cyprus	214,000	0.7%
Ireland	209,000	0.7%
Iceland	204,000	0.7%
Poland	95,000	0.3%
Other EU ^① + 3	244,000	0.7%
EU + 3	28,655,000	91.9%
Other Europe ^②	2,530,000	8.1%
Total	31,185,000	100.0%

^① Latvia, Lithuania, Slovenia, Romania and Bulgaria.

^② Including following in thousands: Russia, 550; Montenegro, 318; Monaco, 214; Ukraine, 170 (estimates in italics). Also includes Croatia, which joined the EU in mid-year, 1,364,000.

6. 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 nearly 50 years.
- All but three of the oceanic cruise ships currently under construction through the end of 2017 are being built in European yards.
- The yards in Italy, Germany, France, and Finland are the most important suppliers to the market and currently account for all new ships due for delivery within Europe from 2014 to 2017.
- Germany and Italy are the current leaders with 72% of the order book between them.
- Japan currently has orders for two ships but its market participation in the past has been sporadic, previous ships having been delivered in 1989-90, 1998 and 2004.
- Although other non-European yards have the capacity and technology to build cruise ships, they may not have project management capability, 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. However, Far Eastern yards have been studying the market diligently and two prospective orders have been reported for yards in China.
- The majority of cruise ships serving the European market are dry-docked in Europe, together with a number of North American ships summering in the region.
- European yards also undertake major conversions such as replacement of main engines and insertion of a mid-body to lengthen the ship.
- 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 current allocation of the 2014-17 order book by European country of build is shown in Table 6.1.

Table 6. 1: Ocean-going Cruise Vessels - Scheduled European Newbuildings, 2014-2017

Country of Build	No.	GT	Pax (LB)	Cost €M	Share of Cost
Italy	12	942,250	22,877	4,394	36.3%
Germany	8	1,272,900	31,668	5,341	44.1%
France	2	392,282	9,900	1,594	13.2%
Finland	2	194,000	5,000	774	6.4%
Total	24	2,801,432	69,445	12,103	100.0%

Note: GT (Gross Tonnage), LB (Lower Berths), Pax (Passengers).

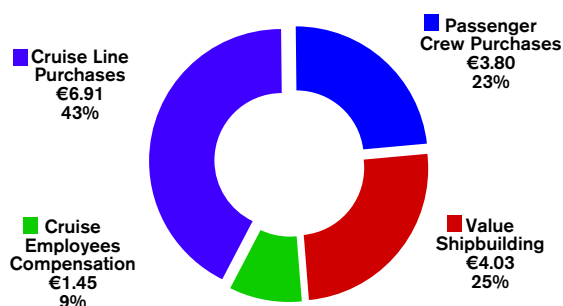
Source: G. P. Wild (International) Limited.

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

Major Segments

Cruise tourism generated €16.2 billion in direct expenditures throughout Europe in 2013, a 4.7% increase from 2012. As indicated in the following figure, these expenditures were broadly distributed across the four major source segments.

Fig. 7.1: Direct Cruise Industry Expenditures in Europe, 2013



Shipbuilding

The global cruise industry spent €4.03 billion, 25% of total cruise industry expenditures in Europe during 2013. Expenditures for new construction and maintenance increased by 4.7% from 2012 after being virtually unchanged in 2012 (+0.3%). Prior to 2012, shipbuilding expenditures had declined for three consecutive years.

- Since the cruise ship order book peaked in 2007, new orders fell in each of the next three years. As a consequence, the growth in shipbuilding expenditures declined in 2008 and actual expenditures fell during the 2009-11 period. Despite the increase in the total order book during 2013 the contracts placed in Japan and potentially in China represent a threat to Europe's continued pre-eminence in cruise shipbuilding.

Table 7.1: Cruise Industry Expenditures for Newbuildings and Refurbishment (Millions), 2013

Country	Newbuildings	Refurbishment	Total
Germany	€1,117	€412	€1,529
Italy	€ 819	€299	€1,118
France	€369	€67	€436
Finland	€365	€41	€ 406
Other	€324	€222	€546
Subtotals	€2,994	€1,041	€4,035
Non-EU	€17	€12	€29
Totals	€3,011	€1,053	€4,064

- Seventy-four per cent (74%) of these expenditures relate to the work-in-progress for the construction of new cruise ships, with the remaining 26% covering conversion, refitting, refurbishment and maintenance of cruise ships.
- Among the four major shipbuilding countries in Europe, expenditures for new construction increased in Germany and Finland during 2013, by 3.7% and 220% respectively. Expenditures declined in Italy by 2.5% and 14% in France.

Cruise Line Purchases

Cruise lines spent an additional €6.9 billion with European businesses in support of their cruise operations. This was 43% of the total and a 4.7% increase over 2012. 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 the following.

- Food and beverage manufacturers produced €666 million in provisions consumed on-board cruise ships by passengers and crew, a rise of 6.7% from 2012. This growth has been driven by increased capacity and rising food costs.
- Driven by rising fuel costs, the petrochemical industry received an estimated €1.03 billion from cruise lines in 2013, a 7.3% rise over 2012. Petrochemical products include bunker fuels, lubricants, paint and cleaning supplies.
- Another €864 million was spent for the manufacture of metals and machinery, including material handling equipment, engines, lighting equipment, communication equipment and computers. This represented a 2.9% increase over 2012.
- Spending for transportation and utilities totalled €1.61 billion and included spending for public utilities, travel agent commissions, port charges and ground transportation. This was a 5.2% increase over 2012.
- The cruise industry also spent an estimated €1.33 billion on financial and business services including: advertising, engineering and other professional services, computer programming and support services and direct mail and market research. This was an increase of 3.9% from 2012.

Table 7.2: Direct Cruise Lines Purchases by Industry (Millions), 2013 (Excluding Shipbuilding)

Industry	Purchases	Share of Total
Ag. Min., & Const.	€20	0.3%
Food & Beverage	€666	9.6%
Textiles & Apparel	€180	2.6%
Paper & Printing	€186	2.7%
Petroleum & Chemicals	€1,031	14.9%
Stone & Glass	€27	0.4%
Metals	€238	3.4%
Machinery	€626	9.1%
Other Manufacturing	€419	6.1%
Wholesale Trade	€175	2.5%
Transportation & Utilities	€1,609	23.3%
Financial & Bus. Services	€1,334	19.3%
Personal Serv. & Gov't	€400	5.8%
Totals	€6,911	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.

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

Cruise Passengers and Crew

Passengers and crew spent €3.80 billion at ports-of-embarkation and ports-of-call in 2013, accounting for 23% of total cruise industry expenditures. This was a 4.5% increase over passenger and crew spending in 2012.

- The 6.05 million cruise tourists that embarked on cruises from European ports spent an estimated €1.75 billion on airfares, port fees, accommodation, excursions, food and beverages amongst others at the embarkation ports, 3.6% more than in 2012.
- European airfares accounted for approximately three-quarters of these expenditures by embarking passengers.
- The 31.2 million passenger visits at European ports-of-call generated an additional €1.91 billion in expenditures for tours, food and beverage, merchandise and other similar expenditures. This is an increase of 5.5% from 2012.
- An estimated 15.2 million crew members arrived at port cities during cruise calls. Of these an estimated 6.1 million disembarked and made purchases totalling an estimated €140 million, or €23 per crew visit.

Compensation of Cruise Line Employees

European cruise lines spent €1.45 billion on compensation for employees who resided in Europe during 2013, a 5.8% rise from 2012. These expenditures accounted for 9% of total cruise industry expenditures. The cruise lines employed an estimated 62,400 residents of Europe in their administrative offices and as crew on board their ships.

Table 7.3: Cruise Line Compensation Shares by Country, 2013 - Country of Residence of Employees

Country	Share of Total
United Kingdom	37.8%
Italy	35.0%
Germany	7.9%
Norway	6.8%
Spain	2.5%
France	2.3%
Portugal	2.1%
Ireland	1.0%
Netherlands	0.8%
Romania	0.6%
Austria	0.6%
Bulgaria	0.5%
Rest of EU+3	2.1%

Direct Expenditures by Country

As indicated in Table 7.4, businesses throughout Europe were directly impacted by the cruise industry.

- The three countries of Italy, the UK and Germany accounted for 67% of the direct expenditures of the cruise industry. These three countries experienced a combined increase of 3.9% in direct expenditures from 2012. 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.

Table 7.4: Direct Cruise Industry Expenditures by Country, 2013 - Millions

Country	Direct Spending	Share of Total
Italy	€4,571	28.3%
UK	€3,125	19.3%
Germany	€3,060	18.9%
Spain	€1,226	7.6%
France	€1,076	6.6%
Norway	€606	3.7%
Greece	€574	3.5%
Finland	€518	3.2%
Netherlands	€357	2.2%
Denmark	€223	1.4%
Top 10	€15,336	94.7%
Sweden	€205	1.3%
Portugal	€197	1.2%
Malta	€81	0.5%
Gibraltar	€61	0.4%
Cyprus	€53	0.3%
Rest of the EU+3	€257	1.6%
Total	€16,190	100.0%

The top five countries experienced a 3.1% increase in direct cruise industry expenditures during 2013.

- The UK led the way with a 6.5% increase in direct expenditures and accounted for nearly half of the net increase in expenditures among the top 5 countries. With the exception of shipbuilding, which experienced a 1% decline, growth was fairly uniform across the remaining major expenditure categories with passenger and crew spending increasing by 6.8%, cruise employee compensation increasing by 8.5% and other expenditures by cruise lines expanding by 6.3%.
- Germany and Italy experienced somewhat smaller gains in direct cruise sector expenditures with respective gains of 3.6% and 2.5%. The growth in Germany was led by a 5.1% increase in shipbuilding. Spending by passengers and crew and cruise line expenditures for employee compensation each increased by 4.1% over 2012. Additional expenditures by cruise lines for goods and services in support of their cruise operations rose by 1.5%.
- As noted above Italy experienced a 2.5% increase in direct cruise industry expenditures in 2013 which followed a slight 0.2% gain in 2012 and a 2% decline in 2011. This increase in spending was the net result of a 2.1% decline in spending at Italian shipyards and a 4.1% increase in spending by cruise lines and their passengers and crew.
- Direct cruise sector spending increased by nearly 1% in France during 2013. This followed a 13% fall in direct spending in 2012. The 2013 increase was the net result of a 2% decrease in shipbuilding expenditures and a 9% rise in the other major sources of cruise industry spending. Passenger and crew spending grew by 12% as a result of an 11% increase in passenger visits (embarkations and transit visits) and an 8% increase in passengers sourced from France.

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

- Finally, direct expenditures in Spain declined by 2.2% during 2013. Spending by passengers and crew at Spanish port cities decreased by 3% primarily due to a 17% decline in passengers sourced from Spain and a 2% increase in embarkations and transit visits at Spanish ports. Additionally, spending at Spanish shipyards fell by 12%. These declines were only partially offset by a 2% rise in expenditures by cruise lines for employee compensation and other purchases with Spanish businesses.

The remaining five countries in the top ten experienced an aggregate gain of 15.7% in total direct expenditures. This was the net result of gains in the four countries of Finland (96.2%), Norway (9.8%), Denmark (4.2%) and the Netherlands (1.7%) which were partially offset by the 2.3% decline in direct expenditures in Greece.

- The reduction in Greece was primarily concentrated in spending by passengers and crew which fell by 4.1% from 2012. Expenditures for vessel maintenance and repair also declined by nearly one per cent. These losses were partially offset by a 0.5% increase in spending by cruise lines in support of the cruise operations.
- The Netherlands' modest growth of 1.7% was the net result of a 0.4% increase in spending by passengers and crew and a 2.8% growth in spending by cruise lines in support of the cruise operations which were partially offset by a 6% reduction in spending for vessel maintenance and construction.
- The 4.2% growth in direct expenditures in Denmark during 2013 was primarily driven by a 5.7% increase by cruise lines in support of the cruise operations which was partially offset by a 3.3% decline in spending by passengers and crew.
- Norway's 9.8% increase in direct expenditures was primarily driven by a 23% rise in spending by passengers and crew during port visits and an 18% expansion in spending for vessel maintenance and construction. The strong growth in passenger and crew spending was driven by a 23% increase in passenger and crew arrivals at Norwegian ports.
- Direct expenditures in Finland rose by 96% during 2013. Finland's growth was primarily driven by the 154% increase in spending for shipbuilding and maintenance. In addition spending by passengers and crew at Finland's ports rose by 17% while cruise lines' expenditures in support of their cruise operations rose by just over 3.0%.

The next five countries had direct cruise industry spending of between €50 million and €200 million. These five countries were primarily impacted as passenger destination markets and experienced an aggregate decline in direct expenditures of 2.9%. Direct spending totalled €597 million during 2013.

The remaining 15 countries all had direct cruise industry expenditures of under €50 million. These countries were primarily impacted as either source markets, destination markets or as sources for crew:

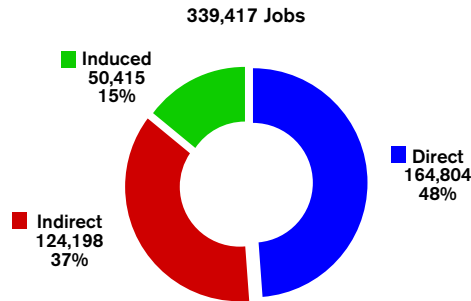
- Passenger Source Markets: Austria, Luxembourg and Switzerland.
- Passenger Destination Markets: Belgium, Estonia, Iceland, Ireland, Latvia and Slovenia.
- Crew: Bulgaria, Czech Republic, Hungary, Lithuania, Poland, Romania, and Slovakia.

8. The Economic Benefits of Cruise Tourism

Employment Impacts

The €16.2 billion in direct cruise tourism expenditures throughout Europe in 2013 generated an estimated 339,417 jobs (direct, indirect and induced).

Figure 8. 1: Total Employment Impact in Europe, 2013



Direct Employment Impacts

The direct cruise tourism expenditures directly generated an estimated 164,804 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.

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 following table the direct employment impacts are broadly based and include the following:

- Cruise lines directly employed an estimated 62,431 European residents in their administrative offices and on-board cruise ships. They accounted for 37.9% of the direct employment impacts.
- European manufacturers employed an estimated 39,071 workers, 24% of the direct jobs. The total number of manufacturing jobs generated by cruise industry expenditures increased by 5.6% from 2012.
- European shipyards employed an estimated 22,926 workers on the construction and repair of cruise ships, 5.1% more than in 2012 but still about 38% less than the 2008 peak of nearly 37,000.

Table 8.1: Direct Cruise Industry Employment by Industry, 2013

Industry	Direct Jobs	Share of Total
Agr., Mining & Constr.	171	0.1%
Manufacturing	39,071	23.7%
Food & Beverages	2,698	1.6%
Textiles & Apparel	1,583	1.0%
Paper & Printing	1,160	0.7%
Petroleum & Chemicals	1,135	0.7%
Stone, Clay & Glass	162	0.1%
Metals	2,283	1.4%
Machinery	3,766	2.2%
Electrical Machinery	1,377	0.8%
Shipbuilding	22,926	13.9%
Other Manufacturing	1,981	1.2%
Wholesale & Retail Trade	11,351	6.9%
Hospitality	6,636	4.0%
Transportation & Utilities	22,506	13.6%
Air Transport	5,802	3.5%
Transport Services	14,545	8.8%
Other Transport & Utilities	2,159	1.3%
Financial and Business Services	12,649	7.7%
Finance, Ins. & Real Estate	1,100	0.7%
Business Services	11,549	7.0%
Personal Services & Govt	9,989	6.1%
Subtotal	102,373	62.1%
Cruise Line Employees*	62,431	37.9%
Grand Total	164,804	100.0%

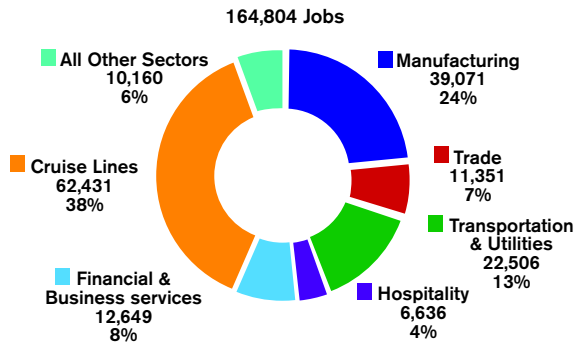
* European Nationals

- Nearly 2,700 jobs were generated in the food and beverage industry to produce food and beverage items consumed on cruise ships.
- An estimated 7,426 workers were employed in the metals, machinery and electrical machinery industries to produce structural metal products and equipment used in offices and on cruise ships. This was a decline of 13.7% from 2012.
- The wholesale and retail trade sector employed an estimated 11,351 workers to provide goods to the cruise lines and their passengers. Driven by the growth in passenger and crew spending this was an increase of 7.0% from 2012.
- The Transportation and Utilities sector, excluding the employees of the cruise lines, employed just over 22,500 workers, 13.6% of the total and a 0.7% increase over 2012. These included air transportation workers dependent on air travel by passengers and crew, truck drivers who deliver goods to cruise ships, travel agents who sell cruises and tour operators that provide onshore excursions.
- Financial and business service providers employed about 12,650 persons, including insurance agents, financial advisors, computer programmers, engineers, management consultants, lawyers and accountants. They accounted for 7.7% of the total direct employment impacts and rose by 10.8% from 2012.
- Slightly more than 6,600 workers were employed in the hospitality industry (hotels, restaurants and amusement enterprises) as a direct result of passenger spending during their cruise vacations. This was a decline of 3% from 2012.

8. The Economic Benefits of Cruise Tourism

- Finally, almost 10,000 jobs were generated in the personal services, government and other sectors, an increase of 3.3%. These include photographers, health care employees and social service providers, among others.

Figure 8.2: Direct Employment by Sector, 2013



Total Employment Impacts

As indicated in Table 8.2 an estimated 339,417 total jobs, comprising direct, indirect and induced employment, were generated throughout Europe by the cruise industry in 2013, an increase of 3.8% from 2012.

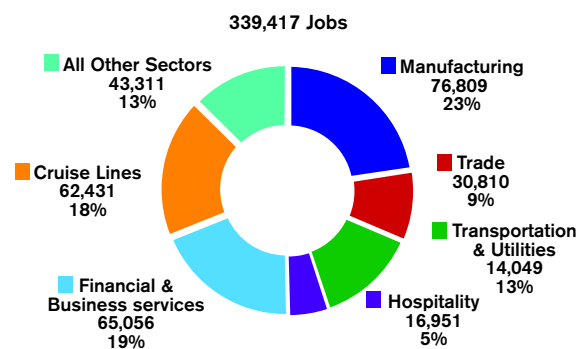
- European manufacturers employed nearly 77,000 workers, 22.6% of the total jobs, as a result of the total economic impact of the cruise industry. This is an increase of 5.3% from 2012.
- Transportation equipment industry employed an estimated 27,910 workers, more than 80% on construction and maintenance of cruise ships and other vessels.
- Nearly 11,000 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 22,800 workers were employed in the metal and machinery industries primarily as a result of direct and indirect demand from the shipbuilding industry.
- Cruise lines directly employed just over 62,431 European residents in their administrative offices and on board cruise ships. They accounted for 18.4% of the total employment impacts.
- Financial and Business Services accounted for 19.2% of the total employment impacts with more than 65,000 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 14.1% of the total employment impacts, which mounted to nearly 47,800 total jobs. The trade jobs were primarily among wholesale trade establishments, while the hospitality jobs were concentrated in hotels and eating and drinking outlets.

Table 8.2: Total Employment by Industry, 2013

Industry	Total Jobs	Share of Total
Agr., Mining & Constr.	17,455	5.1%
Manufacturing	76,809	22.6%
Food & Beverage	5,955	1.8%
Textiles & Apparel	5,011	1.5%
Paper & Printing	4,523	1.3%
Petroleum & Chemicals	4,170	1.2%
Stone & Glass	1,367	0.4%
Metals	11,431	3.3%
Machinery	6,634	2.0%
Electrical Machinery	4,693	1.4%
Transportation Equipment ¹²	27,910	8.2%
Other Manufacturing	5,115	1.5%
Wholesale & Retail Trade	30,810	9.1%
Hospitality	16,951	5.0%
Transportation & Utilities	44,049	13.0%
Air Transport	6,565	1.9%
Transport Services	21,228	6.3%
Other Transport	10,406	3.1%
Communications & Utilities	5,850	1.7%
Financial & Business Services	65,056	19.2%
Finance, Ins. & Real Estate	9,789	2.9%
Business Services	55,267	16.3%
Personal Services & Govt	25,856	7.6%
Subtotal	276,986	81.6%
Cruise Line Employees	62,431	18.4%
Grand Total	339,417	100.0%

- Transportation and Utility services accounted for 13.0% of the total employment impacts and over 44,000 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.

Figure 8.3: Total Employment by Sector, 2013



- Almost 17,500 total jobs, amounting to 5.1% 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.

¹² Transportation equipment includes shipbuilding, but also the manufacture of other transportation equipment, such as automobiles, buses, trucks, airplanes, railroad stock and so on. Most of the indirect and induced impacts occur in these other industries.

8. The Economic Benefits of Cruise Tourism

- The Personal Services and Government sector accounted for 7.6% of the total employment impacts with over 25,800 total jobs. These jobs were concentrated in the education, medical care and social services industries.

Total Employment by Country

As indicated in Table 8. 3, 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 total job creation. Another five had total employment impacts in excess of nearly 1,000 jobs or more and accounted for 3.9% of total job creation. The remaining 15 countries accounted for 5.5% of total employment impacts generated by the industry.

The Top Ten

The three countries of Italy, the UK and Germany accounted for 67% of the direct expenditures of the cruise industry and 65% of the total employment impacts. These three countries experienced a combined increase of 3.9% in direct expenditures and a 4.1% rise in total employment from 2012.

- Italy accounted for 30.3% of the total employment impacts with 102,867 jobs:
- As Europe's largest cruise destination market, the transportation (excluding cruise line employees), trade and hospitality industries accounted for a combined 27% of the total employment impacts.
- The manufacturing sector accounted for 25% of the total impact with these jobs concentrated in the shipbuilding and metals industries.
- The cruise lines directly employed an estimated 14,136 Italian residents as crew and administrative staff, 14% of the total employment impacts.

Table 8. 3: Total Employment by Country, 2013

Country	Total Jobs	Share of Total
Italy	102,867	30.3%
UK	70,241	20.7%
Germany	46,863	13.8%
Spain	25,620	7.6%
Norway	14,864	4.4%
France	14,461	4.3%
Greece	11,215	3.3%
Portugal	8,192	2.4%
Finland	7,742	2.3%
Netherlands	5,826	1.7%
Top 10	307,891	90.8%
Poland	3,490	1.0%
Denmark	2,975	0.9%
Sweden	2,749	0.8%
Malta	2,244	0.7%
Cyprus	959	0.3%
Next 5	12,417	3.7%
Rest of EU+3	19,109	5.5%
Total	339,417	100.0%

- The United Kingdom accounted for 21% of the total employment impacts with an estimated 70,241 jobs:
- As Europe's largest cruise passenger source market, the transportation (excluding cruise line employees), trade and hospitality industries accounted for a combined 22% 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 15,643 UK residents as crew and administrative staff, which accounted for 22% of the total employment impacts.
- Germany accounted for 14% of the total employment impacts with an estimated 46,863 jobs:
- Manufacturing accounted for 29% of the total impact, a slight decline from 30% in 2012.
- 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 4,355 German residents as crew and administrative staff, which accounted for 9.3% 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 25,640 jobs. Cruise line employees accounted for 4% of its total employment impact while the transportation (excluding cruise line employees), trade and hospitality industries accounted for 38% of the impact.
- Norway provides ship maintenance services and crew and is a destination market with total employment impact of just over 14,800 jobs. Cruise line employees accounted for 27% of total impact and manufacturing for 22%.
- France is a shipbuilding centre and a source and destination market. It had a total employment impact of 14,461 jobs. The manufacturing sector accounted for 25% of the total, down from 28% in 2012, while the transportation, trade and hospitality industries accounted for 37% of the total employment impact.
- Greece is primarily a destination market with some ship repair services and had a total employment impact of just over 11,200. Approximately 42% of these jobs were in the transportation sector and 11% in manufacturing.
- Portugal is a source for crew and ship repair services and is also a cruise destination market. It had a total employment impact of nearly 8,200 jobs. Employees of the cruise lines accounted for 44% of the total impact and the transportation (excluding crew), trade and hospitality sectors accounted for 24%.
- Finland features primarily as a shipbuilding centre. Its employment impact in excess of 7,700 jobs was concentrated in the manufacturing sector, which accounted for 56% of the total impact, up from 46% in 2012.

8. The Economic Benefits of Cruise Tourism

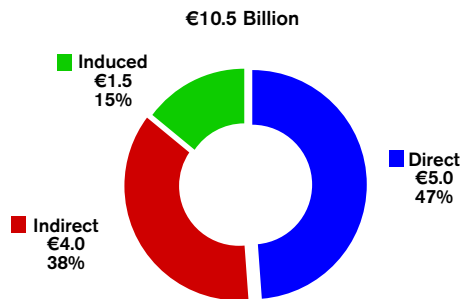
- The Netherlands is primarily a source market for cruise industry purchases and shipbuilding. Purchases by cruise lines amounted to nearly 75% of the direct expenditures with shipbuilding accounting for another 10%. The total employment impact during 2013 was just over 5,800 jobs. The manufacturing sector was responsible for 22% of the total employment impacts while the transportation, trade and hospitality sectors accounted for 32%.

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 339,417 total jobs generated by cruise tourism also generated €10.5 billion in total compensation, which is comprised of direct, indirect and induced impacts.

Figure 8.4: Total Compensation Impact in Europe, 2013



Direct Compensation Impacts

The cruise tourism expenditures directly generated €5.0 billion in compensation throughout Europe during 2013, an increase of 4.5% from 2012. This compensation included income 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.

As indicated in Table 8.4 the direct compensation impacts are broadly based and include the following.

- The 62,431 European residents directly employed by the cruise lines received €1.45 billion in compensation. They accounted for 29% of the direct compensation impacts.
- The 39,071 European manufacturing employees dependent on cruise-related spending earned an estimated €1.58 billion in compensation, amounting to 32% of the total direct compensation.
- Employees of European shipyards engaged in the construction and maintenance of cruise ships received an estimated €1.0 billion in compensation in 2013.

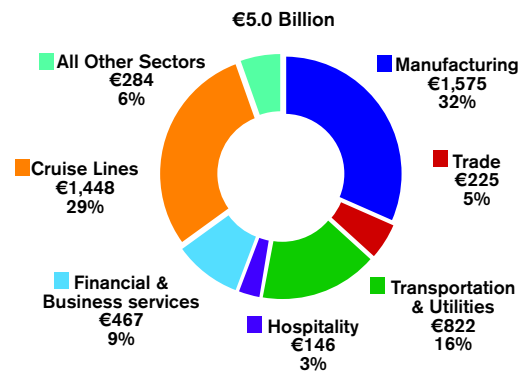
- Employees in the food and beverage industry earned €83 million from the production of provisions consumed by cruise passengers and crew.
- Workers directly employed in the metals and machinery industries earned €262 million producing a broad range of equipment used on cruise ships and in administrative offices.

Table 8.4: Direct Cruise Industry Compensation by Industry, 2013

Industry	Direct Compensation Millions	Share of Total
Agr., Mining & Constr.	€4	0.1%
Manufacturing	€ 1,575	31.7%
Food & Beverage	€83	1.7%
Textiles & Apparel	€42	0.9%
Paper & Printing	€45	0.9%
Petroleum & Chemicals	€74	1.5%
Stone & Glass	€6	0.1%
Metals	€72	1.4%
Machinery	€136	2.7%
Electrical Machinery	€54	1.1%
Shipbuilding	€1,002	20.2%
Other Manufacturing	€61	1.2%
Wholesale & Retail Trade	€225	4.5%
Hospitality	€146	2.9%
Transportation & Utilities	€824	16.6%
Air Transport	€288	5.8%
Transport Services	€482	9.7%
Other Transport & Utilities	€54	1.1%
Financial & Business Serv.	€467	9.4%
Finance, Ins. & Real Estate	€75	1.5%
Business Services	€392	7.9%
Personal Services & Govt	€280	5.6%
Subtotal	€3,521	70.8%
Cruise Line Employees	€1,449	29.2%
Grand Total	€4,970	100.0%

- It was estimated that the 11,351 wholesale and retail trade sector employees directly employed as a result of cruise industry expenditures received €225 million in compensation, 4.5% of the total direct compensation impacts.
- It was also estimated that the 22,506 workers directly employed in Transportation & Utilities sector earned €824 million, 16.6% of the total direct compensation impacts.

Figure 8.5: Direct Compensation by Sector, 2013



8. The Economic Benefits of Cruise Tourism

- The 12,649 persons calculated to be employed in the Financial and Business Services sector were paid €467 million, which amounted to 9.4% of the direct compensation impacts.
- The 6,636 workers that were employed in the hospitality sector as a direct result of passenger spending on their cruise vacations made €146 million in compensation and accounted for 2.9% of the total.
- In the Personal Services and Government sectors, it was estimated that the nearly 10,000 directly generated jobs earned €280 million in compensation, 5.6% of the total direct compensation impacts.

Total Compensation Impacts

As indicated in Table 8.5 an estimated €10.5 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 2013, a 4.3% increase from 2012.

- The nearly 77,000 European manufacturing jobs generated by the European cruise industry produced €3.0 billion in total compensation. Manufacturing accounted for 28% of total compensation impacts.
 - The 27,910 workers estimated to be employed in the manufacturing of transportation equipment earned an estimated €1.21 billion in 2013. Approximately 83% of these earnings were paid to workers in the shipbuilding and repair industry.
 - The nearly 11,000 employees from the food, textiles and apparel industries earned €330 million in compensation as a result of cruise line, passenger and household demand for these products.
 - The nearly 22,800 workers employed in the metal and machinery industries primarily as a result of the direct and indirect demand from shipbuilding received €852 million in remuneration.
- A sum of €1.45 billion was paid in compensation to European residents that were directly employed by the cruise lines in 2013, 13.8% of total compensation impacts.
- Financial and Business Services were estimated to employ more than 65,000 workers due to the economic activities of the European cruise industry. These workers made €2.33 billion in remuneration and accounted for 22.2% of the total compensation impacts.
- Combined, the Trade and Hospitality sectors accounted for 8.9% of the total compensation impacts with €932 million in earnings.
- The 44,049 jobs created in the Transportation and Utilities sector as a result of the direct, indirect and induced impacts of the European cruise industry produced €1.67 billion in employee compensation, amounting to 15.9% of the total impacts.

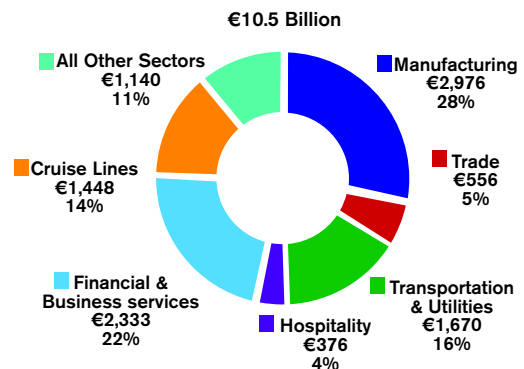
¹³ Transportation equipment includes shipbuilding, but also the manufacture of other transportation equipment, such as automobiles, buses, trucks, airplanes, railroad stock, etc. Most of the indirect and induced impacts occur in these other industries.

Table 8.5: Total Compensation by Industry, 2013

Industry	Total Compensation Millions	Share of Total
Agr., Mining & Constr.	€335	3.2%
Manufacturing	€2,976	28.3%
Food & Beverage	€194	1.7%
Textiles & Apparel	€136	1.3%
Paper & Printing	€164	1.6%
Petroleum & Chemicals	€224	2.2%
Stone & Glass	€50	0.5%
Metals	€388	3.7%
Machinery	€260	2.5%
Electrical Machinery	€204	1.9%
Transportation Equipment ¹³	€1,209	11.5%
Other Manufacturing	€147	1.4%
Wholesale & Retail Trade	€556	5.3%
Hospitality	€376	3.6%
Transportation & Utilities	€1,669	15.9%
Air Transport	€328	3.1%
Transport Services	€715	6.8%
Other Transport	€366	3.5%
Communications & Utilities	€260	2.5%
Financial & Business Services	€2,333	22.2%
Finance, Ins. & Real Estate	€652	6.2%
Business Services	€1,681	16.0%
Personal Services & Govt	€804	7.7%
Subtotal	€9,049	86.2%
Cruise Line Employees	€1,449	13.8%
Grand Total	€10,498	100.0%

- The approximately 17,500 total jobs generated in the Agriculture, Mining and Construction industries produced €335 million in compensation, 3.2% of the total.
- The Personal Services and Government sector accounted for 7.7% of total compensation impacts with €804 million in earnings. This was earned by the 25,856 workers that were employed as a result of the total impacts of the cruise industry in Europe.

Figure 8.6: Total Compensation by Sector, 2013



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 95.7% of the industry's income creation. Another five countries each had total compensation impacts exceeding €15 million and accounted for another 2.6% of the total. The remaining 15 countries accounted for 1.7% of the total compensation impacts with less than €10 million each.

8. The Economic Benefits of Cruise Tourism

The Top Ten

The three countries of Italy, UK and Germany accounted for nearly 69% of the cruise industry's total compensation impact in Europe.

- Italy accounted for 29.9% of the total compensation impacts with €3.1 billion in earnings:
 - Manufacturing was responsible for 29% of the total impact with compensation totalling €895 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 25% of the total compensation impacts and accounted for €789 million in earnings.
 - The over 14,100 workers calculated to be directly employed by the cruise lines earned €489 million, 16% of the total compensation impacts.
- The United Kingdom accounted for 24.5% of the total compensation impacts with €2.58 billion in earned income:
 - Financial and Business Services, with €644 million, were responsible for 25% 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 €481 million in compensation, amounting to 19% of the total compensation impacts.
 - The 15,643 workers estimated to be directly employed by the cruise lines earned €578 million, which responsible for 22% of the total compensation impacts.

Table 8.6: Total Compensation by Country, 2013

Country	Total Compensation Millions	Share of Total
Italy	€3,107	29.9%
UK	€2,580	24.5%
Germany	€1,706	16.2%
Spain	€763	7.2%
France	€632	6.0%
Norway	€481	4.5%
Finland	€292	2.8%
Greece	€215	2.0%
Netherlands	€166	1.6%
Portugal	€109	1.0%
Top 10	€10,051	95.7%
Sweden	€109	1.0%
Denmark	€104	1.0%
Malta	€25	0.2%
Cyprus	€18	0.2%
Poland	€16	0.2%
Next 5	€272	2.6%
Rest of EU+3	€175	1.7%
Total	€10,498	100.0%

- Germany accounted for just over 16% of the total compensation impacts with earnings amounting to just over €1.7 billion:
 - Manufacturing amounted to 40% of the total impact with €688 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 18% of the total compensation impacts with €309 million in earnings.
 - The 4,355 workers directly employed by the cruise lines earned €110 million, 6.5% 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 €763 million, accounting for 7.2% 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 38%.
 - France is a shipbuilding centre and a source and destination market. It had a total compensation impact of €632 million in earnings. The manufacturing sector accounted for 31% while the transportation, trade and hospitality industries amounted to 32% of the total compensation impact.
 - Norway provides ship maintenance services and crew and is a destination market with a total compensation impact of €481 million, 4.5% of the total impact. Cruise line employees accounted for 20% of the total compensation impact while the manufacturing sector amounted to 28%.
 - Finland features primarily as a shipbuilding centre. Its compensation impact of €292 million was concentrated in the manufacturing sector, which accounted for 60% of the total impact.
 - Greece is primarily a destination market with some ship repair services with a total compensation impact of €215 million, 2.0% of the European total. 48% came from the transportation sector and 16% from manufacturing.
 - The Netherlands primarily provides support services and provisioning for cruise ships. It had a total compensation impact of €166 million in earnings, 1.6% of the total European impact. Manufacturing accounted for 35% and the Financial and Business Services sector for 22%.
 - Portugal is a source for crew and ship repair services and is also a cruise destination market. With €109 million in total compensation impacts, it accounted for 1.0% of the total European impact. Cruise line employees accounted for 27% of the total compensation impact while the manufacturing sector accounted for another 19%.

The remaining 20 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.

Contributors and Sources of Information

The authors acknowledge the contribution made by individual cruise lines and shipbuilding members of Euroyards in providing the financial information underpinning the report.

The following are the other principal sources of information used in the report:

Port statistics published by Cruise Europe, MedCruise, Cruises in the Atlantic Islands, Cruise Norway, Cruise Baltic, Cruise Britain and individual port authorities;

Statistical reports by IRN for CLIA Europe (ex-ECC) and CLIA UK and Ireland (ex-PSA);

CLIA data;

Cruise market analysis published in the International Cruise Market Monitor.

Glossary of Specialist Terms and Abbreviations

Term / Abbreviation	Definition
CLIA	Cruise Lines International Association, global trade association (representation in North and South America, Europe, Asia and Australasia) representing the interests of cruise lines, travel agents, port authorities and destinations, and various industry business partners.
CLIA Europe (ex ECC)	Established in 2013 from the European Cruise Council to promote the interests of cruise operators in Europe and represent their interests with the EU institutions in all matters of shipping policy and ship operations.
CLIA UK and Ireland (ex-PSA)	Established in 2013 out of the former Passenger Shipping Association. It is the national CLIA association in the UK and Irish market.
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. Other organisations such as Cruise Baltic, Cruise Britain and Cruise Norway represent specific countries or smaller regions.
EU	European Union. Comprising at 1 January 2013 27 member states (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom). Croatia became the 28th member on July 1 2013.
EU+3	The EU countries listed above plus Iceland, Norway and Switzerland.
Euroyards	Organisation representing leading European shipyards, including those building the majority of cruise ships currently on order.

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.
Home Port	Port at which a cruise ship is based, normally for a series of cruises. May also be referred to as a base-port, embarkation port or turn around 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.
Northern Europe	As defined by Cruise Europe, this region comprises cruise destinations in: the Baltic; Iceland, Norway and Faeroes; Europe West Coast (as far as Lisbon); and United Kingdom and Ireland. The Baltic is the largest sector.
OECD	Organisation for Economic Co-operation and Development, international organisation of 34 countries to promote policies that will improve the economic and social well-being of people around the world.
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 or destination port.



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