THE CONTRIBUTION OF THE INTERNATIONAL CRUISE INDUSTRY TO THE GLOBAL ECONOMY IN 2018

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BREA
BUSINESS RESEARCH & ECONOMIC ADVISORS

The Global Economic Contribution of Cruise Tourism 2018

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Business Research & Economic Advisors
201 Strykers Rd.
Suite 19-132
Phillipsburg, NJ 08865

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Introduction

Business Research and Economic Advisors (BREA) was engaged by the Cruise Lines International Association (CLIA) to provide estimates of the contribution of the cruise industry to the global economy in 2018.[1] Data on passengers by source and destination market, as well as the global deployment of the global ocean-going cruise fleet were obtained from sources published by CLIA. Research reports on passenger and crew expenditures and the economic impact of the industry in specific national and regional markets were assembled and reviewed.

Methodology

The global impact relied heavily on existing reports by BREA and other researchers and represents an aggregation of the results reported in these studies plus estimates developed for regions where data were not readily available. The majority of the global economic contribution reported below is derived directly from studies prepared for CLIA by BREA. Data on passenger and crew visits, direct expenditures of the cruise lines and their passengers and crew and the resulting economic impacts were taken directly from these reports and shown in regional data categories for North America, Europe EU+3, and the Rest of the world.

The data for the United States were taken directly from:

I. BREA, The Contribution of the International Cruise Industry to the U.S. Economy in 2018, prepared for Cruise Lines International Association, August 2019.

The data for the region of Rest of North America were extrapolated from studies conducted over the last two years. These reports were:

II. BREA, The Economic Contribution of the International Cruise Industry in Canada, prepared for CLIA North West and Partnering Cruise Associations, April 2017.
III. BREA, Economic Contribution of Cruise Tourism to the Destination Economies, 2017-18 Cruise Year, prepared for The Florida-Caribbean Cruise Association, October 2018.

The estimates for Europe (EU + 3) were extrapolated from the following report:

IV. BREA and G. P. Wild (International) Ltd., Contribution of Cruise Tourism to the Economies of Europe, 2018 Edition, prepared for CLIA Europe, June 2018.

Finally, the estimates for the Rest of the World were estimated by using data taken directly from studies conducted in 2019 for Australia, extrapolated from 2017 reports for North Asia

[1] The terms economic contribution and economic impact are used interchangeably throughout this report.

and Singapore, while the remainder were extrapolated from studies conducted over the last several years. These reports include:

I. CLIA Australia, Australia Cruise Impact Study, October 2019.
II. BREA, The Economic Contribution of Cruise Tourism to the North Asia Region in 2016, prepared for CLIA North Asia, May 2017
III. G.P. Wild, BREA and Moore Stephens, Cruise Tourism and Economic Impact Assessment for Singapore, prepared for the Singapore Tourism Board, August 2017.
IV. BREA, The Contribution of Cruise Tourism to the Southeast Asia Region in 2014, prepared for CLIA Southeast Asia, September 2015.

Limited data was available for the remainder of Rest of the World, which consisted primarily of South America, New Zealand and the South Pacific. Estimated data for these locations were extrapolated using the following reports.

V. FGV Projetos, Cruise Industry Season 2018-2019: Economic Impacts in Brazil, prepared for CLIA Brazil, 2018.
VI. BREA, The Contribution of Cruise Tourism to the New Zealand Economy in 2014-15 Cruise Year, prepared for CLIA Australasia, July 2015.

Data taken directly from current studies and studies previously conducted by BREA account for over 90 percent of the estimates for total global output coming from cruise tourism. Data on spending by cruise lines and their passengers and crew that were not readily available were extrapolated to 2018 by adjusting average spending rates for inflation as reported by the appropriate government and monetary authorities. Passenger and crew visits were updated with data for 2018 as obtained from the destination ports and other industry sources. Given the extrapolated visit and spending data, the direct cruise sector expenditures were estimated for each of the markets. The resulting economic impacts were estimated with the same models that were used to estimate the economic impacts for the reported years.

The expenditure and economic impact data reported in these studies were directly included in the estimated impacts for the Rest of World. Estimates for all of South America were estimated utilizing the Brazilian data and passenger and crew visit data for the rest of South America. Estimates for the remaining global destinations were estimated from average cruise line, passenger and crew expenditure rates for home port and transit port destinations as derived from the above seven studies. The resulting estimated impacts accounted for less than 10 percent of the global total output impacts.

Global Economic Impacts

As noted above, the global impact relied heavily on existing reports by BREA and other researchers and represents an aggregation of the results reported in these studies plus estimates developed for regions where data were not readily available. All data that were reported in local currencies, i.e., expenditures, output, income, etc., were converted to US$ for purposes of aggregation.

As shown in **Table 1**, an estimated 146.4 million onshore visits by passengers and crew helped generate $68.0 billion in direct cruise sector expenditures at destinations and source markets around the world. This $68.0 billion also includes the direct expenditures of the cruise lines for goods and services in support of their cruise operations.

Table 1–Total Global Economic Contribution of the Cruise Sector – 2018

Category	Current US$	
	Global	Percent Change from 2017
Passenger and Crew Onshore Visits (Mil)	146.36	6.9%
Total Direct Expenditures (US$ Bil)	$67.97	11.4%
Total Output Contribution (US$ Bil)	$150.13	12.1%
Total Income Contribution (US$ Bil)	$50.24	10.3%
Total Employment Contribution	1,177,000	6.1%

These expenditures generated total (direct, indirect and induced) global output of $150.1 billion. The economic output due to the cruise industry continues to produce new jobs and income. For the third consecutive year, the cruise industry supported the employment of over 1 million employees, requiring nearly 1.2 million FTE[2] employees in 2018. These employees earned $50.2 billion in income. The details of this global contribution are discussed in the following sections of this report.

[2] Full-time Equivalent

Background: Cruising - A Global Industry

The cruise industry continues to enjoy dynamic growth. North America experienced another year of steady growth in sourced passengers (9.3%), while Europe (3.3%) and the Rest of the World (5.2%) grew at slightly lower rates. **Table 2** sets out the international cruise sector growth between 2008 and 2018. Over this ten-year period, demand for cruising worldwide has increased from 16.3 million passengers to 28.5 million. This represents a 75 percent increase overall and a 5.7 percent compounded annual growth rate over the 10-year period. The increase in cruise passengers rose 6.7 percent from 2017 to 2018, slightly above the 6.2 percent increase observed between 2016 and 2017. Over the same 10-year period, global tourist arrivals[3], mainly land-based tourism, has risen at a slower rate than that of the cruise industry, increasing by 52 percent from 922 million in 2008 to an estimated 1.4 billion in 2018. It should be noted, however, that growth in international arrivals from 2016 to 2018 (13.4%) mirrors the growth in cruise passengers (13.4%) over the same two-year period.

Table 2–International Demand for Cruises, 2008 to 2018
Millions of sourced passengers

Region	2008	2013	2014	2015	2016	2017③	2018	1 Year Growth	10 Year Growth
North America	10.29	11.82	12.21	12.20	12.49	13.12	14.34	9.3%	39.4%
Europe①	4.47	6.40	6.39	6.58	6.79	6.94	7.17	3.3%	60.4%
Sub Total	**14.76**	**18.22**	**18.60**	**18.78**	**19.28**	**20.06**	**21.51**	**7.2%**	**45.8%**
Rest of the World②	1.54	3.09	3.74	4.40	5.87	6.66	7.00	5.2%	354.7%
Total	**16.30**	**21.31**	**22.34**	**23.18**	**25.15**	**26.72**	**28.52**	**6.7%**	**74.9%**

① Including Russia and Central and Eastern European countries outside the EU+3
② Rest of the world: 2008-2013 data is generally estimated
③ Data for 2017 has been revised down by .03 from the last report.
Numbers may not add due to rounding
Source: CLIA

Since 2008, passengers sourced from North America have increased by 39 percent. The North America region remains the largest source market, accounting for 50 percent of global cruise passengers, up slightly from 49 percent in 2017. In fact, while global changes in demand had eroded North America's share of the global source market from nearly 66 percent in 2007 to 53 percent in 2015, North America has held on to represent about half of all sourced passengers since that time.

Europe has also experienced strong growth over the last decade, with passengers sourced from Europe increasing 60 percent over this timeframe. In 2008 Europe accounted for 27 percent of the global cruise market with 4.5 million passengers. In 2018 this increased to

[3] UNWTO Annual Report 2018.

nearly 7.2 million passengers. Despite this growth, Europe's overall market share has decreased slightly from 27 percent in 2008 to 25 percent in 2018.

The Rest of the World (ROW) has seen the most significant growth in both passenger numbers and market share over the past 10 years. In 2008 the ROW accounted for 9 percent of the global cruise market with 1.5 million passengers. In 2018 passenger sourced from the ROW numbers have increased to 25 percent of the total global market, with 7.0 million passengers. This ten-year passenger growth represents a 355 percent increase. In 2018 the ROW grew by 5.2 percent, below the growth rate of North America (9.3%), but above the growth across Europe (3.3%).

To further illustrate the continued dynamic and shifting pattern of growth in the global cruise industry in the 5 year period from 2013 to 2018, passengers sourced from the Rest of the World increased by 127 percent, passengers sourced from America increased by 21 percent and passengers sourced from Europe increased by 12 percent. In total, global passengers have risen from 21.3 million in 2013 to 28.5 million in 2018, for a 34 percent increase over the 5 year period.

Not surprisingly, the capacity deployed by the cruise industry, as measured by bed days[4], has followed a similar growth and distribution profile. Overall, the global supply of bed days has increased by 38 percent from 2013 through 2018, increasing from 130.3 million bed days to 179.7 million. Global capacity in 2018 is up 5.3 percent over 2017 (see **Table 3**).

Table 3–Global Deployment of Capacity, 2013 to 2018
Millions of bed days

Region	2013	2014	2015	2016	2017	2018	1-year Growth	5-year Growth
Alaska	6.25	6.15	6.65	6.77	7.33	7.80	6.4%	24.7%
Asia	4.72	6.17	11.33	15.06	17.76	17.79	0.2%	277.0%
Australia/NZ/Pacific	6.51	7.09	8.36	9.97	10.21	10.06	-1.5%	54.5%
Caribbean	44.66	51.00	53.58	55.07	59.27	62.92	6.2%	40.9%
Europe w/o Med	14.37	14.88	17.48	19.16	18.80	20.26	7.7%	41.0%
Mediterranean	28.38	25.14	29.93	30.53	28.02	30.00	7.1%	5.7%
South America	4.93	4.42	4.27	4.50	3.79	3.92	3.3%	-20.6%
Rest of the World	20.53	20.63	22.81	22.49	25.38	26.93	6.1%	31.2%
Total	**130.3**	**135.5**	**154.4**	**163.5**	**170.6**	**179.7**	**5.3%**	**37.9%**

Numbers may not add due to rounding

Source: CLIA

[4] Passenger bed days are the number of days that all berths could be occupied at 100% occupancy. For example, a cruise ship with 2,000 lower berths on a 7-day cruise generates 14,000 potential bed days.

The Caribbean is the principal cruise destination for passengers sourced from North America. Its share of the cruise industry's global deployment has remained relatively constant from 2013 to 2018 at about 35 percent. The Caribbean remains the largest destination market with 62.9 million bed days deployed in the region during 2018. As shown in Table 3, this represents a 41 percent increase in capacity since 2013 and includes a 6.2 percent increase in 2018 over 2017.

Asia continues to lead the industry growth over the 5-year period of 2013 to 2018. During this time, bed days have increased from 4.7 million to 17.8 million, for an increase of 277 percent. In 2018, however, Asia saw its deployed capacity remain flat, with an increase of only 0.2 percent over 2017. Australia, New Zealand and the Pacific also experienced significant growth since 2013, increasing from 6.5 million to 10.1 million bed days in 2018, or an increase of 55 percent. However, from 2017 to 2018 capacity in Australia/New Zealand and the Pacific was down by 1.5 percent.

Including the Mediterranean, Europe has seen its bed day capacity increase by 18 percent over the 5-year period, rising from 42.8 million bed days in 2013 to 50.3 million in 2018. This increase is predominantly due to growth in the non-Mediterranean markets. The Mediterranean market has seen its capacity increase by 5.7 percent over the 5-year period, while the remainder of Europe has seen its capacity increase by 41 percent since 2013. Despite this, the Mediterranean and Europe have experienced similar increases (7.1% and 7.7%, respectively) in 2018 over 2017.

South America has experienced a decrease of 20.6 percent in bed days from 2013 through 2018. South America's capacity was at a high of 4.9 million in 2013 and was down to 3.9 million in 2018. However, the 2018 capacity saw an increase of 3.3 percent over 2017.

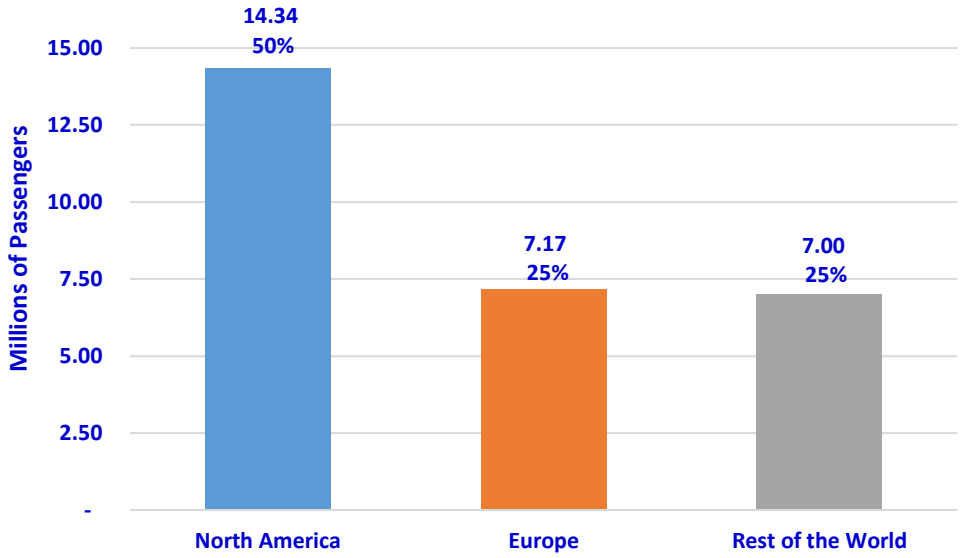
The Rest of the World increased from 20.5 million bed days in 2013 to 26.9 million in 2018, for a 31 percent increase. It is also a dynamic industry with overall global growth rates exceeding that of land-based tourism over the past ten years.

Thus, the cruise industry is truly a global industry with passengers sourced from around the world and with cruise itineraries destined for countries and ports around the globe. As a result, the industry impacts the global economy generating jobs, income and tax revenues in all regions of the world.

Source Markets: Where do cruise passengers reside?

As discussed in the previous section, cruise passengers are sourced from around the world. In this section, we focus on where passengers were sourced in 2018. North America accounted for half (50%) of all cruise passengers with 14.3 million passengers, up 9.3 percent over 2017. Europe was next with 25 percent and 7.2 million passengers, up 3.3 percent from 2017. The Rest of the World accounted for the remaining 25 percent with 7.0 million passengers, which was up 5.2 percent from 2017. The potential for growth in the Rest of the World is illustrated by the fact that it accounts for about 82 percent of the world's population[5] but only 25 percent of world cruisers.

Figure 1 – Global Distribution of Cruise Passengers by Source Market – 2018
Millions of passengers



Source: CLIA

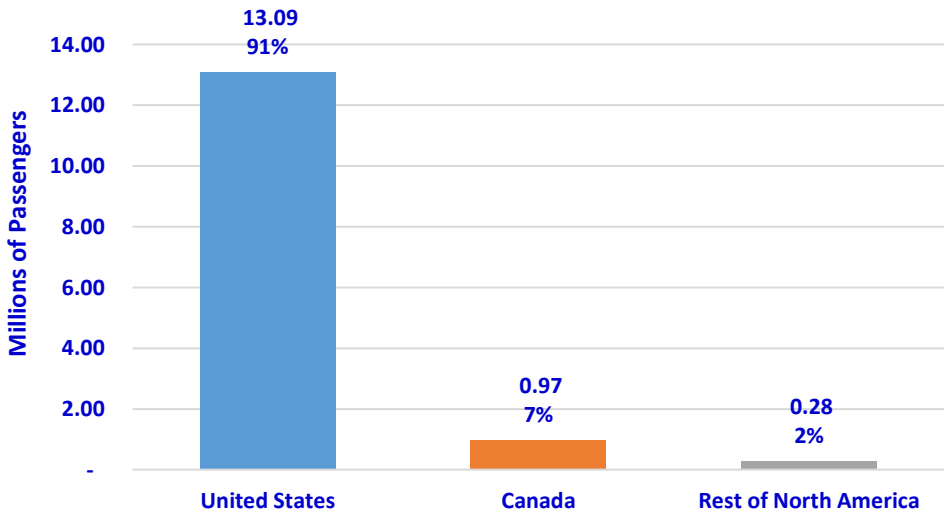
[5] United Nations, http://data.un.org/, 2018.

North America

Within North America, 13.1 million passengers were sourced from the United States and accounted for 91 percent of the region's cruise passengers (see **Figure 2**). Overall, passengers sourced from North America were up 9.6 percent over 2017. Canada accounted for 6.8 percent with 970,000 passengers, an increase of 5.4 percent over 2017. The remaining 2 percent, or 280,000 passengers, resided elsewhere in North America. This group experienced an increase of 8.7 percent over 2017. The largest of these other North American source markets are: the Bahamas, Costa Rica, the Dominican Republic, Mexico and Panama. Combined these five countries accounted for 81 percent of the passengers sourced from North America countries other than the U.S. and Canada.

In addition to being the largest source market, the United States is also the largest originator of cruises. During 2018, cruises originating from U.S. ports carried an estimated 12.7 million passengers. Passenger embarkations in the United States accounted for more than 2 in 5 (44%) of the 28.5 million global embarking passengers, down from 46 percent last year. In 2018, the five largest cruise ports, Miami, Port Canaveral, Port Everglades, Galveston and Long Beach accounted for 66 percent of the passenger embarkations in the United States[6].

Figure 2 –Distribution of Cruise Passengers Sourced from North America – 2018
Millions of passengers



Source: CLIA
Note: Rest of North America consists of Mexico, Bermuda, Central America and the Caribbean.

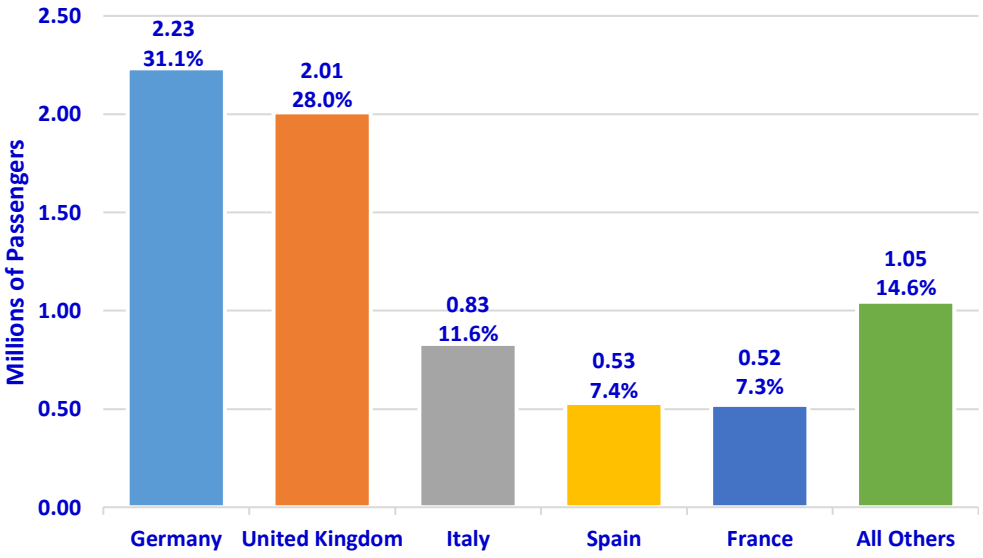
6 The Contribution of the International Cruise Industry to the US Economy in 2018, BREA

Europe

As shown in **Figure 3**, the five largest source countries in Europe accounted for 85 percent of the passengers sourced from Europe in 2018. As in 2017, Germany and the United Kingdom combined accounted for over half (59%) of the passengers sourced from Europe with a total of 4.2 million passengers. Germany saw its growth slow from about 7.5 percent in 2017 over 2016 to 3.0 percent this year over last. The UK grew at about 2.0 percent over 2017, mirroring the 2.0 percent increase in 2017 over 2016. Of the Top 5 countries, Italy experienced the highest year-over-year growth with an 8.0 percent increase in the number passengers in 2018 while Spain was second, having experienced an increase of 3.9 percent over 2017, and France grew at a 3.4 percent clip. There were 1.9 million passengers sourced from Italy, France and Spain, 26 percent of European-sourced passengers.

Among the other European countries contributing at least 100,000 cruise passengers were sourced from Switzerland (150,000), Austria (140,000), Netherlands (110,000) and Norway (100,000). Combined, 500,000 passengers were sourced from these four countries, about 7.0 percent of European sourced passengers. All four experienced slight growth in sourced passengers during 2018, with growth rates ranging from 1.4 percent to 2.2 percent. Finally, approximately 545,000 cruise passengers were sourced from the remaining European countries, 7.6 percent of European-sourced passengers.

Figure 3 –Distribution of Cruise Passengers Sourced from Europe – 2018
Millions of passengers



Note: United Kingdom includes Ireland

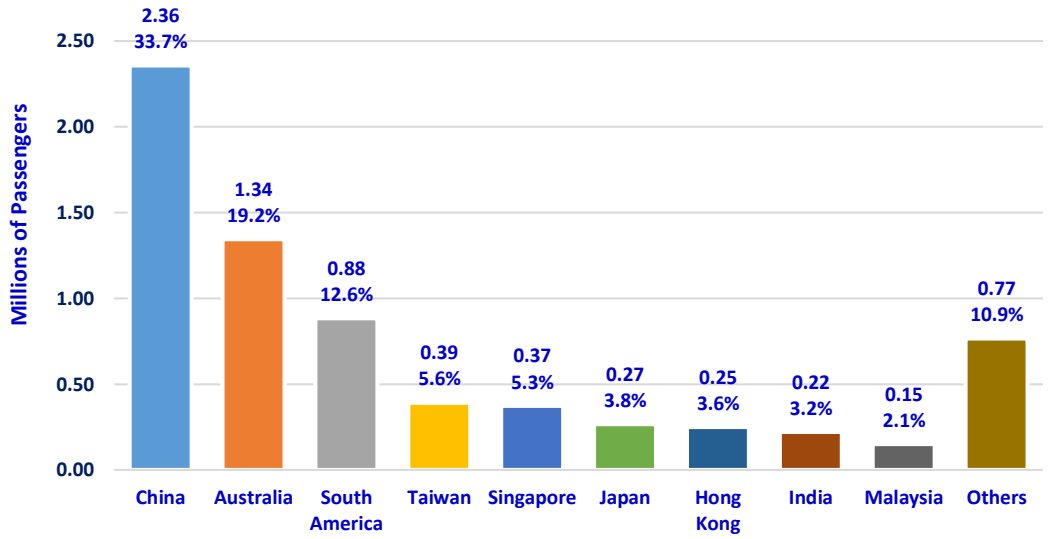
Source: CLIA

Rest of the World

As shown in **Figure 4**, the two principal sources in the Rest of the World are the countries of with 2.4 million passengers and Australia with 1.3 million passengers. Combined these two countries accounted for about 53 percent of all passengers sourced from the Rest of the World. The countries of South America accounted for about 880,000 passengers which equates to about 13 percent of the Rest of the world. Combined, Taiwan, Singapore, Japan, Hong Kong, India and Malaysia accounted for 24 percent of the total source passengers in the Rest of the World with 1.65 million passengers. This is up from 20 percent in 2017. Finally, the remainder of the countries of the Rest of the World accounted for 770,000 passengers or 11 percent of the remainder.

As noted in the previous section, growth in sourced passengers from the Rest of the World has slowed in 2018 to 5.2 percent, down from a 14 percent year-over-year growth in 2017. Singapore (40%), India (28%) and South America (11%) each experienced double-digit growth in sourced passengers, while Malaysia (-20%) and China (-1.6%) were the only two to see a reduction in sourced passengers over 2017. Australia, the second largest region of ROW sourced passengers was relatively flat to 2017, with an increase of only 0.9 percent.

Figure 4 –Distribution of Cruise Passengers Sourced from the Rest of the World – 2018
Millions of passengers



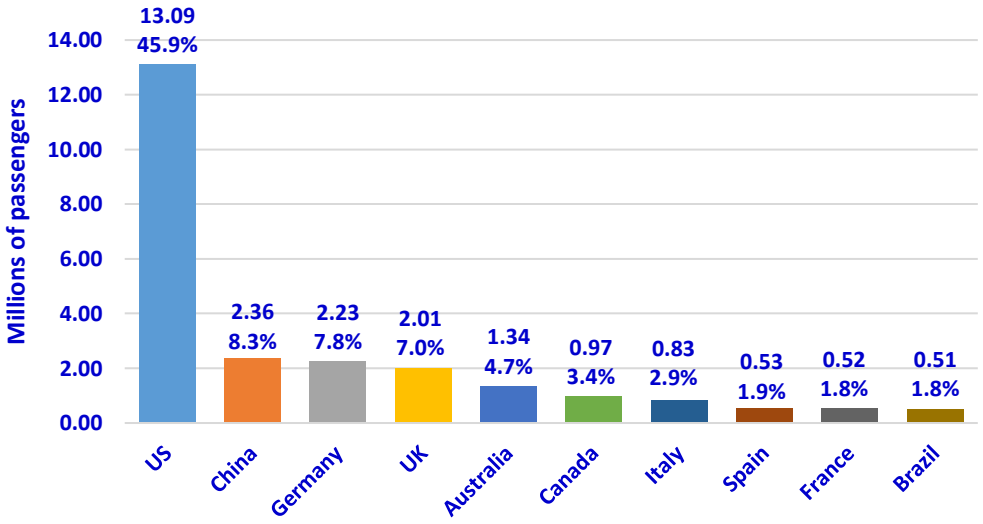
Source: CLIA

Top Ten Countries

In summary, a total of 24.4 million passengers were sourced from the top ten countries in 2018, up from 22.9 million in 2017. This accounts for 85 percent of global cruise passengers, virtually unchanged from last year. As indicated in **Figure 5**, these countries are located in all major global regions.

The United States with 13.1 million passengers was the largest source country by far, accounting for 46 percent of global cruise passengers. The next two countries combined, China and Germany, accounted for 16 percent of global passengers with a total of 4.6 million passengers. The United Kingdom had 2.0 million passengers and Australia had 1.3 million cruise passengers. Combined they accounted for 3.3 million passengers, or 12 percent of the global total. The last five countries: Canada, Italy, Spain, France and Brazil generated a total of 3.4 million passengers, about 12 percent of the global passengers.

Figure 5 –Cruise Passengers Sourced from the Top 10 Countries – 2018

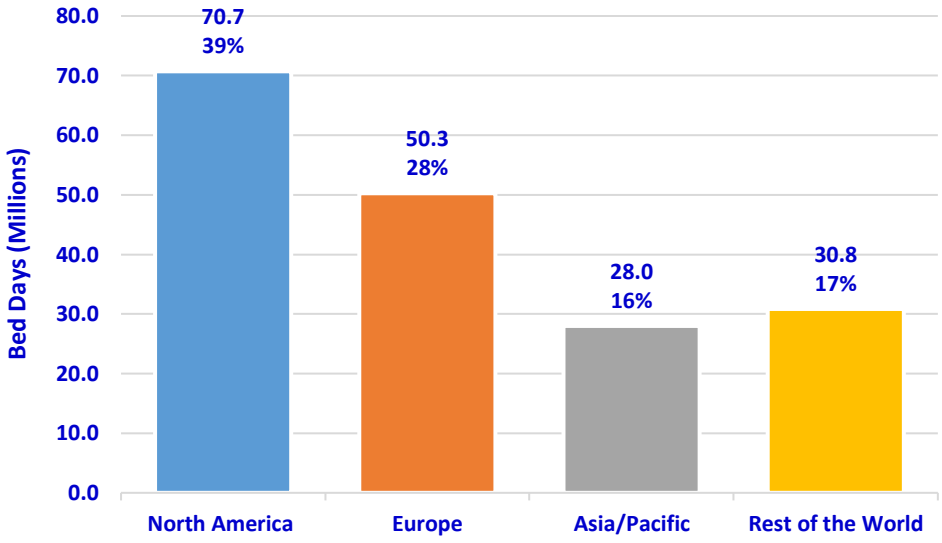


Source: CLIA

Destination Markets: Where are cruise ships deployed?

As discussed in the Introduction, cruise lines deploy their ships around the globe. In this section, we focus on the global distribution of bed day capacity for 2018. As shown in **Figure 6**, North America accounted for 39 percent of the global bed day capacity with 70.7 million bed days, an increase of 6.2 percent from 2017. Europe was next with 28 percent and 50.3 million bed days, an increase 7.4 percent from 2017. The Asia/Pacific region came in with 28.0 million bed days, unchanged from 2017 and representing 16 percent of the global capacity. The Rest of the World, including South America, accounted for the remaining 17 percent with 31 million bed days. Bed day capacity increased by 5.6 percent in the Rest of the World in 2018.

Figure 6 – Global Distribution of Passenger Bed Days – 2018
Millions of bed days



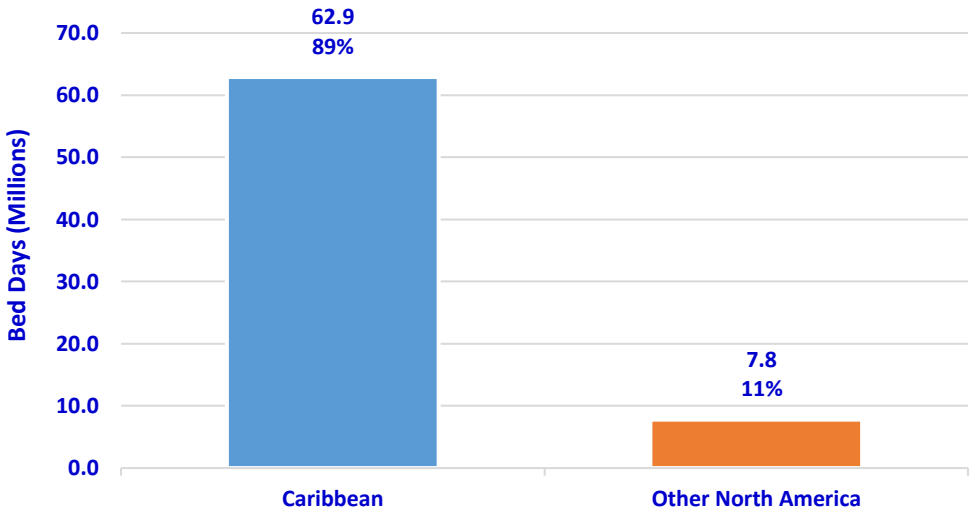
Source: CLIA

North America accounted for a smaller share of global capacity (39%) than global passengers (49%). Europe, on the other hand accounted for a larger share of capacity (28%) than passengers (26%). The Rest of the World, including Asia/Pacific, also had significantly more capacity (33%) than sourced passengers (25%).

North America

Within North America, the Caribbean, with 62.9 million bed days, accounted for 89 percent of the capacity deployed in the region (see **Figure 7**). While the relative share was unchanged from 2017, the total bed days is up 6.2 percent from 59.3 million in 2017.

Figure 7 –Distribution of Passenger Bed Days in North America – 2018
Millions of bed days



Source: CLIA

In its most recent analysis for the FCCA[7], BREA reported that 11 Caribbean destinations had passenger arrivals[8] in excess of one million passengers during the 2017-18 cruise year[9]. These were: the Bahamas (3.0 million[10]), Belize (1.0 million), the Cayman Islands (1.9 million), Costa Maya (1.2 million), Cozumel (4.1 million), the Dominican Republic (1.1 million), Honduras (1.1 million), Jamaica (2.0 million), Puerto Rico (1.2 million), St. Kitts (1.1 million) and the U.S. Virgin Islands (1.1 million). Combined, the arrivals at these 11 destinations represent about 30 percent of the 62.9 million bed days across the Caribbean in 2018.

Within the United States, BREA has estimated that 12.7 million passengers embarked on their cruises from U.S. ports (excludes San Juan, PR) while 6.2 million passengers visited U.S. ports as transit passengers. Relative to 2017, embarkations at U.S. ports during 2018 increased by about 3.9 percent while visits by transit passengers were up by 10 percent. As noted previously the five largest embarkation ports in the U.S. during 2018 were: Miami, Port Canaveral,

[7] Economic Contribution of Cruise Tourism to Destination Economies, prepared for Florida-Caribbean Cruise Association, October 2018.
[8] Passenger arrivals are the number of passengers on cruise ships that arrive at destination ports. Since not all passengers will disembark at a given port, passenger arrivals are larger than passenger onshore visits.
[9] The 2017-18 cruise year is defined as the 12-month period from May, 2017 through April, 2018.
[10] This figure excludes arrivals at the private islands in the Bahamas.

Port Everglades, Galveston and Long Beach. Combined, these five ports accounted for over 8 million embarkations which is about two-thirds of embarkations among all U.S. ports.

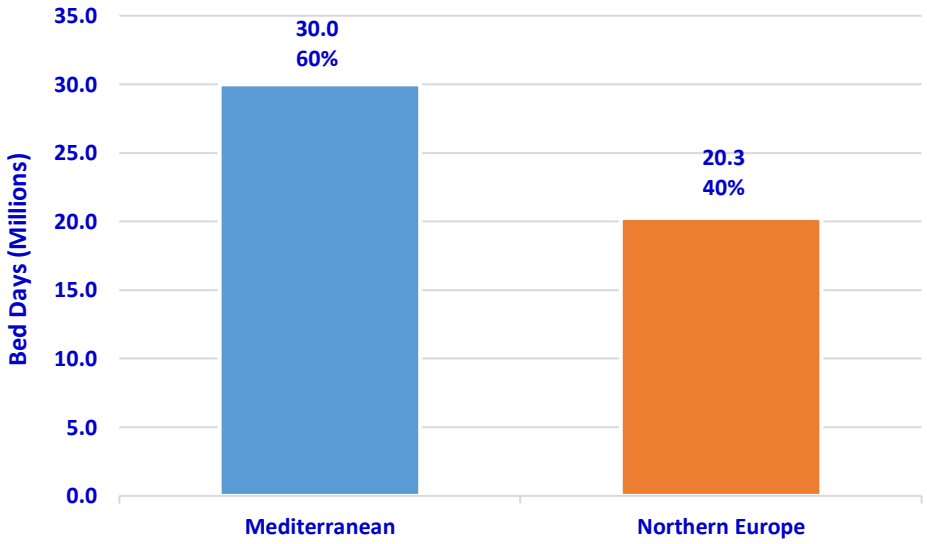
In total, there were 6.2 million transit visits. The major transit ports were the Alaska ports of Juneau, Ketchikan and Skagway and the Florida ports of Key West and Port Canaveral. Combined, the ports of Alaska and Florida account for about 80 percent of all port of call visits in the United States.

In Canada the principal home ports remain to be Vancouver, Montreal and Quebec City. Vancouver, along with Seattle, is a major home port for Alaska cruises, while the two ports along the St. Lawrence River handle home port and transit port passengers for those who are sailing New England and Canadian itineraries and transcontinental sailings. Port of call ports in Atlantic Canada also handle transit passengers on these itineraries.

Europe

The Mediterranean accounted for 60 percent of the capacity deployed in Europe during 2018 with 30.0 million bed days, up 7.1 percent from 28.0 million in 2017 (see **Figure 8**). The Mediterranean is a fairly self-contained market with most cruise itineraries originating and terminating within the region. As noted previously the major home ports in the Mediterranean are Barcelona, Civitavecchia, Palma Mallorca, Venice, Piraeus, Genoa and Savona. Major destination or transit ports also include Marseille, Tenerife, Naples, Valletta and Dubrovnik.

Figure 8 –Distribution of Passenger Bed Days in Europe – 2018
Millions of bed days



Source: CLIA

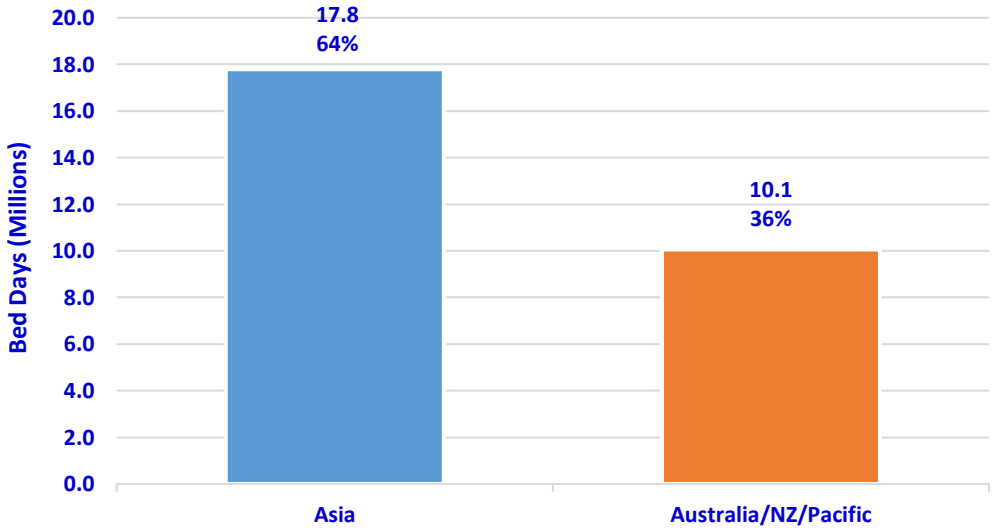
Notes: The Mediterranean includes the Atlantic Isles while Northern Europe includes the Black Sea.

Cruise lines also deployed an estimated 20.3 million bed days in Northern Europe. Like the Mediterranean, most cruises originate and terminate within the region. The principal home ports are Southampton, Copenhagen, Hamburg, Kiel and Amsterdam. Major cruise destinations in Northern Europe include Stockholm, St. Petersburg, Lisbon, Rostock/Warnemunde, Tallinn, Helsinki, and Bergen. Bed days in Northern Europe were up 7.7 percent from 18.8 million in 2017.

Asia/Pacific

Combined, the Asia/Pacific destination market accounts for 27.9 million bed days, or 16 percent of the cruise industry's global capacity, virtually unchanged from 2017. As shown in **Figure** 9, The Asia region, led by China, accounted for 64 percent of the capacity deployed in the market with 17.8 million bed days, unchanged from 2017. The Australia/South Pacific region accounted for 36 percent of the capacity deployed in this market with 10.1 million bed days. Sydney serves as the primary homeport in the region with cruises primarily destined for New Zealand and South Pacific destinations as well as other Australian ports.

Figure 9 –Distribution of Passenger Bed Days in Asia/Pacific – 2018
Millions of bed days



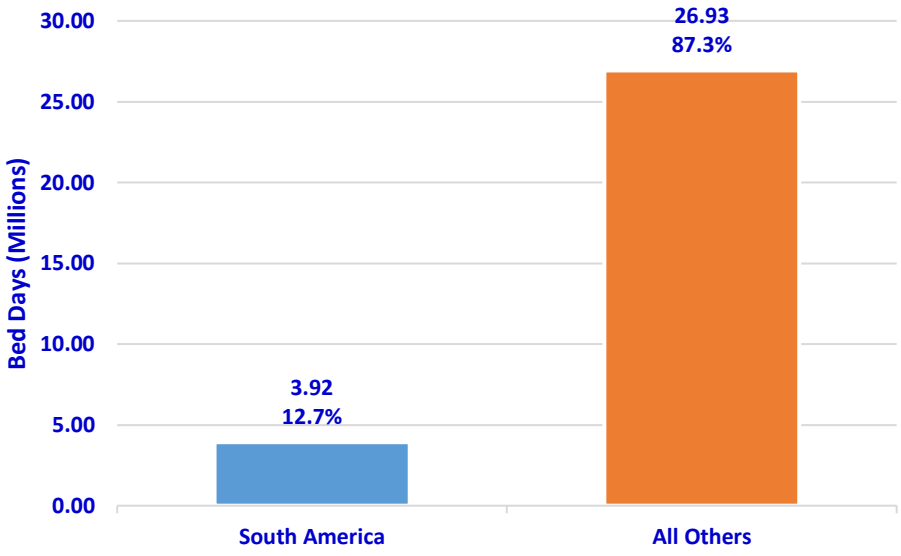
Source: CLIA

Rest of the World

The Rest of the World accounted for 17 percent of the cruise industry's global capacity with 30.8 million bed days, up 5.2 percent from 29.2 million bed days in 2017.

South America was the largest sub region within these destination markets with 3.9 million bed days, 13 percent of the region's capacity and an increase of 3.4 percent over 2017. As can be seen in Figure 10, capacity in other locations throughout the world account for the remaining 87 percent in region and accounted for a 6.1 percent increase over 2017. The itineraries that make up this capacity include expedition voyages, world and multi-regional cruises, the Indian Ocean and others.

Figure 10 –Distribution of Passenger Bed Days in the Rest of the World – 2018
Millions of bed days



Source: CLIA

Passenger and Crew Onshore Visits

As shown in **Table** 4, the cruise industry generated over 146 million passenger and crew visits at ports around the globe, up 6.9 percent from 137 million in 2017. These consisted of 28.5 million passenger embarkations, 90.9 million transit passenger visits and 26.9 million crew visit days. North American ports accounted for 47 percent of the global passenger and crew visits, while ports throughout Europe accounted for 34 percent. The Rest of the World accounted for the remaining 19 percent.

Table 4–Passenger and Crew Onshore Visits – Global and Regional Markets – 2018
Millions of Visit Days

Category	Global	Regional Markets		
		North America①	Europe (EU+3)②	Rest of World
Passenger Embarkations	28.52	14.62	6.99	6.91
Transit Passengers	90.92	39.64	35.75	15.53
Crew	26.92	14.04	6.94	5.95
Total	**146.36**	**68.29**	**49.68**	**28.39**
Percent Change from 2017	***6.9%***	***5.6%***	***9.2%***	***6.4%***

① North America consists of all US ports including those in Alaska and Hawaii, ports in Bermuda, Canada, the Caribbean, Central America & Mexico.

② Europe EU+3 includes the ports of the 27-member states of the EU plus Iceland, Norway & Switzerland.

Of the 28.5 million cruise passengers sourced from around the world, a total of 14.6 million or 51 percent embarked from ports in North America. Cruise ports in the United States accounted for 12.7 million embarkations, or 44 percent of the global total. The major embarkation ports in the United States include Miami, Port Canaveral, and Port Everglades in Florida; Galveston, Texas and Long Beach, California. Another 1.9 million passengers, 6.8 percent of the global total, embarked on cruises from other ports in North America. The more prominent of these ports were Puerto Rico in the Caribbean and Vancouver in Canada.

European ports with 7.0 million passenger embarkations accounted for about 25 percent of global passenger embarkations. The major embarkation ports in Europe included Barcelona, Civitavecchia, Genoa/Savona, Palma Majorca (Balearics) and Venice in the Mediterranean, and Amsterdam, Copenhagen, Hamburg, Keil and Southampton in northern Europe. Combined, these ten ports accounted for about three-quarters of all passenger embarkations in Europe.

A total of 6.9 million passengers embarked on cruises at ports around the Rest of the World, 24 percent of the total. Shanghai, Singapore and Sydney are the major home ports in the Rest of the World.

The 28.5 million cruise passenger embarkations generated another 90.9 million visits at transit calls at ports around the globe. Thus, the average cruise ship itinerary made approximately three port-of-call stops in addition to its initial embarkation.

The ports of North America accounted for the largest share at 39.6 million transit passenger visits, 44 percent of the global total. North America's major transit ports included the Bahamas, the Cayman Islands, Cozumel, Costa Maya, Jamaica and Puerto Rico in the Caribbean and the various ports in Alaska. All of these locations received in excess of 1 million transit passenger visits. The ports of Europe were next at 39 percent with 35.8 million transit visits. Key transit ports in the Mediterranean including Barcelona, Civitavecchia, Genoa/Savona, Livorno, Marseille, Mykonos, Naples, Palma Mallorca, Santorini, and Tenerife accounted for the majority of these visits, each having over 700,000 transit passenger visits. Finally, ports in the Rest of the World received 15.5 million transit passenger visits.

Finally, crew onboard cruise ships also disembark and visit in both home and transit ports. Based upon data collected as part of regional and port specific cruise studies, BREA has estimated that about 40 percent of crew disembark at each port call. Recent studies suggest that this disembarkation rate is falling slightly over time, as is the case with the ratio of crew members to passengers. On a global basis cruises generated an estimated 26.9 million crew visits.

The ports of North America generated 14.0 million crew visits, slightly more than half of the global crew visits. Europe accounted for 6.9 million visits, or 26 percent of the global total, while the Rest if the World accounted for the remaining 5.9 million, or 22 percent of the global total.

Direct Expenditures Generated by Cruise Tourism

The direct expenditures generated by cruise tourism were analyzed for three segments: i) cruise passengers, ii) crew members and iii) cruise lines. Passengers purchased pre- and post-cruise vacations, shore excursions, souvenirs and other retail goods while crew purchased a similar set of goods and services with a heavier concentration on retail goods. In addition, cruise lines purchased a variety of goods in support of their cruise operations, including food and beverages, hotel supplies, bunker fuel, and utilities while in port. Cruise lines also made payments for a variety of services in support of their global cruise operations, including travel agent commissions, expenditures for advertising and promotion and other professional and business services. As shown in **Table 5**, the estimated direct global spending by cruise lines and their passengers and crew totaled just under $68.0 billion during 2018, up 11 percent from $61.0 billion in 2017

Table 5–Direct Cruise Sector Expenditures – Global and Regional Markets – 2018
Billions of US$

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of World
Home Port Passengers	$10.72	$4.55	$2.43	$3.74
Transit Passengers	$9.16	$4.10	$2.79	$2.28
Passenger Total	**$19.88**	**$8.65**	**$5.22**	**$6.01**
Crew	$1.46	$0.80	$0.20	$0.46
Cruise Lines①	$46.62	$21.16	$19.81	$5.66
Total	**$67.97**	**$30.60**	**$25.23**	**$12.14**
Percent Change from 2017	***11.4%***	***6.4%***	***18.2%***	***11.0%***

① Expenditures by cruise lines consists of all operational, administrative and capital expenditures, including wages paid to shore side employees and crew.

On a global basis, passengers spent an estimated $19.9 billion during home and transit port calls, up 13 percent over 2017. Passengers accounted for 29 percent of total cruise sector direct expenditures. Crew spent another $1.46 billion, 2.2 percent of the total. Finally, cruise lines spent an estimated $46.6 billion on cruise operations, 69 percent of the total.

On a regional basis, North America and Europe had direct expenditure totals of $30.6 and $25.2 billion, respectively. Thus, they accounted for about 45 percent and 37 percent of the total global direct expenditures, respectively. Not surprisingly, this is about even with the proportions of global passenger and crew visits (47%, 34%, respectively). The Rest of the World accounted for the remaining 18 percent of direct expenditures.

Passenger and crew spending in North America take place predominantly in South Florida and the Caribbean. Overall, North American home port passengers accounted for 53 percent of all passenger spending in the region, while transit passengers accounted for 47 percent. Homeport passengers made up 48 percent of all passenger and crew spending in the region, unchanged from last year. They also were responsible for 15 percent of all cruise industry spending in North America. The total passenger and crew expenditures of $9.4 billion in North America accounted for nearly half (46%) of the $21.3 billion global passenger and crew expenditures.

The percentage of passenger expenditures in Europe were the mirror image of those in North America, with home port passengers accounting for 47 percent and transit passengers accounting for 53 percent of the total in region passenger spending. The combined passenger and crew expenditures in Europe accounted for 25 percent of the global total with $5.4 billion.

Finally, passengers and crew in the Rest of the World spent an estimated $6.5 billion, or 30 percent of the global total. Home port passengers spent significantly more than transit passengers with $3.7 billion (62%) compared to $2.3 billion (38%), respectively.

The percentage of expenditures by cruise lines have different distribution profile than that of the total direct spending. Differences exists is due to the fact that cruise line operations are headquartered predominantly in Europe and the United States. Additionally, ship building for the global fleet takes place predominantly in Europe, although several new builds are starting to occur in Asia. Because of the high output of shipbuilding in Europe, the share of cruise line expenditures is higher in Europe (42%) than its overall expenditures (37%). North American cruise line expenditures, which have a high concentration of operations occurring in Florida, accounts for 45 percent of the global cruise line expenditures, and 45 percent of overall direct global expenditures. The Rest of the World accounts for the remaining 13 percent of cruise line expenditures, but 18 percent of the overall direct global spending.

As shown in **Table 6**, passenger and crew expenditures were concentrated in three categories, retail & other, travel to home port, and tours & local transit. Combined these three categories accounted for 77 percent of the global expenditures of passengers and crew. On average $145.86 in expenditures was generated by each visit, up from $138.96 in 2017.

Table 6–Global Passenger and Crew Spending by Category – 2018
Millions of US$

Categories	Total	Home Port Passengers	Transit Passengers	Crew
Visit Days (Millions)	**146.36**	**28.52**	**90.92**	**26.92**
Retail & Other	$6,264	$1,271	$4,218	$775
Travel to Home Port	$5,158	$5,158	$0	$0
Tours & Local Transit	$4,947	$1,026	$3,685	$236
Food & Beverages	$2,709	$1,000	$1,259	$450
Accommodations	$2,272	$2,266	$2.6	$3.3
Total	**$21,349**	**$10,721**	**$9,164**	**$1,464**
Average Spend per Visit	***$145.86***	***$375.97***	***$100.79***	***$54.37***
Percent Change in Total Spending from 2017	***12.2%***	***12.9%***	***12.1%***	***8.4%***

Economic Contribution Generated by Cruise Tourism in 2018

The objective of this analysis is to quantify the contribution of the spending generated by cruise tourism to the global economy during 2018. The quantification consists of the measurement of the direct expenditures and the resulting impacts on output, employment and income. The contribution analysis consists of three elements: i) the direct economic contribution, ii) the indirect economic contribution and the iii) the induced economic contribution.

The direct expenditures generated by the cruise industry and its passengers and crew that were quantified and discussed in the previous section, are the driving force of the industry's contribution to the global economy. These expenditures generate direct employment and employee income in support of providing the goods and services purchased by the cruise lines and their passengers and crew.

The indirect contribution results from the subsequent demand for goods and services generated by the directly impacted businesses. For example, food processors must purchase raw foodstuffs for processing; utility services, such as electricity and water, to run equipment and process raw materials; transportation services to deliver finished products to the cruise lines or wholesalers; and insurance for property and employees.

The induced contribution is generated by the spending of the employees of the cruise lines and their suppliers. The income of these employees is used to purchase a broad range of consumer goods and services including such goods as autos, food, clothing, furniture, health care and so forth. As a consequence, the induced contribution is concentrated in the final demand for final goods produced for the household sector.

As discussed in the Introduction, the estimates of the global direct, indirect and induced contribution are the sum of the impacts estimated for the regional markets. The regional estimates for 2018 are taken directly from published economic impact studies for 2018, extrapolated impacts for regions where studies were conducted in the past three years and estimates developed by BREA for those regions where recent economic impact data are unavailable.

Direct Economic Contribution

The $68.0 billion in global direct cruise tourism expenditures accounts for an 11 percent increase over 2017 and by themselves generated a significant contribution to the global economy. As shown in **Table 7**, these direct expenditures generated 570,000 FTE jobs, up 7.4 percent from 2017, paying $21.6 billion in employee income, up 11 percent from 2017. Jobs include the shore side employees and crew of the cruise lines.

Table 7–Direct Cruise Sector Economic Contribution – Global and Regional Markets – 2018
Billions of US$

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of World
Output ($ Billion)	$67.97	$30.60	$25.23	$12.14
Share of Global		45.0%	37.1%	17.9%
Income ($ Billion)	$21.62	$9.68	$7.65	$4.29
Share of Global		44.8%	35.4%	19.8%
Employment	570,000	246,000	213,000	111,000
Share of Global		43.2%	37.4%	19.5%
Percent Change from 2017				
Output ($ Billion)	11.4%	6.4%	18.2%	11.0%
Income ($ Billion)	10.6%	6.2%	17.3%	9.6%
Employment	7.4%	5.3%	9.1%	9.2%

The table also shows the regional distribution of the direct economic contribution. North America's direct economic contributions accounted for 45 percent of the global direct contribution of the cruise industry. The $30.6 billion in direct expenditures in North America generated 246,000 FTE jobs paying an estimated $9.7 billion in employee income. As noted previously, North America's cruise line headquarters presence and the homeport operations for itineraries in the Caribbean represent a significant component of the direct economic contribution of the cruise industry and is heavily weighted toward those industries that supply goods and services to the cruise ships, i.e., cruise ports, suppliers of food and beverages, fuel and equipment, and administrative support services such as, advertising, accounting and professional services and transportation services, including travel agents. The North American share of the global output, income and employment have all decreased slightly from 2017, while the relative shares for Europe have increased slightly.

Europe accounted for 37 percent of global direct contribution to the cruise industry with $25.2 billion in direct expenditures, up from 35 percent in 2017. These expenditures gener-

ated an estimated 213,000 FTE jobs paying $7.7 billion in employee income. Given the significance of the shipbuilding industry in Europe, the direct economic contribution has a high concentration of manufacturing in that industry. As can be seen in the Table 7, the growth in output and income in Europe outpaced not only the other regions, but also the employment impact within Europe. The Euro and British Pound each strengthened against the dollar from 2017 into 2018. This strengthening in the currency against US dollars accounts for approximately 7 to 8 percentage points[11] of the growth seen in the Output and Income. This effect is seen in all three impacts, i.e. direct, indirect and induced, and total.

Finally, the direct expenditures of $12.1 billion in the Rest of the World generated 111,000 FTE jobs paying $4.3 billion in employee income. Despite strong growth in its global share from 2013 to 2017, the overall global share in each category for the ROW was virtually unchanged in 2018 over 2017. There were several other economies throughout the world which also had currencies that strengthened against the dollar. While the effects had less impact than was seen in the European region, the Rest of the World also experienced somewhat higher changes in income and output relative to the passengers and capacity changes.

[11] IRS.gov - Yearly Average Currency Exchange Rates

Indirect and Induced Economic Contribution

As discussed previously, the indirect and induced contributions are generated by the spending of the directly impacted businesses and their employees. As a consequence, these impacts spread throughout the global and regional economies. The specific indirect and induced impacts are determined by the structure of the individual economies and as a result can vary significantly from region to region. As shown in **Table 8**, the $68.0 billion in direct cruise tourism expenditures generated an additional $82.2 billion in indirect and induced output. This is an increase of 13 percent from 2017. It also generated $28.6 billion in employee income, up 10 percent from 2017; and 607,000 FTE jobs, up 5.0 percent over 2017.

Table 8–Indirect and Induced Cruise Sector Economic Impact – Global and Regional Markets – 2018
Billions of US$

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of World
Output ($ Billion)	$82.15	$34.38	$36.66	$11.11
Share of Global		41.8%	44.6%	13.5%
Income ($ Billion)	$28.62	$16.19	$8.73	$3.70
Share of Global		56.6%	30.5%	12.9%
Employment	607,000	303,000	222,000	82,000
Share of Global		49.9%	36.6%	13.5%
Percent Change from 2017				
Output ($ Billion)	12.6%	5.1%	20.2%	14.3%
Income ($ Billion)	10.0%	5.3%	19.4%	11.2%
Employment	5.0%	2.9%	6.5%	9.0%

Unlike what was seen with the direct contribution, Europe accounts for the plurality of the global indirect and induced contribution with 45 percent of the total output. North America accounts for slightly less, with 42 percent. North America continues to account for the majority (57%) of the indirect and induced income impact. This compares with Europe's 30 percent contribution, and the Rest of the World's 13 percent. Shares of the indirect and induced employment contribution fall somewhere in the middle, with North America accounting for half (50%), while Europe accounts for 37 percent and the ROW making up the remaining 14 percent. Europe has also seen its indirect and induced output and income contributions increase at a much higher rate than the other regions due to currency exchange issues.

Total Economic Contribution

Combining the direct, indirect and induced contributions, cruise tourism generated an estimated $150.1 billion in total output of goods and services throughout the global economy during 2018, an increase of 12 percent over 2017. As a result of the production of this output, 1,177,000 FTE jobs were required, an increase of 6.2 percent over 2017. The workers who were employed in these jobs were paid $50.2 billion in income, a total that accounts for a 10 percent increase over 2017 (see **Table 9**).

Table 9–Total Cruise Sector Economic Contribution – Global and Regional Markets – 2018
Billions of US$

Category	Global	Regional Markets		
		North America	Europe (EU+3)	Rest of World
Output ($ Billion)	$150.13	$64.98	$61.89	$23.25
Share of Global		43.3%	41.2%	15.5%
Income ($ Billion)	$50.24	$25.87	$16.38	$7.99
Share of Global		51.5%	32.6%	15.9%
Employment	1,177,000	549,000	435,000	193,000
Share of Global		46.6%	37.0%	16.4%
Percent Change from 2017				
Output ($ Billion)	12.1%	5.8%	19.4%	12.6%
Income ($ Billion)	10.3%	5.6%	18.4%	10.4%
Employment	6.2%	3.9%	7.8%	9.1%

Table 9 also shows the regional distribution of the direct economic contribution. North America has the largest total output contribution of $65.0 billion and accounted for about 43 percent of the total global output contribution of the cruise industry. This is down from 46 percent in 2017. This output resulted in employment of 549,000 FTE workers who received an estimated $25.9 billion in income. The employment and income contribution accounted for 47 percent and 51 percent of the total global income and employment contributions, respectively, representing the highest global share among the 3 major regions.

The total output contribution in Europe was $61.9 billion, 41 percent of the total global output contribution. The $61.9 billion in total output generated an estimated 435,000 FTE jobs paying $16.4 billion in employee income. These totals, 37 percent and 33 percent, respectively, somewhat reflect the direct and indirect shares among global direct, and indirect and induced totals.

Finally, the total output contribution of $23.3 billion in the Rest of the World generated 193,000 FTE jobs paying $8.0 billion in employee income. The share of the global contribution was 15 percent for the total output contribution, 16 percent for income contribution, and 17 percent for total employment contribution.

cruising.org

@CLIAGlobal

1201 F STREET NW, SUITE 250
WASHINGTON, DC 20004
+1.202.759.9370