Cruise Market Study

Prepared for:

Suriname

Prepared by:

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PREFACE

The potential of the tourism sector -one of the world's largest industries and generators of wealth and jobs- to stimulate economic and social development, thereby transforming economies, has been internationally acknowledged and proven in the Caribbean region, which is largely dependent on it.

The Government of Suriname (GoS) has now recognized that Suriname -the only truly multi-cultural and multi-lingual CARICOM member state- has a considerable potential to develop its tourism sector, mainly based on nature- and eco-tourism. Since 1985 Suriname experienced a substantial increase in total foreign visitor arrivals, which are no longer dependent only on the Visiting Friends & Relatives (VFR) segment of the tourism sector.

However, in exploring avenues for consolidating its tourism strengths, it would be vital for Suriname to be sensitive to global developments and demands, and responsive to all facets of the tourism industry and changing international trends and tourist perceptions.

Cruise tourism represents one such avenue where far reaching developments have been witnessed worldwide and in particular in the Caribbean region. The Caribbean continues to be the world's most preferred cruise destination; representing about 70% of the international cruise demand and accounting for 40% of all worldwide itineraries [according to the latest statistics of the Florida & Caribbean Cruise Association (FCCA)]. The cumulative number of cruise passenger arrivals in the Caribbean region increased from 3 million in 1980 to nearly 20 million in 2007 [according to CTO's latest statistics], which gives an indication of the level of maturity the cruise industry has reached.

Cruise tourism is as yet in its infancy in Suriname. In the official statistics of the Caribbean Tourism Organisation (CTO) -of which Suriname (like its neighbour Guyana) is one of the 32 member states- the 'Land of many Rivers' (or the 'Land of many Waters') does not even get mentioned in the cruise market section of the reports, and Suriname has no claim to even a marginal positioning…

Despite its unique position on the northeastern South American coast, an impressive coastline of 386km, almost 1,200km of waterways and many breathtaking cultural and natural attractions, Suriname has continued to miss out on the cruise tourism potential.

It is in realization of this that METS N.V., one of the Tour Operators that has been on the forefront of tourism development in Suriname, has taken the initiative to commission this Cruise Market Study, with the purpose of evolving strategies towards an effective exploitation of its global possibilities for the company and Suriname as a tourism destination.

The **Terms of Reference** of the Cruise Market Study are as follows.

The overall objective is to determine the potential for cruise tourism for METS, which as a means to sustainable economic development for Suriname, could make a major contribution to the company's growth, increase its competitiveness and foreign-currency-earning export diversification.

The Cruise Market Study aims to provide METS with a market action plan to increase the company's market share of cruise tourism, by targeting specific cruise ships and their anticipated number of passengers that can be attracted to Suriname's shores, estimating the incremental revenue that can be generated for the company by their direct spending, as well as the overall contribution to Suriname's GNP.

The Cruise Market Study should provide the following deliverables:

1. overall cruise market overview and its importance for the Caribbean and South American regions;

2. target list of cruise ships (by type of cruise and by cruise line) for Suriname;

3. projection of potential annual no. of cruise passengers;

4. projection of potential annual revenue from direct spending of passengers, both for Suriname and for METS;

5. proposed action plan to develop cruise tourism, including proposed list of marketing activities to be developed by Suriname and by METS that will lead the latter to effectively penetrate the international cruise market and to broaden its market base, in order to ensure long term sustainability for the company.

This study report has analysed all elements of the cruise tourism sector as set forth in the Terms of Reference (ToR) above, duly consolidating the elements into the relevant macro aspects. This analysis aims to develop a better understanding of the features, characteristics, demands and trends related to the cruise tourism market, in order to enable METS and its trade partners, of both the public and private sector, to develop appropriate strategies and market activities that are required for developing its full potential for Suriname.

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Reference Terms

In accordance with the United Nations' World Tourism Organisation (UNWTO) Recommendations on Tourism Statistics and other resources (see Page 71), we have adhered to the following reference terms:

A) Tourism is defined as "the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes."

B) Cruise tourism is defined as "any maritime-based tour by fare paying guests onboard a vessel whose primary purpose is the accommodation of guests, to visit a variety of destinations rather than to operate a set route".

C) Visitors are defined as all types of travellers related to tourism. International visitor is the term applied to "any person travelling to a country different from that of his/her usual residence, outside his/her usual environment, for less than twelve months, and whose main purpose of trip is other than the exercise of an activity remunerated from within the place visited". International visitors may be tourists ("visitors who stay for at least one night in public or private accommodation in the country visited") and sightseers or day-visitors.

D) Cruise passengers are also included within the definition of day visitor, as they are "persons who arrive at a country on board a cruise ship and who return each night to spend the night on the ship, even though it may stay in the port for several days".

Throughout this report we have considered that:

E) Tourist cruises are only sea cruises, and include neither river cruises, coastal cruises, nor ferry crossings; although the latter form an important part of the cruise tourism market –in particular in North American and Europe, and increasingly in South America- the object of this report is to examine sea cruises and ocean going vessels only.

F) The occupancy summaries are based on two people sharing a cabin, as a standard measure of capacity, i.e. a berths is the number of cabins times two. As an indicator of productivity, however, the occupancy levels may be greater than 100, as the official accommodation capacity does not take extra berths[1] or third berths[1] in double cabins into consideration.

G) Supply is based on the capacity of the transport, that can be measured either by gross tonnage (GT[1] - shipping concept) or else by the number of berths[1] (or berths x day). Although demand is normally considered in terms of transport measurements (ton-mile[1]), this report is based on overnight stays, which benefits the concept of accommodation over that of transport.

Note[1]: Please refer also to Glossary of Specialist Terms and Abbreviations at the end of this report.

1. Introduction – Profile of the Worldwide Cruise Industry

1.1 Continuous Demand

The cruise industry is the fastest growing and one of the most profitable segments of the worldwide travel and tourism market. The growth of the industry can be measured in different ways and cruise passenger numbers are usually cited as a measure of demand [Bull, 1996].

The dynamic growth that the cruise industry has been experiencing over a period of more than 30 years, mainly driven by demand from North America, is unparalleled in the tourism sector.

In the early 1970's, when the first modern cruises began operating in the Caribbean with mainly American passengers, an estimated 500,000 people took a cruise. In the 1990s, the cruise phenomenon reached the United Kingdom and the rest of Europe, and subsequently, the Asia-Pacific region and other parts of the world.

Since then the cruise industry has experienced an average annual passenger growth rate of around 7.4%, and the number of worldwide cruise passengers has risen to more than 15 million (in 2006). The following table sets out international cruise sector growth for the period 1989 to 2008.

Table 1: International Demand for Cruises - 1989 to 2008 (millions of passengers)

Region	1989	1996	1997	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
North.America.	3.29	4.61	5.05	5.89	6.88	6.91	7.70	8.23	9.14	9.96	10.38	10.50	
Europe ①	0.53	1.20	1.36	1.79	1.95	2.14	2.39	2.76	2.87	3.19	3.48	4.00	
Sub-total	3.82	5.81	6.41	7.68	8.83	9.04	10.09	10.99	12.00	13.15	13.86	14.50	
Rest of World	0.20	0.44	0.46	0.85	0.78	0.87	0.97	1.05	1.13	1.21	1.29	1.37	
Total	**4.02**	**6.26**	**6.87**	**8.53**	**9.61**	**9.91**	**11.05**	**12.04**	**13.13**	**14.36**	**15.15**	**15.87**	**16.20e**
% N America	81.8	73.6	73.5	69.0	71.6	69.7	69.7	68.4	69.6	69.4	68.5	66.1	

① Including Russia and Eastern European countries outside the EU-27.
Sources: CLIA for North America, ECC/PSA for Europe and GP Wild for the Rest of the world.

Over the ten year period from 1996 to 2006, demand for cruising worldwide has more than doubled from 6.26 million to 15.15 million passengers (+142%). Over a similar period, global, mainly land-based tourism has grown by only around 50% to an estimated 846 million in 2006.

Although North American cruise passenger numbers have doubled, its share of the total market has declined from 74% in 1996 to 68.5% in 2006, which reflects major expansion in Europe [see next section 1.1.1]. The European market grew by 62% over the past five years and by 290% over the last ten years.

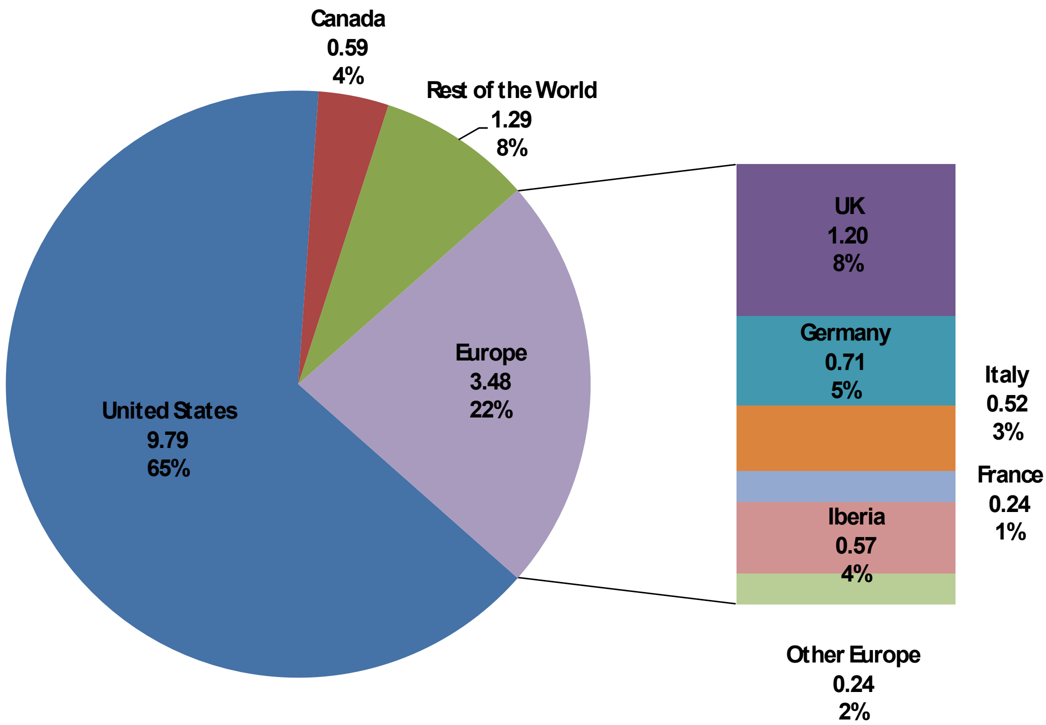
While North America is a relatively more developed or mature market, it still has substantial potential demand, considered only less than 20% of the U.S. adults have ever taken a cruise vacation, there remains an enormous untapped market.

As reported by CLIA (2008), only 20% of North American people have cruised and more than 50 million of them express interest of cruising within the next three years. This gives an indication of the enormous potential for growth and expansion, ensuring a promising future for cruises and the prediction is that the number of cruise passenger will continue to grow in the foreseeable future.

The number of worldwide cruise passengers is expected to have reached 16.2 million in 2008 [statistics to be released in May 2009] and looking forward to 2011, that number is projected to reach 18 to 20 million. Even if growth slows down, it is still likely the 30 million mark will be reached in 2020 or shortly thereafter.

Meanwhile, the process of globalization of the American cruise experience continues. Then much of the growth of the industry is due to the development of demand from new sources, in particular the European market. As shown in next chart, the source markets of Europe accounted for nearly a quarter (22%) of the 15.15 million global passengers in 2006.

Figure 1: Global Source Markets by Cruise Passengers (2006)



1.1.1 European Market Growth

The European cruise market accounts for the fastest growing cruise market in the world. The number of cruise passengers nearly trebled from 1.2 million in 1996 to 3.4 million in 2006, which represents a record increase of 333%. In comparison, over a similar 10-year period, Europe as a source market for land-based tourism grew around 50%.

As shown in next table 2, in 2007 the European cruise market grew further to break the 4 million passenger mark, a 50% increase over 2003. The five leading source markets, i.e. the UK, Germany, Italy, Spain and France respectively, accounted for 88% of the European market, and year on-year continue to register double-digit growth rates.

Table 2: Western European Cruise Market - 2003 to 2007 (thousands of passengers)

Source Market	2003 Pax	2004 Pax	2005 Pax	2006 Pax	2007 Pax	Market Share	Change 2003/07
United..Kingdom	964	1,029	1,071	1,204	1,337	33%	+39%
Germany	537	583	639	705	763	19%	+42%
Italy	346	400	514	517	640	16%	+85%
Spain	307	300	379	391	518	13%	+69%
France	212	222	233	242	280	7%	+32%
Other	305	300	291	349	467	12%	+53%
Total	**2,671**	**2,835**	**3,126**	**3,409**	**4.004**	**100%**	**+50%**

Source: ECC

With an average annual growth rate of 11%, the European cruise market has seen a dynamic development in the last five years. Set against a background of rising economic problems and declining disposable incomes, this has been a remarkable achievement. In fact, those very economic problems appear simply to have highlighted the strong value proposition of the cruise holiday against most land-based alternatives.

Therefore, cruises are still considered to be a tourism market that has yet to reach maturity, meaning that increases in supply are followed by parallel increases in demand.

1.2 A Global Industry

It is expected that the cruise industry continues growing regardless of being perceived as a direct contender of stay-over tourism. Cruises have become destinations in themselves and, viewed in this way the cruise sector is between the top ten destinations both in number of arrivals and receipts.

The participation of the cruise sector in the international worldwide tourism corresponds to 1.6% of the total tourists and 1.9% of the total number of nights. Revenue of cruise corporations represents the 3% of the total international tourism receipts [see Kester, 2002].

Even though its relative significance in the tourism industry is still rather modest, the number of berths on offer (representing the 0.6% of the total supply of beds in hotels and similar accommodations) has increased in more than 500% between 1980 and 2007. Currently, there are not less than 38 cruise liners scheduled to join the global fleet up to 2012, representing investments of more than USD 21.5 billion [see Appendix I].

1.3 Controlled Supply

Globalisation of the sector has led up to a higher internationalisation of the owners and has helped to the concentration of the sector reducing the number of operators to three main players. The so-called 'Big Three' include: Carnival Cruises, Royal Caribbean Cruises and Star Cruises/NCL respectively, control about 80% of the worldwide cruise market [see next table 3].

Table 3: Cruise Lines' Big Three-Market Share (2006)

Company	Revenue (2006) (in USD)	Passengers (millions)	Pass. Growth	No. of Ships	Berths
Carnival Corporation	$11,839,000	6.6	14.9%	81	143,676
Royal Caribbean Int'l	$5,230,000	3.6	5.9%	34	67,550
Star Cruises / NCL	N/A	N/A	N/A	21	35,000
Cruise Industry	$27,000,000	12.6	7.8%	231	306,000

Source: Wikinvest

Total worldwide cruise capacity at the end of 2009 will be 383,093 passengers (a 6% increase over 2008) and 245 ships. Brand diversification of worldwide cruise ship operations has been summarised in Appendix II.

1.3.1 Cruise Market Shares

Although cruise lines offer service on every continent, more than half of the global fleet operates in the North American market. The total North American cruise market for 2009 is estimated at USD 15 billion. This includes North American passengers and as well foreign travelers departing from North American ports.

An additional $9.9 billion is derived from the rest of the world as follows.

- USD 6.4 billion Europe
- USD 2.2 billion Asia
- USD 0.6 billion South America
- USD 0.5 billion Australia
- USD 0.1 billion Middle East/Africa

Figure 2.a: North American market share (USD 15 billion).

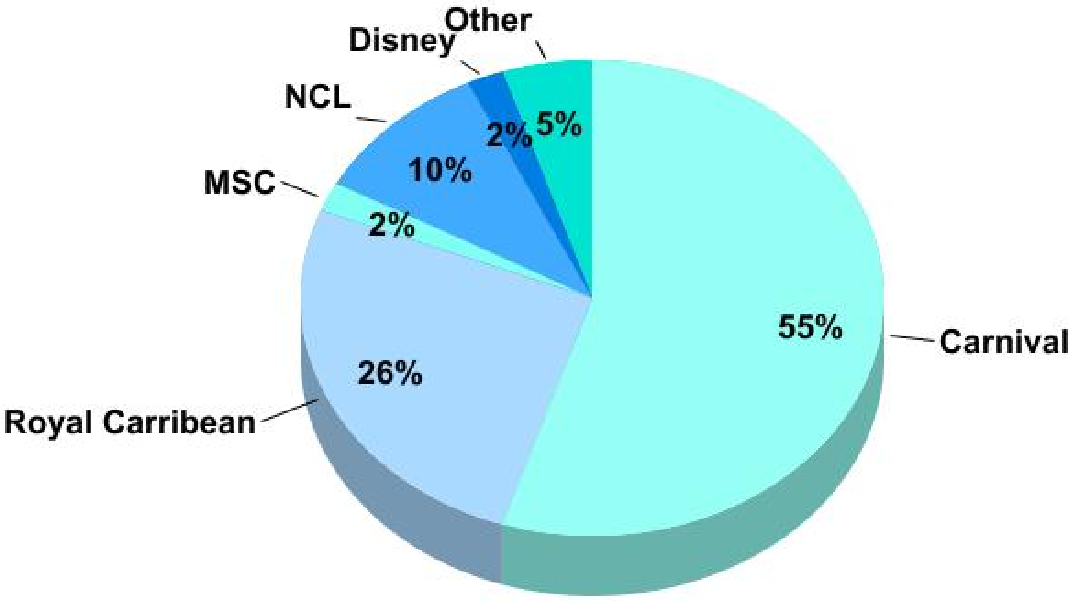
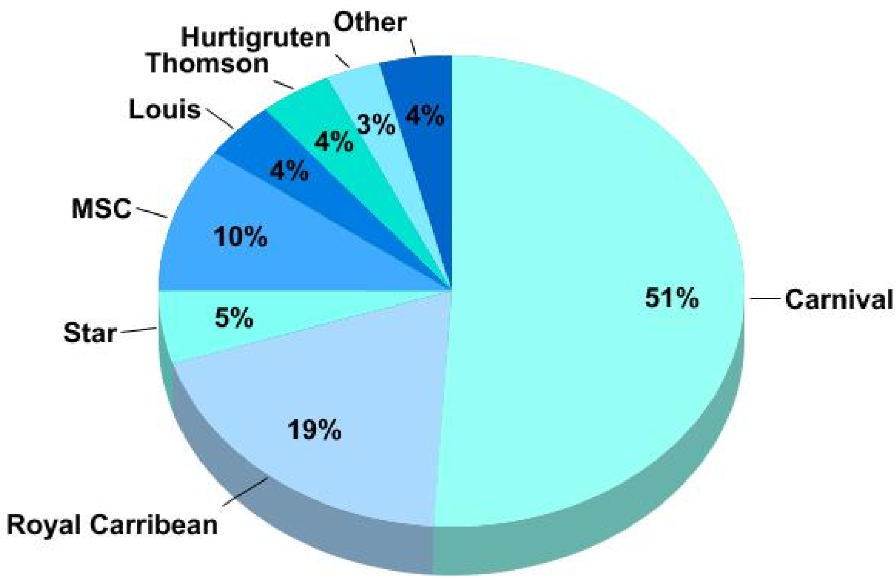


Figure 2.b: Rest of the World market share (USD 9 billion)



Note: Total worldwide cruise industry value estimated at USD 24.9 billion

1.3.2 North American Market

The following graphs show the size of the different companies in the North American cruise industry by number of ships and number of lower berths, which are main measures of supply [Fells, 1995; Peisley, 1995].

Table 4: North American Cruise Lines' capacity in 2007

Cruise Company	No. of Lower Berths	No. of Ships
Royal Caribbean International	52,838	22
Carnival Cruise Line	50,882	22
Princess Cruises	34,111	16
Norwegian Cruise Line	25,326	12
Costa Cruise Lines	23,265	12
Holland America Line	18,915	13
MSC Cruises USA	13,548	8
Celebrity Cruises	13,388	8
Cunard Line, Ltd	6,411	3
Hurtigruten	5,923	13
Other Companies	19,329	56
TOTAL	263,936	185

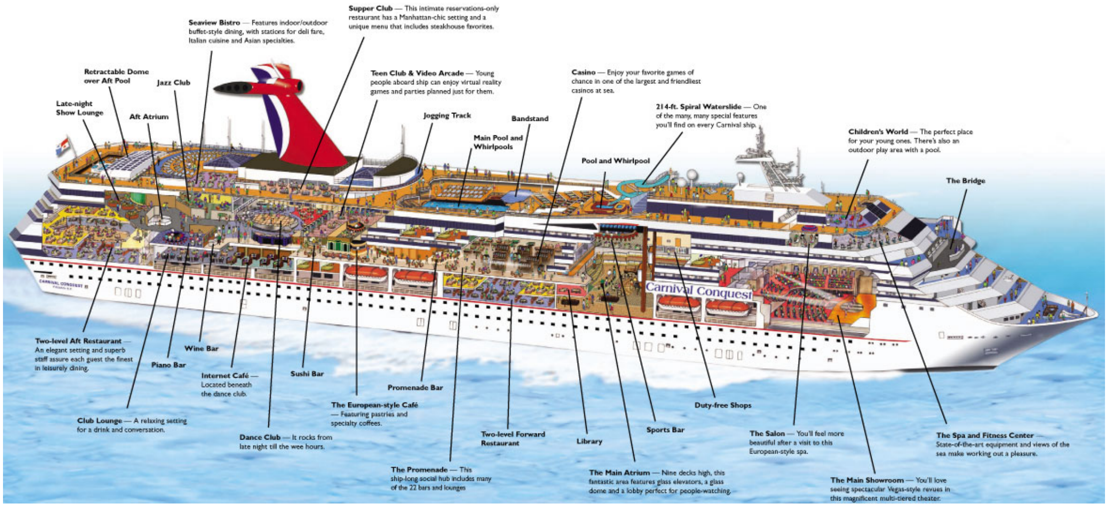
Source: Based on data from www.waronwant.org ('sweatships')

1.4 Diversification of Supply

Cruises, which were at one time considered the prerogative of the rich, the only option for the aged and the natural choice for honeymooners, is today fast reaching the wider leisure market. Consequently, cruise market trends indicate a qualitative as well as quantitative consolidation in the industry, with cruising gaining greater significance in the global 'tourism pie' and successful seizing a significant 'niche' market.

There are many factors that contributed to the increase of the cruise industry. Leisure cruising today is completely different from the picture that we have from this activity in the 1970s. In the early days, casinos, shore excursions, port lectures, shopping programs, spa services were inexistent. In 1972, Carnival introduced the concept of "Fun ship" involving the creation and promotion of cruises as mass tourism [Dickinson and Vladimir, 2007].

Figure 3: Carnival Conquest ‘Fun Ship’ profile picture



Source: CCL

Another important factor in the growth of the cruise sector is the increasing size of new ships. The parade of the new larger ships began with the debut of Cunard’s Queen Mary 2 in 2004 at nearly 150,000 gross tons; this was followed by Royal Caribbean’s new Freedom Class of ships Freedom of the Seas (2006), Liberty of the Seas (2007), Independence of the Seas (2008), each having a gross tonnage of 158,000 tons. The Freedom of the Seas carries 4,370 passengers and crew. Royal Caribbean with its Oasis project is planning to launch later this year a cruise ship of about 220,000 gross tons with a capacity of more than 6,000 passengers, and the new generation of cruise liners after Genesis could each carry up to 12,000 passengers [Hickman, 2006].

As ships are continuously built bigger, faster than ever, cruise passengers can find an increasing number of facilities and services, including all unimaginable onboard attractions, including even golf simulators, ice-skating rinks, planetariums, boxing ring, among others [see profile of sample ship in Figure 3 above]. As a result, the cruise sector has evolved from a very small part of the oceanic passenger industry into a complete and complex vacation business, including all the different sectors of the travel industry.

In fact, a cruise ship represents all four faces of the tourism industry, i.e.: transportation, accommodation (including food and beverages), attractions and tour operators. In this sense, cruise ships are also direct competitors of the major land based resorts as Cancun, Cozumel, Orlando, Las Vegas, etc. [Seidl, 2006]. In taking people to various destinations the cruise ships are a substitute for air travel. As floating hotels, they offer accommodation services. More and more, cruise ships features as resorts and it is well known that a substantial minority of cruise ship passengers do not even disembark in the different port destination that are visited.

1.4.1 Cruise Lines

Among the reasons that can explain the spectacular growth of the industry, can also be mentioned the economies of scale causing a downward trend of the price of the packages.

Recently, cruise lines have designed short duration cruises; for example, packages of two or three nights, which passengers can book for a cruise from Miami to the Bahamas or from Barcelona to Palma de Mallorca. These kinds of mini-cruises are of increasing interest to younger and more active passengers. The following table shows sample prices of packages that cost less than USD 100 per day.

Table 5: Prices of some short duration cruises

Home port/Ship	Route	# Nights	Price (USD)
Miami/ Majesty of the Seas	Nassau (Bahamas) and Coco Cay (Bahamas).	3	100
Miami/Norwegian Sky	Grand Bahama Island (Bahamas), Nassau (Bahamas) and Great Stirrup Cay (Bahamas	3	189
Miami/Norwegian Pearl	Roatán (Honduras), Belize, Cozumel (Mexico) and Great Stirrup Cay (Bahamas)	7	489
Miami/Liberty of the Seas	Cozumel (Mexico), Grand Cayman y Ocho Rios (Jamaica)	7	500
Aruba/Ocean Dream	Curacao, Isla Margarita (Venezuela) and Mayreau (Grenadines)	7	559
Liberty of the Seas/Miami	Cozumel (Mexico), Grand Cayman and Ocho Rios (Jamaica)	7	500
Liberty of the Seas/Miami	San Juan (Puerto Rico), Saint Thomas (USVI) and Sint Maarten	7	500

Source: various cruise booking engines.

Another reason of the growth of the success of cruises is the fact that usually the ship itself is the major tourist attraction. A considerable portion of the cruise passengers do not disembark because they have the enough facilities to entertainment on board.

Arguably, cruise lines are the most benefited with the activity. More than 50% of land based activities are sold on board by themselves. From the value paid by cruisers for on shore activities, the local tour operator receives between a 50% and sometimes 25% of that value. Tourism service providers who want to appear in advertisements delivered on board (videos, brochures, etc.) have to pay for it. There is a high cost of participation in the most important annual industry event. The range goes from USD 16,500 including registration and booth [Klein, 2005].

Continuing with the benefits to cruise ship companies, there is a product designed by them: "The Dream Islands". These territories are private islands property of each cruise line, of which there are not less than eight in the Caribbean (Disney Cruises has Caseway Cay, Norwegian Cruise Line owns Great Stirrup Cay and Royal Caribbean owns Coco Cay). This clearly reduces the economic benefit to communities not to disembark at the destination.

There are usually no profits for the chain of local tourism and cruise lines obtain nearly all incomes, from rental of aquatic equipment, food and beverages to souvenirs that are sold to passengers on board. Like any great business, cruise industry, is a strong lobbying group of lawmakers in port destination (homeports and port of calls). The following table describes the amount of cruise industry spending on lobbying the U.S Congress.

Table 6: Total reported cruise industry spending on lobbying the US Congress.

Cruise Line	**Total from 1997 – 2000 (in USD)**
Carnival Cruise Line	536,000
Royal Caribbean International	1,160,000
Norwegian Cruise Line	2,770,000
Holland America Line	750,000
CLIA Members	10,017,807

Source: Adapted from cruisejunkie.com

1.4.2. Incoming Tour Operators

Tour Operators are generally invited to (under)bid (each other); then so, they normally get to dominate the operation of tours and shore excursions in the port destination. Small local tourism operators and providers not only resign themselves to profit what the cruise line deems fit, but they would have to deal with displeased passengers. As a result, many operators prefer not to vie with cruise lines for fear of losing the small part of the business that they share.

In addition, one of the risks that they have to take is the fact that passengers buy their excursions two days or even one day before arrival in port, this involves not to get the passengers they were expecting. It could be more or it could be much less. An attraction will therefore not know if they are going to receive 30 or 300 passengers until the day before or even on the morning arrival. A coach company often will not know whether 1 or 6 coaches are required [McKenzie Wilson Network Partnership Group].

1.4.3. Hotel Sector

Cruise sector causes apprehension to hotel managers for reasons as the non-payment of taxes compared with those who pay these entrepreneurs. In Aruba for example, hotels and operators feel that their traditional packages lose ground to ships scheduled.

With regard to these disagreements, however, Manuel Butler Halter (expert from the UNWTO) states that cruise sector growth and traditional tourism sector are not irreconcilable if they develop diversification and motivation policies in destinations. It also mentioned the essential benefits for the destinations where cruise ships arrivals, including: a) expenditures on destination: form of purchases, excursions and hotel nights in home ports; b) importance and benefits for the local commerce; c) desire to at least 50% of total passengers arrived to return by other means of transport; d) in ports: expenditures, investments in terminals and basic element in the policies of the city [SECTUR, 2003].

1.4.4 Market Strategies

Cruises represent the paradigm of globalisation: physical mobility, inter-national capital that can be relocated anywhere and at any time, crews coming from different countries at the same ship (for example, The following table shows the nationalities of the workers of Carnival Cruise Lines in 2000 divided by different jobs), no national or international regulations, marine registrations optimally selected.

Table 7: Carnival vessels' workforce nationalities in 2000

JOB	NATIONALITIES
Engine rooms	Peru, Uruguay, Philippines, Romania, Chile, Colombia, Costa Rica, El Salvador, India and Nicaragua
Bar Staff	Asia, Eastern Europe (21 men and 24 women). Caribbean & Central America (8 men)
Hotel Stewards	Asia, Caribbean, Central America (54 men). Trinidad and Colombia (2 women)
Cabin Stewards	Asia, Caribbean , Central America and Croatia (46 men)
Gallery Stewards	Asia, Caribbean , Central America and Peru (50 men)
Laundry	China (12 men)

Source: Based on data from www.waronwant.org (SWEATSHIPS)

There are strong barriers to ingress in the cruise market like license restrictions, heavy capital requirements, increasing economy of scales. Therefore, the cruise market has an oligopolistic structure where major companies dominate the supply of the sector [see figures 2].

These companies strategically make capacity investment decisions in order to block entries by new competitors, to increase the market share and inducing new demand. To our best knowledge, there are a few theoretical analyses of the oligopolistic structure of the cruise market.

As it is well known two strategies are available for the members of an oligopoly: competition and co-operation:

- Competition between cruise lines is represented by product differentiation and marketing strategy. Carnival differentiates its products as a low cost firm, while Cunard offers a luxury product. These are examples of quality differentiation of the product.

The major companies also differentiate its product by diversifying it to attract the specific market segment which they are interested in. For example, Princess Cruises is specialised in weddings, Celebrity Cruises has been recognised for the best food and Royal Caribbean Cruises for the best facilities; Costa Cruises has the best European style; the best private island is property of Holland America and then it is Walt Disney with an extension of the famous Orlando Park.

- Co-operation between cruise companies is represented by international associations like CLIA, for North America, and the European Cruise Council (ECC), but the economic growth of these associations is mainly limited to the promotion of cruise activity.

Meanwhile, the industry is also expanding rapidly internationally and has yet to maximize all its online potential. Capitalizing on capacity growth will also be based on a segmentation model of the marketplace (identifying the right pods) and then communicating the right value proposition through e-marketing.

Obviously the best cruise prospects are those who are already vacationing. Nowadays, consumers surf different websites and make use of significant research months before they make their vacation choice. In addition to buying Google keywords, such as “cruise,” attention should also be drawn when they search “getaway spa” for example. In addition to posting display advertising on websites visited by current cruisers (travel sites and cruise boards), place them in spa message boards, spa blogs, spa websites and spa niche publications. Invite influential spa experts to sail and lecture. Importantly, the messaging should be specifically tailored to address each particular niche (spas, exotic destinations etc.).

Optimistically, due to the cruise value proposition relative to other vacation options, there is evidence of growing market share for cruise within the total travel market. While revenues will be down, there will still be more passengers carried in 2009. Anecdotal evidence suggests a portion of this growth is from increasing frequency of former cruisers who are taking advantage of bargain prices [see section 1.4.1].

For cruise lines with the economy of scale to support deep and prolonged price discounts as well as heavy marketing there will be the opportunity to come out with less competition and hence in a stronger long-term position.

1.5 Trends and Developments

Growth strategies to date have been driven by shorter cruises, more local ports, more destinations and new on-board/on-shore activities that match the demands of the consumers.

In order to form a better picture of the future scenario that is emerging, the following short- and mid-term trends have been identified and summarized:

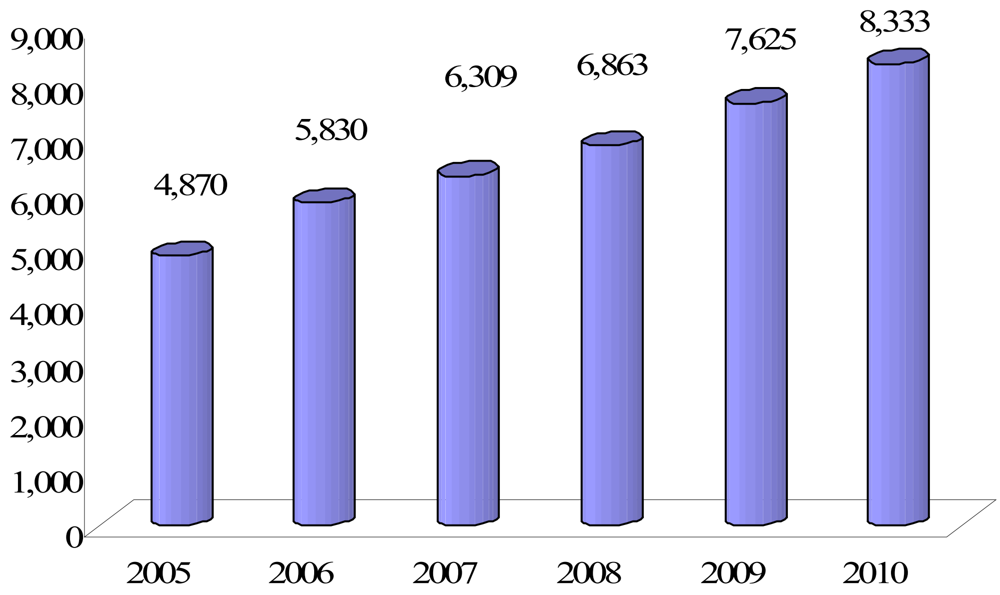
- The slowdown in the growth of US demand.
- Strong growth of European demand, especially in the German, French and Spanish markets.
- Changes in the demographic structure of demand: younger audience, with lower purchasing power, from all segments of the population. As repeat cruisers become more demanding, there will be greater demand for specialized products.
- Cruise package prices will fall due to economies of scale, technological advances and shorter duration of cruises.
- Commissioning of ships of ever-increasing size -- tonnage, in nautical parlance that are more technologically advanced, safer, more complex and with more onboard facilities will make it possible to generate larger on-board revenues. The modernization of fleets for technical and economic efficiency reasons will continue at the current pace.
- Horizontal concentration of the industry will accelerate since the investment required to build a standard modern cruise ship easily exceeds 300 million dollars.

In this scenario, only small, highly specialized cruise lines can survive alongside the large groups, which actually correspond to the target group that Suriname should pursue for its cruise tourism development.

1.6 Weighing Pro's and Con's

For many destinations, in particular small economies in the Caribbean region, cruises constitute more than 50% of the total of tourism arrivals generating important receipts through the services supplied by the port and expenditures of passengers and crew.

Figure 4: Growth Total Direct Expenditures of Passengers & Crew (in millions USD)



Source: FCCA

[According to Kester, 2002,] the average revenue per cruise trip is almost as high as the average receipts per international tourist arrivals. But the distribution of income from cruise industry is not equitable. Most ports obtain small contributions from the use of the port as a cruise destination and cruise tourism provide few real jobs and business opportunities for local residents.

Cruise passengers seem to spend less than 30% of the expenditure of a land tourist. Approximately 40% of the bed days sold by the cruise industry are to Caribbean but, according to the World Travel and Tourism Council (WTTC), "the economic contribution of cruise tourism to the Caribbean economies is arguably negligible" [as cited by Klein, 2005].

As ship order books and passengers number grow, so do significant impacts at different levels: socio-cultural, economic, politic and environmental. There are few researches concerning the effects of cruising in destinations, particularly those related to cost-benefits analysis of the cruise industry activity.

Furthermore, it's uncertain whether major players in the cruise industry (local governments, population, shore operators, etc.) are taking pro-active measures to ensure a sustainable future for cruise tourism destinations.

Although difficult to quantify, social, cultural, environmental and economic impacts, should be taken into account by decision makers in port states, particularly island and river ports-of-call.

Management techniques, such as regional collaboration to levy head taxes in order to increase economic benefits and limiting total cruise passengers to reduce social impacts must be coordinated between local governments [Lopez, 2005].

There is a common belief that having cruise ships arriving to a destination produces a major economic impact on the local economy. This is the main argument used by policy makers to spend millions of dollars to build a cruise ship dock without knowing how many ships will arrive and its real economic impact.

All over the world, but especially in the Caribbean and Latin American regions, local governments are investing large amounts of money in high quality infrastructures to attend the colossal ships and thousands passengers arrivals. Other governments are so enthusiastic with cruise ships arrivals that justify it more as a marketing strategy than an economic profit. Others, like Panama, encourage cruise lines paying them a monetary incentive for each disembarked passenger.

Because of the cruise industry‘s boom, many policy makers want to take advantage, and possibly this is the main reason why governments, especially in developing countries, provide surveys and data about the cruise passenger’s expenditure which are not adequately justified. Ports are quick to claim that each cruise passenger spends more than USD 100 during a port call, even without any serious argument. From this they simply deduce that a cruise with 4,000 passengers and 2,000 crews generates revenues of USD 6 million.

The belief that cruise passengers expenditures at port are high often comes from the prototype of cruise passenger and movies related to cruises; such as the “Love Boat” television series in the 1970’s, which contributed to create this image of cruises, while in the 1920’s cruising was the preferred mode of travel for the world’s social elites. This believe does not take into account that cruises today are accessible to almost everyone and that some type of cruising must be considered part of the low cost tourism. On average, cruise passengers today have even less income than those who cruised in the 1980s.

In any case, between the very few studies on cruise passenger expenditures, the latest available study [commissioned by FCCA] found that during the 2005-2006 cruise year, the average per cruise passenger spending per port-of-call was USD 98.01, and average spending per port-of-call by crew members was USD 74.56.

Nevertheless the big fraction of income generated by the cruise activities remains to the cruise companies, ports have still some profits. But at the same time they also obtain costs and problems associated with the arrivals of ships, cruise passengers and crews. This part of the story is even more unknown than the amount of money that a cruise passenger generates as income for a local economy.

1.6.1 Economic Effects

Cruise tourism expenditure has direct, indirect and induced effects on the economy of a destination. The direct effect is on a supplier who sells goods and services directly to cruise vessels, cruise passengers and crew. Expenditures related to cruise vessel include port costs, marine expenses, food and beverages, fuel, water, maintenance. Cruise passengers expenditures include those that are not part of the cruise itself, such as taxis, souvenirs, shore excursions, food and beverages, etc. Crew expenditures include restaurants, retail goods, recreational activities, transport, etc.

Indirect effects result from the purchases of direct suppliers like goods from others companies. Induced effects arise from the expenditures of direct and indirect recipients produced from their increased incomes.

It is not an easy task to measure direct and indirect effects of cruise activity. [As described by Braun et al, 2002),] one of the main difficulties lies in the fact that many cruise lines sail under ‘flags of convenience’ (FOC) and employ worldwide crews [as indicated in Table 7]. Most cruise ships are registered in the Bahamas, Liberia or Panama. As foreign corporations, cruise lines avoid taxation, labor laws, environmental standards, etc. FOC also restrict the rights of workers and are used to pay low wages.

Dwyer and Forsyth (1988) develop a framework for assessing the economic impact of cruise tourism for a nation and its sub regions. [According to CLIA - 2007,] the major economic impacts of the US cruise industry during 2006 included the indirect economic impacts, the expenditures of the cruise lines and their crew and passengers was responsible for the generation of USD 35.7 billion in gross outputs, a 10.2% increase over 2005.

This, in turn, generated just under 348,000 jobs throughout the country paying a total of USD 1.7 billion in wages and salaries. These total economic impacts affected practically every industry in the USA. Non-durable Goods Manufacturing, Professional & Technical Services, Travel Services, Durable Goods Manufacturing, Financial Services, Airline Transportation, and Wholesale Trade.

The size of the destination influences the intensity of economics effects of the cruise activity. In an earlier paper, focusing on the effects of cruise ships on small island nations [McKee, D., 1988], shows that <u>the economic impacts are destination- specific and that smaller host territories may better served by concentrating upon luxurious vessels.</u>

Economic contribution of the cruise industry depends on the category of the port: homeport or port-of-call. The cruise business homeports, mainly in the USA, like Miami, Port Canaveral, among others, direct impacts on almost every segment of the travel industry: transport, hotels and resort, restaurants, attractions, etc. A large portion of cruise passengers spend a night or more in the destination while they wait to embark. For instance, In Seattle the average is 1.6 nights spending USD 63 per passenger per night [Klein, 2005].

[As mentioned in Section 1.4,] a cruise ship represents all four faces of the tourism industry: transportation, accommodation (including food and beverages), attractions and tour operators. In this sense, cruise ships are also direct competitors of the major land based resorts as Cancun, Cozumel, Orlando, Las Vegas, etc. Seidl (2006). In taking people to various destinations the cruise ships are a substitute for air travel. As floating hotels, they offer accommodation services. More and more, cruise ships features as resorts and it is well known that a substantial minority of cruise ship passengers do not even disembark in the different port destination that are visited.

Given the recent boom of the cruise industry activity it is difficult to find data to analyse the economics of cruise tourism. Most works today has been based on observational data. Dwyer et al(2004) and data collected by cruise lines provide estimates of cruise-related expenditure using data for Cairns in Far North Queensland, but they advise that their results must be regarded as tentative because they do not have the required data. Chase and Alon (2002) introduces a Keynesian model to evaluate the impact of cruise tourism and tests it on the economics of Barbados, but using data of tourist expenditures instead of cruise passenger’s expenditures.

Cruise data are scarce and not homogenous. The best data bases are from North America, the Caribbean and Oceania. For destinations outside the Americas and Oceania it is, even, very difficult to approximate the number of cruise passengers. This is the reason why most of the empirical studies refer to destinations in those mentioned regions.

One of the main differences between cruise tourism and traditional tourism is that factors of production of the cruise industry can be acquired from a range of countries. Normally, a tourist destination capital can be sourced internationally but the others factors inputs are obtained from the tourist destination country. No such limitations apply to cruising. Cruise companies can operate as multinational firms where resources do not need to be acquired from a specific country.

The cruise industry has the potential to provide economic benefits to a port state. However, accommodation of large cruise ships into port requires a great deal of initial capital investment in infrastructure as well as maintenance costs. As cruise ships continue to grow larger, further investment may be required. Under these types of tourism scenarios with high infrastructure or environmental costs, rapid growth of tourism may result in a stagnation of or even a decline in GDP [see Gooroochurn and Blake (2005); Nowak et al (2003) and Nowak and Sahli (2007)].

1.6.2 Social and Cultural Effects

Cruise ships are between the most preferred types of vacation space. In this sense, it is important to understand what occurs in a vacation space. Specifically, in the space where coincides cruise passengers, stay- over tourists and residents.

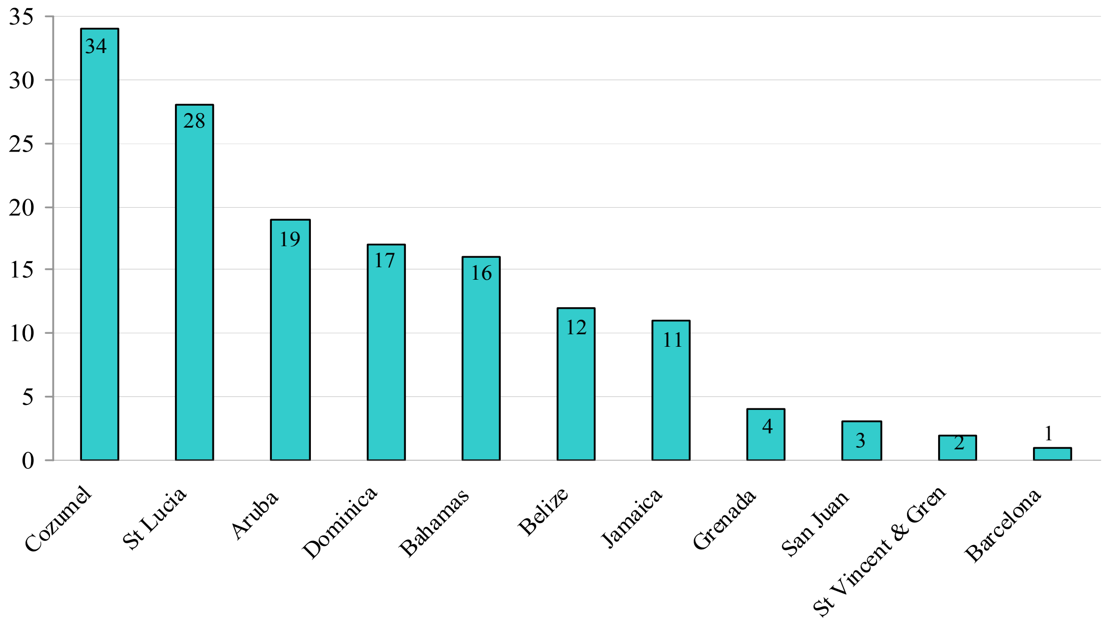
It has been observed that a highly concentrated tourism generates more negative perceptions from residents towards tourist. Crowds disrupt usual routing and activities associated with cruise tourism can themselves be a problem [Klein, 2005]. This situation is not only for residents but also for stay over tourists who have to spend lot of time in the row to visit a monument or museum, not finding space in the discotheque. And at the end, they feel themselves confused with the horde [Jaramillo, 2001].

There is a large literature concerning the relationship between residents and guests, and how tourism impacts communities. But it is not the same to the segment of cruise ship industry, despite the strong expansion of the sector. Tourism researchers have been based, mainly, on the economic aspects; however [according to Ap , 1990], during the past two decades increased attention has been focused on the social and cultural effects of tourism.

Communities are constantly creating and reinventing culture in social processes; and similarly, the perception of cultural authenticity by host communities is changing [Olsen, 2002]. Gibson and Bentley (2006) cited that these "social effects are broad ranging and refer to the ways in which tourism contributes to changes in value systems, family relationships, individual behavior, safety levels, moral conduct, collective lifestyles, creative expressions, traditional ceremonies, and community organisations. It has been reported in some Caribbean destinations about the loss of the regional language as a result of local residents having adopted habits and patterns from the visitors.

The level of satisfaction in a destination depends on the good experience that a tourist has in it. [As Mannell and Kleiber, 1997 affirmed,] people's behavior and experience is understood by the influence of the social situation (like the presence and behavior of other people) and the influence of they bring to the situation. There are series of reactions triggered by the wave of cruise tourism. The competition for a space is highly noticeable in the small island destinations, where the ratio cruise tourists per resident are large [see Figure 5 on following page].

Figure 5: Proportion No. of Cruise Passengers per resident



Sources: CIA World Factbook, 2008, countries' National Statistical Office & CTO.

This is the case for Cozumel, a Mexican island in the western Caribbean with a population of 73.000. If they had to support, in a day, seven mega ships with twenty thousand passengers, the overcrowding would be imminent and extremely difficult to handle. Nova Scotia (a Canadian village of 120 inhabitants) experiences scarcity of a public service such as transport. In a day with a high presence of cruise passengers, the village provides 50 buses that bring congestion and pollution, and compete with pedestrian on the villager's roads [Klein, 2005]. In fact, local residents avoid the central business district while cruise ships are in port [Loper, 2005].This situation differs of course from ports as Miami, Barcelona and others metropolis destinations, where the number of cruise visitors is small compared with tourists or the number of residents.

One of the services that is scarce in the competition for a space is transport (taxis and tourism buses) because cruise passengers create an artificial large demand only for some particular days. Other space is fought for the informal salespeople (mobile) who also want to benefit from the presence of the cruise passengers.

In addition to the social impacts mentioned, one special issue is highlighted: the labor issue. One of the advantages for cruise lines which sail under a FAO is that they do not have to pay a legal minimum wage. There are several failed attempts brought to the USA Congress. Allegations presented by the International Transport Worker's Federation (ITWF) are representative but, normally, cruise companies are treated more favorable. ITWF affirms "Below docks on many cruise ships is a hidden world of long hours, low pay, insecurity and exploitation" [see Sweatships website].

Some of them, flagged by Panama, lobbied hard to obtain an exemption of the obligation to provide a day of rest per week to workers. Various cases of abuse are reported globally and some websites are dedicated to it, such as cruisejunkie.com. Workers are also, charged by employment agencies with illegal fees, they pay for it with the illusion of earning money for their families [Sweatships website]. Several statistics show that many workers come from Central and Eastern Europe and most people from Asia, the Caribbean and other developing countries are contracted for lower rank jobs [see table 7].

1.6.3 Environmental Effects

Others critical effects are the environmental impacts. As ship order book and passenger number grow, so do cruise impacts on the environment and local communities. Johnson (2002) exposed the environmental cruise tourism impacts identified by a study of British Airways in Seychelles:

1- Modifications to the natural and built environment to enable destinations to serve as a cruise line destination involve loss of natural habitat, exploitation of local construction.

2-Operational impacts related to the use of energy, water and those such as antifouling and accidental or deliberate physical damage to marine ecosystems.

3- Impacts associated with transferring people to and from departure and destinations points; it increases the use of air travel.

4- The impacts of recreational activities on wildlife such as disturbance and littering, and pressures on endangered species though exploitation for gifts and curios.

The environmental costs of the sector are incalculable due to the cruise industry it is, in general terms, an unregulated activity. Furthermore, it is difficult to gauge widely its impacts, despite enforcing environmental standards for the industry. One US-based civil society group, Bluewater, describes cruise ships, which can carry as much as 5,000 passengers and crew, as “floating cities” producing large volumes of waste. Table 8 resumes the different types of waste and damage produced by a typical ship of 3,000 passengers. All of them are included in the Protocol 1978 known as MARPOL 73/78 [Copeland, 2008].

These environmental impacts are mainly generated in coastal areas close to the busiest port destinations, including Miami, Nassau, Alaska, Cozumel, among others. [Following Copeland, 2008,] one of the difficulties in implementing MARPOL arises from the diversity of “flag states” in which cruise ships are registered. Despite port destinations can perform its own inspection to verify a ship’s compliance with international standards, most of the time they do not have an appropriate infrastructure.

Table 8: Type of Waste and Damage produced by typical 3,000-passengers cruise ship

Type of waste	**Description**	**Waste and Damage**
Blackwater	Is sewage, wastewater from toilets and medical facilities, which can contain harmful bacteria, pathogens, diseases, viruses, etc.	15,000 to 30,000 gallons per day
Graywater	is wastewater from the sinks, showers, galleys, laundry, and cleaning activities aboard a ship	90,000 to 255,000 gallons per day
Solid waste	Includes glass, paper, cardboard, aluminum and steel cans, and plastics	24% of vessels worldwide (by weight) comes from cruise ships
Hazardous wastes	Includes discarded and expired chemicals, medical waste, batteries, fluorescent lights, and spent paints and thinners, among others.	Quantities are small, their toxicity to sensitive marine organisms can be significant
Bilge water	Contains solid wastes and pollutants containing high amounts of oxygen□demanding material, oil and other chemicals.	An average of 8 metric tons of oily bilge water for each 24 hours of operation.
Ballast water	Often contains non□native, nuisance, exotic species that can cause extensive ecological and economic damage to aquatic ecosystems	There is little cruise□industry specific data on the issue.
Air pollution	Generated by diesel engines that burn high sulphur content fuel, producing sulphur dioxide, nitrogen oxide and particulate, in addition to carbon monoxide, carbon dioxide, and hydrocarbons.	Again, there is little cruise□industry specific data on this issue

Source: Adapted from The Ocean Conservancy (2002)

Some suggestions have been presented [The Ocean Conservancy, 2002] to regulate cruise activities, including: reducing and regulating cruise ship discharges to improve the water; improving monitoring and inspection; strengthening enforcement mechanisms; training programs, and so on. [Following Johnson, 2002] one of the few cases which marine damage was attributable to a cruise line, it was Holland American Line. They developed an ecological project, is the rehabilitation of Cayman coral reef ecosystem by. They carried out a successful restoration that involved salvaging damaged reef fragments, removing rubble, reattaching living corals and monitoring.

Other types of environmental impacts can be mentioned: a) Degradation of vegetation caused by conduct, choice of landing sites; its effects: b) Erosion, destruction of plants. C) Degradation of historical sites caused by conduct, overuse, collection of artifacts; physical and visual impacts are the main effects. d) Degradation of geological sites caused mainly by conduct producing physical and visual impacts.

In each destination there is an outer space waiting to be affected by the arrival of the millions of cruise passengers around the world: An archaeological heritage, a natural reserve, a barrier reef, a national park. This issue has, of course, its defenders, who are questioning permanently the value of the economic development that can be reached by scarifying these spaces

Much of the protesting against the cruise industry originates in the United States, the biggest market and where major owners of cruise lines are headquartered. Several environmental groups have been persistent in their attempts to get the industry to act more responsibly. There is little evidence that cruise companies are tackling the effects of cumulative environmental impacts. The following table shows some fines paid by cruise lines for breaking environmental laws.

Table 9: Fines paid by Cruise Ship companies

Cruise Line	Fine (USD)	Violation
Holland America (1998)	$2 million	Oily bilge water in Alaska's Inside Passage.
Royal Caribbean (1998)	$9 million	Falsifying records of oily bilge discharges in Florida and Puerto Rico.
Royal Caribbean (1999)	$18 million	21 counts of dumpling oil, dry cleaning fluids, etc., in various US states.
Royal Caribbean (2000)	$ 6.5 million	Dumping toxic chemicals and oil contaminate into the Alaska waters.
Carnival Corporation (2002)	$ 18 million	Dumping oily waste from five ships and admitted that employees made false entries in record books from 1998 to 2001.
Norwegian Cruise Line (2002)	$ 1.5 million	Discharging oily bilge water and other waste from two ships. The fine was considered lenient.
Carnival Cruise Line (2003)	$200.000	Noncompliance with California state ballast water law.
Celebrity Cruises (2006)	$100.000	Dumping 500,000 gallons of untreated wastewater into Puget Sound (Washington State).
Louis Cruises (2007)	$1.57 million	Oil/fuel spill in Washington State.

Source: Based on data from http://www.cruisejunkie.com/envirofines.html

1.8.4 Taxation Issues

The economic effects of head taxes in travel and tourism have not been analysed extensively. However, head taxes are not a rarity and seem to become the norm. Among the most widely encountered head taxes in travel and tourism are entry and departure taxes employed by many countries to generate revenue from international tourism. We know little about their impact on the demand of these taxes on international travel. To date, economic analyses of tourist taxes have focused largely on the hotel occupancy (bed) tax and daily car rental tax is levied by many US localities [Mak, 2008].

There is no homogeneity on the application of taxes to cruises [see following Table 10] Some ports have levy reasonable fees. For example, Alaska approved USD 50 divided into the following two pieces: USD 46 flat tax levied on every passenger per voyage, another USD 4 tax is levied on the cruise ship for each berth to pay for the on-board pollution monitoring Ocean Ranger program [Mak, 2008]. Bermuda has levied the highest cruise passenger head tax, USD 63. Some countries approve a derisory fee and, in less than a week, the decision is repealed.

This is the case of Mexico, where the power of the lobbing group felt it. Starting October was repealed (not the first time) the "cruise ships levy", whereby every cruise passenger arriving in Mexican coasts should pay a right of USD 5. Supported legislators argue that they will continue seeking approval of this right because host communities need such economic leakage to invest in its image; further, they assert that "if the shipping lines insist in not paying, we will explore the way to make them withholding tax" (as quoted by the president of the regional tourism commission in the Chambre of Deputies).

Table 10: A sample of cruise passenger levies

Country	**Tax (in USD)**
Alaska	$50.00
Aruba & Curaçao	$3,50
Bahamas	$15.00
Belize	$7.00
Bermuda	$63.00
Costa Rica	$2.50
Dominica	$6.50
Honduras	$9.50
Jamaica	$2.15

Source: Klein (2005)

Another unbelievable situation is the case of cruise lines adopting the FOC principle [see also section 1.6.1]. This cruise ships are exempt from multiple tax responsibilities and implement lenient standards of safety, undergo few environmental inspections, operating costs low, recruit staff without national or international regulations.

The most unusual scene is the role played by Panama, a country that signed an agreement in 2000 with the FCCA. In this agreement the government engage to pay cruise lines for each passenger landed to "encourage the flagging of vessels in the Panamanian flag" [CCAAIC, 2001]. This incentive per passenger goes from USD 2.5 to US USD12 according to the number of visitors arriving with the ship.

In consequence of the lack of a rigorous tax policy of cruise ships arrivals, there are cases where ports do not allow cruise ships to dock, unless the industry pays an amount for local development, like Playa del Carmen (Mexico) declared. They wanted to levy a tax for USD 30 per each passenger that disembarks in neighbouring Xcaret Port.

The ports and communities that receive cruise tourism are confronted with a series of hidden costs not normally take into account when making concessions in order to attract cruises. Between these costs we have: a) the depreciation of the port infrastructure, the buses, taxis, public toilets [Klein, 2005]; b) the cost of ensuring transport and public security in the destination; c) emergency medical services; d) the cost of enhancing streets and attractions; e) the cleaning and trash collection; f) the costs of canceling or changing itineraries for a port (for instance, in Port Rupert, Canada during 2004 the company Celebrity Cruises decided that from 35 arrivals programmed, 13 would merely technical calls; passengers not would disembark); g) the damage in the long term of marine life and the cost to preserve the destination’s tourism inventories.

However, currently, many of these home ports and ports of calls do not have an income that enables them to cope with the mentioned costs. Therefore, initiatives like imposing a levy cruise passengers, would be a constant fight with the cruise lines.

2. The Caribbean – the World's most popular Cruise Region

The Caribbean region, the world's most popular warm-weather tourist destination, is also the most popular destination for cruises, with ships traveling to the eastern, western, northern and southern Caribbean. Most of the Caribbean itinerary ports are located on islands, but countries in North America, Central- and South America also include Caribbean cruise ports-of-call.

Annual statistics provided by CLIA confirm that the Caribbean is by far the leading destination in the world for cruising. The Caribbean represents about 70% of the international cruise demand and continues to rank as the dominant cruise destination, accounting for 41% of all worldwide cruise itineraries [according to FCCA 2007 statistics].

As a result of the FCCA's annual survey, the Caribbean (incl. Eastern Mexico) is consistently ranked as the 'Most Appealing Destinations to Cruise' -as voted by 47% of respondents, way beyond the second destination, Alaska with 28%, and tenth destination, South America with 4%.

The number of cruise passenger arrivals in the Caribbean region increased from 3.8 million in 1980 to nearly 20 million in 2007 [see table below]. A phenomenal growth, however, these arrival figures are somewhat miss-leading, since the visitor numbers from each member state are accumulated (e.g. a cruise passenger visiting 5 Caribbean ports as part of his or her cruise itinerary is counted five times).

Table 11: Caribbean Tourism Visitor Trends (2002 – 2007)

	Tourist Arrivals		**Cruise Passenger Visits**	
YEAR	***(millions)***	**% change**	***(millions)***	**% change**
2002	19.0	-2.7%	15.9	+7.1%
2003	20.4	+7.4%	18.0	+12.9%
2004	21.8	+6.7%	19.9	+10.4%
2005	22.2	+2.0%	18.8	-5.7%
2006	22.2	-0.0%	18.9	+0.9%
2007	22.7	+2.2%	19.2	+1.7%
		% change		
Period	**Total**	**Average**	**Total**	**Average**
2002-2007	+19.4%	+3.6%	+20.7%	+3.8%

Source: Caribbean Tourism Organization

After years of continuous –mostly double digit- growth, there has been a marginal decline in growth rate of cruise visitors to the Caribbean following from 2006, due to significant decline in 2005. [For further statistics on the Caribbean market, please refer to Appendix III].

2.1 Strong Seasonality

Cruise ships are deployed in the Caribbean throughout the year. Tourism throughout the Caribbean is highly, but not uniformly, seasonal. This reflects the attractiveness of the region to European and North American tourists during the coldest months on those continents. Although annual variations occur, the Caribbean hosts more than two-third of cruises on offer during the Winter season (generally mid-December to mid-April), and about a quarter during the Summer season.

Figure 6: Map greater Caribbean region

2.2 Great variety of Itineraries

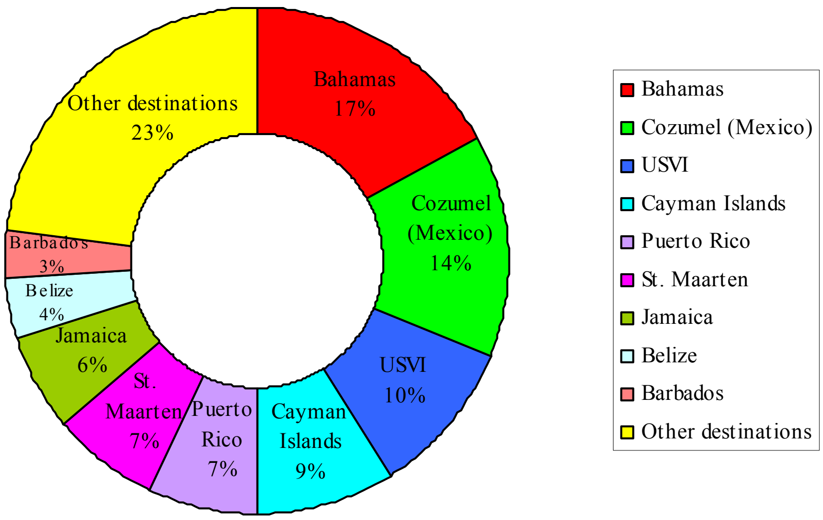
Many of the American cruise lines in the Caribbean depart from ports in the United States, “nearly one-third of the cruises sailed out of Miami”. Other cruise ships depart from Fort Lauderdale ("Port Everglades"), Port Canaveral, New York, Tampa, Houston/Galveston, and San Juan. An increasing number of European cruise lines base their ships in the Eastern Caribbean to which they may operate direct charter flights, thereby avoiding the sometimes lengthy delays at US immigration.

Cruises sailing in the Caribbean travel on a multitude of itineraries depending on the port of departure and the length of the cruise. The busiest port of call by far is Nassau in the Bahamas with well over 3.5 million cruise-ship arrivals per year; mainly from short-stay and day cruises, taking advantage of the islands' proximity to Southern Florida.

2.3 Most Popular destinations

The Bahamas' market share is estimated at 17% (according to 2004 CTO statistics), and the next most popular ports of call (with their Caribbean cruise market share) have been displayed in Figure 7 directly here below.

Figure 7: Most popular Caribbean Cruise Destinations (by market share)



2.4 Leveling Capacity

Most international cruise lines operate in the Caribbean region (see also Table 12 on following page]. The Caribbean is host to the great majority of world's cruise berths, but its share has gradually declined from more than 50% during last decade to 40% in 2000 and less than 35% in 2007.

The Caribbean remains the cruise industry's largest market. However, faced with the faltering U.S. economy and the weakened dollar, cruise lines are turning more attention to growing markets such as Europe.

As a result, for the first time in the modern cruise ship era, cruise lines have been cutting back last year on Caribbean cruises. The cruise industry reduced the total capacity in the Caribbean by about 5% in 2008 from 32,162,000 to 30,786,000 bed-days [see Table 12 on following page]. The reduction comes after cruise lines watched the Caribbean's total share of the cruise market slip to about 35 percent in 2007 from 39 percent a year earlier.

Within the region, the Eastern Caribbean is still the largest sub-region for cruise passenger arrivals, but due to the employment of ever larger and faster ships in the region, call to the Western Caribbean have been increasing over the years. With an increasing fleet capacity and a growing need for the cruise industry for alternative ports-of-call, to avoid an overheated Caribbean market during the Winter months, and apart from Belize, some other Central American destinations, like Honduras and Costa Rica, have been able to establish themselves as emerging cruise destinations, but also ports beyond the Caribbean sea, in particular South America.

Table 12: Berths' Geographical Destination/Application – 2008 (in thousands)

DESTINATION	2000 TOTAL BED DAYS	2001 TOTAL BED DAYS	2002 TOTAL BED DAYS	2003 TOTAL BED DAYS	2004 TOTAL BED DAYS	2005 TOTAL BED DAYS	2006 TOTAL BED DAYS	2007 TOTAL BED DAYS	2008 TOTAL BED DAYS
CARIBBEAN	**21,510**	**21,833**	**26,741**	**28,999**	**31,211**	**31,450**	**31,956**	**32,162**	**30,786**
MEDITERRANEAN	6,277	7,547	6,497	8,153	9,704	9,735	10,504	14,748	16,271
ALASKA	4,197	4,699	5,053	5,265	5,914	6,417	6,356	6,927	6,968
BAHAMAS	3,200	4,699	2,876	3,306	3,657	4,398	6,073	4,634	3,477
TRANS CANAL	2,573	2,396	2,093	2,784	2,931	2,719	2,804	2,663	2,679
MEXICO WEST	2,681	1,167	3,387	3,391	4,827	5,760	5,214	5,948	6,451
EUROPE	3,745	4,837	6,923	7,722	7,560	5,522	6,800	6,798	7,592
BERMUDA	988	1,270	1,227	1,476	1,324	1,329	1,388	1,285	1,266
TRANSATLANTIC	1,016	1,129	1,006	1,146	1,425	1,748	1,467	2,209	2,830
HAWAII	857	1,557	1,903	1,953	2,629	2,907	2,885	3,826	3,031
SOUTH PACIFIC	1,155	1,158	835	1,099	683	657	1,449	1,013	1,986
SOUTH EAST ASI	245	430	346	123	20	58	611	431	527
AFRICA	503	401	260	189	17	68	43	25	137
CAN./N.ENGLAND	1,108	1,139	1,151	1,105	1,489	1,174	1,233	1,627	1,911
FAR EAST	202	215	360	219	404	644	127	923	527
MISSISSIPPI	347	404	0	0	0	0	0	169	137
WORLD VOYAGE	414	613	582	375	463	461	340	804	1,063
SOUTH AMERICA	**826**	**1,423**	**1,395**	**1,654**	**1,089**	**1,417**	**1,446**	**2,129**	**2,676**
U.S. WEST COAST	218	1,945	216	377	644	433	161	229	225
INDIAN OCEAN	121	227	94	23	11	38	10	70	229
UNCLASSIFIED	109	240	234	290	990	61	196	158	449
TRANS PACIFIC	52	67	143	79	12	50	99	323	389
U.S. EAST COAST	1,402	80	147	838	60	34	81	153	83
ANTARCTICA	49	49	73	109	219	151	197	260	285
PARTY CRUISES	68	56	43	11	15	0	14	193	63
TOTAL 2008 BED DAYS	**53,863**	**59,581**	**63,585**	**70,686**	**77,298**	**77,231**	**81,454**	**89,707**	**91,990**

Source: 2008 CLIA Brochure/Destination Analysis

3. South America - an emerging Cruise Destination

The current World Federation of Tourist Guides Associations' (WFTGA) Cruise Tourism Guide rates the best emerging regions for cruising to be Asia and the Eastern side of South America (Brazil).

According to CLIA statistics, South America has been consistently listed since 2000 in sixth position of the Top 10 Cruise Geographical Destinations (led by the Caribbean region and followed by the Mediterranean, Europe, Alaska, Western Mexico and the Bahamas respectively).

Due to the fact that cruise companies have incorporated bigger ships in order to meet the growing demand for cruising in South America, there has been an important increase in the number of passengers with an exponential growth. This is reflected by the total number of bed-days of cruises in South America, which has more than tripled, from 826,000 in 2000 to 2,676,000 in 2007 (see Table 12), representing an average annual growth rate of 30%.

Another important reason why more cruise ships are employed in South America is the growing demand for cruises from within the various countries of the continent. In particular Brazil, which is one of the biggest markets in the world for cruise ship guests (for the Brazilian cruise ship season, which typically caters for Brazilian guests, and for the cruise ship market worldwide), with a potential estimated at 2.5 million passengers, while the number of Brazilians that took a cruise has been limited to 550.000 only [in 2007].

3.1 Greater Variety of Type of Cruises

South America is a huge continent with many exciting and diverse ports of call. Like North America, cruise travelers can visit South America from three major water ways: the Atlantic, the Pacific, or the Caribbean. South American cruises are unlike any other cruise in the world because they cover so much territory and usually last for a longer duration, typically 7-14 days or more. With so many ports and few cruise ships, there is little tourist congestion in comparison to the Caribbean for example.

South American cruises are also more rugged, as excursions into the rainforests and national parks are the most common activities, apart from a cruise on the Amazon river as a main attraction, which has led many cruise liners to include South America as part of their programme.

3.2 Shorter Season

South America's tourist season typically runs from November to early May, which covers its Summer months, since the seasons are opposite to those in the Northern Hemisphere. However, the seasons do not predict the weather; with a wide range of latitudes in three different time zones, different climates are encountered while cruising from the tropical rainforest to the desert or snow-peaked mountains.

Figure 8: South America Map

3.3 Most popular Itineraries

Because of the large size of this continent, all of South America cannot be covered in one trip. The most popular cruises in South America are:
a) through the Amazon, b) up and down the Western coast, and c) around Cape Horn, in addition to cruises to Antarctica, which mostly depart from the southern tip of the continent [left out of this section for practical reasons].

Ad.a) Amazon cruises generally call at Devil’s Island (French Guiana), Manaus, Santarem, Boca da Valeria, Rio de Janeiro, Montevideo, Punta del Este, Buenos Aires, and/or undeveloped areas and small villages in the Amazon rainforest.

Ad.b) West coast cruises may call at Puerto Madryn, Pisco, Manta and Lima, as well as Santiago and some other Chilean ports listed below.

Ad.c) Cape Horn cruises stop in Punta Arenas, Ushuaia, Puerto Montt, Valparaiso, and Port Stanley in the Falkland Islands.

3.4 Trends and Developments

Although relatively little information is available about the cruise industry situation south of the Caribbean, our analysis has shown that South America has benefitted from events in other parts of the world, e.g. September 11, SARS in Asia, the wars in the Middle East, and piracy around the Horn of Africa, as ship owners searched for new regions that were far away from those conflict areas. The whole South American continent has been positively affected because of these events, but not by its own merit.

In spite of the projections made by the CLIA and the ECC among others, the development of the number of calls from cruise ships in South America has far exceeded all expectations, with increases of 100 % at some ports and, in some cases, even 200% over the last five years.

These high percentages are indicative of a very important amount of calls, and these recent developments have exposed the lack of infrastructure of some of the main ports of the South American region.

As result, the authorities of Santos Port have decided that only a maximum of 6 vessels will be able to berth at the same time this season, which is opening up opportunities for other South American destinations.

On the other hand, the cruise industry has a strong impact on the local and regional economies in the South American ports which are benefitting from the relative high purchasing power of the passengers.

This leads regional authorities to take into consideration the increasing demand of the industry and is pursuing them to make the necessary investments to achieve the development of the infrastructural works that are required for a better organization of the operations and better cost control.

3.4.1 Increasing Capacity

<u>Cruise passenger capacity in South America will further increase by 40% for the 2009-2010 season</u> (November through April), compared to 2008-2009, according to estimates by Cruise Industry News.

The most significant jump is by MSC Cruises [see ship picture in front of figure 9 on next page], which will sail with six ships in 2009/10 (including the 2,550-passenger Orchestra), compared to four ships in 2008/09, and is expected to have a passenger capacity of more than 250,000, compared to fewer than 150,000 in 2008/09 – a near 80% increase year-over-year!

Costa Cruises [see ship picture in second place in Figure 9 on following page] another major player in the region, will also be increasing its presence in South America – by nearly 20% – adding the 3,000-passenger Concordia to two alternative ships in 2009/10 for a total of 110,000 passengers, compared to 92,000 passengers for the 2008/09 season.

Figure 9: Cruise ships docked and moored at South America's leading Port-of-call.

Source: Images Que Barato

Furthermore, Royal Caribbean, Princess, and NCL are all expected to be relatively flat year-over-year, but are sourcing more passengers in South American markets. Overall, based on the average percentage growth of bed-days [see Table 12], the estimated overall the growth rate for South American cruises is expected to increase at an annual rate of 30%.

4. Suriname – an emerging Tourism Destination

4.1 The Tourism Sector and Economic Outlook

The Government of Suriname (GoS) has recognized the importance of tourism as one of the leading growth sectors and second largest foreign currency earning sector of the economy.

Table 13: Suriname Foreign Visitors' Arrivals by Port of Entry (2007)

Port Of Arrival 2007				
Albina (Eastern border)	Nickerie (Western border)	Not Stated (incl. arrivals by sea)	Zanderij - J.A. Pengel International Airport	**Totals**
9	7	0	207	223
16,062	10,499	928	23,368	5,0857
145	111	13	2,564	2833
3,843	491	68	103,732	108,134
1	4	0	20	25
16	19	0	402	437
20,076	**11,131**	**1009**	**130,293**	**162,509**

Source: STS

The tourism sector in Suriname, which has benefited from a steady growth of 6-8% over the last few years, is driven by the following unique factors:

- Nearly two-thirds of foreign visitor arrivals to Suriname (62% in 2007) originate from the Netherlands, and mainly include the Visiting Friends & Relatives (VFR) segment, which is expected to continue to dominate in the foreseeable future, due to the strong links between the Netherlands and Suriname.
- For the last five years, however, there is also an increasing demand from 'real tourists', i.e. visitors that have no socio-cultural link with Suriname, as opposed to a declining share in the arrivals of VFR.
- On the other hand the fast increasing supply of beds (in particular in the district of Paramaribo, where hotel room capacity is expected to double in short term) and tours (offered by a great variety of –mostly small- operators) is disproportionate to the grow in demand.

'Although the recent impressive achievements in growth of the sector and despite the concerted efforts of the public and private sector combined, to stimulate growth and encourage investment into the sector, marketing interventions remain traditionally based and the structure of the market remains the same. It seems that past marketing efforts are limited and remain minimally effective. As a result, the sector has yet to attract new target groups from new source markets and should attempt to increase the arrival of specialised tourist groups'.

The EU-funded Suriname Sustainable Tourism Capacity Building Programme (SSTCBP), which is currently being implemented, further reports that ‘it should not be expected that Suriname is to become a mass tourism destination, due to its fragile environmental conditions of the interior, lack in tourism support infrastructure (roads, domestic airlines), lack of adequate legislation and an effective tourism authority’.

In the World Travel & Tourism Council (WTTC)’s latest Tourism Satellite Accounts’ (TSA) report, Suriname’s tourism sector is to contribute directly 2.9% to the country’s Gross Domestic Product (GDP) in 2008; with a value of SRD 154.5m or USD 63.0m, rising in nominal terms to SRD 347.0m or USD 119.3m, 2.7% of total by 2018. The tourism sector’s contribution to the national economy should remain level at 7.2% (SRD 384.6m or USD 156.8m) to 7.2% (SRD 928.4m or USD 319.1m) in this same period.

The above mentioned contribution levels are slightly below the average for Latin America, but well above the worldwide average. The World Tourism Organisation (UNWTO) is expecting international tourism to stagnate or even to decline slightly by 1-2% throughout 2009, due to the present economic downturn, which will continue its decline - at least in the short to medium term.

Although the outlook for the national economy is subject to several risks, so far the slowdown in world growth and stress in financial markets have had relatively little impact on Suriname; in so far as the turmoil is accompanied by high commodity prices and the country can continue to rely on Foreign Direct Investment (FDI) for external financing. The looming financial crisis also has limited effect on the informal sector of the economy, which is relatively high in Suriname (estimated to be as much as 20% of the country’s GDP, according to the Ministry of Trade and Industry).

Suriname is slowly but surely becoming an export-oriented economy, a key regional platform, both for air and maritime services, where production is keeping pace with the rate of imports. The country’s intricate system of rivers and maritime transport provides the infrastructure that keeps the goods moving smoothly, and Suriname is positioning itself to become a gate way to South America.

<u>To benefit from her natural strengths, it would be crucial for Suriname to learn important lessons from global precedents in the tourism sector as well as integrate this learning with the cruise tourism lessons derived over the past decade.</u> Hence, to realise these ambitions, it would be essential for Suriname to explore all avenues escalating tourism activity in the country, including the fastest growing segment of the worldwide travel industry: cruise tourism.

4.2 Cruise History

[As a cruise destination,] Suriname is still largely unheard of and virtually unknown. Although Suriname's history is closely related to shipping, visitors arriving by sea were generally no tourists, apart from some passengers which choose to book a passage on freighters. Until 2001, for example, cabins were offered on banana boats like the Jarikaba, or later the Sierra Nafria and the Sierra Nava from Fyffes, for weekly departures from Southampton in the UK to Suriname, via the Netherlands and Guyana.

Apart from some occasional visits from cruise ships during the mid-1960's to the mid-1970's, expedition cruises only discovered Suriname from 1998, with the first arrival of the Clipper Adventurer (then owned by defunct Clipper Cruise Line). Five years later its visit was followed by a growing number of cruise ships up to 2007 [as indicated in Table 14 here below], but last year only a small private charter cruise visited Suriname.

Table 14: Cruise Ship Visits to Suriname

1965:
- Argonaut(Sun line), 280 Pmax

1965-1975:
- Jason(Sun Line), 280 Pmax
- Stella Maris (Sun Line), 280 Pmax
- Stella Oceanis (Sun Line), 280 Pmax

1976:
- Renaissance (Paquet Cruise Lines), 500 Pmax

1998:
– Clipper Adventurer (Clipper cruise Line), 120 Pax

2003:
– Minerva II (Swan Hellenic), 670 Pmax *(cancelled last minute)*

2005:
– Clipper Adventurer (Clipper cruise Line), 250 Pax *(handled by METS)*

2006:
– Minerva II (Swan Hellenic), 560 Pax *(handled by METS)*
- Bremen (Hapag-Lloyd Kreuzfahrten), 180 Pax
- Hanseatic (Hapag-Lloyd Kreuzfahrten), 180 Pax
– Clipper Adventurer (Clipper Cruise Line), 120 Pax *(handled by METS)*

2007:
– Minerva II (Swan Hellenic), 600 Pax *(handled by METS)*
– Sea Dream I (Sea Dream Yacht Club), 150 Pax *(handled by METS)*
– Spirit of Adventure (Saga Cruises), 400 Pax *(handled by METS)*
– Clipper adventurer (Clipper Cruises): 110 Pax *(handled by METS)*
- MS Bremen (Hapag Lloyd Cruise Lines): 180 Pax

2008 (November)
– Hanse Explorer Yacht, 20 Pax *(handled by METS)*

Source: METS & STS ('Suriname Tourism Foundation')

While in 2007 a record number of 1,440 cruise passengers set foot ashore in Suriname, this is only a tiny fraction (less than 0.025%) of the total number of cruise passengers that visited the Caribbean region that year.

4.3 Recognition for Cruise Tourism Potential

In spite of its negligible market share, the positive developments of cruise tourism in Suriname were encouraging enough to be noticed by both the private and public sector. More frequently stakeholders in the Surinamese tourism sector are participating and/or visiting international tourism fairs to promote their product and to pick up industry vibes.

METS' positive experience in hosting a growing number of cruise ships during the last few years [see Table 14, previous page] has poised the company for making its mark in the international cruise market scene. In its efforts to put Suriname on the international map for cruise tourism, in 2006 METS spearheaded participation at Seatrade, the cruise industry's largest exhibition held in Miami every year during the month of March.

Figure 10: Impression Seatrade Cruise Shipping Convention

Source: AP Photo (© Wilfredo Lee)

'The Surinamese authorities also saw an opportunity [in cruise tourism] and decided to seize it. They reportedly discussed different ideas and models for years and finally announced in October 2007 (when the President presented the budget for the fiscal year 2008 to parliament,) their plans for a new cruise terminal to be constructed.

"Cruise Tourism is an important source of foreign currency for the country. In March 2007, four cruise ship arrivals were handled very professionally. Construction of a cruise terminal therefore is crucial for the further development of the tourism industry" said the Head of State when he made the announcement to Parliament'.

4.3.1 Cruise Terminal plans

The plan to build a special port area at the Suriname River to dock large cruise ships with shore facilities to accommodate a flow of cruise passengers was the result of a feasibility study that was commissioned to TNS NIPO, in co-operation with 'Dutch Caribbean Consultants', a company associated with the Curaçao Port Authority. In their report, delivered just two years ago, they recommended the construction of a modern, multi-functional cruise terminal, as part of a larger project, i.e. Restructuring of the Waterfront Paramaribo (HWP). The total costs for the project was estimated at USD 35 million and the cost for the cruise terminal project at USD 2 - 3.5 million [see also pg. 44].

Picture X (© dWT/Werner Simons): cruise terminal model presented last April 2008 as part of Paramaribo Waterfront Project (HWP) and designed by *Rustwijk & Rustwijk.*

4.3.2 Inspiration from Brazil

The project would involve a complete facelift of the popular Waterfront area in downtown Paramaribo, between the Central Market and the SMS pier, along the Suriname River. The area is much frequented by both visitors and locals. Development would enrich and expand the Paramaribo experience and facilitate cultural and entertainment activities. In this regard, public facilities were to be created for tourists and locals.

Port officials indicate that the project plans were inspired by the *Estaçao dos Docas* in Belém, the capictal of the Para state in Brazil, the Docks Station is a traditional cultural site that holds an important part of the city's history. Development there was planned around revitalizing the docks for new users, without losing its characteristic atmosphere and historic heritage. In May 2008 (exactly eight years after its reopening), the Minister of Regional Development and several other officials visited Belem to get a closer look and to get ideas.


Pictures Xa & Xb (© Mircaskirca): Two faces of *Estaçao dos Docas de Belém.*

The Minister for Regional Development, responsible for the two day-markets near the designated new cruise terminal site, was very excited about the cruise terminal project. "To receive visitors, you want to offer them the best facilities possible and expose your country in the most positive way. Therefore, it is necessary to implement several measures in order for the markets to blend in smoothly with the tourist activities to make their stay very memorable", said the Minister in an interview last year. "We will renovate and upgrade the markets and with the establishment of the terminal we expect that Suriname will play a major in the tourism industry in the region", he added.

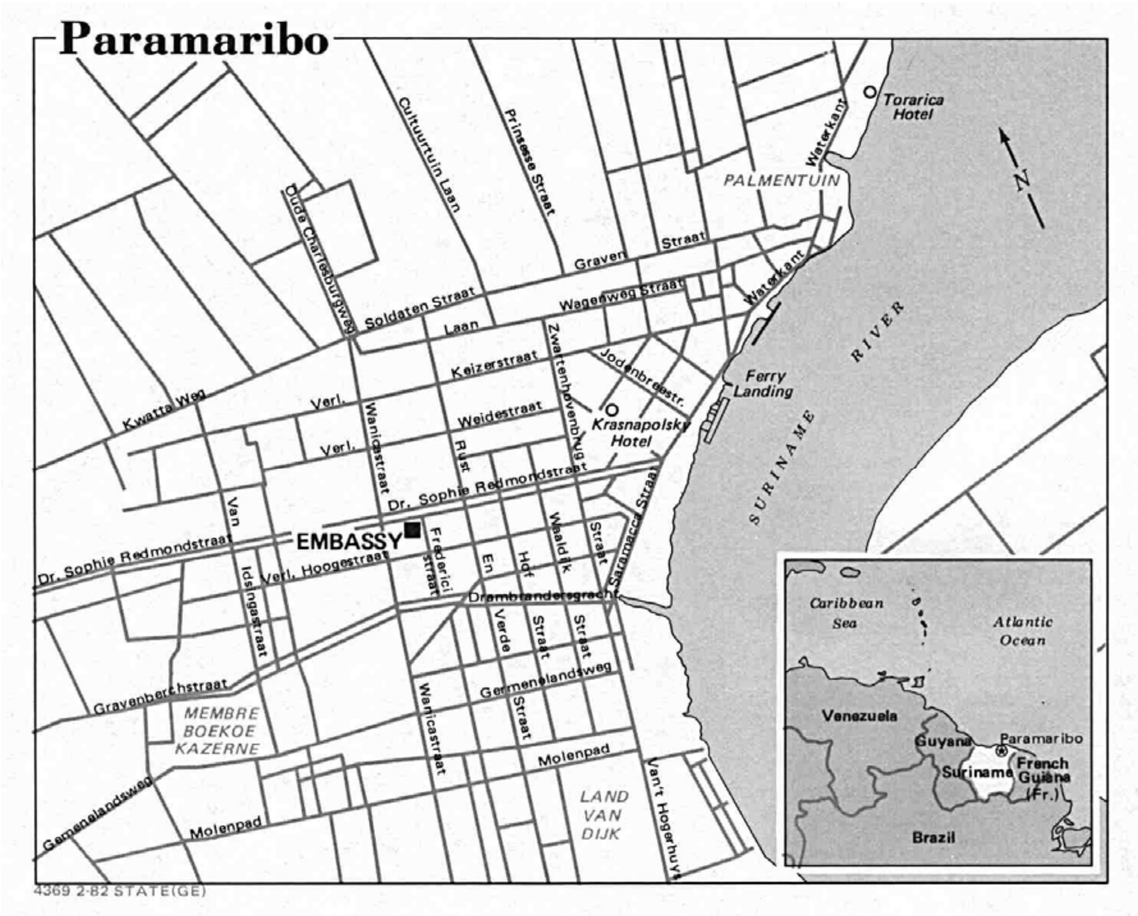
However, to date the Urban Development Plan for Paramaribo has not taken root, and in the meantime, the port authorities have been concentrating their efforts on the reconstruction of the *Nieuwe Haven* terminal to upgrade Suriname's main port in Paramaribo, which enable this facility to play a key role in the regional logistical framework; i.e. for freight, which is far more profitable for *N.V. Havenbeheer*. Although the Suriname Port Authority, a government-owned entity which operates several ports in the country, is the main stakeholder in the planned cruise terminal project and also owner of the land where the cruise terminal is to be established.

Financed by the European Union (EU), contracts totaling EUR 28.4 million were signed at the end of 2006 between the Ministry of Planning and Development Co-operation (PLOS) and Ballast Nedam InfraSuriname N.V. Works started in 2007 to address the rehabilitation of the quay, the apron, harbour terminal, the removal and rehabilitation of existing terminal sheds and the upgrading of the harbour utilities (water/electricity supply, sewerage, garbage disposal). In spite of budget overruns, this important project will be finally delivered at the end of 2009, but there will be no new facilities for the accommodation of cruise ships…

4.4 Ports of Entry

As 'The Land of Many Rivers', Suriname has almost 750 miles (1,200 kilometres) of waterways that are mainly navigable by small vessels. According to the information provided by the Maritime Authority Suriname (MAS), Suriname has 7 ports, which are all river ports; in contrast to its neighbouring countries, Suriname never had any seaports. All facilities are private and are handling cargo. From the 3 facilities for ocean going vessels, two in the port of Paramaribo and one in Nieuw.Nickerie (on the border with Guyana), the Government of Suriname is the largest share holder.

The bulk of ship traffic in Suriname enters and clears the Suriname River, which provides passage to Paramaribo, the capital city and main port, located on the left bank, some 12 miles from the river mouth.



Picture X: (© Perry-Castañeda Library) Map of Central Paramaribo

The Suriname River is further navigable for oceangoing vessels up to the port of Paranam (42 miles from the river entrance). At Paranam vessels can also remain at anchorage or go along side a small (approximately 100 meter) terminal, where garbage, water, and bunkers can be arranged.

The port of Paramaribo, *Nieuwe Haven,* is the largest by far with around 600 port-of-calls in 2007, handling about 55% of Suriname's non-bauxite exports and most of the country's imports. The *Nieuwe Haven* is the hub for a road system and is strategically placed to serve the main population centers and the underdeveloped interior of the country.

Figure 11: *Nieuwe Haven* port complex located between the *Jules Wijdenbosch*-bridge (on the right) and central Paramaribo on the left bank of the Suriname River.

4.4.1 Port Facilities and Restrictions

The last port facility at *Nieuwe Haven* was certified in January 2008 and also functions as passengers' terminal [for cruise ships]. This port facility is the only one of its kind in Suriname until now, consisting of one public wharf with a concrete pier and maximum berthage length of 160 feet (520 metres) and deadweight of 8,000 tons. Between the quay and the marina for smaller vessels there needs to be ample space, i.e. the length of one ship of maximum 656 feet (220 metres) Length Overall (LOA).

The approximate depth at Low Water at Springtide (LWS) varies from 20 feet (6 metres) at North to 15 feet (4.7 metres) at South. [For further information please refer to Appendix IV, Paramaribo Port Information].

Although no more than one passenger ship at a time can dock at *Nieuwe Haven,* outer anchorage is available at pilot station and inner anchorage on Paramaribo's roads and possibly other places for smaller vessels (to be confirmed by MAS and other government authorities).

The physical characteristics of the port itself are obviously of paramount importance—if the proper infrastructure is not in place, a port simply cannot serve cruise ships. The two most basic factors associated with port operations are water depth and height restrictions, primarily due to existing bridge.

In spite of the gigantic size of many cruise ships, they generally only require between 27 and 30 feet (8 to 9 metres) of water to operate safely. However, because most of the boat is above water, height clearance prevents some ships from getting into certain ports, as many modern cruise vessels are 150 to 200 feet (45 to 60 metres) tall.

This does not happen to pose much of a problem in Suriname, since the country's main bridge, the *Jules Wijdenbosch*-bridge, is located upstream about 1,000 feet (300 metres) south of the main port *Nieuwe Haven.* Maximum air draft is 140 feet (43 metres) to permit passage under the bridge for those vessels that need to go further across the river.

Another obstacle, lying on the bed of the Suriname River (more or less in between the afore mentioned main port and main bridge), is the Goslar wreck of the German warship that sank in 1940, which reportedly presents no nautical limitation for the navigation of passenger ships.

4.5 Major Constraints

Accessibility of Paramaribo by sea depends on the depth of the river, the tides and some other related factors. The depth of the Suriname River actually causes major restrictions for oceangoing vessels, including most modern cruise ships, which will be limited to:

- Maximum draft to 15'01" (4.60 metres) at low tide and maximum 23' 3.5" (7.10 metres) at high tide;
- Where draft > 15 '01" (4.60 metres) ships can only sail up the river at high tide (twice per 24-hours)

Although the bottom of the outer bar and the river bed is soft mud, no respectable cruise operator would take the risk of running its ship aground. <u>As a result, only cruise ships with a draft limited to 20 feet (6.0- 6.5 metres) approximately can enter the Suriname River -without any risk to damage,</u> i.e. subject to the following conditions and procedures:

Pilotage is compulsory for all vessels over 50 Tons Gross. The pilot at the Sea Buoy will board incoming vessels. Pilots only guide vessels at high tide, and ships generally have to wait up to 12 hours from moment of entry for favourable tide.

The sea buoy (red/white vertically striped) is the pick up point for vessels, and is located about 28 miles from the port. The minimum depth over the outer bar at LWS is 15 feet (4.60 metres) plus the rise of the tide - averages from 9 feet (2.70 metres) at spring tide to 6 feet (2.0metres) at neap tide. Tidal range averages 8.5 feet (2.60 metres) at spring- and 5 feet (1.50 metres) at neap tide.

Figure 12: Modern Tug-vessel recently used on Suriname River

Source: Shipfoto (© Koos Goudriaan)

Any ship calling into Paramaribo needs to report it intention to dock 48 hours in advance. miles and it takes on average 2 to 2.5 hours to cover this distance; including the mooring of the ship it takes approximately 3½ hours altogether.

Because of the abovementioned limitation a (cruise) ship will have to stay moored between 9-12 hours in the current nautical situation. Furthermore, the variations in time of high tide will make sailing up the river unfavourable in certain periods of the year.

4.6 Dredging

Deepening of the channel would remove these limitations and a dredge project was planned to deepen the Suriname River, which would allow entry to cruise ships with a higher draft. It appears, however, that (to our best knowledge) these plans have been abandoned for the time being (following the recent decision from one of the major stakeholders, Billiton, to cease its bauxite operations in Suriname).

4.7 Challenges to Establishing a Cruise Port

For ports to add berths to accommodate cruise ships, they must not only dig deeper channels and docking areas, which normally results in obstacles associated with changes to the environment and damage that must be minimized (as well as additional costs that are associated with appropriate permits and right-of-way, which are not always easy to acquire).

Assuming water depth and bridge heights are not problematic, ports must still provide a great deal of infrastructure to support cruise activity. Though dimensions vary widely, today's ships often need in the neighborhood of 1,000 feet (300 metres) of dock length. Docks must meet a variety of specifications, including height, width, and length of ships to be berthed. In addition to docking facilities, ports must provide adequate parking garage space, comfortable passenger terminals, and roadways and infrastructure through the port itself. In many popular destinations the cruise terminal is situated in walking distance of shopping facilities and monuments.

Ports constitute the core infrastructure requirement of the cruise sector. If Suriname wishes to integrate her position in this market, Suriname's main port would have to meet internationally accepted standards of port infrastructure, passenger services, linkages, other conveniences and amenities.

Internationally, cruise terminals are similar in facilities and services offered to tourists at airports. Whereas Suriname's *Johan Adolf Pengel International Airport* is currently brought up to international standards, none of the Surinamese ports have dedicated facilities for cruise tourism and do not offer the basic standards or the amenities required by the major cruise lines.

4.7.1 Suriname Needs to gear up for the Challenge

[As recognised by the Minister for Regional Development - see page 38] cruise terminals represent the entry point of the cruise tourists into various tourism locations and offer a most important opportunity to market the country's brand, its culture, heritage, cuisine and other offerings. Apart from the example given for Belem (see page 38), numerous examples from the Caribbean region (like Barbados and Curaçao) have shown that developing quality cruise terminals are imperative for stimulating growth in cruise tourism.

A model for Suriname to develop a cruise terminal would provide not only positive experience to the passengers, but also act as 'gateways' to the wider tourism offering of the country and its vast interior.

The cruise terminal could be made into a 'mini-tourism destination', much like a tourist village showcasing Suriname's art and handicrafts, ethnic bazaars, a small museum offering a birds eye view of the tourist attractions of the region, food stalls with typical Surinamese cuisine, children's play area etc. It should effectively promote the 'Suriname Brand' while simultaneously increasing commercial and business potential of the terminal.

Hence, the cruise terminal could also act as a gateway to the tourism offering of the region, thus becoming a destination in itself. Thus, for the cruise traveller, in addition to the cruising experience and the infrastructure and facilities at ports during port visits, the destinations covered and the general experience within the destinations visited would form a critical part of the overall product expectation. Therefore, it would be important to create links to significant destinations, heritage locations and natural features with the port so as to enable a special and varied experience that is holistically 'Surinamese'. This would also help to link the development of tourism in Suriname to the development of cruise tourism, helping to synergise each other.

In view of the statement that 'cruise tourism development would be impossible without all strategies being preceded by an integrated and sustained development of the identified cruise port', the HWP feasibility study report points out that 'in order to develop Suriname as a cruise destination two basic conditions need to be met:

1. Terminal facilities to comply with international requirements and standards.
2. Co-coordinated marketing effort between public and private sector (market and product development of Suriname as a cruise destination).

Both conditions can be complied with' and have been further explained in the following summary of the HWP report [i.e. sections relating to cruise terminal]:

Ad. 1: **Recommendations and specifications for a cruise terminal:**

Possible docking areas

The most strategic area for a dock from an urban perspective is near the Central Market. Axis of *Knuffelsgracht* an option. Improvement connection zone SUP [foundation looking after entertainment area opposite Torarica hotel] and the HWP would be recommended.

Considering the technical characteristics of the project area, the nautical possibilities of the Waterfront and the current docking facilities at this location, it is preferable to return to its original functions and use the area located at the *KNSM* pier, which is *the* location for departures and arrivals of (international) transport of passengers by water [used for daily ferry services across the Suriname River, until the *Jules Wijdenbosch*-bridge was opened in 2000].

The location is close to historic sights and shopping areas; in fact at walking distance (like in many popular cruise destinations in the Caribbean region and around the world). However, terminal chosen on this spot will be dependent on the replacement / redevelopment of the market

The businesses in and around the central market play an important role in the revitalisation of the Waterfront. There are two scenarios applicable to these functions within the town planning development:

1. The businesses within the rehabilitation area are included in a relocation programme with an option for a space in the renovated project.

2. In the first phase in the renovation of the central project area planning and realization will be realized independent of the present functions.

- Cruise terminal and Waterfront form part of an attractive area that appeals to locals and stay-over tourists as well;

- Layout as has been created at Broki – opposite the Central Bank – to be continued to include the area in which the central market is situated;

- Parking in clearly identified parking zones and a road accessible in both directions with two or four lanes (depending on other projects in Paramaribo). This could be an A-road with a narrow green centre strip with typical tropical trees, however it is essential to have all traffic related interventions relate to rest of town;

- Car free zone with attractive walking route is important to tourists. Differs per tourist but part of this could be a wide strolling area facing the water that includes benches, trees, shops and the (central) market. High curbstones and poles to prevent parking in walking areas;

- Relation with the city in which views towards water and walking areas are very important.

<u>The Conditions</u>

For handling cruise ships on regular basis, port facilities have to comply with international standards and safety requirements. Currently handling in *Nieuwe Haven*. Location does not comply fully with requirements.

Possibility of upgrading these facilities, but advised against (marketing technical reasons). Operators indicated clearly their interest in central Paramaribo. Therefore terminal in central part of town will increase attractiveness product.

In case cruise ships dock in central part of Paramaribo a number of problems are to be solved:

- Safety + traffic problems
- pollution
- deterioration
- Stench / drainage problems

These problems are to be addressed, also in general interest and comfort of residents. Cruise tourism can act as important catalyst for improvement.

Design dock facility

The area is subject to caving in, as it is situated in a bend in the Suriname River (fast currents). In this case the construction of buoys and a landing stage for the mooring of ships is not logical. Building a wall combined with a sloping formation will be the most logical for this area, as a quay and slope will protect the bank against caving in and the construction will yield 2 hectares of extra ground.

Taking into account the depth on location of the projected dock and the growth possibilities for ships with a 9.0m draft, the dock will be proportioned with a construction depth of approximately 9.0m at low tide.

Most mid-size ships are able to moor at the location of the planned quay where the depth is 8.0m at low tide. Taking into account the deepening of the channel to 9.0m at low tide, the quay wall will have a depth of 9.0m at low tide.

One dock will be sufficient based on the growth of cruise passenger numbers. Starting with an LOA of approx. 180m and allowing for growth possibilities for ships with a 9.0m draft, capacity to 1,800 passengers and an LOA of 2.0m, the dock will have to be 275 m in length and the quay a minimum of 110m. The distance between ship and terminal (reception area) has to be a minimum of 23m. The terminal surface has to be 1,320 m² minimum.

Terminal

- Dock and arrival area can be closed off (fence 2.5m height);
- Multifunctional facility that can be closed off on cruise days, but outside cruise days accessible for other activities (departure river boats, yachts, water sports);
- Covered reception area in the ISPS section with a welcome and information centre, lavatories (also for the disabled), telephones (also for the crew), snacks and an area for cultural shows and activities for approx. 500 people;
- Security point with separate entrances for pedestrians and traffic;
- Traffic management with facilities for arrival / departure of passengers with taxis and busses, situated outside the ISPS security zone but connecting with the terminal area with regard to observation of regulations and supervision and control;
- Use of local material (wood) aimed at cutting down maintenance and replacement investments.

The quay

- Space for a cruise ship with 600 passengers, 300 crew, and draft to 6.5m;
- Allow for growth possibilities to include ships with 9.0m draft and capacity to 1,800 passengers;

- Deliveries and waste disposal possible per truck;
- No permanent bunker structures (barge or truck deliveries).

The environment

- Traffic circulation in view of tours and transport to/from terminal;
- Drainage problems – inconvenience and stench;
- Around project area impression of neglect – requires active socio-economical programme for the surrounding areas;
- Criminality, lawlessness and safety – associated with the overall neglected state of the area.

Security measures

Security measures are determined by the US Coast Guard and include:

- ISPS requirements: possibility to close off dock and arrival area (fence of 2.5m high) must be in place;
- The closed off zone needs to be secured;
- During the time that a cruise ship is docked no other activities to take place on the terminal;
- The adjacent grounds of the marina will have to be controlled for security reasons.

Ad. 2: Active and structured co-operation between those involved; authorities and private sector representatives, as far as product development, marketing and promotion is concerned, which would include:

- Port authorities
- Government, public sector institutions and other authorities.
- Residents and shopkeepers
- Transport sector
- Tourism sector and offices

The responsibility for developing Cruise tourism is spread over various government agencies and institutions. Unless the commitment is also shared among these agencies and institutions, cruise tourism development will not take off in Suriname. Co-operation needs to be institutionalized.

Regarding the improvement and development of existing attractions and services:

- Attractions, tours sector and shopping facilities to be adjusted for bigger numbers and demanding tourists.
- Product to be packaged for the various target groups.
- Some marketing expertise required; if not available locally, can be quickly and easily conveyed/communicated."

4.8 Viability for a Cruise Terminal

The HWP feasibility study came to the [preliminary] conclusion that 'the realisation of a cruise terminal [according to their model and marketing audit] is commercially and technically feasible, but financially not in short term. Combined public-private effort within the bilateral Programme for Economic Co-operation in Projects (PESP), the [HWP] project would involve planning aspects based on urban development [of Paramaribo] in which local residents' interests should be central, and tourism plays in principle a secondary role. Cruise tourism is capable of adapting to local circumstances and can have an important role in contributing to accelerate the necessary developments.'

The HWP report further concludes that according to the team of consultants [that conducted the feasibility study] 'Suriname is ready'. What is necessary is the realisation that is possible, motivation to do good job. A collective task for political leaders, the society and business sector.

While we do not disagree with the above statements, it is clear that the viability for a cruise terminal in Suriname is highly sensitive to the levels of tourist traffic and tourist spent.

We recognise that the viability for a cruise terminal in Suriname will be marginal, especially in the initial years, which would confirm the conclusion that the project to create a cruise terminal may require financial support in the form of subsidy or other viability gap funding measures. This would essentially be a project to project decision arising out of a more detailed feasibility study for a (stand-alone or independently operated]) cruise terminal, prior to initiating any privatisation measures (if required).

In a more open economy, through the Caribbean Single Market Economy (CSME) measures of CARICOM on one hand, and the Economic Partnership Agreements (EPA) with the EU on the other hand, the cruise tourism policy of Suriname should stress the need to 'change the traditional concept of terminal development, ownership and operations' and underline active 'participation' of all private stakeholders.

However, since the development of the cruise terminal would be closely linked to tourism development and circuits in and around Paramaribo, it should be possible to develop a viable model wherein development of the cruise terminals could happen through participation of various stakeholders.

Smaller stakeholders like METS (and possibly other inbound Tour Operators, shipping agents, bus transportation companies, etc. could also be interested in participating in cruise terminal development, however, they may not have the finances to take it up independently. Accordingly, their participation must be explored in a consortium model where they tie up with the larger player in the investment while gaining special privileges in the development.

Hence, without significant foreign investment into this infrastructure, it is questionable whether construction of large cruise ship terminals could pass a cost-benefit analysis. [see also end of section 1.6.1]

On the other hand, considering the tremendous boost that cruise activity would provide to the domestic GDP through increased spending on various aspects, the one-time investment on creation of cruise facility would be justifiable.

The projections of the HWP feasibility study, however, are based on rough estimates and their models did not seem to take into account the reality of the cruise market or any realistic figures in terms of growth that impact demand and supply for Suriname.

In our efforts [as required by the ToR for this Cruise Market Study] to make an assessment of the potential for cruise tourism in Suriname, we embarked on a more detailed SWOT- and market analysis, which is provided in the following sections.

4.9 SWOT Analysis

A brief summary of the Strengths, Weaknesses, Opportunities & Threats (SWOT) for Suriname as a cruise tourism destination [list non-exhaustive]:

4.9.1 Strengths:

- Attractive climate with no history of natural disasters (apart from occasional flooding of interior) and natural attractions
- World Heritage status of Paramaribo historical inner city
- Unique cultural diversity and
- Good historic reputation of welcoming all people, added to the openness friendliness and authenticity of local population
- Well educated, low-cost multi-lingual work force
- Social and political stability.
- Safety (re. recent positive Economist report) and security
- Value proposition (relative low costs) for great variety of goods and services, including berthing, pilotage, no taxation for ships.
- Quality and availability of commodities for purchasing by cruise ships (oil, water, fresh fruit and vegetables, as well as fish and other food and beverage items.
- Growing economy with stable currency (SRD being *de facto* pegged against USD)
- Successful experience in handling cruise ships with capacity up to 670 passengers.

4.9.2 Weaknesses:

- Major constraints for cruise ships entering the Suriname River, incl. limited draft (6.5m), high tidal range (5.0 to 8.5 feet), long waiting times, limited length and weight for docking, etc. {see Section 4.5].
- No cruise terminal or dedicated port facilities for passenger vessels.
- Visa requirements.
- No strong tourism industry (in comparison to most Caribbean destinations) and limited tourism infrastructure.
- No good maintenance record of public facilities and services, including roads, pavements, street lighting, historic monuments, etc.
- Lack of certified attractions (operations and management) at short distance from central Paramaribo).
- Lack of qualified tourist guides (and certain modes of transport)
- No co-ordinating regulating institutions
- Lack of adequate legislation, leading to continuous ‘wild grow’ of transportation and tour services companies (as well as accommodation providers).
- Lack of co-operation between public and private sector.
- No parking policy, traffic congestion in and around Paramaribo.

4.9.3 Opportunities:

- Geographic position strategically located in between the Caribbean and eastern coast of South America.
- Cruise lines’ and operators’ continuous need for new destinations.
- Lack of other attractive or suitable destinations in neighbouring countries on north- eastern coast of South America.
- Growing interest, especially from European visitors, to visit eco-tourism destinations.
- Yield to be gained from cruise tourism development through increased visitor numbers and revenues, greater receipts for public sector, more employment, positive spin-off effects for private sector (in particular SME’s), greater perceived quality of Suriname tourism brand and accompanying product offers, and greater awareness in international tourism market**..**
- Synergy to be created with domestic tourism sector to complement the growth and support viability and mutual strengthening.
- Growing national economy, continuous foreign investments and increasing local presence of regional and other international companies and organisations.
- Life cycle of commercial real estate industry in its early stages, providing large growth potential for high quality office buildings combined with prime location.

4.9.4 Threats:

- Pollution and environmental damage, both by ships in water and by passengers and crew on land.
- More crime (attracted by high spending cruise visitors)
- Organisation failure, mismanagement due to inexperience or lack of capacity or co-ordination between myriad public and private sector entities on which success would depend.
- Lack of organisational and/or financial support of public sector.
- Increased investment requirements to upgrade and maintain facilities and services that cannot not be met or made in time.
- Continued competition from competing destinations, which are backed by significantly greater marketing budgets to promote tourism and investment.
- Continuous recession leading to depression of cruise industry.
- Severe economic crises leading to massive business interruptions and retrenchments in Suriname.
- Long term macro-economic instability because of failing public sector reform and state enterprises rationalization.
- Drastic change in the political landscape in Suriname as a result of the 2010 elections leading to political unrest and possible isolation of the country.

Note: space for any additional Strengths, Weaknesses, Opportunities or Threats:

4.10 Market Potential Analysis

Most modern cruise ships have a lower berth capacity to carry more than 700 passengers and a draft well superior to 20 feet (6.5 metres). As mentioned in Section 4.5 [and highlighted by the HWP feasibility study], however, cruise ships with a draft of more than 20 feet (6.5 metres) are *not* an option at the moment for Suriname, due to the technical, as well as operational capacity limitations.

Smaller cruise ships are to be considered instead, for which the limitations of Suriname can be overcome; especially ships with a draft ≤ 13 - 15 feet (4.1 - 4.5 metres), which have no tide limitations for entering the Suriname River and offer more flexibility in schedules.

Most of these small ocean vessels are operated to offer either expedition or ultra luxury cruises, with a capacity limited to 100-150 persons; numbers that are more practical for visits to Suriname, due to logistical limitations of facilities and services that are available at present.

In order to have a better insight into the actual potential of cruise ship visits that Suriname could receive (which forms the basis for an assessment of the potential volume and value for cruise tourism development), we researched respectively all worldwide cruise ships, cruise lines and cruise itineraries.

Firstly, we analysed all cruise ships that are operated, have been operated recently, or are under construction (as firm order, see also Appendix I) by:

1.a) Listing all worldwide small cruise ships[1] with a draft ≤ 4.5 metres (see Appendix V.a), which has been summarised as follows:

- At present there are 67 small cruise ships[1] included in this category;
- of those, 8 are non-active and 2 are under construction at the moment;
- of the 56 remaining active cruise ships[1], only 17 are operated in regions that could include Suriname [indicated in **bold** in Appendix V.a];
- of those, 5 have already visited Suriname in the past, which leaves just <u>12 small cruise ships[1] to be targeted for first time visits to Suriname.</u>

1.b) Listing all worldwide medium-sized cruise ships[1] with a draft of 4.5 to 6.5 metres [see Appendix V.b], which has been summarized as follows:

- At present there are 54 medium-sized cruise ships[1] in this category;
- of those, 3 are non-active, 1 will be launched in June 2009 and 1 will be sold off at the end of year;
- of the 49 remaining active cruise ships[1], 32 are operated in regions that could include Suriname [indicated in **bold** in Appendix V.b].
- of those, 2 have already visited Suriname in the past, which leaves just about <u>30 medium-sized cruise ships[1] to be targeted for Suriname.</u>

Secondly, we analysed the international cruise schedules for South America over a 12-month period (from 01 March 2009 to 28 February 2010), which brought the following results:

- At present, a total of 464 cruises a year have been scheduled to visit South America;
- of those, 35 cruises will be passing along Suriname's coast, operated by 16 different cruise ships with a total maximum capacity of 23,864 passengers [see Appendix VI];
- of those, 8 are operated by cruise ships with a draft ≤ 6.5 metres that have a total maximum capacity of 4,055 passengers [which have been listed directly in Table 15.a directly here below]:

Table 15a: Cruise Ships with draft ≤ 6.5 m sailing along Suriname's coast in 2009/10:

Cruise Ship	Cruise Line / Operator	Draft (m)	Pmax	No. Calls	Total Pmax
Braemar	**Fred Olsen**	5.40	**856**	1	**856**
Deutschland	**Deilmann**	5.80	**613**	1	**613**
Minerva	**Swan Hellenic**	4.50	**352**	1	**352**
Pacific Princess	**Princess**	5.80	**702**	3	**2,106**
Royal Princess	"	5.80	**702**	6	**4,212**
Seabourn Pride	**Seabourn**	5.20	**208**	1	**208**
Seabourn Spirit	"	5.20	**208**	3	**624**
Silver Cloud	**Silversea**	5.30	**296**	3	**888**
Spirit of Adventure	**Saga**	4.80	**470**	1	**470**
Vistamar	**Plantour & P.**	4.60	**330**	**1**	**330**
Total Potential No. Pax Max.			**4,737**		**10,659**

Furthermore, of the afore mentioned 464 cruises to South America, include those operated by the following 9 cruise ships with a draft ≤ 6.5m that are *not* scheduled to sail the North Eastern coast as part of their planned itinerary, but these ships could technically visit Suriname [and therefore the cruise lines / operators could be included as part of the target list for METS on page 55].

Table 15.b: Cruise Ships with draft ≤ 6.5m sailing other Regions of South America.

Cruise Ship	Cruise Line / Operator	Draft (m)	No. Calls	Pmax
Columbus	**Hapag Lloyd**	5.15	1	**420**
Hanseatic	"	4.70	1	**188**
Insignia	**Oceania**	5.80	1	**702**
Islander	Lindblad Expeditions	3.04	1	48
Le Diamant	**Iles du Ponant**	4.80	1	**200**
Mare Australis	Australis	3.10	1	130
Polaris	**Lindblad Expeditions**	4.20	1	82
Seabourn Odysey	**Seabourn**	6.40	1	**450**
Via Australis	Australis	3.30	1	130
Total Potential No. Pax Max.				**1,960**

As a result of these detailed analyses, a complete list of cruise lines and operators that are to be targeted by METS [by category of priority, listed alphabetically within each category] has been determined as follows:

4.10.1 METS' Cruise Lines / Operators' Target List

I. Already sailing to Suriname:

- Hapag Lloyd Kreuzfahrten (Bremen last visited March 2007, Hanseatic in 2006)
- Saga Cruises (next visit Spirit of Adventure planned for 10 April 2009)
- Seadream Yacht Club (Seadream I visited March 2007)
- Swan Hellenic Cruises (Minerva last visited March 2007)

II. Sailing Amazon basin (alongside Suriname's coast) - 2009/10 season:

- Deilmann Cruises
- Fred Olsen Cruises
- Plantour & Partners
- Princess Cruises
- Seabourn Cruises
- Silversea Cruises

III. Sailing Caribbean region - 2009/10 season:

- Aida Cruises
- Azamara Cruises
- Club Med.
- Elegant Cruises
- Hansa Kreuzfahrten
- Oceania
- Phoenix Reisen
- Sea Cloud Kreuzfahrten
- Star Clippers
- Transocean Tours
- Windstar Cruises

IV. Sailing other regions - 2009/10 season:

- Cruise West
- Hebridean International
- Iles du Ponant Cruises
- Lindblad Expeditions
- Noble Caledonia Cruises
- Travel Dynamics
- Zegrahm Expeditions

IV. New cruise lines to operate sailings from 2009/10:

- Pearl Seas Cruises

4.11 Expected Returns

Based on the afore-mentioned analyses, some questions remain to be answered: What are the expected numbers of cruise tourists? What will be the return for Suriname?? How can Suriname maximise this potential???

4.11.1 Expected volume

While the answer to the latter will be addressed in the next sections of this report, we have attempted to answer the first question by cross checking the results from the previous analyses; by adding up the maximum passengers' capacity of the cruise ships that are operated by the target cruise lines and operators, we have estimated the maximum potential annual number of cruise passengers to Suriname as follows:

Table 16: Estimates Pot. Annual No. Cruise Passengers to Suriname (2010 - 2015)

Year / Scenario ► Cat. Cruises ▼	Max. Pot. Pax-nights 2010	No C.T. Estimate 2011	No C.T. Estimate 2015	New C.T. Est. 2012	New C.T. Est. 2015
I. Sailing Suriname	**1,500**	**1,500**	**2,500**	**8,000**	**14,500**
II. Sailing Amazon	**10,000**	**13,000**	**37,000**	**40,000**	**90,000**
III. Sailing Caribbean	10,000	10,000	10,000	10,000	10,000
IV. Sailing Other S. America	1,500	1,600	2,000	1,700	2,000
V. Sailing Other Regions	1,500	1,600	3,000	2,700	3,500
Totals Pax Max.	**24,500**	**27,700**	**54,500**	**62,400**	**120,000**

Legend:
- *P.Max: Max. Passengers' capacity (including upper-berths)*
- *C.T.: Cruise Terminal*

Assumptions:
- *Numbers are based on P.Max of existing worldwide fleet with draft ≤ 6.5m, whereby cruise ships would make only one port-of-call, except for those cruise ships sailing South America, whose schedule is based on summary provided in Table 15.a.*
- *Average annual growth rate (av. Bed-days) for Caribbean 0% and for others 7.5%.*
- *Average annual growth rate (av. Bed- days) of 30% for South America*
- *A Cruise Terminal could be constructed within 12 month period (from 2011 to 2012)*

From the above mentioned figures it would appear that the potential annual number of cruise passengers to Suriname could total as much as: 120,000 (!); these figures, however, are only hypothetical, since the chances that *all* of the cruise ships on which this equation has been based will make Suriname their port-of-call are relatively small.

As a general rule, the further away cruise ships are deployed, the smaller the chances are to persuade their owners or operators of the ships to visit Suriname. If they are not already operating in the area, it would be more effective to concentrate its marketing efforts on cruise ships that are (to be) scheduled to sail along Suriname's coast, i.e. either world cruises that happen will sail to South America (mostly just once a year, which are included in the first category-), *or* cruises on their way or returning from the eastern coast of South America (included in the second category as listed in Table 15.a).

As also indicated in Table 15.a, the latter category represents by far the largest potential for Suriname, whereby it should be taken into account:

- Option for growth in market segment of culture cruises (Brazilian and Argentinean cities) and Amazon cruises.
- Belem active player in this market working on furthering growth.

As indicated in the SWOT analysis [see Section 4.9], Suriname's location limitation also provides an opportunity. While European operators often cross the Atlantic to South America in one go, there are hardly any attractive destinations for ships arriving from the Caribbean on the way to Brazil (or v.v.) on the empty stretch between Barbados or Trinidad and the eastern coast of South America. The Orinoco River is considered dangerous, Georgetown is causing concern because of crime reports, and Devil's Island (French Guyana) is generally not seen as very interesting stop.

Therefore, Suriname should capitalize on these points and exploit its strengths, in comparison to neighbouring ports, by addressing this through its marketing and product development. If Suriname successfully (re)enters the market, rapid and substantial growth can be achieved in the next five years. <u>The record volume to date of 1,440 cruise visitors can realistically be expected to tenfold 14,500 within the next five years (possibly without the construction of a cruise terminal), and by focusing on its 'natural market', Suriname should be able to further triple that number to more than 35,000 passengers per year during the same period leading to 2015.</u>

4.11.2 Seasonality

However, the market to South America is highly seasonal. Outside the 7-month Winter period (October through April), when weekly visits from cruise ships should be targeted (from the second above mentioned category), business will be restricted to occasional visits from expedition cruises or world voyages (from the first above mentioned category).

4.11.3 Expected Value

Passengers days and passengers expenditure are the main output measurement of the cruise industry. The purchases made by passengers and crew while visiting cruise destinations reportedly create direct employment and compensation for local residents and the business producing and selling the goods and services; this local employment and associated compensation represent the *direct economic impact* of the passenger and crew spending.

Subsequently, the local businesses and their employees spend a portion of their respective revenues and wages on goods and services from other sectors of the economy, generating additional employment and income, which then induces further spending by the suppliers to the facilities and their employees. The resulting local employment and compensation represent the *indirect economic impact* of the passenger and crew spending.

Average expenditure per person by port is usually computed from surveys, but the questionnaires and the quality of this data is not always reliable. In any case, the amount largely depends on the destination and on the category of the port. Based on the latest available study from FCCA [see also section 1.6], the average per cruise passenger spending per port-of-call was USD 98.01, and average spending per port-of-call by crew members was USD 74.56.

In comparison, researchers of the HWP report advised the use of a realistic growth model and outlined an approximation of the potential revenue of which the economic effects were estimated at USD 1,500,000 in 2015, based on the highest growth scenario including all types of cruises for the development of a cruise terminal in the centre.

Based on the numbers provided in the previous Table 16, and taking into account a conservative estimate of each cruise tourist spending USD 45 per visit (as against the aforementioned international average of around USD 98 per cruise visitor, per port), we have estimated the annual direct spending from cruise passengers (not including any additional spending from crew members) as follows:

Table 17a: Estimates Pot. Annual Rev. from Direct Passengers' Spending (in USD)

Year / Scenario ► Cat. Cruises ▼	**Estimate Pass. Exp. 2010**	**No C.T. Estimate 2011**	**No C.T. Estimate 2015**	**New C.T. Estimate 2012**	**New C.T. Estimate 2015**
I. Sailing Suriname	**$67,500**	**$67,500**	**$112,500**	**$360,000**	**$652,500**
II. Sailing Amazon	**$450,000**	**$585,000**	**$1,665,000**	**$1,800,000**	**$4,050,000**

Legend & Assumptions: see Table 16.
Note: the above estimates do not take into account any corrections for inflation or increase of average spending per passenger through gradual product improvement.

Based on the same numbers provided in Table 16, and taking into account a conservative estimate of only half (50%) of cruise passengers booking a tour of an average selling rate of USD 60 per person, we have estimated the incremental annual revenue to be generated for METS as follows:

Table 17b: Estimates Potential. Annual Revenue from Tours (in USD)

Year / Scenario ► Cat. Cruises ▼	Estimate Tour Rev. 2010	No C.T. Estimate 2011	No C.T. Estimate 2015	New C.T. Estimate 2012	New C.T. Estimate 2015
I. Sailing Suriname	**$45,000**	**$45,000**	**$75,000**	**$240,000**	**$435,000**
II. Sailing Amazon	**$300,000**	**$390,000**	**$1,110,000**	**$1,200,000**	**$2,700,000**

Legend & Assumptions: see Table 16.

Note: According to the above mentioned projections, the potential cumulative earnings for METS from incremental revenue generated by cruise tourism for the period of 2010 to 2015 can be estimated at:

> USD 3 million (according to scenario without a cruise terminal)

> USD 8 million (according to scenario with new cruise terminal)

4.11.3 Additional benefits

Further proceeds can be generated from direct expenditures of the visiting cruise ships for purchases of commodities, such as:

- oil products (e.g. marine diesel bunkered at USD 490 per barrel);
- fresh water (bunkered at USD 9.50 per ton)
- local produce (vegetables, fruit, fish, etc. at market day rates)
- \+ garbage disposal (USD 50 per truck of $3m^3$);

as well as for operational costs for handling, which would generate additional revenue for Surinamese authorities, such as

- Pilotage USD 600 per ship.
- Berthing at *Nieuwe Haven* @ USD 3.25 per metre (ship length)
- Visa proceeds @ USD 5 per cruise passenger + USD 2 mediation fee (total USD 7 per passenger; crew is excluded from visa costs).

Apart from increased visitor numbers and revenues, further yield from cruise tourism can be achieved by increasing the quality of the Suriname tourism brand and accompanying product offers. Intangible benefits include increasing awareness of Suriname in international tourism markets, which can be tapped though effective marketing support and promotion to convert cruise passengers in stay-over passengers through return holidays.

5. Key Strategic Imperatives (What Suriname would need to Do)

In order for Suriname to gain even a small share in the highly competitive cruise market, which is already dominated by strong players and destinations, and to achieve the afore-mentioned growth projections, there are a number of key recommendations for development of cruise tourism in Suriname. These so-called key strategic imperatives have emerged from our market interactions, as well as from the industry knowledge we have derived from the study, and which have been summarised as follows:

1. Create the Infrastructure required

◊ Develop good infrastructure, whereby **dredging of the Suriname River should be given absolute priority,** as well as clearance of the areas of embarkation. In case the constraints associated with the preferred location at the *KNSM* pier, next to the Central Market, can*not* be overcome at short term, it would be recommended to:

o Maximise existing facilities by operating -for as much as possible- alternative ports of entry on the Suriname River [see Section 4.2]

◊ Recommendations to reinforce port development:

o Cruise Terminal should ideally be an integral part of Port Master Plans, however, a separate, independent cruise terminal could be considered at relatively low cost, that provides basic facilities and services and –in case of the above mentioned scenario of docking at a hotel pier- could make well use of their existing infrastructure.

Picture X. (© Ernie Scofield): Roseau Cruise Ship Berth, a good example of simple structure that functions well, separately from the main port and the ferry terminal on the waterfront of the capital of the 'Nature Island of Dominica', and is able to accommodate the largest cruise ships in the world.

o Quick connectivity and access to other destinations/ attractions/ tourism locations to increase choices.

o Dedicated terminals should address security concerns and facilitation to meet the cruise lines' and operators' requirements.

o Terminal Plans should be developed in consultation with key players (i.e. target cruise lines and operators).

o Initiate Feasibility Studies for identified locations or alternative options to decide on best suitable solutions for cruise terminal development.

o Structure bankable Public-Private Partnership (PPP) Options for financing, tendering, planning, construction, zoning, etc. Possible private entities, which would be ready to get involved in developing cruise terminals, may be any one or a combination of the following:

- Cruise Lines/Operators
- Cruise Terminal Operators
- Port Operators
- Hoteliers/hospitality companies
- Large entrepreneurs in tourism or related businesses
- Airlines or other transportation companies
- Other private stakeholders

2. *Optimise the Product*

◊ Design attractive day-tours specifically for cruise passengers.

o Design theme based circuits and excursions by:

- linking tourism related infrastructure and linkages to heritage locations, natural attractions, etc. that lie in proximity to the cruise terminal, in particular in particular the historic inner city of Paramaribo (a UNESCO World Heritage Site since 2002).
- linking to river cruises that connect significant destinations *(*e.g. *Joden-savanne, Frederiks-dorp, etc.)* and exploiting tourism highlights (e.g. dolphin watching on the Suriname- and Commewijne Rivers) to support cruise tourism.
- linking to eco-tourism and rural tourism, through communities located on river banks, as tourism development priority area for Suriname.

o Adventure activities, such as bird-, dolphin- or turtle watching, fishing, jeep safaris, river crossing, etc.

o Sports activities, such as canopy walks/zip-lining, hiking, kayaking, rafting, rainforest mountain biking, etc.

3. Create Market Positioning

◊ Develop 'Cruise the Land of many Waters' as an umbrella brand

o The key 'brand message' underpinning the Suriname brand could be 'diversity in harmony', or 'must sea' destination underlining:

- Unique cultural diversity and exotic natural blend.
- Paramaribo's World Heritage status.
- Value for money (for both cruise lines and passengers, as well as crew members).
- Safe and friendly environment

o Build destination brands into the core brand, i.e. Suriname at the centre of the Guyanas' experience (see also page 69).

◊ Recommendations to reinforce positioning

o Develop an effective marketing plan (see next Section 5.2).

o Establish dialogue with target cruise lines (see page 55).

o Develop a greater pan-Guyana alliance to attract cruise shipping to the region (see also page 69 at the end of report).

◊ Position theme based excursions and tours targeting niche segments (e.g. architecture-, bird watching-, botanical tours, cooking classes, pre-colonial history, maroon wood carving, natural healing, religion, etc.)

4. Create the Experience

◊ Make cruise terminals & ports of entry tourist friendly.

o Position cruise ports as the entry points, promotional platform and first experience of Suriname;

- Ensure positive, memorable 'port experience' hassle free 'seamless' travel

◊ Recommendations to reinforce experience

o Simplify procedures to reduce harassment at Ports through focused measures, such as:

- Streamline clearance of tourists and baggage through immigrations and customs (using pre-clearance and electronic machines).
- Immigration and customs officers to operate onboard.
- Visa requirements may be done away with.
- Expedite issue of passes
- Simplify health checks and clearances

o Develop a 'tourism' approach at cruise terminal [see also point 5].

5. Build the capacity

◊ Focus on 'hospitality' face of cruise tourism

o Identify personnel to be trained on regular basis, such as:

- Ground Staff including baggage handling staff and officials in charge of various procedures
- Other Terminal staff including shopkeepers, staff at information kiosks, tour agents etc
- Other interface personnel especially the police, taxi drivers, tour guides.

o Formulate programmes covering the key training areas relating to:

- Awareness of cruise tourism & tourist
- Communication & Hospitality
- Tourist safety & security
- Services Management
- Environmental aspects

◊ Recommendations to reinforce capacity building

o Training responsibility should ideally be handled by tourism authority (still to be developed).

o Structure focused programmes aimed at awareness building and skill development.

- Training for immigration and customs officials
- Communication programmes for all
- General awareness building and sensitisation campaigns
- Workshops to police, taxi drivers, security personnel

o Involve foreign (not only Dutch but more international) universities that conduct tourism training for approach & structure.

o Consider 'accreditation' as a tool to improve quality and surveillance

6. Create the Policy and Institutions to support development

◊ Evolve a comprehensive national 'cruise policy'.

o Resolve cruise tourism development in environmentally sensitive areas (such as forests, mangroves, reserves, sanctuaries, etc.), by ensuring protective measure within Suriname's territorial coastal limits.

- Drawing up plans for development of cruise tourism, ecotourism, rural tourism in environmentally sensitive areas.
- Drawing up guidelines for the reference of other agencies which could be used in the implementation of all projects related to cruise tourism.

- Drawing up a system of quality certifications providing the minimum compliances for basic certification and right to operate and further higher levels of compliances to obtain quality certifications.

◊ Develop the institutions needed to support and spearhead initiatives

o Establish 'national agency', i.e. Cruise Tourism Council or Task Force to include representatives from Port Authority, MAS, Ministry of Transport, Communications & Tourism, STS, Ministry of Foreign & Consular Affairs, Immigration/Police, Customs, Ministry of Health, SWM (Suriname Water Co.), *Staatsolie* (State Oil Co. Suriname), Shipping Agencies, Tourism and other industry stakeholders to represent *all* interested parties.

- Dedicated to the promotion of cruise tourism
- Equitably representing interests & concerns of all the agencies
- Discharging multi-disciplinary and co-ordinative functions.

◊ Fulfilling of responsibilities by all stakeholders (see also page 44)

5.1 Key Success Factors - for Suriname and METS

The following are the bottom-line factors which would determine success for Suriname in developing cruise tourism and should be given priority by METS as such:

1. Bringing cruise ships to Suriname's shores.

In order to develop cruise tourism, it would be imperative for Suriname to attract the existing cruise ships to Suriname's shores. Based on the various analyses [as described in Section 4.10], there are not less than 10 cruise ships to be targeted at short term.

Suriname's strategy would lie in 'pulling' these cruise vessels to our shores by creating the necessary infrastructure and attractions, positioning, linkages and affiliations.

METS would continue its role to spearhead cruise tourism development by initiating dialogue with key players (to be involved in policy and planning decisions) and by developing and implementing an effective marketing campaign (see next section) to target the cruise lines and operators and to bring them on board.

2. Removing hindrances

Analysis of feedback received is necessary to identify obstacles that create difficulty in cruise tourist arrivals and can be subsequently removed or reduced to the maximum extent, whereby the co-operation and roll of various stakeholders assumes importance.

Before developing any marketing activities, it is crucial to find out why cruise ships that made Suriname a port-of-call in the past have *not* returned (to date), in spite of the fact that their schedules include South America (as is the case for the MS Bremen and MS Hanseatic of *Hapag Lloyd Kreuzfahrten*, the Seadream I of Seadream Yacht Club, and the Spirit of Adventure of Saga Shipping).

Equally, why cruise ships that are making French Guyana and/or Guyana their port-of-call, have *not* included Suriname as part of their schedule (as is the case for example for at least one of the targeted cruise ships, the MS Vistamar of German operator Plantours & Partner according to their Winter 2009/10 schedule).

3. Making optimal Use of existing Facilities

In the absence of a cruise terminal, METS must work with all stakeholders that own and/or operate the existing facilities to bring cruise passengers ashore.

Apart from the main *Nieuwe Haven* docking facility, alternative ports of entry on the Suriname River are -for as much as possible to be used and developed e.g. the pier at the Torarica Hotel, or the pier at the Marriott, a brand new hotel under construction further downstream the Suriname River. Furthermore, the site at Nieuw Amsterdam at the mouth of the tributary *Commowijne* River and other locations on the right bank of the Suriname River are to be considered, as well as moorings off the coast, while controlling costs that may be associated with operations further away from METS' base in Paramaribo.

4. Maximising revenue

Given the fact that bigger cruise ships cannot be attracted to Suriname, (mainly due to the limitations in draft), and the number of cruise ships and passengers will be restricted, METS should strive to increase value in order to maximise its revenue from cruise tourism.

This can be achieved by optimising the product, creative packaging (creating theme based excursions and targeting niche segments), thereby positioning Suriname as a 'Must Sea' destination, a World Heritage site with unique cultural diversity and natural experiences (see also Section 5.3).

5. Optimising the product

Cruise as a product is well established in international markets; however cruise tourism in Suriname would be a novelty. Therefore, it cannot be overstressed that tourism product and services need to be revamped based on market analysis and feedback, keeping in mind the varied audience it would cater to.

5.2 Immediate Steps for METS (the Way Forward)

- 1: Marketing Cruise Tourism

The marketing of cruise tourism has to be undertaken as a multi-pronged, joint effort by all stakeholders. In order to achieve results, the channels for promotion and marketing avenues have to be tailor made to the target segments, the marketing objective and the positioning proposed to be adopted with reference to each segment.

- 2: Cruise Tourism Strategy

Firstly, a comprehensive strategy needs to be worked out to create a brand for Suriname as a cruise destination .It would also be highly recommended to design a strategy in order to attain the following two key goals:

1. To maximise the value added from cruise tourism rather than focusing on the volume of cruise tourists visiting Suriname (see also Section 5.3 above),

2. To maximise the rate of conversion of cruise tourists to stay-over tourists.

The questions to be asked to develop the strategy would range from:

- What products is Suriname presently able to sell to the cruise lines?
- What model of development should be adopted for Suriname??
- How should the PPP be improved to promote sustainable working relationships with all stakeholders for the mutual benefit of all???

- 3: Marketing Approach

The approach to the market would consist of logic several steps that have been outlined here below. The implementation of these measures would largely depend on the budget that METS and its partners could make available to develop and promote cruise tourism.

- **Understand the market**

  This can be done through continuous collection of data, facilitation of market research and constant monitoring of industry and consumer trends [see list of resources and websites and at the end of this report].

- **Create effective promotional tools**

  METS and its partners should appoint a good marketing agency to create and develop effective promotional tools.

  1. To design a professional website providing all necessary information of Suriname as a cruise destination.
  2. To create an audio-visual presentation showcasing Suriname as a 'Must Sea' destination -a World Heritage site with unique cultural diversity and experiences- should be developed specifically for the cruise industry.

3. To produce other promotional materials and collateral, such as CD's/DVD's, brochures, as well as a press book with clippings of articles about recent cruise tourism achievements, client references and quotes will be required.

- **Target key audiences**

  Analysis of market demand and consumer trends will help to choose the right target audience. Once this is done, the right marketing campaign for the target audience can also be worked at. Key audiences that need to be targeted are fore mostly cruise lines and operators.

- **Establish a dialogue for co-operation with key players**

  The marketing efforts need to focus first on those responsible for decision-making with respect to itinerary planning. To maximise returns in the short term, the METS should work on the Cruise Lines /Operators' Target List [as provided in Section 4.10] and consider employing a cruise marketing specialist to achieve results.

  Once the Suriname cruise tourism concept has been effectively sold to them, they would themselves assume the role of marketing Suriname as a cruise destination to the cruise tourists. Operators would basically need to update their travel agents about Suriname and the diversity it offers and supply them with promotional material on the same, since travel agents still sell about 90% of all worldwide cruise vacations [according to FCCA's annual survey results], although on-line bookings are on the increase.

  Although most cruise operators are well-established in the market and have their own marketing strategies, they would also need to follow a multi-pronged approach to lure potential tourists to Suriname.

- **Develop an effective media campaign**

  The positioning and promotion efforts would have to be supported through a proactive media plan which should cover the major international markets in North America and Europe. While in the development and implementation stages, media exposure would be restricted to announcement of plans and projects, major media activities would wait the completion of the facilities.

  The media plan could cover audio-visual presentations and films, press releases, organizing events & exhibitions, preparing attractive brochures, leaflets, posters, hand-outs, photo material and footage for TV inserts etc..

  N.B.: The Suriname Tourism Foundation (STS) should ideally support the media campaign as part of their responsibility for destination marketing and reserve a suitable yearly budget to promote cruise tourism.

- **Monitor & Improve**

  The key agencies will need to monitor the effectiveness of the implemented program and improve marketing efforts based on the results.

- **Participate in International Forums**

  Effective promotion would demand representation and create visibility and a voice in international forums including road shows, trade fairs, exhibitions, seminars etc and entering into tie-ups with relevant bodies.

5.3 Critical Support Required

In order to achieve the objectives set for the above mentioned marketing activities, there are some critical action points that would have to be taken into account for implementation, which include (but are not limited to):

- METS to appoint a cruise marketing officer as point of contact for both existing and new clients, as well as prospective clients, so cruise lines and operators have an interface to direct their queries and can receive prompt responses and support as required.

- METS to take active part in the proposed cruise council or task force, comprising of representatives of the public and private sector to include all sector stakeholders for joint promotions.

- METS to organise, in conjunction with the cruise council or task force periodic sales missions to conduct high level presentations, ideally with the support and participation of the Minister(s), Port Authority Executives, other major stake holders and personalities or celebrity supporters to the decision makers of the cruise lines and operators that are the key to successful cruise tourism development for Suriname.

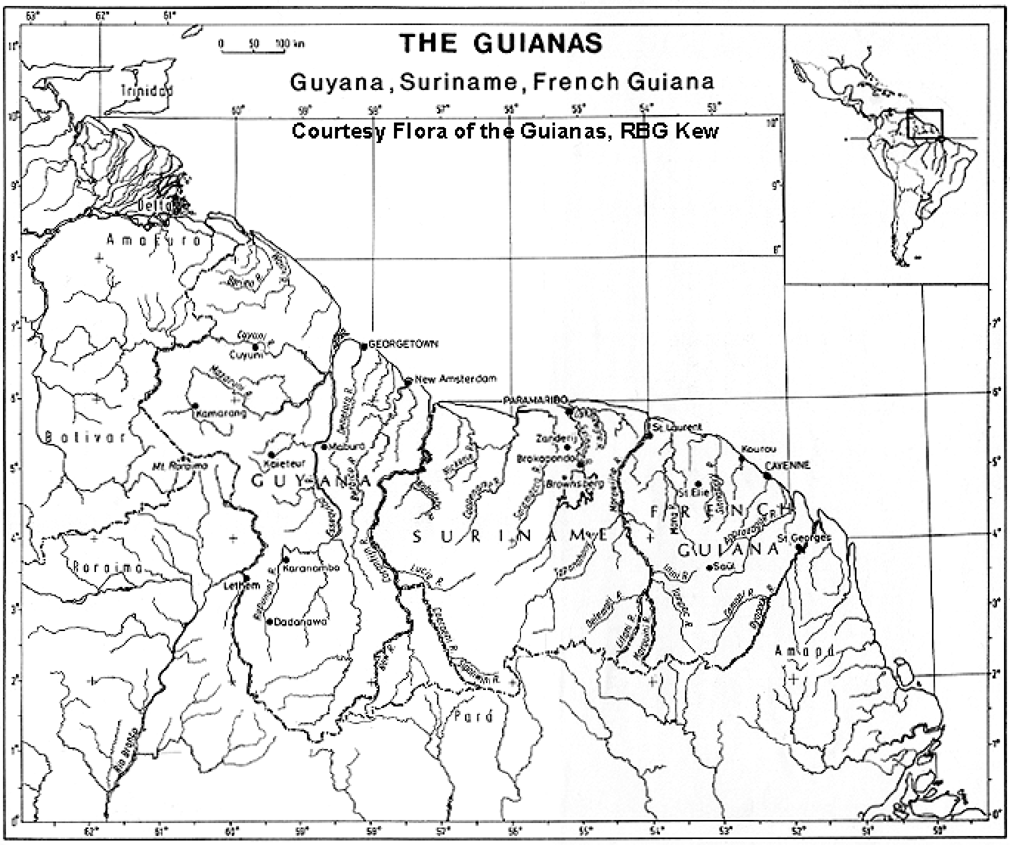
- METS to arrange for periodic familiarization trips for representatives of these target cruise lines and operators, whereby all charges for transportation –including return air fares-, accommodation, excursions and subsistence should be shared by the stakeholders in Suriname. This would help the cruise representatives appreciate Suriname as a unique cruise tourism destination and persuade them to include Suriname as part of their ships' itineraries.

- METS to actively participate, in co-ordination with cruise council or task force members and other stakeholders, in international exhibitions, conferences and tradeshows to showcase Suriname as an emerging cruise destination and communicate to key players Suriname's readiness to send and receive cruise tourists. For example, apart from the annual Seatrade Cruise Shipping conference in Miami, METS should consider to participate at Seatrade Europe, which is held every other year in Hamburg .

  <u>Note</u>: By sharing responsibility and taking turns in attending these promotional events, METS will be able to extend its network, achieving a wider reach and greater return on investment of marketing dollars (i.e. 'bigger bang for their buck').

- METS to tie up with incoming Tour Operators at other neighbouring ports (e.g. in Brazil, French Guyana, in addition to agreement METS already has in place with Wilderness Explorers of Guyana).

Figure 13: Guianas map



Source: Royal Botanical Gardens, Kew (UK)

A sustained objective should be to create a larger regional cruise product of the Guyana's 'that combines the Surinamese experience with those of its neighbouring countries, and to this effect the Suriname authorities are to develop a co-operation with other destinations in the (southern) Caribbean to attract cruise shipping to the region and enhance the marketability of Suriname and the Guyana's.

To this end, feasibility of establishing formal alliances through other regional organisations, such as the Caribbean Shipping Association (CSA) and CTO should also be explored, as well as placing cruise tourism on the agenda of the Amazon Cooperation Treaty Organization (ACTO) and the recent 'Combined Amazon Tourism Product' initiative between Suriname, French Guyana and the Brazilian states Amapá and Pará.

The benefits of regional partnerships would include access to different tourism products to incorporate into regional packages, access to other expertise and processes in port management and services, development of consistent management policies and quality assurance processes across key regional ports to control the cruise line experience. Such an experience will have considerable positive branding implications.

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Glossary of Specialist Terms and Abbreviations

• **Ballast**: weight transported by the ship that serves only to improve its stability. It is normally salt or sea water.

• **Bare boat charter**: assigning of the ship by the proprietor to the leaseholder for a specific length of time, with the leaseholder fitting out the ship and thereby becoming the ship manager and acquiring the nautical and commercial management of the ship. It is basically a financial lease.

• **Base port** (also known as berth port head port or main port): the place where the embarkation and/or disembarkation of passengers takes place at the start and/or end of a cruise.

• **Beam**: Greatest width of ship.

• **Bed-days** (also referred to as pax-days or pax-nights): number of passengers in lower berths multiplied by the number of nights a ship is occupied during a cruise.

• **Bow:** the front end of the ship's hull.

• **Built country**: Country where ship was built

• **Catamaran**: a boat with twin hulls joined by at least one deck.

• **Cruise passenger**: term referring to the tourist that partakes of a tourist cruise.

• **Deadweight**: the difference between displacement and the lightweight of a ship (mainly for merchant ships).

• **Deadweight ton** (tDW or DWT): refers to the load and consumables of a merchant ship measured in metric tons.

• **Dead-works**: part of the ship that is not submerged.

• **Displacement**: amount of water displaced by the ship, measured in metric tons.

• **Draught (or Draft)**: measurement of distance between the waterline and the upper edge of the keel. Min. depth of water needed to float ship.

• **Home-port** (also referred to as base-port): Port at which a cruise ship is based, normally for a series of cruises.

• **Ferry**: term generally applied to passenger and private vehicle transport vessels that travel from one location to another.

• **Flag country**: country where ship is registered.

• **Fleet**: group of ships. Fleet definitions are as follows:
a) Total Fleet (TF),
b) Inactive or moored fleet (IF).
c) Operational fleet (OF): the difference between total fleet and inactive fleet.
d) Scrap Fleets (SF): fleet that has been decommissioned.
e) New contracts (NC): firm ship contracts within a year.
f) Future fleet (FF): FF = TF – S + OB + NC – C (C being order book cancellations).

• **Gross Registered Ton** (GRT): a unit of measurement of a ship's tonnage.

• **Gross Tonnage** (GT): unit of measurement of ship volume of closed spaces on the ship, using a standard formula.

• **Horse Power** (HP): unit of power equal to 745.7 W.

• **International nautical mile**: unit of length equal to 1,852 metres.

• **Knots**: unit of cruising speed in nautical miles per hour (equal to 1,852 km/h).

• **Length** (perpendicular): length of the ship measured at the waterline.

• **Length Over All** (LOA): total length of the ship measured between the two ends of the ship.

• **Lightweight**: the sum of the weight of the hull, the superstructures, and the main and back-up machinery, equipment, etc. without counting consumption products (e.g. cargo, fuel, lubricating oil, ballast water, fresh water etc.).

• **Lower berth**: used to measure the normal capacity of a ship when two beds in each cabin are occupied

- **LWS:** low water at spring tide

• **Maximum breadth**: maximum ship's breadth measured from the external sides of the gangways.

• **Moulded breadth**: maximum ship's breadth measured from the internal sides of the gangways.

• **Moulded depth**: distance measured between the upper edge of the keel and the point defined by the intersection between the main deck extensions and the ship's side.

• **Net Tonnage** (NT) unit of measurement of ship volume

• **Order Book**: (OB), ships that have been commissioned and are pending delivery.

• **Panamax:** ships that can pass through the Panama Canal.

• **Panamax-max**: ships that can pass the Panama Canal, although they have a tonnage of over 80,000 GT. The Panama Canal's system of sluices restricts ship breadth (Bmax = 32.25 m) as well as length (Ltot= 294 m), which equates to a cruise ship with a maximum capacity of 1,500 berths. In order to increase capacity, there are plans for a greater superstructure with a smaller breadth, thereby avoiding transversal stability problems and providing a larger number of outside cabins with a balcony. This solution is expected to allow 100,000 GT ships with 2,500 berths through the Canal whilst maintaining their Panamax status.

• **Pax**: Persons in terms of passengers based on cruising capacity of two lower berths per cabin.

• **Pax-nights** (also referred to as pax-days or bed-days): number of passengers in lower berths multiplied by the number of nights a ship is occupied during a cruise.

• **P(ax)Max**: Persons in terms of passengers based on maximum cruising capacity including upper berths.

• **Pitching**: the ship's movement from bow to stern, alternately rising and falling.

• **Port Call** (PC): refers to the ship's anchoring or mooring at either a base port or a secondary port.

• **Port-of-Call** (also known as secondary port): Port at which a cruise ship calls during the course of a cruise. Also sometimes referred to as a transit port.

• **Port side**: the left side of the ship looking from stern to bow.

• **Post-Panamax**: refers to ships with a maximum breadth of over 32.25 m, the upper limit allowed for passing through the Panama Canal.

• **Rebuilt Year**: Year of latest substantial conversion.

• **Rolling**: the ship's movement from port to starboard or vice versa.

• **Ro-ro**: a flush deck ship that permits the loading and unloading of vehicles by its own means. Modern ferries are normally ro-ro. The term is short for roll-on, roll-off. • Short ton (US): unit of weight, equal to 0.90718 metric tons.

• **Secondary port** (also known as port of call): a concept that is related to the cruise industry, whereby passengers disembark, and then re-embark to continue with the cruise. The financial impact in the port is less than at the base port

• **Starboard:** the right side of the ship looking from stern to bow.

• **Stern**: the rear part of a ship's hull.

• **Stocks**: supplies.

• **Superstructure**: the part of the ship that is above the hull.

• **Tonnage**: volume of closed spaces on a ship, measured in accordance with the 1969 International Convention on Tonnage Measurement of Ships. The reason why ships' tonnage is measured is so that they can adhere to fiscal legislation and International Maritime Law.

• **Tramp:** type of shipping traffic that is the opposite of scheduled traffic; similar to airline charter traffic.

• **Underwater body**: part of the ship that is submerged.

• **Very Large Cruise Vessel** (VLCV): refers to a cruiser of over 100,000 GT.

List of Resources

Associations

Associación Crucerista de España (ACE)
(Spanish Cruise Association)
Website: www.asociacioncrucerista.com

Caribbean Shipping Organization (CSA)
4 Fourth Avenue
Newport West
P.O. Box 1050
Kingston
Jamaica
Tel: +1-876-923 8491
Fax: +1-876-757 1592
Website: www.caribbeanshipping.org

Caribbean Tourism Organization (CTO)
One Financial Place
Collymore Rock
St. Michael
Barbados
Tel.: +1-246-427 5242
Fax: +1-246-429 3065
Website: www.onecaribbean.org

Cruise Lines International Association (CLIA)
910 SE 17th Street, Suite 400
Fort Lauderdale, FL 33316
USA
Tel.: +1-754-224 2200
Fax: +1-754-2242250
Website: www.cruising.org

European Cruise Council (ECC)
Rue Ducale 67, bte 2
1000 Brussels
Belgium
Tel: +32-2-510 6127
Website: www.europeancruisecouncil.com

Florida-Caribbean Cruise Association (FCCA)
2701 Ponce de León Blvd., Suite 203
Coral Gables, FL 33134
USA
Tel.: +1-305- 446 7297
Fax: +1-305- 448 0931
Website: www.f-cca.com

International Council of Cruise Lines (ICCL)
1211 Connecticut Avenue, Suite 800
Washington, DC 20036
USA
Tel.: +1-202-296-8463
Fax: +1-202-296-1676
Website: www.iccl.org

International Maritime Organization (IMO)
4, Albert Embankment
London SE1 7SR
United Kingdom
Tel.: +44-20-7735 7611
Fax: +44-20-7587 3210
Website: www.imo.org

National Association of Cruise Oriented Agencies (NACOA)
7600 Red Road, Suite 128
South Miami, FL 33143
USA
Tel.: +1-305-663-5626
Fax: +1-305-663-5625
Website: www.nacoa.com

Passenger Shipping Association (PSA)
4th Floor Walmar House
288-292 Regent Street
London W1R 5HE
United Kingdom
Tel.: +44 20-7436 2449
Fax: +44-20-7636 9206
Website: www.psa-psara.org

France Ferries Croisières (FFC)
47, rue de Monceau
75008 Paris
France
Tel.: +33-1-42 74 79 20
Fax: +33-4-91 76 03 16
Website: www.ferries-croisieres.com

The Marine Hotel Association
P.O. Box 1659
Sausalito, CA 94966
USA
Tel.:+1 415 332 1903
Fax:+1 415 332 9457
www.mhaweb.org

Verband der Faehrschiffahrt und Faehrtouristik e.V. (VFF)
Mattenwiete 8
20457 Hamburg
Germany
Tel.: +49-40-36 01-215
Fax: +49-40-36 01-217
Website: www.faehre-vff.de

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