



Contribution of Cruise Tourism to the Economies of Europe 2015

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CLIA EUROPE

CLIA Global and European Member Cruise Lines



Dear Friends,

Welcome to this year's edition of CLIA Europe's Economic Contribution Report, highlighting the economic growth, investment and jobs that the cruise industry has once again generated across our Continent.

The report reflects how Europe's cruise industry in 2015 continued to grow sustainably in all directions. And this, like in past years, has translated into highly significant economic contribution and increased jobs for Europe. In fact, last year the cruise industry's total economic output reached €40.95 billion, up by 2 percent from the previous year, including €16.89 billion in direct spending by cruise lines. In 2015 the cruise industry also accounted for more than 360,000 European jobs, 10,000 more than the previous year, generating more than €11 billion in terms of employee compensation.

All of this resulted directly from the continued growth experienced by our industry. In particular, in 2015 the number of Europeans choosing a cruise holiday has reached a new record: nearly 6.6 million passengers enjoyed a cruise, demonstrating that Europeans increasingly choose a cruise as a great alternative to a traditional land-based holiday.

Over the past year, the number of passenger embarkations from Europe has also grown, by an impressive 4.6 percent, reaching a total for 2015 of 6.12 million. This included more than one million cruise passengers from outside Europe, showing that more visitors see cruising as the ideal way of experiencing Europe's wonderful both natural and historical attractions.

Of course, Europe's world-class shipyards continued to play a key role in our industry's success, exercising near-total control over the global order book as a result of their unique know-how. In 2015 cruise lines spent a total of €4.6 billion in Europe on the construction of new cruise ships and the maintenance and refurbishment of existing ships, 1.2 per cent more than in the previous year. Additionally, European shipyards are currently under contract to build 48 cruise ships, compared to 27 last year, with a combined value of €27 billion.

In conclusion, we remain confident that the cruise industry's growth in Europe can be sustained in the coming years and that, with the right frameworks in place, it will continue to thrive and so deliver sustainable economic value to Europe for many years to come. This will assume, amongst other things, that the appropriate level of continued support remains in place for the unique European cruise ship making competencies to remain based here, as this will also allow the industry to continue to generate healthy levels of employment.

In the meantime, CLIA Europe will continue to engage with policymakers, regulators and other stakeholders to ensure the all other key framework conditions are in place to support future growth. These include, among other things, promoting a revised EU Visa Code to encourage more foreign tourists to visit Europe; supporting the improvement and expansion of port infrastructure throughout the Continent; and, countering efforts in some cruise destinations to apply further taxes on the industry.



Pierfrancesco Vago

Chairman, CLIA Europe and Executive Chairman, MSC Cruises

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



G. P. Wild (International) Limited and Business Research and Economic Advisors were engaged by CLIA Europe to conduct a comprehensive analysis of the global cruise industry's operations in Europe and its contribution to the European economy in 2015. For the purposes of this report, unless otherwise stated, Europe is defined as the EU with 28 members plus Switzerland, Norway and Iceland. The EU-28 member states are fully defined in the Glossary.

- **During 2015 there were 39 cruise lines domiciled in Europe, operating 123 cruise ships with a capacity of around 149,000 lower berths. Another 73 vessels with a capacity of around 100,000 lower berths were deployed in Europe by 23 non-European lines.**
- **An estimated 6.59 million European residents booked cruises, a 3.1% increase over 2014, representing about 30% of all cruise passengers worldwide.**
- **An estimated 6.12 million passengers embarked on their cruises from a European port, a 4.6% increase over 2014. Of these around 5.0 million were European nationals and about 1.1 million came from outside Europe.**
- **The vast majority of these cruises visited ports in the Mediterranean, the Baltic and other European regions, generating 31.17 million passenger visits at a total of around 250 European port cities, an increase of 7.6% from 2014.**
- **In addition, an estimated 15.48 million crew also arrived at European ports.**

As a result of the European cruise operations and the investment in new cruise ships by the global cruise industry, this industry generated significant economic impacts throughout Europe. In 2015, cruise industry direct expenditures grew by 1.5% from 2014 to €16.89 billion. As will be discussed below this increase was the net result of gains in passenger and crew spending, expenditures for shipbuilding and maintenance and employee compensation of the domestic employees of the cruise lines which was partially offset by a decline in total non-wage expenditures of the cruise lines. The total economic impacts of the cruise industry included the following:

- **€40.95 billion in total output¹,**
- **€16.89 billion in direct spending by cruise lines and their passengers and crew,**
- **€360,571 jobs², and**
- **€11.05 billion in employee compensation³.**

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

- **€2.42 million in business output, and**
- **21 jobs paying an average annual wage of approximately €30,650.**

¹ By definition, total output includes all intermediate inputs, taxes net of subsidies, net surplus (profits, net interest, dividends and other items) and employee compensation.

² Full time equivalents.

³ As defined by the OECD. Compensation and remuneration are used interchangeably in the report and are considered to mean the same thing. Also, compensation is included in output.

Direct Economic Impacts

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

In 2015, the cruise industry generated direct expenditures of **€16.89 billion**. These expenditures included the following:

€4.60 billion in spending for the construction of new cruise ships and the maintenance and refurbishment of existing ships with European shipyards, a 1.2% increase from 2014. Even as the growth rate declined from 2014, this was the fourth successive annual increase in these expenditures. The €53 million increase in shipbuilding and maintenance expenditures accounted for 21.2% of the net increase in total cruise expenditures in 2015.

- At the outset of 2015 there were 29 cruise ships on the order books of the European shipyards.
- Currently, including deliveries during the first half of 2016, European shipyards are under contract to build 48 cruise ships with a combined value of €27.0 billion through to 2019.

€6.90 billion in spending by cruise lines with European businesses for goods and services in support of their cruise operations represented a 1.0% decline from 2014. This represented a €67 million decrease in cruise line spending. Among the major expenditures were the following.

- Cruise lines purchased nearly €690 million in provisions consumed on board cruise ships from European food and beverage manufacturers, an increase of 2.6% from 2014.
- As a result of the growth in cruise passengers sourced from Europe, an estimated €815 million in commissions were paid to European travel agents.
- The cruise lines' expenditures of €1.44 billion for financial and business services, including: insurance, advertising, engineering and other professional services, increased by 3.5% from 2014.
- Finally, with the falling price of oil during 2015, cruise lines' expenditures for fuel in Europe fell by 25% to an estimated €590 million, a reduction of nearly €200 million from 2014. The decline in fuel expenditures more than offset the €130 million increase in all other direct expenditures of the cruise lines.

€3.83 billion in cruise passenger and crew spending. Passenger expenditures included spending for shore excursions, pre- and post-cruise hotel stays, air travel and other merchandise at ports-of-embarkation and ports-of-call. Crew spending was concentrated in expenditures for retail goods and food and beverages.

Given the 4.6% increase in embarkations and the 7.6% gain in passenger visits at European ports-of-call, total passenger and crew expenditures rose by 5.4% from 2014 after falling by 4.2% in the prior year. The €195 million increase in passenger and crew expenditures accounted for nearly 80% of the net increase in total industry spending during 2015.

- Including airfares, embarking passengers spent an average of €288.
- Excluding airfares, cruise passengers spent an average of €79.59 at embarkation port cities.
- On average, cruise passengers then spent another €61.82 at each port visit on their cruise itinerary.

- Crew spending at each port call averaged €22.99 per crew member.

€1.55 billion in wages and salaries plus benefits, an increase of 4.6% from 2014, were paid to the European administrative staff and crew of the cruise lines.

- Cruise lines employed about 5,500 European nationals in their headquarters and administrative offices.
- An estimated 61,500 European nationals were employed as officers and ratings on cruise ships.

These expenditures generated employment and employee compensation across a wide range of industries and in virtually every country that sourced passengers and/or hosted cruise ship calls. As indicated in Table ES - 1, the €16.89 billion in direct expenditures generated an estimated **175,476 direct jobs paying €5.24 billion in employee compensation**.

Table ES - 1: Direct Economic Impacts of the European Cruise Sector by Industry, 2015

Industry ¹	Expenditures € Million	Jobs	Compensation € Million
Agr., Mining & Constr.²	21	171	4
Manufacturing	7,932	44,337	1,738
Nondurable Goods	1,860	6,836	244
Durable Goods	6,072	37,501	1,494
Wholesale & Retail Trade	760	10,527	210
Transportation & Utilities	3,893	23,158	847
Hospitality³	423	6,633	148
Financial and Business	1,639	13,958	473
Personal Services & Govt.	670	9,657	274
Subtotal	15,338	108,441	3,694
Cruise Line Employees	1,548	67,035	1,548
Grand Total	16,886	175,476	5,242

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

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

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

The following three economic sectors accounted for nearly 80% of the direct economic impacts of the European cruise industry:

- The Manufacturing sector, led by the shipbuilding industry, accounted for 47% of the cruise industry's direct expenditures, 25% of the direct jobs and 33% of the direct employee compensation. All of these percentages fell slightly from 2014 as a direct result of the decline in spending for fuel.
- European employees of the cruise lines accounted for 38% of the direct jobs generated by the cruise industry and 30% of the compensation. These percentages are up slightly from 2014.
- The Transportation and Utilities sector, excluding the direct employees of the cruise lines and their wages but including tour operators and travel agents among others, accounted for 23% of the direct expenditures, 13% of the direct jobs and 16% of the compensation impacts. As a result of the increase in passenger visits from 2014, each of these percentages rose somewhat from 2013.

Total Economic Impacts

The total economic impacts are the sum of the direct, indirect and induced impacts. The indirect impacts result from the spending by the directly impacted businesses for those goods and services they require to support the cruise industry. The induced impacts result from the spending by the impacted employees for household goods and services. Thus, the indirect impacts primarily affect business-to-business enterprises while the induced impacts primarily affect consumer businesses. The total economic impacts are shown in Table ES - 2.

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

- The Transportation and Utilities sector, including the employees of the cruise lines, accounted for 22% of the total output, 31% of the total employment and 30% of the total compensation impacts.
- The Manufacturing sector, which includes the shipbuilding industry, accounted for 36% of the total output, 24% of the jobs and 29% of the total compensation generated by the cruise industry.

Table ES - 2: Total Economic Impacts of the European Cruise Sector by Industry, 2015¹

Industry	Expenditures € Million	Jobs	Compensation € Million
Agr., Mining & Constr.	2,211	17,875	331
Manufacturing	14,619	85,164	3,237
Nondurable Goods	4,568	20,703	743
Durable Goods	10,051	64,461	2,494
Wholesale & Retail Trade	2,388	31,616	569
Transportation & Utilities²	8,941	113,027	3,278
Hospitality	1,323	17,848	395
Financial and Business	9,532	68,643	2,421
Personal Services & Govt	1,932	26,398	820
Total	40,946	360,571	11,051

¹ Since compensation is included in total output, these impacts are not additive. Output is a measure of the industry's impact on the overall economy while compensation is a measure of the industry's impact on employees and the household sector.

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

Country Impacts

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

The three countries of Italy, UK and Germany accounted for 64% of the direct expenditures of the cruise industry. Primarily due to the combined decline of 11% in shipbuilding and maintenance expenditures in Germany and Italy, these three countries experienced a combined decrease of 2.3% in direct expenditures from 2014.

These countries participated in all segments of the industry:

- serving as major source and destination markets for cruise passengers,
- maintaining headquarters facilities and providing crew,
- providing shipbuilding and/or repair services, and
- provisioning and fuelling of cruise ships.

Table ES - 3: Total Economic Impacts of the Cruise Sector by Country, 2015

Country	Direct Expenditures € Million	Growth from 2014	Total Jobs	Total Compensation € Million
Italy	4,554	-1.02%	103,010	3,130
UK	3,260	3.33%	73,919	2,700
Germany	2,946	-9.47%	45,673	1,634
Spain	1,323	9.52%	28,576	856
France	1,238	10.83%	16,555	735
Top Five	13,321	0.10%	267,733	9,055
Finland	627	7.73%	9,441	356
Norway	599	1.35%	14,743	478
Greece	489	-3.36%	9,983	188
Netherlands	466	16.79%	7,573	220
Sweden	271	18.86%	3,528	141
Next 5	2,452	6.33%	45,268	1,383
Rest of the EU+3	1,113	11.75%	47,570	613
Total	16,886	1.50%	360,571	11,051

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

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

As shown in Table ES - 3 the top five countries experienced a combined decline of 0.1% in direct cruise industry expenditures during 2015. France led the way with a 10.8% increase in direct expenditures and accounted for just over 9% of the total direct expenditures among the top 5 countries. Spending increased in the shipbuilding and passenger and crew spending categories. Shipbuilding led the way with a 30% increase. This was offset by a 0.6% decline in spending by passengers and crew and a decrease of 2.6% in the spending by cruise lines, including the compensation of their employees residing in France.

The UK and Spain experienced smaller gains in direct cruise sector expenditures with respective gains of 3.3% and 9.5%. The growth in the UK occurred in all four major categories of spending. The growth was led by a 13.6% increase in spending for shipbuilding and maintenance. This gain was followed by a 10.6% increase in the combined spending of passengers and crew. Total direct spending by cruise lines, including employee compensation of UK residents, rose by 1.7% over 2014.

As noted above, Spain experienced a 9.5% increase in direct cruise industry expenditures in 2015. This growth in spending was the net result of a 22% increase in the combined spending at Spanish shipyards and by passengers and crew at cruise destinations in Spain. This was partially offset by a 1.8% decline in expenditures by the cruise lines for goods and services in support of cruises, including employee compensation of Spain residents.

These gains were offset by a 9.4% decline in direct cruise spending in Germany and a 1.0% decline in Italy. The decrease in Germany was the direct result of a 19.7% fall in spending at German shipyards. This was partially offset by a 1.2% increase in passenger and crew expenditures. Cruise line purchases for goods and services, including employee compensation rose by 1.7%.

Finally, direct expenditures in Italy declined by 1.0% during 2015. Spending by passengers and crew at Italian port cities increased by 5.7% as a result of a combined 8.2% increase in embarkations and transit visits at these ports. This spending gain was more than offset by a 4.9% decrease in spending at Italian shipyards and a 1.3% decrease in expenditures by the cruise lines for goods and services in support of cruises, including Italian-resident employee compensation.

Five-year Growth Trend

Since 2010 European-sourced passengers have grown by 18.4% from 5.57 million in 2010 to 6.59 million in 2015. Following a sharp recovery in passenger growth in 2010 and 2011 after the 2009 recession, growth has slowed and has averaged 2.1% per year over the past four years. The increase of 3.1% in 2015 was the largest annual increase since 2011.

Embarkations at European ports have grown at a more moderate pace of 15.9% over the 5-year period, increasing from 5.28 million in 2010 to 6.12 million in 2015. After declining by 3.6% in 2014, embarkations at European increased by 4.6% and reached a new high as economic conditions throughout Europe have stabilized.

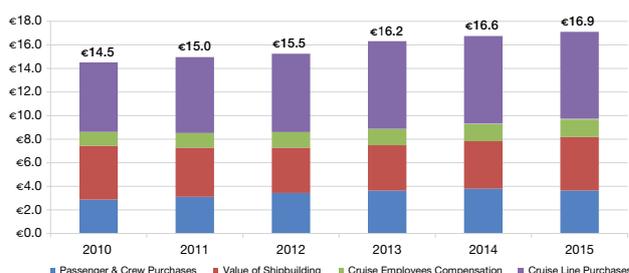
Finally, port-of-call passenger visits have risen by 23.8% over the 2010-2015 period, growing from 25.18 million to 31.17 million. Once again, after declining by 7.1% in 2014, port-of-call visits rebounded sharply in 2015, increasing by 7.6% and essentially offsetting all of the decline of the previous year.

Table ES - 4: European Passenger Statistics, 2010 - 2015
Millions

Category	2010	2011	2012	2013	2014	2015	% Change 2010-2015
European-Sourced Passengers	5.57	6.07	6.14	6.36	6.39	6.59	18.4
% change	12.6	9.04	1.23	3.64	0.5	3.1	
Embarkations from European Ports	5.28	5.59	5.77	6.07	5.85	6.12	15.9
% change	9.3	5.9	3.2	5.2	-3.6	4.6	
Port of Call Passenger Visits	25.18	27.50	28.49	31.19	28.96	31.17	23.8
% change	6.0	9.2	4.3	8.7	-7.1	7.6	

As shown in Figure ES -1, direct expenditures have increased by 16.6% from €14.5 billion in 2010 to €16.9 billion in 2015, representing an average annual increase of 3.1% over the five-year period. While the payment of employee compensation to cruise line employees residing in Europe is the smallest component of direct expenditures, accounting for 9.2% of the total, it has had the highest increase of nearly 25% over the five-year period as the European fleet has expanded.

Figure ES - 1: Direct Cruise Industry Expenditures in Europe, 2010 - 2015



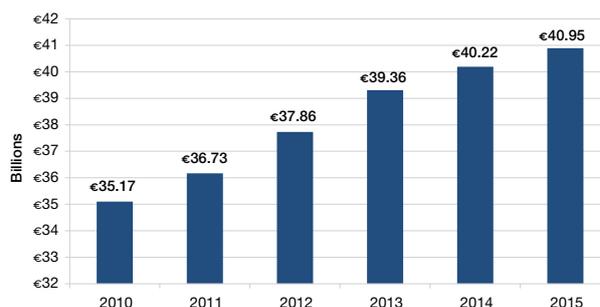
While total direct expenditures of the cruise industry have steadily increased over the five-year period, the growth in spending by category has varied. Over the five-year period, spending by cruise lines for goods and services and employee compensation has experienced a total increase of 17.3%, representing an average of 3.3% per year.

Expenditures for shipbuilding and repair declined in 2010 and 2011 primarily in response to recession conditions. They have since rebounded in the following four years. Since 2010, annual shipbuilding and repair expenditures have increased by 10.3% from €4.17 billion to €4.60 billion in 2015.

Following the 6.6% contraction of embarkations and transit passenger visits combined at European ports in 2014, passenger and crew visits rebounded sharply in 2015, increasing by 7.1%. As a result, passenger and crew expenditures at European ports rose by 5.4% in 2015 and reached a new high of €3.83 billion. Over the 2010-2015 period, expenditures of passengers and crew have increased by 23.4%, or an average of 4.3% per year.

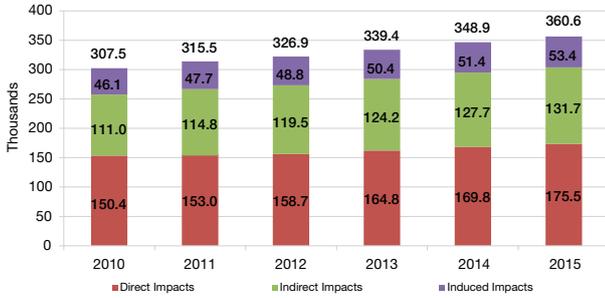
The total output of the industries affected by the direct, indirect and induced impacts of the European cruise industry has risen by 16.4% from €35.17 billion in 2010 to €40.95 billion in 2015. This increase in total output mirrors the growth in direct expenditures reported above.

Figure ES - 2: Total Output Generated by Cruise Industry Expenditures in Europe, 2010 - 2015



The total employment associated with the total output discussed above has increased by 17.2% from 307.5 thousand jobs in 2010 to 360.6 thousand jobs in 2015. The total employment impact in 2009 of 296.3 thousand jobs was the recession-induced low for the cruise industry. The total employment impact has increased each year since and has averaged 3.3% per year over the six-year period.

Figure ES - 3: Total Employment Generated by Cruise Industry Expenditures in Europe, 2010 - 2015



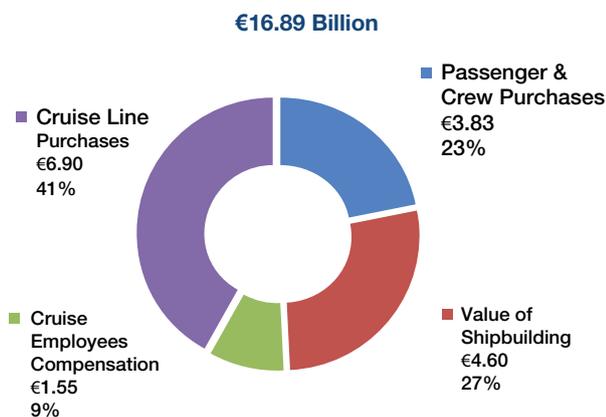
1. An Overview of the Importance of the European Cruise Industry – Facts and Figures

The cruise industry in Europe⁴ is a dynamic source of economic activity providing economic benefits to virtually all industries and countries throughout Europe.

- Cruise tourism in Europe impacts all of the major aspects of the industry, including: ports of embarkation, ports-of-call, shipbuilding, ship maintenance, provisioning, sales and marketing and the staffing of cruise ships and administrative facilities. Fiscal and economic conditions in Europe stabilized during 2015. Also, European cruise capacity advanced from 2014. These two factors combined to result in an increase in passengers sourced from Europe, passengers embarking on cruises at European ports and total passenger and crew visits in Europe during 2015.
- An estimated 6.59 million European residents booked cruises in 2015, a 3.1% increase over 2014.
- In 2015, Europeans represented 28.7% of all cruise passengers worldwide, compared with 22.2% ten years earlier.
- A total of 6.12 million passengers embarked on their cruises from a European port, a 4.6% increase over 2014. Around 5.0 million (82%) were European nationals.
- The vast majority visited ports in the Mediterranean, the Baltic Sea and other European regions and generated 31.17 million passenger visits during 2015, a 7.6% increase from 2014.
- Cruise lines visited a total of around 250 European port destinations including in the Black Sea and Atlantic Isles.
- In addition, an estimated 15.48 million crew also arrived on board cruise ships calling at European ports during 2015.

The cruise industry's direct spending made by the cruise lines⁵ and their passengers and crew throughout Europe increased by 1.5% in 2015 to €16.89 billion after increasing by 2.8% in 2014 and 4.7% in 2013.

Figure 1.1: Direct Cruise Industry Expenditures in Europe, 2015€



- Cruise passengers and crew spent an estimated €3.83 billion in purchases during their port visits, ranging from accommodations to retail purchases of jewellery, clothing and other similar items. This represented a 5.4% increase over 2014. This follows a decline of 4.2% in 2014 and increases of 4.5% in 2013 and 5.7% in 2012. In fact, this represented a new peak in passenger and crew spending in Europe.
- Europe is also the centre of and world leader in cruise ship construction and refurbishment. After three successive years of decline from 2009 through 2011, spending for new buildings and maintenance at European shipyards has now increased in each of the last four years and totalled €4.6 billion in 2015, an increase of 1.2% over 2014. Since 2011, cruise industry expenditures at European shipyards have increased by nearly 20% but are still about 9% below the 2008 peak of €5.2 billion.
- Included in the €16.89 billion of total direct expenditures is €1.55 billion in compensation paid to employees of the cruise industry that reside in Europe. Total employee compensation grew by 4.6% in 2015.
- Finally, the cruise lines also spent another €6.90 billion with European businesses to support their cruise and administrative operations, a decline of 1.0% from 2014. This decline is due solely to a 25% drop in expenditures for fuel which primarily resulted from an estimated 30% decline in the cost of fuel per metric ton.
- Cruise lines expenditures in Europe net of shipbuilding and repair and fuel actually increased by 2.1% over 2014.
- This spending by the cruise lines and their passengers and crew generated an estimated 360,571⁶ jobs throughout Europe through the direct, indirect and induced economic impacts. This is a 3.3% increase from 2014.
- In turn, the workers in these jobs produced an estimated €40.95 billion in total output and received €11.05 billion in total (direct, indirect and induced) compensation. The total output impact increased by 1.8% while the compensation impact rose by 2.8% from 2014.

⁴ The European cruise industry is defined as those cruise-related activities that take place within Europe including cruise itineraries that visit European ports and destinations and also directly impact businesses and individuals located in Europe. It is broadly defined to include cruise lines and their employees; the direct suppliers to the cruise lines, such as wholesale distributors, stevedoring firms, and financial and business service providers, such as insurers and consultants; shipyards; and cruise passengers.

⁵ Cruise lines are defined as those cruise companies that offer multi-day cruises in open waters. This definition thus excludes companies that offer river cruises.

⁶ These are full time equivalent jobs (FTEs).

Cruise New Building and Investment 2016-19

- 2015 and the first months of 2016 have seen an unprecedented explosion of cruise ship ordering. As a result, over the period from 2016 to 2019, 50 cruise vessels have been scheduled for delivery for worldwide trading with capacity for 133,000 passengers of which 48 will be constructed in Europe and two in Japan. In addition, a further 15 or more ships are already on order for 2020-24, all in European yards. In addition to the usual pattern of construction in France, Germany, Italy and Finland, yards in Norway and Croatia will also benefit from this investment in new berths.
- Out of the 2016-19 total, as far as can be determined at present, 21 ships with 51,000 berths (41.4%) have been ordered by cruise lines primarily serving the European source market, representing an investment of €11.3 billion. It is possible, however, that some of these will be diverted to other growing markets such as Asia. Many of the others, however, will also visit European destinations. This huge level of new investment underlines the cruise industry's continuing confidence in the future of its business both in Europe and elsewhere in the world.

Table 1.1: Cruise Ship Orders 2016-19

Year Completed	Ships	Berths	Investment € (Millions)
2016	10	27,621	6,071
2017	11	27,820	6,180
2018	13	27,629	6,215
2019	16	50,195	9,976
Total	50	133,265	28,442

Note: €27,275 million of the new investment is placed in European yards.

- 2015 saw a net increase of nine in the cruise ship order book with six deliveries and 15 new orders. Although Europe continues to dominate the cruise shipbuilding market, the emergence of competition from China remains a possibility, although Japan appears to have been discouraged by its current experience from further competing in the market.

2. Cruise Industry Expenditures by Country

The cruise industry generated an estimated €16.89 billion in direct expenditures throughout Europe in 2015. These expenditures were derived from four major sources:

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

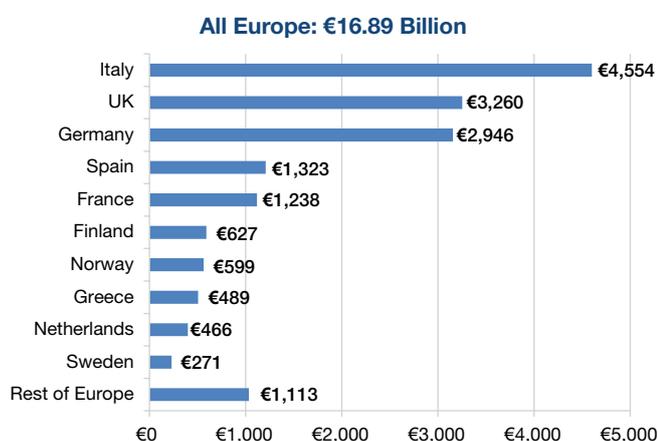
Furthermore, this spending impacted to some degree on each of the 31 European countries included in the analysis.

- The top ten countries accounted for 93% of the cruise industry's direct expenditures throughout Europe.
- Italy, as a leading centre for cruise ship construction in Europe and the largest cruise embarkation and destination market, benefited from €4.55 billion in direct cruise industry expenditures, a decline of 1.0% from 2014. As noted previously, this decline in total spending was primarily attributable to the 4.9% decrease in spending at Italian shipyards and a 1.3% decrease in other expenditures by the cruise lines for goods and services in support of cruises, including Italian-resident employee compensation.
- The UK is the second largest source market for cruise passengers in Europe with 1.75 million residents taking cruises during 2015. It also had the second highest level of direct expenditures with €3.26 billion, an increase of 3.3% over 2014. Expenditures rose in each of the four major categories of direct spending. This growth was principally spurred by the 10.6% increase in the combined spending of passengers and crew and a 13.6% increase in spending at UK shipyards.
- Germany ranked as the third highest country with €2.95 billion in direct cruise industry expenditures. As a result of a 19.7% decline in spending at German shipyards total direct expenditures in Germany declined by 9.5% from 2014. All other direct expenditures rose by a combined 1.0%.

Spain and France round out the top five with €1.32 and €1.24 billion in direct expenditures, respectively. Spurred by a 22% increase in the combined spending at Italian shipyards and by passengers and crew at cruise destinations in Spain, total direct spending rose by 9.5%. Total direct expenditures in France rose by 10.8% as a result of a 30% increase in spending for shipbuilding and refurbishment.

The five major centres for cruise ship construction and maintenance, Germany, Italy, France, Spain and Finland were among the top ten countries for cruise industry direct spending. These five countries accounted for 85% of total industry expenditures in Europe during 2015.

Figure 2.1: Cruise Industry Direct Expenditures by Country, 2015, Millions



3. A Global Industry

The cruise industry has enjoyed dynamic growth over a period of nearly 40 years, driven initially by demand from North America and more recently by growing demand from Europe and the rest of the world, especially China and Australia. Table 3.1 sets out international cruise sector growth between 2005 and 2015.

- Over the ten years from 2005 to 2015 demand for cruising worldwide has increased from 14.36 million passengers to 23.0 million (+60%) with 4.4% growth achieved in 2015. Over a similar period, global, mainly land-based tourism, has risen by 48% to an estimated 1.18 billion tourists in 2015, 4.4% up on 2014.
- Although North American cruise passenger numbers have increased by 21%, the region's relative share of the total market has declined from 69.4% in 2005 to 52.5% in 2015. At the same time, Europe's share has risen from 22.2% to 28.7%

Table 3.1: International Demand for Cruises 2005 to 2015

Region	2005	2010	2011	2012	2013	2014	2015
Million passengers							
North America	9.96	11.00	11.44	11.64	11.82	12.16	12.08
Europe ¹	3.19	5.67	6.15	6.23	6.39	6.39	6.59
Sub-total	13.15	16.67	17.58	17.87	18.21	18.55	18.77
Rest of World ²	1.21	2.40	2.91	3.03	3.09	3.49	4.33
Total	14.36	19.07	20.49	20.90	21.30	22.04	23.10
% NA	69.4	57.7	55.8	55.7	55.5	55.2	52.7

¹Including Russia and Central and Eastern European countries outside the EU-27.

²Rest of the World including estimates for some regions.

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

A European Growth Industry

European growth has slowed down in recent years, largely because of the uneven pattern of growth across the major countries. This can be seen from the more detailed figures for passengers sourced from Europe over the 2013-2015 period, which are shown in Table 3.2.

Table 3.2: Key European Cruise Market 2013-15

Source Market	2013		2014		2015		% Change
	Group Total	Market Share	Group Total	Market Share	Group Total	Market Share	
	1,000s Pax	%	1,000s Pax	%	1,000s Pax	%	2013/15
Germany	1,687	26.5	1,771	27.7	1,813	27.5	+7
UK ¹	1,726	27.2	1,644	25.7	1,789	27.2	+4
Italy	869	13.7	842	13.2	810	12.3	-7
France	522	8.2	593	9.3	615	9.3	+18
Spain	475	7.5	454	7.1	466	7.1	-2
Other	1,078	17.0	1,083	17.0	1,094	16.6	+1
Total	6,357	100	6,387	100	6,587	100	+4

¹Including Ireland.

Source: IRN.

- In 2005 an estimated 3.2 million Europeans cruised but by 2015 this figure had grown to 6.6 million, representing an increase of 107%.
- Over the same period Europe as a source market for land-based tourism expanded by 38% to reach 608 million tourists.

The European Cruise Fleet

During 2015 there were 39 cruise lines⁷ domiciled in Europe which operated 123 cruise ships with a capacity of 149,123 lower berths, 2% up on 2014. In addition, there were 23 cruise operators domiciled outside Europe participating in the European cruise market. These lines, predominately North American, deployed 73 vessels in the region with a capacity of 100,420 lower berths. This was an increase of 13% from 2014 and marked a recovery from the fall in the previous year.

There were at least 164 cruise ships active in the Mediterranean and 104 in Northern Europe during 2015⁸, some of which repositioned from the Mediterranean for the shorter Northern season. These ships ranged in size from the 5,408 passenger *Allure of the Seas* to ships with a capacity of less than 100 passengers.

The Mediterranean

- In 2015 a total of 164 cruise ships were active in Mediterranean waters with a capacity of 222,554 lower berths with an average of 1,357 berths per ship.
- Collectively these ships carried a potential 3.71 million passengers on 2,692 cruises, offering a total capacity of 29.67 million passenger-nights, giving an average cruise length of 8.00 nights. A further 550,500 potential passengers cruised the Atlantic Isles.
- In 2015, North American operators deployed 53 ships with 78,085 lower berths in the Mediterranean, including some ships targeted at European markets. In comparison, European domiciled lines operated 111 vessels, which offered 144,469 lower berths.
- The market in the Mediterranean is expected to decline by around 2% in 2016 as a result of redeployments by European operators offset by increased capacity by North American-domiciled operators.

Northern Europe

- In 2015 a total of 108 cruise ships were active in Northern European waters with a capacity of 140,121 lower berths with an average of 1,297 berths per ship.
- Collectively these carried a potential of 1.60 million passengers on 1,154 cruises, offering a total capacity of 13.81 million passenger-nights, giving an average cruise length of 8.63 nights.
- The Northern European market expanded by around 2.3% in 2015 and is expected to achieve further growth in the order of 5.5% in 2016.
- In 2015, North American mainstream operators deployed 34 ships, with 56,171 lower berths in Northern Europe. European mainstream operators deployed 59 vessels with 80,361 lower berths. The balance was largely made up of niche market ships visiting the polar-regions.
- The Baltic Sea is the largest segment in the Northern Europe market, generating capacity of around 5.10 million passenger nights in 2015, declining to 4.66 million in 2016.

⁷ Including one ship operated by an Israeli company.

⁸ The figures for the Mediterranean and North European fleets cannot be compared with those given for the domiciled and non-domiciled fleets as ships move between markets both within Europe and worldwide. Similarly, the Mediterranean and North European fleets are not directly comparable. The Mediterranean total includes a few ships cruising to the Atlantic Isles only.

4. European Cruise Ports

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

- Many of the leading ports are regarded as 'must see' or 'marquee' destinations that destination planners will wish to include in their itineraries.
- Other ports, some of which are also marquee ports in their own right, have advantages of strategic position, access to major hub airports and suitable bed-stock, enabling them to feature prominently as home ports.

Table 4.1 summarises the position in 2015 for the leading European ports⁹ in respect of the embarkations, disembarkations and port-of-call visits at each port. Some data has been estimated, indicated by italics.

Table 4.1: Leading Cruise Ports in 2015 - Thousands of Passengers

Revenue Passengers, 2015				
Port	Embarking	Disembarking	Port Call	Total
Mediterranean Top 12				
Barcelona	685	679	1,176	2,540
Civitavecchia	434	434	1,404	2,272
Palma Majorca	274	274	1,175	1,722
Venice	682	682	218	1,582
Marseille	252	251	948	1,451
Naples	64	63	1,043	1,170
Las Palmas	233	233	<i>591</i>	<i>1,057</i>
Savona	324	323	335	982
Piraeus	142	142	696	980
Tenerife	37	44	852	933
Genoa	283	282	283	848
Dubrovnik	31	31	769	831
Northern Europe Top 12				
Southampton	<i>828</i>	<i>827</i>	<i>95</i>	<i>1,750</i>
Copenhagen	<i>185</i>	<i>185</i>	<i>310</i>	<i>680</i>
Stockholm	<i>77</i>	<i>77</i>	376	530
Hamburg	232	232	55	519
St Petersburg	0	0	515	515
Lisbon	21	21	470	512
Rostock/ Warnemunde	132	131	222	509
Tallinn	5	5	487	497
Kiel	209	214	35	458
Helsinki	0	0	437	437
Bergen	4	4	421	430
Cadiz	0	0	411	411

Estimates in italics.

Source: MedCruise, Cruise Europe and individual port data.

Major European Home Ports

The principal home ports in the Mediterranean and Northern Europe are shown in Table 4.2 with passenger throughputs (or revenue passengers), where available for 2013-15.

Table 4.2: Revenue Passengers - Major European Home Ports 2013-15

Home Port	Country	2013	2014	2015
Mediterranean				
Barcelona	Spain	2,599,232	2,364,292	2,540,302
Civitavecchia	Italy	2,538,259	2,140,039	2,271,652
Palma Majorca	Spain	1,245,244	1,336,437	1,721,906
Venice	Italy	1,815,823	1,733,839	1,582,481
Savona	Italy	939,038	1,018,794	982,226
Piraeus (Athens)	Greece	1,302,581	1,055,556	980,049
Genoa	Italy	1,051,015	824,109	848,227
Northern Europe				
Southampton	UK	1,683,160	1,573,428	1,750,000
Copenhagen	Denmark	800,500	740,000	680,000
Hamburg	Germany	552,359	588,690	519,453
Kiel	Germany	363,476	354,000	458,152
Amsterdam	Netherlands	276,912	253,092	281,941

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

Source: MedCruise, Cruise Europe and individual port data

⁹ In this and the subsequent port tables non-European Mediterranean ports are included.

4. European Cruise Ports

Key European Ports-of-Call

The principal ports-of-call in the Mediterranean and Northern Europe are shown in the following table with passenger throughputs, where available, from 2013 to 2015.

Table 4. 3: Major European Ports-of-Call 2013-15

Port-of-Call	Country	2013	2014	2015
Mediterranean				
Marseille	France	1,188,031	1,311,284	1,451,059
Naples	Italy	1,175,018	1,113,762	1,169,571
Tenerife Ports	Spain	794,151	840,268	933,154
Dubrovnik	Croatia	943,000	807,000	830,684
Santorini	Greece	778,057	742,553	791,927
Kusadasi ²	Turkey	808,446	761,912	780,804
Livorno	Italy	736,516	626,356	697,955
Valletta	Malta	477,759	517,594	668,277
La Spezia	Italy	213,858	483,563	667,446
Mykonos	Greece	587,501	610,207	649,914
Corfu	Greece	744,651	672,368	647,355
Istanbul	Turkey	683,598	589,353	589,314
Madeira	Portugal	482,112	475,955	580,348
Palermo	Italy	410,999	531,712	546,884
Côte d'Azur ¹	France	613,218	595,685	546,199
Katakolon	Greece	763,966	584,879	459,882
Kotor	Montenegro	317,746	309,322	442,029
Malaga	Spain	397,064	409,298	419,121
Northern Europe				
Stockholm	Sweden	485,582	467,000	530,229
St Petersburg	Russia	523,525	513,885	515,041
Lisbon	Portugal	558,040	500,872	512,128
Rostock ³	Germany	483,000	509,000	509,000
Tallinn	Estonia	519,319	479,031	496,669
Helsinki	Finland	420,000	420,000	436,500
Bergen	Norway	453,015	442,759	429,504
Cadiz	Spain	373,114	381,302	411,453
Geiranger	Norway	314,867	301,174	309,895
Stavanger	Norway	343,500	262,500	252,500
Le Havre	France	247,638	256,904	224,367
Zeebrugge	Belgium	255,700	220,000	213,496
Oslo	Norway	298,403	235,000	199,000
Flam	Norway	248,945	203,874	180,243

¹Mainly Nice, Villefranche and Cannes.

²Also includes Antalya and Bodrum.

³Includes Warnemunde.

Notes:

1. Where a port also handles some home porting passengers, these are also included in the totals shown in the above table.

2. Four of the five leading ports of call in Northern Europe are in the Baltic Sea.

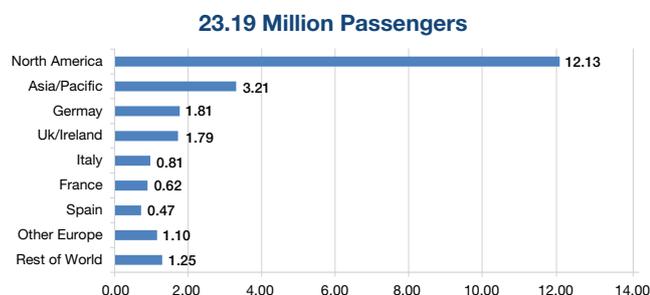
Source: MedCruise, Cruise Europe and individual port data.

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

Source Markets

There were an estimated 23.19 million global cruise passengers in 2015 with the countries of Europe accounting for 28.4% of the total.

Figure 5.1: Global Source Markets by Cruise Passengers



Note: Asia/Pacific includes all of Asia (except the Middle East) and Australia, New Zealand and the South Pacific.

During 2015 an estimated 6.59 million residents of the countries of Europe [NB IRN figs include Russia and other non-EU/EEA] cruised. The top five source markets - Germany, UK, Italy, France and Spain - accounted for 83% of the market.

Table 5.1: European Cruise Passengers by Source Country, 2015

Country	Passengers	Share of Total
Germany	1,813,000	27.5%
UK/Ireland ¹	1,789,000	27.2%
Italy	810,000	12.3%
France	615,000	9.3%
Spain	466,000	7.1%
Norway	208,800	3.2%
Switzerland	140,000	2.1%
Austria	113,000	1.7%
Netherlands	106,000	1.6%
Sweden	85,500	1.3%
Belgium	65,000	1.0%
Denmark	42,700	0.6%
Portugal	36,000	0.5%
Other Europe	297,000	4.6%
Total	6,587,000	100.0%

¹Of which Ireland, estimated 36,000.

Source: IRN for CLIA Europe.

- The European market has grown by 111% over the last ten years but with economic growth moderating over the past five years, European-sourced passengers have only increased by about 18% since 2010. Fifty-two percent of Europeans cruised in the Mediterranean and Atlantic Isles in 2015, 23% in Northern Europe and the remaining 25% cruised outside Europe, primarily in the Caribbean.

Passenger Embarkations

An estimated 6.12 million cruise passengers embarked on their cruises from European ports in 2015.

- Italian ports, led by Venice, Civitavecchia, Savona and Genoa, were European market leaders with 2.0 million passenger embarkations in 2015.
- Spain was in second position with 1.28 million passenger embarkations during 2015. Barcelona and Palma were Spain's major embarkation ports.
- The United Kingdom was third behind Spain with 1.06 million embarkations. The principal embarkation ports for UK passengers were Southampton, Harwich and Dover.
- The next three most important cruise embarkation countries were Germany, France and Greece. Ports in Germany generated nearly 585,000 passenger embarkations, followed by France with just under 310,000 and Greece with 201,200. The major embarkation ports in these countries were: Hamburg, Kiel and Rostock/Warnemunde in Germany, Marseille in France and Piraeus in Greece.

Table 5.2: Cruise Passengers by Country of Embarkation, 2015

Country	Passengers	Share of Total
Italy	2,000,000	32.7%
Spain	1,282,000	20.9%
UK	1,060,000	17.3%
Germany	584,800	9.6%
France	309,600	5.1%
Greece	201,200	3.3%
Denmark	185,000	3.0%
Sweden	92,800	1.5%
Netherlands	86,000	1.4%
Malta	70,300	1.1%
Cyprus	33,000	0.5%
Croatia	31,400	0.5%
Norway	24,900	0.4%
Other EU + 3	56,900	1.0%
EU+3	6,017,900	98.3%
Other Europe ¹	104,400	1.7%
Total	6,122,300	100.0%

¹Russia, Georgia and Ukraine.

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

Port-of-Call Visits

The vast majority of cruise port calls in Europe are at the Mediterranean and Baltic Sea ports. Including the Black Sea and Atlantic Isles the region as a whole includes around 250 ports visited by cruise ships. The top ten destination countries accounted for 84% of cruise passenger visits in 2015. The top three are in the Mediterranean¹⁰ and accounted for 54% of all European passenger visits while the Baltic ports accounted for another 16%.

- Led by Civitavecchia, Naples, and Livorno, Italian ports also hosted 6.8 million passenger visits in 2015 making Italy the largest cruise destination in Europe.
- With the inclusion of the Canary Islands, Spanish ports received nearly 6.0 million cruise passenger visits in 2015. Spain's ranking rose from third in 2009 to second in 2010 and has remained second since then.
- Greece has maintained its ranking as the third most popular destination in Europe with 4.18 million passenger visits in 2015. Santorini, Piraeus, Mykonos, Corfu and Katakolon were the leading destination ports.
- Norway's rank rose from fifth in 2011 to fourth in 2013 and has remained as the fourth highest destination market throughout Europe and the leading destination in Northern Europe with 2.51 million passenger visits, led by Bergen, Geirangerfjord, Oslo and Stavanger.
- Nearly 2.4 million cruise passengers arrived at French ports in 2015 and placed France as the fifth highest cruise destination in Europe. The principal destination ports in France are; Marseille, the Cote d'Azur ports, Corsican ports and Le Havre.

Table 5.3: European Cruise Passengers by Country of Destination, 2015

Country	Passengers	Share of Total
Italy	6,800,000	21.7%
Spain	5,932,000	19.0%
Greece	4,176,500	13.3%
Norway	2,508,000	8.0%
France	2,390,000	7.6%
Portugal	1,278,300	4.1%
Croatia	1,141,600	3.7%
United Kingdom	1,017,000	3.3%
Malta	530,000	1.7%
Sweden	518,900	1.7%
Estonia	490,200	1.6%
Finland	449,500	1.4%
Denmark	446,500	1.4%
Gibraltar	343,500	1.1%
Germany	332,000	1.1%
Benelux	319,000	1.0%
Iceland	262,000	0.8%
Ireland	232,000	0.7%
Cyprus	107,200	0.3%
Poland	82,700	0.3%
Slovenia	57,800	0.2%
Other EU ¹ + 3	381,800	1.2%
EU+3	29,796,500	95.2%
Other Europe ²	1,508,300	4.8%
Total	31,304,800	100.0%

¹Latvia, Lithuania, Romania and Bulgaria.

²Including following in thousands: Russia, 453; Montenegro, 439; Monaco, 230; Turkey (Europe only), 386 (estimates in italics).

¹⁰ The majority of calls in Spain are at ports on their Mediterranean coast.

6. Shipbuilding in Europe

Despite the long-term decline of merchant shipbuilding in Europe, the region has retained market share in a number of specialist sectors. The most important of these is cruise ship construction in which the European industry has been the world leader for nearly 50 years.

- All but two of the oceanic cruise ships currently under construction through the end of 2019 are being built in European yards.
- The yards in Italy, Germany, France, and Finland are the most important suppliers to the market and currently account for most of the new ships due for delivery within Europe from 2016 to 2019.
- Germany and Italy are the current leaders with 67% of the European order book between them.
- Some diversification from the customary pattern is taking place with five smaller ships under construction in Norway and two in Croatia.
- Japan is currently completing orders for two ships but does not appear to be competing for new orders.
- Although other non-European yards have the capacity and technology to build cruise ships, they may not have project management capability, aptitude or the desired balance of labour and skills required to deliver a cost effective result within a required budget in the contracted delivery time. However, Far Eastern yards have been studying the market diligently and the entry of China in particular to the market cannot be ruled out.
- The majority of cruise ships serving the European market are dry-docked in Europe, together with a number of North American ships summering in the region.
- European yards also undertake major conversions such as replacement of main engines and insertion of a mid-body to lengthen the ship.
- The outstanding reputation of European yards has meant that US cruise lines have continued to order ships in Europe despite the fluctuations of the US dollar against the euro.
- Europe offers an abundance of specialist skills and sophisticated technology in areas such as navigation and outfitting, which support European cruise ship construction and assist the yards in maintaining a competitive edge over their rivals in other parts of the world.

Table 6.1: Ocean-going Cruise Vessels - Scheduled Newbuildings, 2016-2019

Country of Build	Number	GT	Pax (LB)	Cost €Millions	Share of Cost
Italy	18	1,698,600	43,026	9,507	34.9%
Germany	12	1,679,700	39,287	8,904	32.6%
France	6	1,078,564	27,588	5,306	19.5%
Finland	5	568,000	15,000	2,646	9.7%
Norway	5	60,000	1,336	677	2.5%
Croatia	2	24,770	528	235	0.9%
Total	48	5,109,634	126,765	27,275	100.0%

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

Total excludes non-European build (Japan).

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

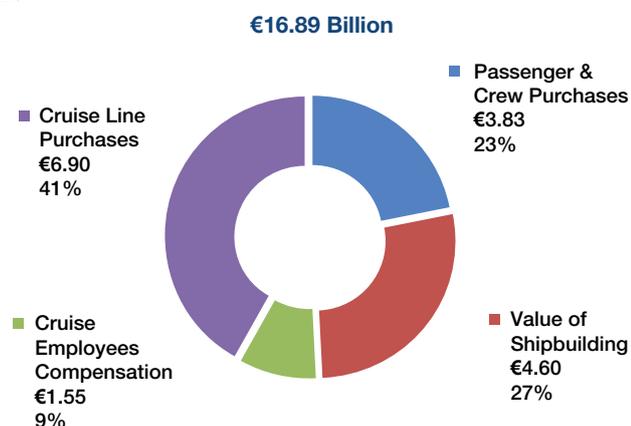
The current allocation of the 2016-19 order book by European country of build is shown in Table 6.1.

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

Major Segments

Cruise tourism generated an estimated €16.89 billion in direct expenditures throughout Europe in 2015, an increase of 1.5% over 2014. As indicated in the following figure, these expenditures were broadly distributed across the four major source segments.

Figure 7.1: Direct Cruise Industry Expenditures in Europe, 2014



Shipbuilding

The global cruise industry spent €4.6 billion, 27% of total cruise industry expenditures in Europe during 2015. Expenditures for new construction and maintenance increased by 1.2% from 2014 after increasing by 12.8% in 2014 and 4.7% in 2013. Prior to 2012, shipbuilding expenditures had declined for three consecutive years.

- Since the cruise ship order book peaked in 2007, new orders fell in each of the next three years. As a consequence, the growth in shipbuilding expenditures declined in 2008 and actual expenditures fell during the 2009-11 period. Since then demand has recovered and the contracts placed in European yards over the past year appear to confirm Europe's continued pre-eminence in cruise shipbuilding over the remainder of the current decade and beyond.

Table 7.1: Cruise Industry Expenditures for Newbuildings and Refurbishment (Millions), 2015

Country	€ Newbuildings	€ Refurbishment	€ Total
Germany	961	316	1,277
Italy	1,006	261	1,267
France	470	53	523
Finland	432	73	505
Other EU+3	803	229	1,032
Total	3,672	932	4,604

- Eighty percent (80%) of these expenditures relate to the work-in-progress for the construction of new cruise ships, with the remaining 20% covering conversion, refitting, refurbishment and maintenance of cruise ships.
- Among the four major shipbuilding countries in Europe, expenditures for new construction increased in France and Finland during 2015, by 18.3% and 9.8% respectively. Expenditures declined by 4.6% in Italy and by 22.7% in Germany.

Cruise Line Purchases

Cruise lines spent an additional €6.90 billion with European businesses in support of their cruise operations. This was 41% of the total and a 1.0% decline from 2014. These purchases included a broad range of products and services and touched virtually every industry in Europe.

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

- Food and beverage manufacturers produced €687 million in provisions consumed on-board cruise ships by passengers and crew, an increase of 2.6% over 2014. This growth was primarily driven by the increase in passenger carryings throughout Europe.
- Driven by a sharp drop in fuel prices, the petrochemical industry received an estimated €789 million from cruise lines in 2015, a 20% drop from 2014. Petrochemical products include bunker fuels, lubricants, paint and cleaning supplies.
- Another €989 million was spent for the manufacture of metals and machinery, including material handling equipment, engines, lighting equipment, communication equipment and computers. This represented a 2.5% increase over 2014.
- Spending for transportation and utilities totalled €1.67 billion and included spending for public utilities, travel agent commissions, port charges and ground transportation. This was a 4.2% increase from 2014 and was directly related to the increase in passenger visits throughout Europe.

Table 7.2: Direct Cruise Lines Purchases by Industry (Millions), 2015 (Excluding Shipbuilding)

Industry	€ Purchases	Share of Total
Ag. Min., & Const.	20	0.3%
Food & Beverage	687	10.0%
Textiles & Apparel	195	2.8%
Paper & Printing	185	2.7%
Petroleum & Chemicals	789	11.4%
Stone & Glass	28	0.4%
Metals	223	3.2%
Machinery	766	11.1%
Other Manufacturing	410	5.9%
Wholesale Trade	112	1.6%
Transportation & Utilities	1,668	24.2%
Financial & Bus. Services	1,417	20.5%
Personal Serv. & Gov't	400	5.8%
Total	6,900	100.0%

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

- The cruise industry also spent an estimated €1.42 billion on financial and business services including: advertising, engineering and other professional services, computer programming and support services and direct mail and market research. This was an increase of 2.4% over 2014.

Cruise Passengers and Crew

Passengers and crew spent €3.83 billion at ports-of-embarkation and ports-of-call in 2015, accounting for 27% of total cruise industry expenditures. This was a 5.4% increase over 2014.

- The 6.12 million cruise tourists that embarked on cruises from European ports spent an estimated €1.76 billion on airfares, port fees, accommodation, excursions, food and beverages amongst others at the embarkation ports, 3.1% more than in 2014.
- European airfares accounted for approximately 70% of these expenditures by embarking passengers.
- The 31.17 million passenger visits at European ports-of-call generated an additional €1.93 billion in expenditures for tours, food and beverage, merchandise and other similar expenditures. This is an increase of 7.3% from 2014.
- An estimated 15.48 million crew members arrived at port cities during cruise calls. Of these an estimated 6.2 million disembarked and made purchases totalling an estimated €142.38 million, or €22.99 per crew visit.

Compensation of Cruise Line Employees

European cruise lines spent €1.55 billion on compensation for employees who resided in Europe during 2015, a 4.6% increase over 2014. These expenditures accounted for 9% of total cruise industry direct expenditures. The cruise lines employed an estimated 67,035 residents of Europe in their administrative offices and as crew on board their ships.

Table 7.3: Cruise Line Compensation Shares by Country, 2015 – Country of Residence of Employees

Country	Share of Total
United Kingdom	37.0%
Italy	35.2%
Germany	7.8%
Norway	7.0%
Spain	2.4%
France	2.3%
Portugal	2.1%
Ireland	1.1%
Netherlands	0.8%
Romania	0.6%
Austria	0.5%
Bulgaria	0.5%
Rest of EU+3	2.7%

Direct Expenditures by Country

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

- The three countries of Italy, the UK and Germany accounted for 64% of the direct expenditures of the cruise industry. Combined these three countries experienced a decline of 2.3% in direct expenditures from 2014. These countries participated in all segments of the industry:
- Serving as major source and destination markets for cruise passengers,
- Maintaining headquarters facilities and providing crew,
- Providing shipbuilding and/ or repair services, and
- Provisioning and fuelling of cruise ships.

Table 7.4: Direct Cruise Industry Expenditures by Country, 2015 – Millions

Country	€ Direct Spending	Share of Total
Italy	4,554	27.0%
UK	3,260	19.3%
Germany	2,946	17.5%
Spain	1,323	7.8%
France	1,238	7.3%
Finland	627	3.7%
Norway	599	3.5%
Greece	489	2.9%
Netherlands	466	2.8%
Sweden	271	1.6%
Top 10	15,773	93.4%
Portugal	239	1.4%
Denmark	196	1.2%
Croatia	110	0.7%
Malta	86	0.5%
Gibraltar	72	0.4%
Rest of the EU+3	410	2.4%
Total	16,886	100.0%

Direct expenditures among the top five countries was virtually unchanged from 2014, showing a 0.1% decrease from 2014.

- France led the way with a 10.8% increase in direct expenditures and accounted for just over 9% of the total direct expenditures among the top 5 countries. Spending increased in the shipbuilding and passenger and crew spending categories. Shipbuilding led the way with a 30% increase. This was offset by a 0.6% decline in spending by passengers and crew and a decrease of 2.6% in the spending by cruise lines, including the compensation of their employees residing in France.
- Spain and the UK experienced smaller gains in direct cruise sector expenditures with respective gains of 9.5% and 3.3%. The growth in Spain's direct expenditures was the net result of a 22% increase in the combined spending at Spanish shipyards and by passengers and crew at cruise destinations in Spain. This was partially offset by a 1.8% decline in expenditures by the cruise lines for goods and services in support of cruises, including UK-resident employee compensation.

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

- As noted above UK experienced a 3.3% increase in direct cruise industry expenditures in 2015. The growth in the UK occurred in all four major categories of spending. The growth was led by a 13.6% increase in spending for shipbuilding and maintenance. This gain was followed by a 10.6% increase in the combined spending of passengers and crew. Total direct spending by cruise lines, including employee compensation of UK residents, rose by 1.7% over 2014.
- These gains were offset by a 9.5% decline in direct cruise spending in Germany and a 1.0% decline in Italy. The decrease in Germany was the direct result of a 19.7% fall in spending at German shipyards. This was partially offset by a 1.2% increase in passenger and crew expenditures. Cruise line purchases for goods and services, including employee compensation rose by 1.7%.
- Finally, direct expenditures in Italy declined by 1.0% during 2015. Spending by passengers and crew at Italian port cities increased by 5.7% as a result of a combined 8.2% increase in embarkations and transit visits at these ports. This spending gain was more than offset by a 4.9% decrease in spending at Italian shipyards and a 1.3% decrease in expenditures by the cruise lines for goods and services in support of cruises, including Italian-resident employee compensation.

The remaining five countries in the top ten experienced an aggregate gain of 6.3% in total direct expenditures. This was the net result of gains in the four countries of Finland (7.7%), Norway (1.4%), the Netherlands (16.8%) and Sweden (18.9%) which were partially offset by a decline of 3.4% in Greece.

- Direct expenditures in Finland rose by 7.7% during 2015. Finland's growth was primarily driven by the 13.8% increase in spending for shipbuilding and maintenance. In addition, passenger and crew spending at Finland's cruise destinations increased by 6.7%. These gains were partially offset by a 3.4% decline in spending by cruise lines in support of cruise operations, including employee compensation.
- Norway's 1.4% increase in direct expenditures was primarily the result of a 1.2% increase in passenger and crew spending at the country's ports as well as a 1.4% increase in spending for shipbuilding and maintenance. Aggregate spending by cruise lines in support of cruise operations, including employee compensation, also rose by 1.3%.
- The Netherlands' impressive growth of 16.8% resulted from gains in the four major categories of direct expenditures. This growth primarily driven by the 48% increase in spending for shipbuilding and maintenance and an 8.0% growth in passenger and crew spending at the country's cruise destinations. Aggregate spending by cruise lines in support of cruise operations, including employee compensation, also rose by 11%.
- Like the Netherlands, the 18.9% growth in direct expenditures in Sweden during 2015 was primarily driven by an increase in spending at Sweden's shipyards and other spending by cruise lines. Spending at the country's shipyards rose by 31% while other purchases by cruise lines rose by 10%. Sweden also experienced an increase in passenger and crew visits in 2015 resulting in an 11% boost in their expenditures.

- The reduction in Greece was primarily concentrated in spending by cruise lines in support of their cruise operations which fell by 14% from 2014, largely due to the fall in purchases of fuel. This decline was partially offset by a 21% increase in spending at Greece's shipyards and a 2.7% increase in passenger and crew spending at the country's cruise destinations.

The next five countries had direct cruise industry spending of between €70 million and €240 million. These five countries were primarily impacted as passenger destination markets and experienced an aggregate increase in direct expenditures of 5.2%. Direct spending totalled €703 million during 2015.

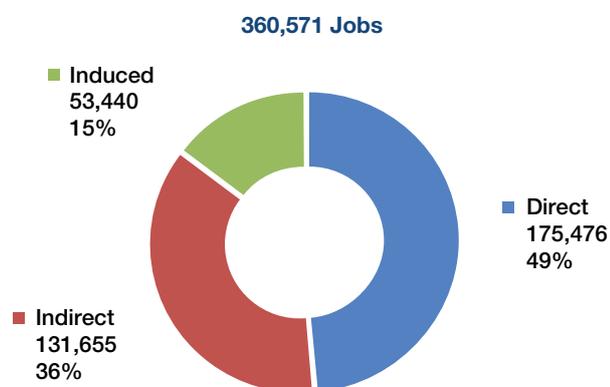
The remaining countries all had direct cruise industry expenditures of under €70 million. These countries were primarily impacted as either source markets, destination markets or as sources for crew:

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

Employment Impacts

The €16.89 billion in direct cruise tourism expenditures throughout Europe in 2015 generated an estimated 360,571 jobs (direct, indirect and induced).

Figure 8.1: Total Employment Impact in Europe, 2015



Direct Employment Impacts

The direct cruise tourism expenditures directly generated an estimated 175,476 jobs. These included employees of the cruise lines, direct suppliers to the cruise lines and employees of establishments providing goods and services to passengers.

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

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

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

As indicated in Table 8.1, the direct employment impacts are broadly based and include the following:

- Cruise lines directly employed an estimated 67,035 European residents in their administrative offices and on-board cruise ships. They accounted for 38.2% of the direct employment impacts.
- European manufacturers employed an estimated 44,338 workers, 25.3% of the direct jobs. The total number of manufacturing jobs generated by cruise industry expenditures increased by 4.2% from 2014.
- European shipyards employed an estimated 27,298 workers on the construction and repair of cruise ships. As a result of the 1.2% increase in the expenditures for ship construction and repair from 2014, employment at European shipyards increased by 4.8%.

Table 8.1: Direct Cruise Industry Employment by Industry, 2015

Industry	Direct Jobs	Share of Total
Agr., Mining & Constr.	171	0.1%
Manufacturing	44,338	25.3%
Food & Beverages	2,862	1.6%
Textiles & Apparel	1,760	1.0%
Paper & Printing	1,197	0.7%
Petroleum & Chemicals	1,018	0.6%
Stone, Clay & Glass	171	0.1%
Metals	2,336	1.3%
Machinery	4,562	2.6%
Electrical Machinery	1,134	0.7%
Shipbuilding	27,298	15.6%
Other Manufacturing	2,000	1.1%
Wholesale & Retail Trade	10,527	6.0%
Hospitality	6,633	3.8%
Transportation & Utilities	23,158	13.2%
Air Transport	5,870	3.3%
Transport Services	15,050	8.6%
Other Transport & Utilities	2,238	1.3%
Financial and Business Services	13,957	7.9%
Finance, Ins. & Real Estate	1,072	0.6%
Business Services	12,885	7.3%
Personal Services & Govt	9,657	5.5%
Subtotal	108,441	61.8%
Cruise Line Employees*	67,035	38.2%
Grand Total	175,476	100.0%

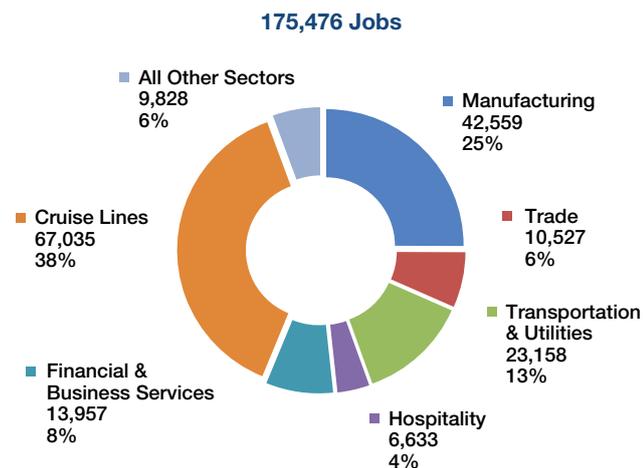
* European Nationals

- An estimated 2,862 jobs were generated in the food and beverage industry to produce food and beverage items consumed on cruise ships.
- Just over 8,000 workers were employed in the metals, machinery and electrical machinery industries to produce structural metal products and equipment used in offices and on cruise ships. This was an increase of 4.4% over 2014.
- The wholesale and retail trade sector employed an estimated 10,527 workers to provide goods to the cruise lines and their passengers. Employment in this sector fell by 5.6% from 2014.
- The Transportation and Utilities sector, excluding the employees of the cruise lines, employed just over 23,100 workers, 13.2% of the total and a 5.7% increase over 2014. These included air transportation workers dependent on air travel by passengers and crew, truck drivers who deliver goods to cruise ships, travel agents who sell cruises and tour operators that provide onshore excursions.
- Financial and business service providers employed nearly 14,000 persons, including insurance agents, financial advisors, computer programmers, engineers, management consultants, lawyers and accountants. They accounted for 7.9% of the total direct employment impacts and rose by 4.0% over 2014.

8. The Economic Benefits of Cruise Tourism

- Slightly more than 6,600 workers were employed in the hospitality industry (hotels, restaurants and amusement enterprises) as a direct result of passenger and crew spending during their cruise vacations. This was an increase of 3.3% from 2014.
- Finally, slightly more than 9,800 jobs were generated in the personal services, government and other sectors, an increase of 3.4% from 2014. These include photographers, health care employees and social service providers, among others.

Figure 8.2: Direct Employment by Sector, 2015



Total Employment Impacts

As indicated in Table 8.2 an estimated 360,571 total jobs, comprising direct, indirect and induced employment, were generated throughout Europe by the cruise industry in 2015, an increase of 3.3% over 2014.

- European manufacturers employed nearly 85,200 workers, 23.6% of the total jobs, as a result of the total economic impact of the cruise industry. This is an increase of 3.6% from 2014 which is directly related to the increase in cruise ship construction and increased passenger carryings.
 - Transportation equipment industry employed an estimated 33,083 workers, more than 80% on construction and maintenance of cruise ships and other vessels.
 - Nearly 11,700 jobs were generated in the food, textiles and apparel industries as result of cruise line, passenger and household demand for food, clothing and related products.
 - Nearly 24,500 workers were employed in the metal and machinery industries primarily as a result of direct and indirect demand from the shipbuilding industry.
- As noted previously, cruise lines directly employed 67,035 European residents in their administrative offices and on board cruise ships. They accounted for 18.6% of the total employment impacts.
- Financial and Business Services accounted for 19.0% of the total employment impacts with more than 68,600 jobs. While the total impacts measured in this section were spread throughout all components of this sector, the impacts were most heavily concentrated in the area of business services.
- Combined, the Trade and Hospitality sectors accounted for 13.7% of the total employment impacts, which amounted to nearly 49,500 total jobs. The trade jobs were primarily among wholesale trade establishments, while the hospitality jobs were concentrated in hotels and eating and drinking outlets.

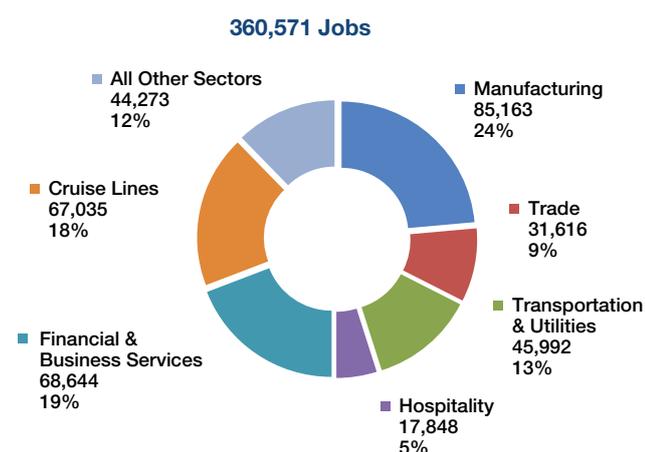
Table 8.2: Total Employment by Industry, 2015

Industry	Total Jobs	Share of Total
Agr., Mining & Constr.	17,875	5.0%
Manufacturing	85,163	23.6%
Food & Beverage	6,261	1.7%
Textiles & Apparel	5,404	1.5%
Paper & Printing	4,750	1.3%
Petroleum & Chemicals	4,289	1.2%
Stone & Glass	1,442	0.4%
Metals	12,407	3.4%
Machinery	7,479	2.1%
Electrical Machinery	4,601	1.3%
Transportation Equipment ¹¹	33,083	9.2%
Other Manufacturing	5,447	1.5%
Wholesale & Retail Trade	31,616	8.8%
Hospitality	17,848	4.9%
Transportation & Utilities	45,992	12.8%
Air Transport	6,668	1.9%
Transport Services	22,045	6.1%
Other Transport	11,100	3.1%
Communications & Utilities	6,179	1.7%
Financial & Business Services	68,644	19.0%
Finance, Ins. & Real Estate	10,368	2.9%
Business Services	58,276	16.1%
Personal Services & Govt	26,398	7.3%
Subtotal	293,536	81.4%
Cruise Line Employees	67,035	18.6%
Grand Total	360,571	100.0%

- Transportation and Utility services accounted for 12.8% of the total employment impacts with just under 46,000 jobs. This reflects direct demand generated by the cruise industry and the strong inter-industry linkages which reflect the heavy usage of a variety of transportation services to supply businesses with their inputs and to deliver consumer goods to retail outlets.
- Almost 17,900 total jobs, amounting to 5.0% of the total employment impacts were generated in the Agriculture, Mining and Construction segments. These jobs were spread fairly evenly throughout the industries in this sector.
- The Personal Services and Government sector accounted for 7.3% of the total employment impacts with nearly 26,400 total jobs. These jobs were concentrated in the education, medical care and social services industries.

¹¹ Transportation equipment includes shipbuilding, but also the manufacture of other transportation equipment, such as automobiles, buses, trucks, airplanes, railroad stock and so on. Most of the indirect and induced impacts occur in these other industries.

Figure 8.3: Total Employment by Sector, 2015



Total Employment by Country

As indicated in Table 8.3, the European cruise industry was responsible for generating employment in each of the EU+3 countries. The employment impacts were, however, concentrated in 10 countries, accounting for 88.5% of the industry's total job creation. Another five had total employment impacts in excess of 2,500 jobs and accounted for 5.0% of total job creation. The remaining countries accounted for 6.5% of total employment impacts generated by the industry.

The Top Ten

The three countries of Italy, the UK and Germany accounted for 62% of the direct expenditures of the cruise industry and the total employment impacts. These three countries experienced a combined decline of 2.3% in direct expenditures and a 0.1% drop in total employment from 2014.

- Italy accounted for 28.6% of the total employment impacts with 103,010 jobs. This was a decline in share from 29.3% in 2014 but a 0.7% increase in the total employment impact. The decline in share results from slower employment growth relative to all of Europe which, in turn, resulted primarily from the 4.9% drop in direct spending at Italian shipyards.
 - As Europe's largest cruise destination market, the transportation (excluding cruise line employees), trade and hospitality industries accounted for a combined 26% of the total employment impacts.
 - The manufacturing sector accounted for 26% of the total impact with these jobs concentrated in the shipbuilding and metals industries.
 - The cruise lines directly employed an estimated 14,840 Italian residents as crew and administrative staff, 14% of the total employment impacts.
- The United Kingdom accounted for 20.5% of the total employment impacts with an estimated 73,919 jobs, an increase of 4.1% over 2014. As noted earlier, this growth was broad-based across the four major expenditure categories with increased passenger and crew spending accounting for 45% of the increase in total direct expenditures.
 - As Europe's second largest cruise passenger source market, the transportation (excluding cruise line employees), trade and hospitality industries accounted for a combined 21% of the total employment impacts.

- The Financial and Business Services sector accounted for 22% of the total impact. These jobs were primarily in the advertising, professional consulting and insurance industries.
- The cruise lines directly employed an estimated 16,397 UK residents as crew and administrative staff, which accounted for 21% of the total employment impacts.

Table 8.3: Total Employment by Country, 2015

Country	Total Jobs	Share of Total
Italy	103,010	28.6%
UK	73,919	20.5%
Germany	45,673	12.7%
Spain	28,576	7.9%
France	16,555	4.6%
Norway	14,743	4.1%
Greece	9,983	2.8%
Portugal	9,629	2.7%
Finland	9,441	2.6%
Netherlands	7,573	2.1%
Top 10	319,102	88.5%
Poland	4,975	1.4%
Croatia	4,393	1.2%
Sweden	3,528	1.0%
Malta	2,661	0.7%
Denmark	2,612	0.7%
Next 5	18,169	5.0%
Rest of EU+3	23,300	6.5%
Total	360,571	100.0%

- Germany accounted for 12.7% of the total employment impacts with an estimated 45,673 jobs, a decline of 7.8% from 2014. It was also a drop in share of the total European employment impact to 12.7% in 2015 from 14.2% in 2014. This absolute and relative decline resulted from the nearly 20% decline in cruise industry spending at German shipyards.
 - Manufacturing, with 12,241 impacted jobs, accounted for 27% of the total employment impact. This was down from 29% in 2014 and represented a 15% drop in manufacturing jobs relative to 2014.
 - As Europe's largest cruise passenger source market, Germany's transportation (excluding cruise line employees), trade, and hospitality industries accounted for a combined 19.5% of the total employment impacts.
 - The cruise lines directly employed an estimated 4,538 German residents as crew and administrative staff, which accounted for 10% of the total employment impacts.

The remaining seven countries in the top ten tended to be impacted in one or two primary segments.

- Spain, as a major source and destination market with some headquarters 28,576 jobs, an increase of 12.1% over 2014. Cruise line employees accounted for 4.3% of its total employment impact while the transportation (excluding cruise line employees), trade and hospitality industries accounted for 46% of the impact.

8. The Economic Benefits of Cruise Tourism

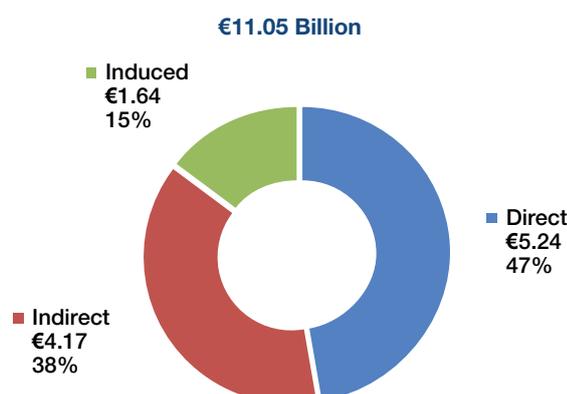
- France is a shipbuilding centre and a source and destination market. It had a total employment impact of 16,555 jobs, an increase of 9.6% from 2014. The manufacturing sector accounted for 28% of the total. This was up from 25% in 2014 due to the approximately 30% increase in spending at French shipyards. The transportation, trade and hospitality industries accounted for 35% of the total employment impact.
- Norway provides ship maintenance services and crew and is a destination market with a total employment impact of 14,743 jobs, virtually unchanged from 2014. Cruise line employees accounted for 29% of total impact and manufacturing for 20%.
- Greece is primarily a destination market with some ship repair services and had a total employment impact 9,983 jobs, a decline of 1.5% from 2014. Approximately 41% of these jobs were in the transportation sector and 12% in manufacturing.
- Portugal is a source for crew and ship repair services and is also a cruise destination market. It had a total employment impact of just over 9,600 jobs, an increase of nearly 20% from 2014. Employees of the cruise lines accounted for 39% of the total impact and the transportation (excluding crew), trade and hospitality sectors accounted for 23%.
- Finland features primarily as a shipbuilding centre. Its employment impact in excess of 9,400 jobs increased by nearly 8.0% over 2014. The employment impact was concentrated in the manufacturing sector, which accounted for 53% of the total impact.
- The Netherlands is primarily a source market for cruise industry purchases and ship maintenance. Purchases by cruise lines amounted to 68% of the direct expenditures with shipbuilding accounting for another 20%. The total employment impact during 2014 was nearly 7,600 jobs. The manufacturing sector was responsible for 27% of the total employment impacts while the transportation, trade and hospitality sectors accounted for 30%.

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

Compensation Impacts

The cruise industry is also responsible for the generation of significant income throughout Europe. The 360,571 total jobs generated by cruise tourism also generated €1.05 billion in total compensation, which is comprised of direct, indirect and induced impacts.

Figure 8.4: Total Compensation Impact in Europe, 2015



Direct Compensation Impacts

The cruise tourism expenditures directly generated €5.24 billion in compensation throughout Europe during 2015, an increase of 3.2% from 2014. This compensation included income received by employees of the cruise lines, direct suppliers to the cruise lines and the employees of establishments providing goods and services to cruise passengers.

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

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

- The 67,035 European residents directly employed by the cruise lines received €1.55 billion in compensation. They accounted for about 30% of the direct compensation impacts.

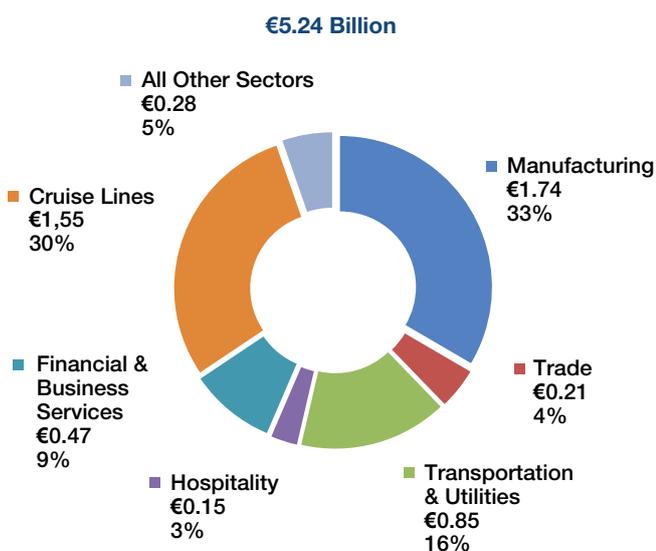
Table 8.4: Direct Cruise Industry Compensation by Industry, 2015

Industry	Direct Compensation € Millions	Share of Total
Agr., Mining & Constr.	4	0.1%
Manufacturing	1,737	33.1%
Food & Beverage	88	1.7%
Textiles & Apparel	46	0.9%
Paper & Printing	46	0.9%
Petroleum & Chemicals	64	1.2%
Stone & Glass	6	0.1%
Metals	74	1.4%
Machinery	148	2.8%
Electrical Machinery	46	0.9%
Shipbuilding	1,149	21.9%
Other Manufacturing	70	1.3%
Wholesale & Retail Trade	210	4.0%
Hospitality	148	2.8%
Transportation & Utilities	848	16.3%
Air Transport	297	5.7%
Transport Services	496	9.5%
Other Transport & Utilities	55	1.1%
Financial & Business Serv.	472	9.0%
Finance, Ins. & Real Estate	77	1.5%
Business Services	395	7.5%
Personal Services & Govt	274	5.2%
Subtotal	3,693	70.5%
Cruise Line Employees	1,548	29.5%
Grand Total	5,241	100.0%

8. The Economic Benefits of Cruise Tourism

- The 44,338 European manufacturing employees dependent on cruise-related spending earned an estimated €1.74 billion in compensation, amounting to 33% of the total direct compensation.
- Employees of European shipyards engaged in the construction and maintenance of cruise ships received an estimated €1.15 billion in compensation in 2015, an increase of nearly 2.0% over 2014.
- Employees in the food and beverage industry earned €88 million, an increase of 3.5% from 2014, from the production of provisions consumed by cruise passengers and crew.
- Workers directly employed in the metals and machinery industries earned €268 million producing a broad range of equipment used on cruise ships and in administrative offices, an increase of 1.5% from 2014.
- It was estimated that the 10,527 wholesale and retail trade sector employees directly employed as a result of cruise industry experienced a 5.6% decline in direct compensation. Direct compensation fell from €222 million in 2014 to €210 million in 2015.
- It was also estimated that the 23,158 workers directly employed in Transportation & Utilities sector earned €848 million, 16.3% of the total direct compensation impacts and an increase of 5.7% from 2014.
- The 13,957 persons calculated to be employed in the Financial and Business Services sector were paid €472 million, which amounted to 9.0% of the direct compensation impacts and an increase of 1.7% over 2014.
- The 6,633 workers that were employed in the hospitality sector as a direct result of passenger spending on their cruise vacations made €148 million in compensation and accounted for 2.8% of the total.
- In the Personal Services and Government sectors, it was estimated that the 9,657 directly generated jobs earned €274 million in compensation, 5.2% of the total direct compensation impacts.

Figure 8.5: Direct Compensation by Sector, 2015



Total Compensation Impacts

As indicated in Table 8.5 an estimated €11.05 billion in total compensation, which combines the sums derived from direct, indirect and induced compensation, was earned by workers throughout Europe as a result of the European cruise industry in 2015, a 2.8% increase from 2014.

- The 85,163 European manufacturing jobs generated by the European cruise industry produced €3.24 billion in total compensation. Manufacturing accounted for 29% of the total compensation impacts.
 - The 33,083 workers estimated to be employed in the manufacturing of transportation equipment earned an estimated €1.38 billion in 2015. Approximately 84% of these earnings were paid to workers in the shipbuilding and repair industry.
 - The 11,665 employees from the food, textiles and apparel industries earned €348 million in compensation as a result of cruise line, passenger and household demand for these products.
 - The nearly 24,500 workers employed in the metal and machinery industries primarily as a result of the direct and indirect demand from shipbuilding received €898 million in remuneration.
- A sum of €1.55 billion was paid in compensation to European residents that were directly employed by the cruise lines in 2015, 14% of total compensation impacts.
- Financial and Business Services were estimated to employ just over 68,600 workers due to the economic activities of the European cruise industry. These workers made €2.42 billion in remuneration and accounted for 21.9% of the total compensation impacts.
- Combined, the Trade and Hospitality sectors accounted for 8.7% of the total compensation impacts with €964 million in earnings.
- The nearly 46,000 jobs created in the Transportation and Utilities sector as a result of the direct, indirect and induced impacts of the European cruise industry received €1.73 billion in employee compensation, amounting to 15.7% of the total impacts.

8. The Economic Benefits of Cruise Tourism

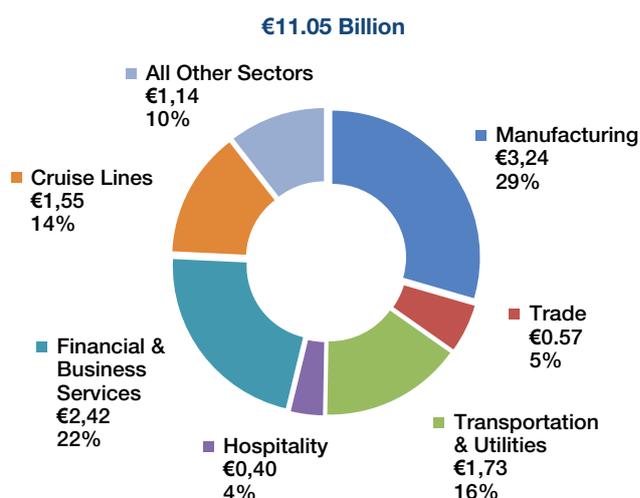
Table 8. 5: Total Compensation by Industry, 2015

Industry	Total Compensation € Millions	Share of Total
Agr., Mining & Constr.	331	3.0%
Manufacturing	3,237	29.3%
Food & Beverage	203	1.8%
Textiles & Apparel	145	1.3%
Paper & Printing	172	1.6%
Petroleum & Chemicals	223	2.0%
Stone & Glass	53	0.5%
Metals	417	3.8%
Machinery	280	2.5%
Electrical Machinery	201	1.8%
Transportation Equipment	1,376	12.5%
Other Manufacturing	167	1.5%
Wholesale & Retail Trade	569	5.1%
Hospitality	395	3.6%
Transportation & Utilities	1,730	15.7%
Air Transport	339	3.1%
Transport Services	742	6.7%
Other Transport	379	3.4%
Communications & Utilities	270	2.5%
Financial & Business Services	2,421	21.9%
Finance, Ins. & Real Estate	679	6.1%
Business Services	1,742	15.8%
Personal Services & Govt	820	7.4%
Subtotal	9,503	86.0%
Cruise Line Employees	1,548	14.0%
Grand Total	11,051	100.0%

- The approximately 17,900 total jobs generated in the Agriculture, Mining and Construction industries benefitted from €331 million in compensation, 3.0% of the total.
- The Personal Services and Government sector accounted for 7.4% of total compensation impacts with €820 million in earnings. This was earned by the nearly 26,400 workers that were employed as a result of the total impacts of the cruise industry in Europe.

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

Figure 8. 6: Total Compensation by Sector, 2015



Total Compensation by Country

Although the European cruise industry was responsible for generating compensation in each of the EU+3 countries, the majority of these impacts were concentrated in 10 countries, accounting for 94.5% of the industry's income creation. Another five countries each had total compensation impacts exceeding €25 million and accounted for another 3.0% of the total. The remaining 16 countries accounted for 2.5% of the total compensation impacts.

The Top Ten

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

- Italy accounted for 28.3% of the total compensation impacts with €3.13 billion in earnings, an increase of 0.6% over 2014.
- Manufacturing was responsible for 29% of the total impact with compensation totalling €923 million and concentrated in shipbuilding and metals.
- As Europe's largest cruise destination market, the transportation (excluding cruise line employees), trade and hospitality industries together amounted to 24% of the total compensation impacts and accounted for €756 million in earnings.
- The 14,840 workers calculated to be directly employed by the cruise lines earned €527 million, 17% of the total compensation impacts.
- The United Kingdom accounted for 24.4% of the total compensation impacts with €2.7 billion in earned income:
 - Financial and Business Services, with €635 million, were responsible for 24% of the total compensation impacts, concentrated in the advertising, professional consulting and insurance industries.
 - As Europe's second largest source market, the transportation (excluding cruise line employees), trade and hospitality industries accounted for €510 million in compensation, amounting to 19% of the total compensation impacts.
 - The 16,397 workers estimated to be directly employed by the cruise lines earned €605 million, which responsible for 22% of the total compensation impacts.

Table 8.6: Total Compensation by Country, 2015

Country	Total Compensation € Millions	Share of Total
Italy	3,130	28.3%
UK	2,700	24.4%
Germany	1,634	14.8%
Spain	856	7.8%
France	735	6.7%
Norway	478	4.3%
Finland	356	3.2%
Netherlands	220	2.0%
Greece	188	1.7%
Sweden	141	1.3%
Top 10	10,438	94.5%
Portugal	135	1.2%
Denmark	92	0.8%
Croatia	59	0.5%
Malta	30	0.3%
Poland	27	0.2%
Next 5	343	3.0%
Rest of EU+3	270	2.5%
Total	11,051	100.0%

- Germany accounted for nearly 15% of the total compensation impacts with earnings amounting to just over €1.63 billion:
 - Manufacturing amounted to 38% of the total impact with €613 million in employee compensation. This reflects Germany's shipbuilding status, with jobs concentrated mainly in the shipbuilding and metals industries.
 - As Europe's largest cruise passenger source market, Germany's transportation (excluding cruise line employees), trade and hospitality industries accounted for a combined 19% of the total compensation impacts with €305 million in earnings.
 - The 4,538 workers directly employed by the cruise lines earned €117 million, 7.2% of total compensation impacts.
- The remaining seven countries in the top ten tended to be impacted in one or two primary segments:
 - Spain, as a major source and destination market with some headquarters operations, had a total compensation impact of €856 million, accounting for 7.8% of the European total. Cruise line employees were responsible for 4.1% of the impact and the transportation (excluding cruise line employees), trade and hospitality industries for 44%.
 - France is a shipbuilding centre and a source and destination market. It had a total compensation impact of €735 million in earnings. The manufacturing sector accounted for about 35% while the transportation, trade and hospitality industries amounted to 30% of the total compensation impact.

- Norway provides ship maintenance services and crew and is a destination market with a total compensation impact of €478 million, 4.3% of the total impact. Cruise line employees accounted for 22% of the total compensation impact while the manufacturing sector amounted to 26%.
- Finland features primarily as a shipbuilding centre. Its compensation impact of €356 million was concentrated in the manufacturing sector, which accounted for 60% of the total impact.
- The Netherlands primarily provides support services and provisioning for cruise ships. It had a total compensation impact of €220 million in earnings, 2.0% of the total European impact. Manufacturing accounted for 41% and the Financial and Business Services sector for 20%.
- Greece is primarily a destination market with some ship repair services with a total compensation impact of €188 million, 1.7% of the European total. Forty-nine percent (49%) came from the transportation sector and 15% from manufacturing.
- Sweden primarily features as a destination market and support market for cruise line services. With €141 million in total compensation impacts, it accounted for 1.3% of the total European impact. Twenty-four per cent (24%) came from the transportation sector while the manufacturing sector accounted for another 35%.

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

Contributors and Sources of Information

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

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

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

Statistical reports by IRN for CLIA Europe and CLIA UK and Ireland.

CLIA data;

Cruise market analysis published in the International Cruise Market Monitor.

Glossary of Specialist Terms and Abbreviations

Term or Abbreviation	Definition
CLIA	Cruise Lines International Association, global trade association (representation in North and South America, Europe, Asia and Australasia) representing the interests of cruise lines, travel agents, port authorities and destinations, and various industry business partners.
CLIA Europe	Established in 2014 from the European Cruise Council to promote the interests of cruise operators in Europe and represent their interests with the EU institutions in all matters of shipping policy and ship operations.
CLIA UK and Ireland	Established in 2014 out of the former Passenger Shipping Association. It is the national CLIA association in the UK and Irish market.
Compensation (Remuneration)	Compensation (remuneration, income) is the sum of wage and salary payments, benefits, including health and life insurance, retirement payments and any other non-cash payments; includes all income to workers paid by employers.
Cruise Europe	Organisation representing the interests of cruise ports located mainly in Northern European waters. Other organisations such as Cruise Baltic, Cruise Britain and Cruise Norway represent specific countries or smaller regions.
EU	European Union. Comprising 28 Member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Luxembourg, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.)
EU+3	The EU countries listed above plus Iceland, Norway and Switzerland
Euroyards	Organisation representing leading European shipyards, including those building the majority of cruise ships currently on order.
Full time equivalents (FTEs)	Employment (jobs, workers) figures are expressed as full-time equivalent employment, a computed statistic representing the number of full-time employees that could have been employed if the hours worked by part-time employees had been worked by a full-time employee. Thus, FTE is always less than the sum of full-time and part-time employees.

Term or Abbreviation	Definition
Home Port	Port at which a cruise ship is based, normally for a series of cruises. May also be referred to as a base-port, embarkation port or turn around port.
International cruising	This normally refers to cruises on ships that visit ports in more than one country and are also marketed internationally. Other non-international cruising such as coastal and riverine is excluded from the scope of the current study.
Lower Berths	Used to measure the normal capacity of a ship when two beds in each cabin are occupied.
MedCruise	Organisation representing the interests of cruise ports located in the Mediterranean and adjacent waters.
Northern Europe	As defined by Cruise Europe, this region comprises cruise destinations in: the Baltic; Iceland, Norway and Faeroes; Europe West Coast (as far as Lisbon); and United Kingdom and Ireland. The Baltic is the largest sector.
OECD	Organisation for Economic Co-operation and Development, international organisation of 34 countries to promote policies that will improve the economic and social well-being of people around the world.
Pax	Abbreviation for passengers.
Pax-nights	Number of passengers in lower berths multiplied by the number of nights a ship is occupied during a cruise. May also be referred to as bed-days or pax-days.
Port-of-Call	Port at which a cruise ship calls during the course of a cruise. Also sometimes referred to as a transit port or destination port.



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