


Contribution of Cruise Tourism to the Economies of Europe 2017

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FOREWARD

The cruise industry contributed a record €47.86 billion to the European economy in 2017, according to new figures released by Cruise Lines International Association (CLIA) in its updated European Economic Contribution Report.

This represents an increase of 16.9 per cent against the previous figure released in 2015.

The cruise industry continues to make significant contributions to Europe's economy. Its positive economic benefit is clear as cruise continues to contribute significantly to the European economy through smart sustainable growth.

This is thanks to more Europeans choosing a cruise holiday, more cruise passengers sailing in Europe, and more cruise ships being built in European shipyards. This all translates into substantial economic benefits for the entire continent.

Last year, the direct expenditures generated by the cruise industry reached €19.70 billion, up from €16.9 billion in 2015

In terms of employment, between 2015 and 2017 the cruise industry generated more than 43,000 new jobs across Europe, with 403,621 now employed in cruise and cruise-related businesses. Wages and other benefits for European workers reached €12.77 billion.

As the global cruise industry continues to grow and expand into new destinations, Europe remains a vibrant hub for cruising. This trend is supported by three key factors:

- Europe represents the world's second biggest source passenger market – 6.96 million Europeans went on a cruise holiday in 2017, 7.8 per cent more than in 2015
- Europe remains the world's second most popular cruise destination, second only to the Caribbean. The study showed that 6.50 million passengers embarked on their cruises from European ports in 2017, 6.1 per cent more than in 2015.
- European shipyards are the heart of the world's cruise ship building industry. They continue to build the world's most innovative and largest ships, with spending on new builds and maintenance increasing for a sixth year. In 2017, cruise lines spent €5.6 billion in European shipyards, representing a 22.4 per cent increase compared to 2015. 66 cruise ships are currently on the order books of European shipyards for delivery by 2021, with a total value of more than €29.4 billion

Europe's economic contribution is a direct result of the impressive growth the cruise industry saw in 2017 as it reached 26.7 million passengers on ocean cruises globally.

We are confident that the cruise industry's growth in Europe will be sustained for years to come. CLIA continues to work with policymakers, regulators and other stakeholders across a variety of important industry subjects including environmental and sustainability areas.

David Dingle

Chairman of CLIA Europe and
Chairman of Carnival UK

Executive Summary

G. P. Wild (International) Limited (GPW) and Business Research and Economic Advisors (BREA) 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 2017.

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.

Some of the major highlights of cruise operations in Europe during 2017 were:

- **During 2017 there were 40 cruise lines domiciled in Europe, operating 137 cruise ships with a capacity of around 164,000 lower berths. Another 75 vessels with a capacity of around 95,000 lower berths were deployed in Europe by 23 non-European lines.**
- **An estimated 6.96 million European residents booked cruises, a 7.8 percent increase over 2015, representing about 26 percent of all cruise passengers worldwide.**
- **An estimated 6.50 million passengers embarked on their cruises from a European port, a 6.2 percent increase over 2015. Of these around 5.5 million were European nationals and about 1.0 million came from outside Europe.**
- **The vast majority of these cruises visited ports in the Mediterranean, the Baltic and other European regions, generating 34.10 million passenger visits at a total of around 260 European port cities, an increase of 9.4 percent from 2015.**
- **In addition, an estimated 16.8 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 2017, cruise industry direct expenditures grew by 17 percent from 2015 to €19.7 billion. As will be discussed below this increase was the net result of gains across all major categories, including expenditures for shipbuilding and maintenance (22%), cruise lines purchases (18%), passenger and crew spending (10%), and employee compensation of the domestic employees of the cruise lines (7.7%). The total economic impacts of the cruise industry included the following:

- **€47.9 billion in total output[1], which is up about 17 percent over 2015.**
- **€19.7 billion in direct spending by cruise lines and their passengers and crew,**
- **403,621 jobs[2], and**
- **€12.8 billion in employee compensation.**[3]

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

- **€2.43 million in business output, and**
- **approximately 21 jobs paying an average annual wage of approximately €31,650.**

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 2017, the cruise industry generated direct expenditures of **€19.70 billion**. These expenditures included the following:

- **€5.63 billion** in spending for the construction of new cruise ships and the maintenance and refurbishment of existing ships with European shipyards, a 22 percent increase from 2015. The €1 billion increase in shipbuilding and maintenance expenditures accounted for 37 percent of the net increase in total cruise expenditures in 2017 over 2015.
  - As of May, 2018, including deliveries during the first half of 2018, European shipyards are under contract to build 66 cruise ships with a combined value of €29.4 billion through to 2021.
- **€8.17 billion** in spending by cruise lines with European businesses for goods and services in support of their cruise operations represented an 18 percent increase from 2015. This represented a €1.27 billion increase in cruise line spending. Among the major expenditures were the following.
  - Cruise lines spent more than €1.95 billion on transportation and utilities in 2017, up about 17 percent over 2015. This segment included spending for public utilities, travel agent commissions, port charges and ground transportation
    - As a result of the growth in cruise passengers sourced from Europe, an

[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.

estimated €815 million in commissions were paid to European travel agents.

- The cruise lines' expenditures of €1.68 billion for financial and business services, including: insurance, advertising, engineering and other professional services, increased by 18 percent from 2015.

- Cruise lines purchased nearly €807 million in provisions consumed on board cruise ships from European food and beverage manufacturers, an increase of 17 percent percent from 2015.

➢ **€4.23 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 6.1 percent increase in embarkations and the 9.6 percent gain in passenger visits at European ports-of-call, total passenger and crew expenditures rose by 10.4 percent from 2015. The €400 million increase in passenger and crew expenditures accounted for about 14 percent of the net increase in total industry spending during 2017.

- Including airfares, embarking passengers spent an average of €294.

- Excluding airfares, cruise passengers spent an average of €81.86 at embarkation port cities.

- On average, cruise passengers then spent another €64.37 at each port visit on their cruise itinerary.

- Crew spending at each port call averaged €24.50 per crew member.

➢ **€1.67 billion** in wages and salaries plus benefits, an increase of 7.7 percent from 2015, were paid to the European administrative staff and crew of the cruise lines.

- Cruise lines employed about 5,600 European nationals in their headquarters and administrative offices.

- An estimated 63,500 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 €19.70 billion in direct expenditures generated **195,241 direct jobs** paying **€6.023 billion in employee compensation**.

Table ES - 1: Direct Economic Impacts of the European Cruise Sector by Industry, 2017

	Expenditures € Million	Jobs	Compensation € Million
Agr., Mining & Constr.②	€ 23	244	€ 5
Manufacturing	**€ 9,591**	**52,536**	**€ 2,071**
Nondurable Goods	€ 2,269	8,187	€ 296
Durable Goods	€ 7,323	44,349	€ 1,775
Wholesale & Retail Trade	€ 887	12,554	€ 255
Transportation & Utilities	€ 4,307	26,470	€ 975
Hospitality ③	€ 467	7,287	€ 167
Financial & Business Svcs.	€ 2,002	15,794	€ 553
Personal Svcs. & Govt.	€ 748	11,284	€ 322
Subtotal	**€ 18,024**	**126,169**	**€ 4,349**
Cruise Line Employees	€ 1,674	69,072	€ 1,674
Grand Total	**€ 19,698**	**195,241**	**€ 6,023**

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 individually is too small and imprecise to show.
③ Hospitality includes hotels, restaurants and bars and amusement and recreation establishments.
Note: Figures may not add due to rounding.

The following three economic sectors accounted for 79 percent of the direct economic impacts of the European cruise industry:

➢ The Manufacturing sector, accounted for 49 percent of the cruise industry's direct expenditures, 27 percent of the direct jobs and 34 percent of the direct employee compensation. All of these share percentages increased slightly from 2015 due to the higher growth in the shipbuilding industry relative to the other expenditure categories.

➢ European employees of the cruise lines accounted for 35 percent of the direct jobs generated by the cruise industry and 28 percent of the compensation. These percentages are down slightly from 2015.

➢ The Transportation and Utilities sector, including tour operators and travel agents among others, accounted for 22 percent of the direct expenditures, 14 percent of the direct jobs and 16 percent of the compensation impacts. These relative percentages were little changed from 2015.

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 impact throughout Europe.

- The Manufacturing sector, which includes the shipbuilding industry, accounted for 36 percent of the total output, 24 percent of the jobs and 30 percent of the total compensation generated by the cruise industry.
- The Transportation and Utilities sector, accounted for 17 percent of the total output, 13 percent of the total employment and 16 percent of the total compensation impacts.

Table ES - 2: Total Economic Impacts of the European Cruise Sector by Industry, 2017 ①

Industry	Output € Million	Jobs	Compensation € Million
Agr., Mining & Constr.	€ 2,655	19,722	€ 381
Manufacturing	**€ 17,390**	**98,091**	**€ 3,795**
Nondurable Goods	€ 5,359	23,306	€ 861
Durable Goods	€ 12,031	74,785	€ 2,934
Wholesale & Retail Trade	€ 2,841	38,043	€ 700
Transportation & Utilities	€ 8,375	51,836	€ 1,995
Hospitality	€ 1,496	19,418	€ 448
Financial & Business Svcs.	€ 11,220	77,090	€ 2,814
Personal Services & Govt	€ 2,207	30,349	€ 962
Cruise Line Employees	€ 1,674	69,072	€ 1,674
Total	**€ 47,858**	**403,621**	**€ 12,769**

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.

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 79 percent of the cruise industry's impacts throughout Europe.

Once again, Italy, UK and Germany accounted for 63 percent of the direct expenditures of the cruise industry, unchanged from 2015. These three countries experienced a combined increase of 16 percent in direct expenditures from 2015. 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, 2017

Country	Direct Expenditures € Million	Growth from 2015	2017 Total Output	Total Jobs	Total Compensation € Million
Italy	€ 5,463	20.0%	€ 13,210	119,052	€ 3,686
UK	€ 3,850	18.1%	€ 10,390	82,410	€ 3,159
Germany	€ 3,140	6.6%	€ 6,432	48,490	€ 1,804
France	€ 1,679	35.65%	€ 3,516	19,973	€ 925
Spain	€ 1,481	12.0%	€ 4,252	31,233	€ 959
Top Five	**€ 15,613**	**17.2%**	**€ 37,800**	**301,158**	**€ 10,533**
Norway	€ 712	18.9%	€ 1,798	16,831	€ 567
Finland	€ 703	12.2%	€ 1,573	10,756	€ 405
Netherlands	€ 563	20.9%	€ 1,058	8,992	€ 270
Greece	€ 546	11.8%	€ 913	10,721	€ 204
Sweden	€ 269	-0.7%	€ 532	3,385	€ 141
Next 5	**€ 2,795**	**14.0%**	**€ 5,874**	**50,685**	**€ 1,587**
Rest of the EU+3	€ 1,290	15.9%	€ 4,184	51,778	€ 649
Total	**€ 19,698**	**16.7%**	**€ 47,858**	**403,621**	**€ 12,769**

The remaining two countries in the top five tended to be impacted in two or three 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 increase of just over 17 percent in direct cruise industry expenditures during 2017.

France led the way with a 36 percent increase in direct expenditures –and accounted for nearly 11 percent 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 an 81 percent increase. Spending by cruise lines, including the compensation of their employees residing in France was up by 7.4 percent.

Italy experienced a 20 percent growth in direct expenditures over 2015. These gains were driven by a 54 percent gain in shipbuilding and repair – representing nearly 75 percent of the total gains Italy experienced since 2015. Cruise line purchases for goods and services, including employee compensation rose by 11 percent. Passenger and crew spending across Italy's ports was down by 2.1 percent over 2015. This is due to an overall decrease in all passenger types – sourced, embarks and port of call.

Direct expenditures in the UK rose by 18 percent from 2015 to 2017. Spending by passengers and crew at UK port cities increased by 13 percent as a result of a combined 21 percent increase in embarkations and transit visits at these ports. Spending by at UK shipyards was up slightly at 2.1 percent. Cruise lines spending for goods and services in support of cruises, including resident employee compensation was up by 20 percent over the 2015 levels.

Spain experienced a 12 percent increase in direct cruise industry expenditures in 2017 over 2015. Gains were seen across all four major expenditure categories, including a 15 percent increase in the combined passenger and crew spending at cruise destinations in Spain. Cruise line purchases at Spanish ports were up 12 percent from two years earlier, and ship repair and maintenance increased by 6.4 percent.

Germany experienced smaller gains in direct cruise sector expenditures with an overall gain of 6.6 percent. The growth in Germany occurred across three of four of the major categories of spending. The growth was led by a 34 percent increase in the combined spending of passengers and crew members. Overall, passengers visiting German ports were up 39 percent, with a larger growth in embarking passengers. The total direct spending by cruise lines – including employee compensation was up by 13 percent. These gains were somewhat tempered by a 6.7 percent decrease in shipbuilding and repair expenditures in Germany from 2015 to 2017.

Five-year Growth Trend

Since 2012 European-sourced passengers have grown by 13 percent from 6.14 million to 6.96 million in 2017. This translates to an average of 2.5 percent per year increase over the past 5 years.

Embarkations at European ports have grown at a similar pace -increasing by nearly 13 percent over the 5-year period, from 5.77 million in 2012 to 6.5 million in 2017. Embarkations at European ports experienced an increase of 6.1 percent in 2017 over 2015 and reached a new high.

Finally, port-of-call passenger visits have risen by 19 percent over the 2012-2017 period, growing from 28.69 million to 34.15 million. Port-of-call visits increased by 9.6 percent in 2017 over 2015.

Table ES - 4: European Passenger Statistics[1], 2012 – 2017 (Millions)

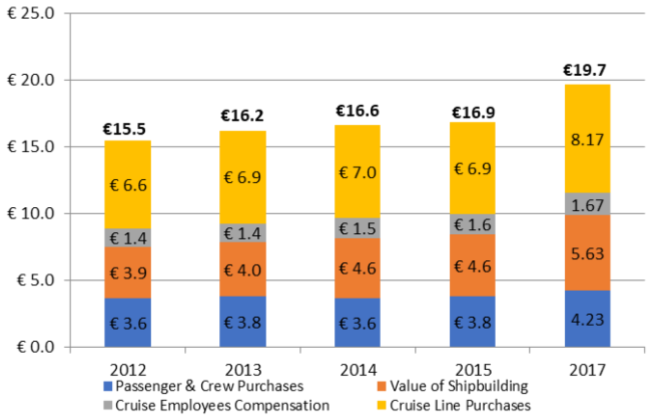
Category	2012	2013	2014	2015	2017	% Chan 2012-20
European-Sourced Passengers	6.14	6.36	6.39	6.46	6.96	13.4%
Percent Change	1.2%	3.6%	0.5%	1.0%	7.8%	
Embarkations from European Ports	5.77	6.07	5.85	6.12	6.50	12.6%
Percent Change	3.2%	5.2%	-3.6%	4.6%	6.1%	
Port-of-Call Passenger Visits	28.69	31.19	28.96	31.17	34.15	19.0%
Percent Change	4.3%	8.7%	-7.1%	7.6%	9.6%	

① Including Russia and Central and Eastern European countries outside the EU +3.

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

As shown in Figure ES -1, direct expenditures have increased by 27 percent from €15.5 billion in 2012 to €19.7 billion in 2017, representing an average annual increase of 4.9 percent over the five-year period.

Figure ES - 1: Direct Cruise Industry Expenditures in Europe, 2012 – 2017 (Billions)



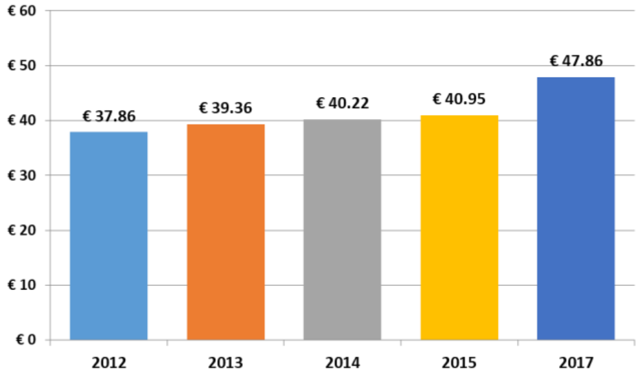
While total direct expenditures of the cruise industry have steadily increased over the five-year period, the growth in spending by category has varied. Over the five-year period, spending by cruise lines for goods and services and employee compensation has experienced a total increase of 24 percent, representing an average of 4.4 percent per year.

Expenditures for shipbuilding and repair had declined in 2010 and 2011 primarily in response to recession conditions. Since 2012, however, annual shipbuilding and repair expenditures have increased by 46 percent from €3.85 billion to €5.63 billion in 2017.

Passenger and crew visits at European ports continued to grow in 2017, increasing by about 9.9 percent. As a result, passenger and crew expenditures at European ports rose by 10 percent since 2015 and reached a new high of $4.23 billion. Over the 2012-2017 period, expenditures of passengers and crew have increased by 17 percent, or an average of 3.1 percent per year.

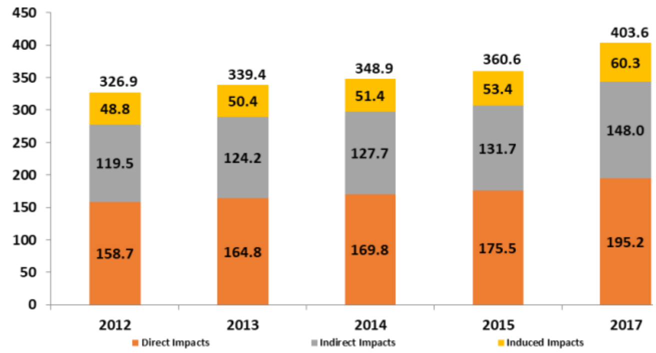
As shown in Figure ES-2, the total output of the industries affected by the direct, indirect and induced impacts of the European cruise industry has risen by 26 percent from €37.86 billion in 2012 to €47.86 billion in 2017. This increase in total output mirrors the growth in direct expenditures reported above.

Figure ES - 2: Total Output Generated by Cruise Industry Expenditures in Europe, 2012 – 2017 (Billions)



The total employment associated with the total output discussed above has increased by 23 percent from 326.9 thousand jobs in 2012 to 403.6 thousand jobs in 2017. Since 2012, the total employment impact has increased each year and has averaged 4.3 percent per year.

Figure ES - 3: Total Employment Generated by Cruise Industry Expenditures in Europe, 2012 – 2017 (1,000's)



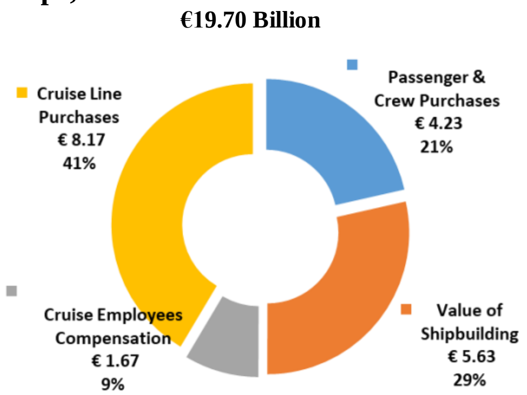
1. An Overview of the Importance of the European Cruise Industry – Facts and Figures

The cruise industry in Europe[4] 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. Positive economic conditions and an increase in European cruise capacity during 2017 have 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 2017.
- An estimated 6.96 million European residents booked cruises in 2017, a 7.8 percent increase over 2015.
- In 2017, Europeans represented 26 percent of all cruise passengers worldwide, down from 30 percent five years earlier. This share change is driven by the expansive growth in the Asia Pacific markets over that period.
- A total of 6.5 million passengers embarked on their cruises from a European port, a 6.1 percent increase over 2015. Around 85 percent are estimated to be European nationals.
- There were just over 34 million passenger visits to European ports during 2017, a 9.6 percent increase from 2015.
- Cruise lines visited a total of around 250 European port destinations including the Atlantic Isles.
- In addition, an estimated 16.8 million crew also arrived on board cruise ships calling at European ports during 2017, with approximately 6.7 million going ashore.

The cruise industry's direct spending made by the cruise lines[5] and their passengers and crew throughout Europe in 2017 increased by 17 percent from 2015 to €19.7 billion.

Figure 1.1: Direct Cruise Industry Expenditures in Europe, 2017



- Cruise passengers and crew spent an estimated €4.23 billion in purchases during their port visits, ranging from accommodations to retail purchases of jewellery, clothing and other similar items. This represented a 10 percent increase over 2015 and is primarily attributable to the increases in the European passenger throughput. This follows a 5.6 percent increase in 2015 and a decline of 4.2 percent in 2014. For the second consecutive study, passenger and crew spending in Europe has reached new peaks.

[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.

- 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 study year since 2012. Shipbuilding totalled €5.6 billion in 2017, an increase of 22 percent over 2015. Since 2012, cruise industry expenditures at European shipyards have increased by approximately 46 percent and are finally above the 2008 peak of €5.2 billion.
- Included in the €19.7 billion of total direct expenditures is €1.67 billion in compensation paid to employees of the cruise industry that reside in Europe. The 2017 total employee compensation grew by 7.7 percent over 2015.
- Finally, the cruise lines also spent another €8.17 billion with European businesses to support their cruise and administrative operations, an increase of 18 percent from 2015.
- The spending by the cruise lines and their passengers and crew generated an estimated 403,621[6] jobs throughout Europe through the direct, indirect and induced economic impacts. This is a 12 percent increase from 2015.
- In turn, the workers in these jobs produced an estimated €47.9 billion in total output and received €12.77 billion in total (direct, indirect and induced) compensation. The total output impact increased by 17 percent while the compensation impact rose by 16 percent from 2015.

Cruise New Building and Investment 2018-21

- The last two years have seen cruise ships being ordered in record numbers. As a result, over the period from 2018 to 2021, 68 cruise vessels have been scheduled for delivery for worldwide trading with capacity for 156,000 passengers of which 66 will be constructed in Europe and two in China. In addition, a further 33 ships with 94,000 berths are already on order for 2022-7 delivery. All but two of these are for construction in European yards. In addition to the usual pattern of construction in France, Germany, Italy and Finland, yards in Norway, Poland, Portugal, the Netherlands, Spain and Croatia will also benefit from this investment in new berths.
- Out of the 2018-21 total, as far as can be determined at present, 31 ships with 64,000 berths (41.0%) have been ordered by cruise lines primarily serving the European source market, representing an investment of €11.2 billion. Many of the others, particularly those serving North American markets, 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: Global Cruise Ship Orders 2018-2021

Year Completed	Ships	Berths	Investment (Millions)
2018	15	33,665	€ 6,293
2019	22	42,147	€ 7,929
2020	17	40,314	€ 7,566
2021	14	40,263	€ 7,780
Total	**68**	**156,389**	**€ 29,568**

- 2017 saw a net increase of ten in the cruise ship order book with eight deliveries and 18 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 €19.7 billion in direct expenditures throughout Europe in 2017, up by 17 percent over 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 32 European countries included in the analysis.

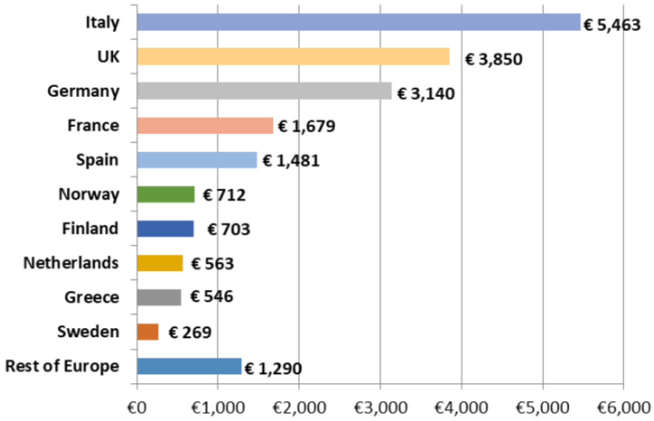
- The top ten countries accounted for 93 percent of the cruise industry's direct expenditures throughout Europe.
- Italy, as a leading centre for cruise ship construction in Europe and the largest cruise embarkation and destination market, benefited from €5.46 billion in direct cruise industry expenditures, a gain of 20 percent from €4.55 billion in 2015. About three-quarters of Italy's gain comes from its growth in shipbuilding.
- The UK is the second largest source market for cruise passengers in Europe with 1.93 million residents taking cruises during 2017. It also had the second highest level of direct expenditures with €3.85 billion, an increase of 18 percent over 2017. Across the UK, expenditures rose in each of the four major categories of direct spending. This growth was principally spurred by the 20 percent increase in cruise line spending - including employee compensation; and an increase of 13 percent in the combined spending of passengers and crew at ports across the UK.

[6] These are full time equivalent jobs (FTEs).

- Germany ranked as the third highest country with €3.14 billion in direct cruise industry expenditures, up 6.6 percent from 2015. Expenditures were up in three of the four expense categories for Germany, with passenger and crew spending up 34 percent, cruise line purchases – including employee compensation – up 13 percent. These gains were somewhat tempered by a decrease of 6.1 percent in spending at German shipyards. Shipyard spending accounted for about 38 percent of all cruise industry expenditures in Germany.
- France and Spain round out the top five with €1.68 and €1.48 billion in direct expenditures, respectively. Total direct expenditures in France rose by 36 percent as a result of an 81 percent increase in spending for shipbuilding and refurbishment and a 7.5 percent increase in cruise line expenditures – including employee compensation in France
- Spurred by a 15 percent increase in the combined passenger and crew spending at Spanish ports, the total direct spending across Spain rose by 12 percent from 2015.

Figure 2.1: Cruise Industry Direct Expenditures by Country, 2017, Millions

All Europe: € 19.70 Billion



The major centres for cruise shipbuilding, Germany, Italy, France, and Finland, were among the top ten countries for cruise industry direct spending. These four countries accounted for 72 percent of total industry expenditures in Europe and for approximately 87 percent of construction of cruise ships globally during 2017.

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 2014 and 2017.

- Since 2007, the demand for cruising worldwide has increased from 15.9 million passengers to 26.75 million in 2017. This represents a 68 percent growth over the ten-year period, and an increase of 6.3 percent in the last year. Over a similar 10-year period, global, mainly land-based tourism, has risen by 47 percent to an estimated 1.32 billion tourists in 2017, up 6.7 percent from 2016.
- Although North American cruise passenger numbers have increased by 6.9 percent since 2014, the region's relative share of the total market has declined from 52 percent in 2014 to 48 percent in 2017. Over the same period, Europe has experienced an 8.9 percent growth in passengers, yet has seen its share decrease from 27 percent in 2014 to 26 percent in 2017. Asia has grown by approximately 140 percent since 2014 and now accounts for 15 percent to the market share.

Table 3. 1: International Demand for Cruises 2014 to 2017 (Million's)

Region	2014	2015	2016	2017
	Million passengers			
N. Am.	12.04	12.00	12.26	12.87
Europe ①	6.39	6.46	6.79	6.96
Asia	1.69	2.06	3.37	4.06
Australasia	0.99	1.13	1.37	1.44
RoW ②	2.24	1.42	1.37	1.43
Total	**23.34**	**23.06**	**25.15**	**26.75**
% NA	52%	52%	49%	48%

① Including Russia and Central and Eastern European countries outside the EU+3.
② Rest of the world, includes Mexico, South/Central America, Africa, Middle East, Other.
Source: CLIA (Updated)

A European Growth Industry (Thousand's)

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 European growth over the 2015-2017 period, which are shown in Table 3. 2.

Table 3.2: Key European Cruise Market 2015-17

Source Market	2015		2016		2017		% Change 2015/17
	Group Total	Market Share	Group Total	Market Share	Group Total	Market Share	
Germany	1,813	28.1%	2,018	29.7%	2,189	31.5%	20.7%
UK ①	1,789	27.7%	1,960	28.9%	1,971	28.3%	10.2%
Italy	808	12.5%	751	11.1%	769	11.1%	-4.8%
Spain	466	7.2%	480	7.1%	510	7.3%	9.5%
France	612	9.5%	554	8.2%	504	7.2%	-17.7%
Other	969	15.0%	1,026	15.1%	1,015	14.6%	4.7%
Total	**6,457**	**100.0%**	**6,789**	**100.0%**	**6,958**	**100**	**7.8%**

① Including Ireland
Source: CLIA (Updated)

- In 2007 an estimated 4.1 million Europeans cruised, but by 2017 this figure had grown to 6.96 million, representing an increase of 70%.
- Over the same period, Europe as a source market for land-based tourism expanded by 38% to reach 671 million tourists.

The European Cruise Fleet

During 2017 there were 40 cruise lines[7] domiciled in Europe which operated 137 cruise ships with a capacity of 163,959 lower berths, 10 percent over 2015. In addition, there were 23 cruise operators domiciled outside Europe participating in the European cruise market. These lines, predominately North American, deployed 75 vessels in the region with a capacity of 94,814 lower berths. This was a decrease of 5.5 percent from 2015.

There were at least 159 cruise ships active in the Mediterranean and 121in Northern Europe during 2017[8], some of which repositioned from the Mediterranean for the shorter Northern season. These ships ranged in size from the 4,500 passenger *MSC Meraviglia to* ships with a capacity of less than 100 passengers.

The Mediterranean

- In 2017 a total of 166 cruise ships were active in Mediterranean waters with a capacity of 215,697 lower berths with an average of 1,296 berths per ship.
- Collectively these ships carried a potential 3.44 million passengers on 2,577 cruises, offering a total capacity of 26.67 million passenger-nights, giving an average cruise length of 7.75 nights. A further 466,000 potential passengers cruised the Atlantic Isles.
- In 2017, North American operators deployed 57 ships with 75,196 lower berths in the Mediterranean, including some ships targeted at European markets. In comparison, European domiciled lines operated 101 vessels, which offered 134,127 lower berths.
- The market in the Mediterranean is expected to decline by a further 1% in 2018 as a result of further redeployments by European operators offset by increased capacity by North American-domiciled operators.

Northern Europe

- In 2017 a total of 121 cruise ships were active in Northern European waters with a capacity of 150,115 lower berths with an average of 1,240 berths per ship.
- Collectively these carried a potential of 1.92 million passengers on 1,365 cruises, offering a total capacity of 16.82 million passenger-nights, giving an average cruise length of 8.76 nights.
- The Northern European market has expanded by around 22 percent, compared with 2015 and is expected to achieve further growth of the order of 16 percent in 2018.
- In 2017, North American mainstream operators deployed 37 ships, with 52,690 lower berths in Northern Europe. European mainstream operators deployed 63 vessels with 92,951 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 5.89 million passenger nights in 2017, increasing to 6.30 million in 2018.

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 2017 for the leading European ports in respect of the embarkations,

[7] Including two ships domiciled in other Mediterranean countries.
[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.

disembarkations and port-of-call visits at each port. Some data has been estimated, indicated by italics.

Table 4.1a: Leading Cruise Ports in 2017 – Thousands of Passengers

Port	Revenue Passengers, 2017			
	Embarking	Disembark	Port Call	Total
Mediterranean Top 12				
Barcelona	720	720	1,272	2,712
Civitavecchia	425	425	1,354	2,204
Palma Majorca	371	371	931	1,673
Marseille	207	208	1,072	1,487
Venice	613	613	201	1,428
Piraeus	166	166	723	1,056
Naples	56	57	814	927
Genoa	270	270	385	925
Savona	259	260	336	854
Las Palmas	*173*	*173*	*469*	815
Valletta	108	108	563	779
Dubrovnik	34	34	681	749
Northern Europe Top 12				
Southampton	*900*	*900*	*200*	*2,000*
Copenhagen	*265*	*265*	*319*	849
Hamburg	382	383	45	810
Rostock/ Warnemunde	195	195	252	642
Stockholm	88	88	445	621
St Petersburg	13	13	547	573
Bergen	25	25	509	559
Tallinn	0	0	543	543
Lisbon	29	30	462	521
Kiel	236	240	38	514
Helsinki	2	3	473	478
Cadiz	0	0	387	387

Table 4.1b – 2015 has been added for comparison purposes to Table 4.1a – 2017, above

Table 4.2b: Leading Cruise Ports in 2015 – Thousands of Passengers

Port	Revenue Passengers, 2015			
	Embarking	Disembark	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*	*591*	*1,057*
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	*828*	*827*	*95*	*1,750*
Copenhagen	*185*	*185*	*310*	*680*
Stockholm	77	77	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 2015-17.

Table 4. 3: Revenue Passengers - Major European Home Ports 2015-17

Home Port	Country	2015	2016	2017
Mediterranean				
Barcelona	Spain	2,540,302	2,683,594	2,712,247
Civitavecchia	Italy	2,271,652	2,339,676	2,204,336
Palma Majorca	Spain	1,721,906	1,627,373	1,673,210
Venice	Italy	1,582,481	1,605,660	1,427,812
Piraeus (Athens)	Greece	980,049	1,094,135	1,055,559
Genoa	Italy	848,227	1,017,368	925,188
Savona	Italy	982,226	910,244	854,443
Northern Europe				
Southampton	UK	*1,750,000*	*1,860,000*	*2,000,000*
Copenhagen	Denmark	680,000	740,000	849,000
Hamburg	Germany	519,453	722,015	810,000
Kiel	Germany	458,152	485,497	513,909
Amsterdam	Netherlands	281,941	331,532	383,000

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

Source: MedCruise, Cruise Europe and individual port data

Key European Ports-of-Call

The principal ports-of-call in the Mediterranean and Northern Europe are shown in the following table with passenger throughputs, where available, from 2015 to 2017.

Table 4.4: Major European Ports-of-Call 2015-17

Port-of-Call	Country	2015	2016	2017
		Mediterranean		
Marseille	France	1,451,059	1,597,213	1,487,313
Tenerife Ports	Spain	933,154	884,173	964,337
Naples	Italy	1,169,571	1,306,151	927,458
Valletta	Malta	668,277	682,970	778,596
Dubrovnik	Croatia	830,684	831,730	748,918
Mykonos	Greece	649,914	722,517	699,304
Livorno	Italy	697,955	807,935	698,780
Côte d'Azur①	France	546,199	562,929	683,351
Corfu	Greece	647,346	748,914	679,681
Santorini	Greece	791,927	783,893	620,570
Katakolon	Greece	459,882	505,111	567,047
Kotor	Montenegro	442,029	536,644	541,017
Madeira	Portugal	580,348	522,483	540,593
Malaga	Spain	419,121	442,931	510,607
Palermo	Italy	546,884	510,078	459,224
La Spezia	Italy	667,446	507,531	454,954
Cagliari	Italy	263,247	*255,873*	424,305
Gibraltar	UK	344,140	404,005	404,995
		Northern Europe		
Stockholm	Sweden	530,229	445,000	600,000
St Petersburg	Russia	515,041	487,648	581,422
Lisbon	Portugal	512,128	522,497	521,042
Rostock②	Germany	509,000	553,000	642,000
Tallinn	Estonia	496,669	509,730	542,844
Helsinki	Finland	436,500	410,800	478,000
Bergen	Norway	429,504	490,546	559,692
Cadiz	Spain	411,453	385,067	387,107
Geiranger	Norway	309,895	310,055	349,786
Stavanger	Norway	252,500	262,500	
Le Havre	France	224,367	332,515	386,833
Zeebrugge	Belgium	213,496	220,000	367,000
Oslo	Norway	199,000	235,000	
Flam	Norway	180,243	203,874	

① Mainly Nice, Villefranche and Cannes.
② Includes 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.

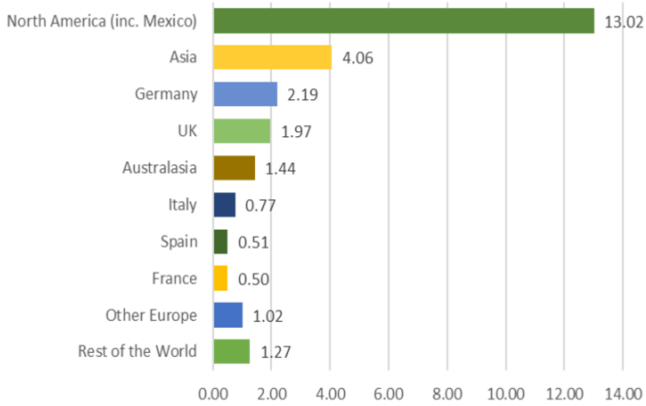
A feature of the tables in the above section, compared with previous reports is the absence of Turkish ports. The security situation in Turkey itself and in the Black Sea has led to a severe decline in throughputs in such previously popular ports as Istanbul and Kusadasi.

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

Source Markets

There were an estimated 26.75 million global cruise passengers in 2017 with the countries of Europe accounting for 26 percent of the total.

Figure 5.1: Global Source Markets by Cruise Passengers - 2017
26.75 Million Passengers



During 2017 an estimated 6.96 million residents of the countries of Europe cruised. The top five source markets- Germany, UK, Italy, Spain and France - accounted for 85 percent of the market.

Table 5.1: European Cruise Passengers by Source Country, 2015 & 2017

Country	2015 Passengers (1,000's)	2017 Passengers (1,000's)	2017 Share of Total
Germany	1,813	2,189	31.5%
UK[1]	1,789	1,971	28.3%
Italy	808	769	11.1%
Spain	466	510	7.3%
France	612	504	7.2%
Switzerland	138	152	2.2%
Austria	113	130	1.9%
Netherlands	105	110	1.6%
Norway	103	104	1.5%
Belgium	65	72	1.0%
Sweden	80	64	0.9%
Portugal	36	49	0.7%
Denmark	36	45	0.6%
Other EU+3	-	155	2.2%
Other Europe	293	133	1.9%
Total	**6,457**	**6,958**	**100.0%**

[1] Includes Ireland
Source: CLIA

- The European market has grown by 70 percent over the last ten years but with economic growth moderating in recent years, European-sourced passengers have only increased by about 12 percent since 2012. Approximately 51 percent of Europeans cruised in the Mediterranean and Atlantic Isles in 2017, 25 percent in Northern Europe and the remaining 24 percent cruised outside Europe, primarily in the Caribbean.

Passenger Embarkations

An estimated 6.5 million cruise passengers embarked on their cruises from European ports in 2017.

- Italian ports, led by Venice, Civitavecchia, Savona and Genoa, were European market leaders with 1.8 million passenger embarkations in 2017.

- Spain was in second position with 1.45 million passenger embarkations during 2017. Barcelona and Palma were Spain's major embarkation ports.
- The United Kingdom was third behind Spain with 1.09 million embarkations. The principal embarkation ports for UK passengers were Southampton, Dover and Tilbury.
- The next four most important cruise embarkation countries were Germany, Denmark, France and Greece. Ports in Germany generated 880,000 passenger embarkations, followed by Denmark with 265,000, France with just under 239,000 and Greece with 228,000. The major embarkation ports in these countries were: Hamburg, Kiel and Rostock/Warnemunde in Germany, Copenhagen in Denmark, Marseille in France and Piraeus in Greece.

Table 5.2: Cruise Passengers by Country of Embarkation, 2015 & 2017

Country	2015 Passengers	2017 Passengers	2017 Share of Total
Italy	2,000,000	1,795,700	27.6%
Spain	1,282,000	1,445,800	22.3%
UK	1,060,000	1,094,000	16.8%
Germany	584,800	880,200	13.6%
Denmark	185,000	265,000	4.1%
France	309,600	239,000	3.7%
Greece	201,200	228,100	3.5%
Netherlands	86,000	124,000	1.9%
Malta	70,300	108,000	1.7%
Sweden	92,800	88,000	1.4%
Cyprus	33,000	35,700	0.5%
Croatia	31,400	34,400	0.5%
Portugal	24,400	32,022	0.5%
Other EU + 3	57,400	55,478	0.9%
EU+3	**6,017,900**	**6,425,400**	98.9%
Other Europe[1]	104,400	70,500	1.1%
Total	**6,122,300**	**6,495,900**	100.0%

[1] Montenegro, Russia, Ukraine, and Turkey (Europe only)
Source: G. P. Wild (International) Limited.

Port-of-Call Visits

There were an estimated 34.14 million cruise passenger visits across the European ports-of-call. The vast majority of these calls are at the Mediterranean and Baltic Sea ports. Including the Black Sea and Atlantic Isles the region as a whole includes around 260 ports visited by cruise ships. The top ten destination countries accounted for 83% of cruise passenger visits in 2017. The top three are in the Mediterranean[9] and accounted for 51% of all European passenger visits while the Baltic ports accounted for another 10%.

- Led by Civitavecchia, Naples, and Livorno, Italian ports also hosted 6.8 million passenger visits in 2017 making Italy the largest cruise destination in Europe.
- With the inclusion of the Canary Islands, Spanish ports received nearly 6.7 million cruise passenger visits in 2015.
- Greece has maintained its ranking as the third most popular destination in Europe with 4.09 million passenger visits in 2017. Santorini, Piraeus, Mykonos, Corfu and Katakolon were the leading destination ports.
- With just over three million cruise passengers arriving at French ports in 2017, France moved ahead of Norway as the fourth largest cruise destination. The principal destination ports in France are: Marseille, the Cote d'Azur ports, Corsican ports and Le Havre.
- Norway was just behind in fifth place with three million visits and remained the leading destination in Northern Europe, led by Bergen, Geirangerfjord, Stavanger and Oslo.

Table 5.3: European Cruise Port of Call Visits by Country of Destination, 2015 & 2017

Country	2015 Passenger Visits	2017 Passenger Visits	Share of Total
Italy	6,800,000	6,795,500	19.9%
Spain	5,932,000	6,672,200	19.5%
Greece	4,176,500	4,090,000	12.0%
France	2,390,000	3,013,500	8.8%
Norway	2,508,000	3,004,000	8.8%
United Kingdom	1,017,000	1,415,000	4.1%
Portugal	1,278,300	1,260,200	3.7%
Croatia	1,141,600	1,090,400	3.2%
Sweden	518,900	590,900	1.7%
Malta	530,000	564,600	1.7%
Denmark	446,500	556,500	1.6%
Estonia	490,200	543,800	1.6%
Finland	449,500	496,800	1.5%
Gibraltar	343,500	405,000	1.2%
Belgium	233,000	395,500	1.2%
Germany	332,000	390,100	1.1%
Iceland	262,000	359,900	1.1%
Netherlands	319,000	330,300	1.0%
Ireland	232,000	262,000	0.8%
Poland	232,000	138,800	0.4%
Latvia	82,700	86,000	0.3%
Other EU[1] + 3	81,800	203,600	0.6%
EU+3	**29,796,500**	**32,664,600**	95.7%
Other Europe[2] ,	1,508,300	1,483,500	4.3%
Total	**31,304,800**	**34,148,100**	100.0%

[1]Bulgaria, Cyprus, Lithuania, Romania and Slovenia
[2]Montenegro, Russia, Ukraine, Turkey (Europe only)

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.

[9] The majority of calls in Spain are at ports on their Mediterranean coast.

- Scheduled new ships at European shipyards have increased from 48 during the 4-year period of 2016-2019 to 66 over the 4-year period of 2018-2021. This represents a 38 percent gain in new ships.
- All but two of the oceanic cruise ships currently under construction through the end of 2021 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 45 of the new ships due for delivery within Europe from 2018 to 2021.
- Germany and Italy are the current leaders with 60% of the European order book between them.
- Some diversification from the customary pattern is taking place with twenty mostly smaller ships under construction in Norway and other non-traditional countries.
- 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 recent entry of China to the market is a significant milestone.
- 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.
- The current allocation of the 2018-21 order book by European country of build is shown in Table 6.1

Table 6.1: Ocean-going Cruise Vessels – Scheduled European Newbuildings, 2018-2021

Country of Build	No.	GT	Pax (LB)	Cost €M	Share of Cost
Italy	18	1,840,14	49,008	8,982	30.5%
Germany	14	1,963,22	47,358	8,819	30.0%
France	8	1,322,76	33,794	6,111	20.8%
Finland	5	770,800	21,164	3,077	10.5%
Norway	12	181,600	2,922	1,383	4.7%
Croatia	4	47,360	945	458	1.6%
Spain	2	48,000	596	356	1.2%
Poland	1	12,300	126	108	0.4%
Portugal	1	9,300	176	81	0.3%
Netherland	1	5,739	100	65	0.2%
Total	**66**	**6,201,23**	**156,18**	**29,44**	**100.0**

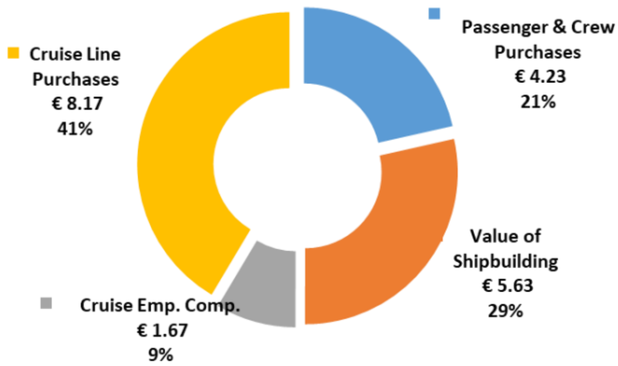
Note: GT (Gross Tonnage), LB (Lower Berths), Pax (Passengers).
Total excludes two ships of non-European build (China).
Source: G. P. Wild (International) Limited.

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

Major Segments

Cruise tourism generated an estimated €19.7 billion in direct expenditures throughout Europe in 2017, an increase of 17 percent over 2015. 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, 2017



Shipbuilding

The global cruise industry spent €5.63 billion on shipbuilding in 2017; 29 percent of total cruise industry expenditures in Europe. This share is up from 27 percent of the total in 2015. After increasing by 13 percent in 2014 and 1.2 percent in 2015, expenditures for new construction and maintenance increased by 22 percent in 2017 over its 2015 levels.

- The continued increase in contracts placed with European yards over the past several years confirms 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), 2017

Country	Newbuildings	Refurbishment	Total
Italy	€ 1,623	€ 323	€ 1,945
Germany	€ 923	€ 268	€ 1,191
France	€ 900	€ 45	€ 945
Finland	€ 503	€ 52	€ 555
Other EU+3	€ 715	€ 277	€ 992
Total	**€ 4,663**	**€ 965**	**€ 5,628**

- About 83 percent of these expenditures relate to the work-in-progress for the construction of new cruise ships, with the remaining 17 percent covering conversion, refitting, refurbishment and maintenance of cruise ships.
- The four major shipbuilding countries in Europe saw significant variations in expenditures for new construction and maintenance in 2017. France and Italy saw expenditures increase by 81 percent and 54 percent, respectively. Expenditures in Finland rose by 9.8 percent. After a 23 percent decline in 2015, shipbuilding expenditures declined by an additional 6.7 percent in Germany in 2017.

Cruise Line Purchases

Cruise lines spent an additional €8.17 billion with European businesses in support of their cruise operations. This was 41% of the total direct cruise industry expenditures and an 18 percent increase from 2015. 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 €807 million in provisions consumed on-board cruise ships by passengers and crew, an increase of 18 percent over 2015. This growth was primarily driven by the increase in passenger carryings throughout Europe as well as the increased costs of goods.
- Driven by a rise in fuel prices and increased shipyard newbuild and maintenance, the petrochemical industry received an estimated €901 million from cruise lines in 2017, a 14 percent increase from 2015. Petrochemical products include bunker fuels, lubricants, paint and cleaning supplies.
- Another €1.20 billion was spent for the manufacture of metals and machinery, including material handling equipment, engines, lighting equipment, communication equipment and computers. This represented a 21 percent increase over 2015.
- Spending for transportation and utilities totalled €1.95 billion and included spending for public utilities, travel agent commissions, port charges and ground transportation. This was a 17 percent increase from 2015 and was impacted by the increase in passenger visits throughout Europe as well as additional support for cruise industry operations in the region.

Table 7. 2: Direct Cruise Lines Purchases by Industry (Millions), 2017 (Excluding Shipbuilding)

Industry	Purchases	Share of Total
Ag. Min., & Const.	€ 23	0.3%
Food & Beverage	€ 807	9.9%
Textiles & Apparel	€ 222	2.7%
Paper & Printing	€ 232	2.8%
Petroleum & Chemicals	€ 901	11.0%
Stone & Glass	€ 32	0.4%
Metals	€ 254	3.1%
Machinery	€ 946	11.6%
Other Manufacturing	€ 484	5.9%
Wholesale Trade	€ 135	1.6%
Transportation &Utilities	€ 1,954	23.9%
Financial & Bus. Svcs.	€ 1,676	20.5%
Personal Serv. & Gov't	€ 499	6.1%
Total	**€ 8,165**	**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 €1.68 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 18 percent over 2015.

Cruise Passengers and Crew

Passengers and crew spent €4.23 billion at ports-of-embarkation and ports-of-call in 2017, accounting for 21 percent of total cruise industry expenditures. This was a 10 percent increase over 2015.

- The 6.5 million cruise tourists that embarked on cruises from European ports spent an estimated €1.89 billion on airfares, port fees, accommodation, excursions, food and beverages amongst others at the embarkation ports, 7.4 percent more than in 2015.
- European airfares accounted for approximately 72 percent of these expenditures by embarking passengers.
- The 34.10 million passenger visits at European ports-of-call generated an additional €2.17 billion in expenditures for tours, food and beverage, merchandise and other similar expenditures. This is an increase of 12.4 percent from 2015.
- An estimated 16.81 million crew members arrived at port cities during cruise calls. Of these an estimated 6.7 million disembarked and made purchases totalling an estimated €164.7 million, or €24.50 per crew visit.

Compensation of Cruise Line Employees

European cruise lines spent €1.67 billion on compensation for employees who resided in Europe during 2017, an 8 percent increase over 2015. These expenditures accounted for 8.5 percent of total cruise industry direct expenditures. The cruise lines employed an estimated 69,072 residents of Europe in their administrative offices and as crew on board their ships.

Table 7. 3: Cruise Line Compensation Shares by Country, 2017 - Country of Residence of Employees

Country	Share of Total
UK	40%
Italy	33%
Germany	7.7%
Norway	6.8%
Spain	2.3%
France	2.2%
Portugal	2.0%
Ireland	1.1%
Ukraine	0.9%
Netherlands	0.8%
Romania	0.7%
Bulgaria	0.5%
Rest of EU+3	4.5%

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 63 percent of the direct expenditures of the cruise industry. Combined these three countries experienced an increase of 16 percent in direct expenditures from 2015. 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, 2017 - Millions

Country	Direct Spending	Share of Total
Italy	€ 5,463	27.7%
UK	€ 3,850	19.5%
Germany	€ 3,140	15.9%
Spain	€ 1,481	7.5%
France	€ 1,679	8.5%
Finland	€ 703	3.6%
Norway	€ 712	3.6%
Greece	€ 546	2.8%
Netherlands	€ 563	2.9%
Sweden	€ 269	1.4%
Top 10	**€ 18,408**	**93.5%**
Portugal	€ 258	1.3%
Denmark	€ 253	1.3%
Croatia	€ 110	0.6%
Malta	€ 111	0.6%
Gibraltar	€ 72	0.4%
Next 5	**804**	**4.1%**
Rest of the EU+3	€ 485	2.5%
Total	**€ 19,698**	**100.0%**

Direct expenditures among the top five countries was up 17 percent from 2015 – from €13.32 billion to €15.61 billion.

- France led the way with a 36 percent increase in direct expenditures –and accounted for nearly 11 percent 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 an 81 percent increase. Spending by cruise lines, including the compensation of their employees residing in France was up by 7.5 percent.
- Italy experienced a 20 percent growth in direct expenditures over 2015. These gains were driven by a 54 percent gain in shipbuilding and repair – representing nearly 75 percent of the total gains Italy experienced since 2015. Cruise line purchases for goods and services, including employee compensation rose by 11 percent. Passenger and crew spending across Italy's ports was down by 2.1 percent over 2015. This is due to an overall decrease in all passenger types – sourced, embarks and port of call.
- Direct expenditures in the UK rose by 18 percent during 2017 over 2015. Spending by passengers and crew at UK port cities increased by more than 13 percent as a result of a 3.2 percent increase in embarking passengers and more than a 50 percent increase in port of call visits. Spending by at UK shipyards was up slightly at 2.1 percent. Cruise lines spending for goods and services in support of cruises, including resident employee compensation was up by 20 percent over the 2015 levels.
- Overall, Spain experienced a 12 percent increase in direct cruise industry expenditures in 2017 over

2015. Gains were seen across all four major expenditure categories, including a 15 percent increase in the combined passenger and crew spending at cruise destinations in Spain. Cruise line purchases at Spanish ports, including employee compensation were up 5.6 percent from two years earlier, and ship repair and maintenance increased by 6.4 percent.

- Germany experienced smaller gains in direct cruise sector expenditures with an overall gain of 6.6 percent. The growth in Germany occurred across three of four of the major categories of spending. The growth was led by a 34 percent increase in the combined spending of passengers and crew members. Cruise lines spending for goods and services in support of cruises, including resident employee compensation was up by 13 percent over the 2015 levels. These gains were somewhat tempered by a 6.7 percent decrease in shipbuilding and repair expenditures in Germany from 2015 to 2017.

The remaining five countries in the top ten experienced an aggregate gain of 14.0 percent in total direct expenditures. This was the net result of gains in the four countries of the Netherlands (21%), Norway (19%), Finland (12%), and Greece (12%). Sweden was the only country of the top 10 to experience a decrease in direct expenditures (0.7%).

- The Netherlands' growth of 21 percent resulted from gains in three of the four major categories of direct expenditures: passenger and crew spending, cruise line employment compensation, and cruise line purchases. These gains were driven primarily by a 44% increase in embark passengers and a 15% increase in port-of-call passengers. Aggregate spending by cruise lines in support of cruise operations, increased by nearly 30%.
- Norway's 19 percent increase in direct expenditures was primarily the result of a 19.3 percent increase in passenger and crew spending at the country's ports – driven by a 20 percent increase in passengers and crew. Spending for ship maintenance also rose. Aggregate spending by cruise lines in support of cruise operations also rose by 22 percent.
- Direct expenditures in Finland rose by 12 percent during 2017. Finland's growth was primarily driven by the 9.8 percent increase in spending for shipbuilding and maintenance. In addition, passenger and crew spending at Finland's cruise destinations increased by 13 percent. Aggregate spending by cruise lines in support of cruise operations also rose by 23 percent.
- Greece saw its direct expenditures increase by 12 percent in 2017 over 2015. This was primarily concentrated in spending by cruise lines in support of their cruise operations. Passenger and crew spending grew 1.1 percent due to a 13 percent increase in embark passengers which was offset by a 2.1 percent decrease in port-of-call passengers. This resulted in an overall decrease of 1.4 percent in total passengers.
- Direct expenditures in Sweden during 2017 was down by about 1 percent. This drop was primarily driven by decreases in both embarking and source passengers and their associated spending. Source passengers were down 25 percent, while embarks were down 5.2 percent over 2015. An increase in transit passengers, and their associated spending, somewhat offset this decrease in spending.
- The next five countries had direct cruise industry spending of between €72 million and €258 million. These five countries were primarily impacted as passenger destination markets and experienced an aggregate increase in direct expenditures of 14 percent since 2015. Direct spending totalled €804 million during 2017 across these five countries.

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. Some nations that had more significant impacts include the following:

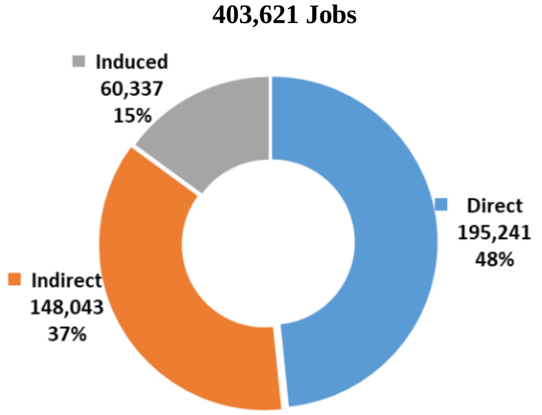
- Passenger Source Markets: Austria, Cyprus and Switzerland.
- Passenger Destination Markets: Belgium, Cyprus, Estonia, Iceland, Ireland.
- Crew: Bulgaria, Hungary, Ireland, Poland, and Romania.

8. The Economic Benefits of Cruise Tourism

Employment Impacts

The €19.70 billion in direct cruise tourism expenditures throughout Europe in 2017 generated an estimated 403,621 jobs (direct, indirect and induced), up by 12 percent from 2015.

Figure 8. 1: Total Employment Impact in Europe, 2017



Direct Employment Impacts

The direct cruise tourism expenditures directly generated an estimated 195,241 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 services and 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 69,072 European residents in their administrative offices and on-board cruise ships. They accounted for 35 percent of the direct employment impacts.
- European manufacturers employed an estimated 52,536 workers, 27 percent of the direct jobs. The total number of manufacturing jobs generated by cruise industry expenditures increased by 18 percent from 2015.
    - European shipyards employed an estimated 32,097 workers on the construction and repair of cruise ships. As a result of the 22 percent increase in the expenditures for ship construction and repair from 2015, employment at European shipyards increased by 18 percent.

Table 8.1: Direct Cruise Industry Employment by Industry, 2017

Industry	Direct Jobs	Share of Total
Agr., Mining & Constr.	**244**	**0.1%**
Manufacturing	**52,536**	**26.9%**
Food & Beverages	3,227	1.7%
Textiles & Apparel	2,198	1.1%
Paper & Printing	1,438	0.7%
Petroleum & Chemicals	1,324	0.7%
Stone, Clay & Glass	198	0.1%
Metals	2,796	1.4%
Machinery	5,509	2.8%
Electrical Machinery	1,390	0.7%
Shipbuilding	32,097	16.4%
Other Manufacturing	2,359	1.2%
Wholesale & Retail Trade	**12,554**	**6.4%**
Hospitality	**7,287**	**3.7%**
Transportation & Utilities	**26,470**	**13.6%**
Air Transport	6,543	3.4%
Transport Services	17,401	8.9%
Other Transport & Utilities	2,526	1.3%
Financial & Business Svcs.	**15,794**	**8.1%**
Finance, Ins. & Real Estate	1,346	0.7%
Business Services	14,448	7.4%
Personal Services & Govt	**11,284**	**5.8%**
Subtotal	**126,169**	**64.6%**
Cruise Line Employees*	69,072	35.4%
Grand Total	**195,241**	**100.0%**

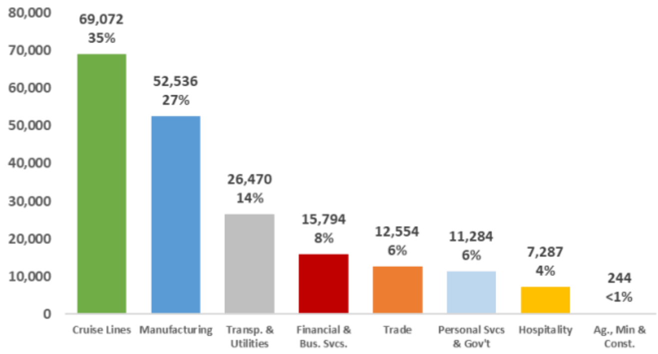
* European Nationals

- An estimated 3,227 jobs were generated in the food and beverage industry to produce food and beverage items consumed on cruise ships.
- Nearly 9,700 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 21 percent over 2015.
- The wholesale and retail trade sector employed an estimated 12,554 workers to provide goods to the cruise lines and their passengers. Employment in this sector rose by 19 percent from 2015.
- The Transportation and Utilities sector employed 26,470 workers, 14 percent of the total and a 14 percent increase over 2015. 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 15,800 persons, including insurance agents, financial advisors, computer programmers, engineers, management consultants, lawyers and accountants. They accounted for 8.1 percent of the total direct employment impacts and rose by 13 percent over 2015.
- Nearly 7,300 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 9.9 percent from 2015 and accounted for 3.7 percent of the direct jobs.

- Finally, 11,284 jobs were generated in the personal services, & government sectors, an increase of 17 percent from 2015. These include photographers, health care employees and social service providers, among others.

Figure 8.2: Direct Employment by Sector, 2017
195,241 Jobs



Total Employment Impacts

As indicated in Table 8.2 an estimated 403,621 total jobs, comprising direct, indirect and induced employment, were generated throughout Europe by the cruise industry in 2017, an increase of 12 percent over 2015.

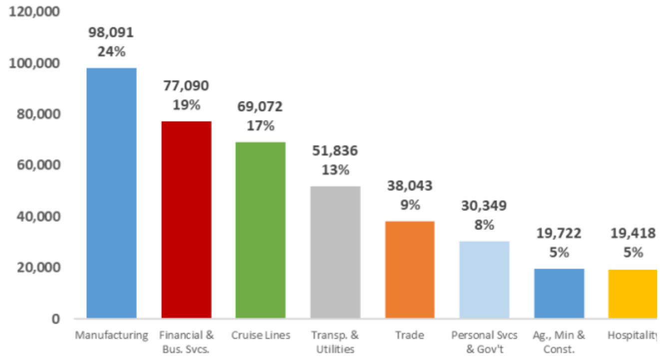
- European manufacturers employed nearly 98,100 workers, 24 percent of the total jobs, as a result of the total economic impact of the cruise industry. This is an increase of 15 percent from 2015 which is directly related to the increase in cruise ship construction and increased passenger carryings.
    - Transportation equipment industry employed an estimated 38,705 workers, the majority (80%+) of which were employed working on the construction and maintenance of cruise ships and other vessels.
    - Nearly 13,000 jobs were generated in the food, textiles and apparel industries as result of cruise line, passenger and household demand for food, clothing and related products.
    - Nearly 28,400 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 69,072 European residents in their administrative offices and on-board cruise ships. They accounted for 17 percent of the total employment impacts.
- Financial and Business Services accounted for 19 percent of the total employment impacts with 77,090 jobs. While the total impacts measured in this section were spread throughout all components of this sector, the impacts were most heavily concentrated in the area of business services.
- Combined, the Trade and Hospitality sectors accounted for 14 percent of the total employment impacts, which amounted to 57,461 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, 2017

Industry	Total Jobs	Share of Total
Agr., Mining & Constr.	**19,722**	**4.9%**
Manufacturing	**98,091**	**24.3%**
Food & Beverage	6,814	1.7%
Textiles & Apparel	6,146	1.5%
Paper & Printing	5,398	1.3%
Petroleum & Chemicals	4,948	1.2%
Stone & Glass	1,616	0.4%
Metals	14,004	3.5%
Machinery	9,018	2.2%
Electrical Machinery	5,340	1.3%
Transportation Equipment [1]	38,705	9.6%
Other Manufacturing	6,102	1.5%
Wholesale & Retail Trade	**38,043**	**9.4%**
Hospitality	**19,418**	**4.8%**
Transportation & Utilities	**51,836**	**12.8%**
Air Transport	7,410	1.8%
Transport Services	25,100	6.2%
Other Transport	12,358	3.1%
Communications & Utilities	6,968	1.7%
Financial & Business Svcs.	**77,090**	**19.1%**
Finance, Ins. & Real Estate	11,775	2.9%
Business Services	65,315	16.2%
Personal Services & Govt	**30,349**	**7.5%**
Subtotal	**334,549**	**82.9%**
Cruise Line Employees	69,072	17.1%
Grand Total	**403,621**	**100.0%**

- Transportation and Utility services accounted for 13 percent of the total employment impacts with just over 51,800 jobs. This reflects the direct demand generated by the cruise industry and the strong business to business and consumer goods and services dependency on the transportation sectors.
- Just over 19,700 total jobs, amounting to 4.9 percent of the total employment impacts were generated in the Agriculture, Mining and Construction segments. Nearly two-thirds of these were in the Agriculture sector
- The Personal Services and Government sector accounted for 7.5 percent of the total employment impacts with nearly 30,500 total jobs. These jobs were concentrated in the education, medical care and social services industries.

Figure 8. 3: Total Employment by Sector, 2017
403,621 Jobs



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 89 percent of the industry's total job creation. The next five countries each had total employment impacts in excess of 3,000 jobs and accounted for 6.1 percent of total job creation. The remaining countries accounted for 5.1 percent of total employment impacts generated by the industry.

The Top Ten

The three countries of Italy, the UK and Germany accounted for 63 percent of the direct expenditures of the cruise industry and the 62 percent of the total employment impacts. These three countries experienced a combined increase of 16 percent in direct expenditures and a 12 percent increase in total employment from 2015.

- Italy accounted for about 30 percent of the total employment impacts with 119,052 jobs. This share was up slightly from 29 percent in 2015, but it represented a 16 percent increase in the total employment impact.
    - As Europe's largest cruise destination market, the transportation and utilities, trade, and hospitality industries accounted for a combined 27 percent of the total employment impacts.
    - The manufacturing sector accounted for 28 percent of the total impact with these jobs concentrated in the shipbuilding and metals industries.
    - The cruise lines directly employed an estimated 14,910 Italian residents as crew and administrative staff, 13 percent of the total employment impacts.
- The United Kingdom accounted for 20 percent of the total employment impacts with an estimated 82,410 jobs, an increase of over 11 percent since 2015.
    - As Europe's second largest cruise passenger source market, the transportation and utilities, trade, and hospitality industries accounted for a combined 22 percent of the total employment impacts.
    - The Financial and Business Services sector accounted for 22 percent of the total impact. These jobs were primarily in the advertising, professional consulting and insurance industries.
    - The cruise lines directly employed an estimated 17,180 UK residents as crew and administrative staff, which accounted for 21 percent of the total employment impacts.

Table 8. 3: Total Employment by Country, 2017

Country	Total Jobs	Share of Total
Italy	119,052	29.5%
UK	82,410	20.4%
Germany	48,490	12.0%
Spain	31,233	7.7%
France	19,973	4.9%
Norway	16,831	4.2%
Finland	10,756	2.7%
Greece	10,721	2.7%
Portugal	9,984	2.5%
Netherlands	8,992	2.2%
Top 10	**358,442**	**88.8%**
Romania	7,363	1.8%
Poland	5,039	1.2%
Bulgaria	4,846	1.2%
Croatia	3,988	1.0%
Sweden	3,385	0.8%
Next 5	**24,620**	**6.1%**
Rest of EU+3	20,559	5.1%
Total	**403,621**	**100%**

- Germany accounted for 12 percent of the total employment impacts with an estimated 48,490 jobs, an increase of 6.2 percent from 2015. Germany saw its overall share of European employment decrease from about 13 percent in 2015. This relative decline resulted from the impact of the 6.7 percent decline in cruise industry spending at German shipyards.
    - Manufacturing, with 12,836 impacted jobs, accounted for 26 percent of the total employment impact.
    - As Europe's largest cruise passenger source market, Germany's transportation (excluding cruise line employees), trade, and hospitality industries accounted for a combined 21 percent of the total employment impacts.
    - The cruise lines directly employed an estimated 4,690 German residents as crew and administrative staff, which accounted for 9.7 percent of the total employment impacts.

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

- Spain, as a major source and destination market with some headquarters had 31,233 jobs, an increase of 9.3 percent over 2015. Cruise line employees accounted for about 4.0 percent of its total employment impact, while the transportation and utilities, trade, and hospitality industries accounted for 37 percent of the impact.

- France is a shipbuilding centre and a source and destination market. It had a total employment impact of 19,973 jobs, an increase of 21 percent from 2015. The manufacturing sector accounted for 28 percent of the total. The transportation and utilities, trade, and hospitality industries accounted for 33 percent of the total employment impact.
- Norway provides ship maintenance services, crew, and is a destination market. Norway had a total employment impact of 16,831, up 14 percent from 2015. Manufacturing jobs, including shipbuilding, accounted for 19 percent of the total employment impact in Norway, cruise line employees accounted for 27 percent and the ground transportation and trade industries accounted for 23 percent.
- Finland features primarily as a shipbuilding centre and a port of call, receiving nearly 500,000 in-transit passengers in 2017. Its employment impact in excess of 10,700 jobs increased by nearly 14 percent over 2015. The employment impact was concentrated in the manufacturing and financial and business services sectors, which accounted for 72 percent of the total jobs.
- Greece is primarily a destination market with some ship repair services and had a total employment impact 10,721 jobs, an increase of 7.4 percent from 2015. Approximately 59 percent of these jobs were in the transportation and trade sectors and 11 percent 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 under 10,000 jobs, an increase of 3.7 percent from 2015. Employees of the cruise lines accounted for 39 percent of the total impact and the transportation and utilities, trade and hospitality sectors accounted for 25 percent.
- The Netherlands is primarily a source market for cruise industry purchases and ship maintenance, however, embarking passengers rose by 44 percent to 124,000 and transit passengers were up by nearly 16 percent to just over 330,000 passengers. Purchases by cruise lines amounted to 71 percent of the direct expenditures with shipbuilding accounting for another 17 percent. The total employment impact during 2017 was nearly 9,000 jobs, up 19 percent from 2015. The manufacturing sector was responsible for 27 percent of the total employment impacts while the transportation, trade and hospitality sectors accounted for 28 percent.

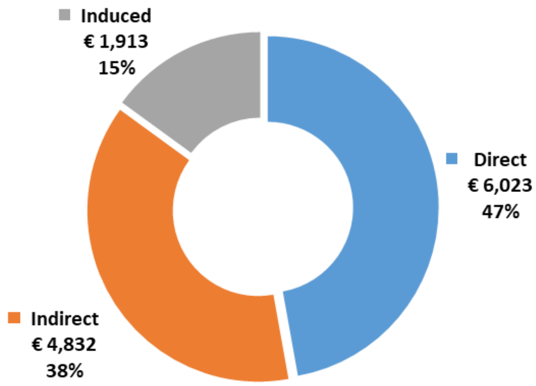
The remaining countries were primarily impacted as source markets, destination markets or as sources for crew. As a result, most of the jobs generated in these countries were either as crew or in the transportation, trade and hospitality sectors.

Compensation Impacts

The cruise industry is also responsible for the generation of significant income throughout Europe. The 403,621 total jobs generated by cruise tourism also generated €12.77 billion in total compensation, which is comprised of direct, indirect and induced impacts.

Figure 8. 4: Total Compensation Impact in Europe, 2017

€12.77 Billion



Direct Compensation Impacts

The cruise tourism expenditures directly generated €6.02 billion in compensation throughout Europe during 2017, an increase of 15 percent from 2015. 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.

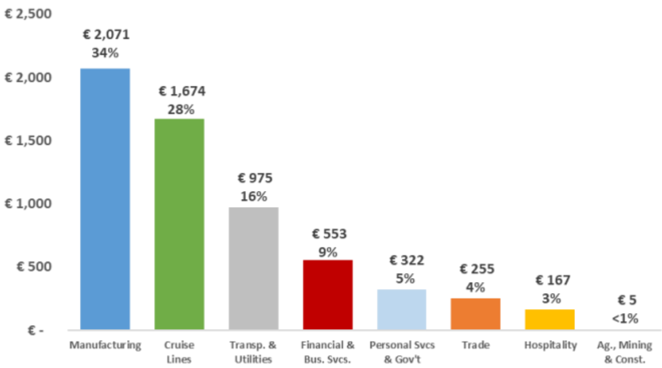
- The 69,072 European residents directly employed by the cruise lines received €1.67 billion in compensation. They accounted for about 28 percent of the direct compensation impacts.

Table 8.4: Direct Cruise Industry Compensation by Industry, 2017

Industry	Direct Compensation Millions	Share of Total
Agr., Mining & Constr.	**€ 5**	**0.09%**
Manufacturing	**€ 2,071**	**34.38%**
Food & Beverage	€ 105	1.74%
Textiles & Apparel	€ 53	0.87%
Paper & Printing	€ 59	0.98%
Petroleum & Chemicals	€ 79	1.32%
Stone & Glass	€ 7	0.12%
Metals	€ 80	1.33%
Machinery	€ 176	2.93%
Electrical Machinery	€ 58	0.96%
Shipbuilding	€ 1,367	22.69%
Other Manufacturing	€ 87	1.44%
Wholesale & Retail Trade	**€ 255**	**4.24%**
Hospitality	**€ 167**	**2.78%**
Transportation & Utilities	**€ 975**	**16.19%**
Air Transport	€ 336	5.57%
Transport Services	€ 573	9.51%
Other Transport & Utilities	€ 67	1.11%
Financial & Business Svcs.	**€ 553**	**9.18%**
Finance, Ins. & Real Estate	€ 96	1.60%
Business Services	€ 457	7.58%
Personal Services & Govt	**€ 322**	**5.34%**
Subtotal	**€ 4,349**	**72.21%**
Cruise Line Employees	€ 1,674	27.79%
Grand Total	**€ 6,023**	**100.00%**

- The 52,536 European manufacturing employees dependent on cruise-related spending earned an estimated €2.07 billion in compensation, amounting to 34 percent of the total direct compensation.
  - Employees of European shipyards engaged in the construction and maintenance of cruise ships received an estimated €1.37 billion in compensation in 2017, an increase of nearly 19 percent over 2015.
  - Employees in the food and beverages industry earned €105 million, an increase of 19 percent from 2015, from the production of provisions consumed by cruise passengers and crew.
  - Workers directly employed in the metals and machinery industries earned €314 million producing a broad range of equipment used on cruise ships and in administrative offices, an increase of 17 percent from 2015.
- It was estimated that the 12,554 wholesale and retail trade sector employees directly employed as a result of cruise industry experienced a 22 percent increase in direct compensation. Direct compensation increased from €210 million in 2015 to €255 million in 2017.
- It was also estimated that the 26,470 workers directly employed in Transportation & Utilities sector earned €975 million, 16 percent of the total direct compensation impacts and an increase of 15 percent from 2015.
- The 15,794 persons calculated to be employed in the Financial and Business Services sector were paid €553 million, which amounted to 9.2 percent of the direct compensation impacts and an increase of 17 percent over 2015.
- The 7,287 workers that were employed in the hospitality sector as a direct result of passenger spending on their cruise vacations made €167 million in compensation and accounted for 2.8 percent of the total.
- In the Personal Services and Government sectors, it was estimated that the 11,284 directly generated jobs earned €322 million in compensation, 5.3 percent of the total direct compensation impacts.

Figure 8.5: Direct Compensation by Sector, 2017 €6.02 Billion



Total Compensation Impacts

As indicated in Table 8.5 an estimated €12.77 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 2017, a 16 percent increase from 2015.

- The 98,091 European manufacturing jobs generated by the European cruise industry produced nearly €3.8 billion in total compensation. Manufacturing accounted for 30 percent of the total compensation impacts.
  - The 38,705 workers estimated to be employed in the manufacturing of transportation equipment earned an estimated €1.64 billion in 2017. Approximately 83 percent of these earnings were paid to workers in the shipbuilding and repair industry.
  - The 12,960 employees from the food, textiles and apparel industries earned €400 million in compensation as a result of cruise line, passenger and household demand for these products.
  - The nearly 28,400 workers employed in the metal and machinery industries primarily as a result of the direct and indirect demand from shipbuilding received €1,037 million in remuneration.

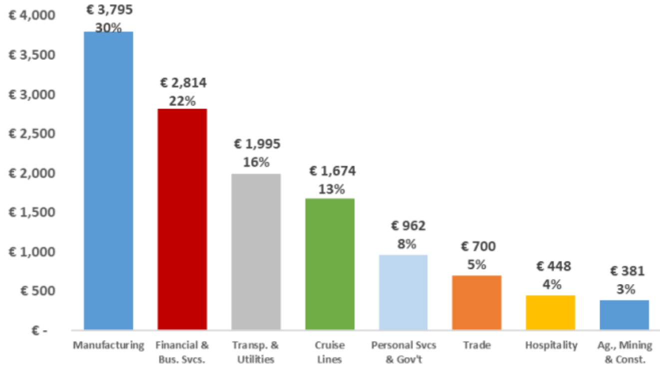
- A sum of €1.67 billion was paid in compensation to European residents that were directly employed by the cruise lines in 2017, 14 percent of total compensation impacts.
- Financial and Business Services were estimated to employ 77,090 workers due to the economic activities of the European cruise industry. These workers made €2.8 billion in remuneration and accounted for 22 percent of the total compensation impacts.
- Combined, the Trade and Hospitality sectors accounted for 9.0 percent of the total compensation impacts with €1.15 billion in earnings.
- The nearly 52,000 jobs created in the Transportation and Utilities sector as a result of the direct, indirect and induced impacts of the European cruise industry received just under €2.0 billion in employee compensation, amounting to 16 percent of the total impacts.

Table 8. 5: Total Compensation by Industry, 2017

Industry	Total Compensation Millions	Share of Total
Agr., Mining & Constr.	**€ 381**	**2.98%**
Manufacturing	**€ 3,795**	**29.72%**
Food & Beverage	€ 234	1.83%
Textiles & Apparel	€ 166	1.30%
Paper & Printing	€ 199	1.56%
Petroleum & Chemicals	€ 262	2.05%
Stone & Glass	€ 61	0.48%
Metals	€ 473	3.70%
Machinery	€ 326	2.55%
Electrical Machinery	€ 238	1.86%
Transportation Equipment[1]	€ 1,643	12.86%
Other Manufacturing	€ 194	1.52%
Wholesale & Retail Trade	**€ 700**	**5.48%**
Hospitality	**€ 448**	**3.51%**
Transportation & Utilities	**€ 1,995**	**15.62%**
Air Transport	€ 384	3.01%
Transport Services	€ 855	6.70%
Other Transport	€ 440	3.44%
Communications & Utilities	€ 316	2.47%
Financial & Business Svcs.	**€ 2,814**	**22.04%**
Finance, Ins. & Real Estate	€ 802	6.28%
Business Services	€ 2,011	15.75%
Personal Services & Govt	**€ 962**	**7.54%**
Subtotal	**€ 11,095**	**86.20%**
Cruise Line Employees	€ 1,674	13.80%
Grand Total	**€ 12,769**	**100.00%**

- The approximately 19,700 total jobs generated in the Agriculture, Mining and Construction industries benefitted from €381 million in compensation, 3.0 percent of the total.
- The Personal Services and Government sector accounted for 7.5 percent of total compensation impacts with €962 million in earnings. This was earned by the 30,349 workers that were employed as a result of the total impacts of the cruise industry in Europe.

Figure 8.6: Total Compensation by Sector, 2017 €12.77 Billion



Total Compensation by Country

Although the European cruise industry was responsible for generating compensation in each of the EU+3 countries, the majority of these impacts were concentrated in 10 countries, accounting for 95 percent of the industry's income creation. The next five countries each had total compensation impacts exceeding €35 million and accounted for another 3.1 percent of the total. The remaining 17 countries accounted for 1.9 percent of the total compensation impacts with less than €31 million each.

The Top Ten

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

- Italy accounted for 29 percent of the total compensation impacts with €3.69 billion in earnings, an increase of 18 percent over 2015.
  - Manufacturing was responsible for 32 percent of the total impact with compensation totalling €1.19 billion and concentrated in shipbuilding and metals.
  - As Europe's largest cruise destination market, the transportation and utilities, trade, and hospitality industries together amounted to 24 percent of the total compensation impacts and accounted for €876 million in earnings.
  - The 14,910 workers calculated to be directly employed by the cruise lines earned €548 million, 15 percent of the total compensation impacts.
- The United Kingdom accounted for 25 percent of the total compensation impacts with €3.16 billion in earned income:
  - Manufacturing, with €791 million in total compensation accounted for 25 percent of the total compensation impacts. Manufacturing jobs were concentrated mainly in the machinery and food and tobacco industries.

- Financial and Business Services, with €759 million, were responsible for 24 percent of the total compensation impacts, concentrated in the advertising, professional consulting and insurance industries.
- As Europe's second largest source market, the transportation and utilities, trade and hospitality industries accounted for €625 million in compensation, amounting to 20 percent of the total compensation impacts.
- The 17,180 workers estimated to be directly employed by the cruise lines earned €675 million, which accounted for 21 percent of the total compensation impacts.

Table 8.6: Total Compensation by Country, 2017

Country	Total Compensation Millions	Share of Total
Italy	€ 3,686	28.9%
UK	€ 3,159	24.7%
Germany	€ 1,804	14.1%
Spain	€ 959	7.5%
France	€ 925	7.2%
Norway	€ 567	4.4%
Finland	€ 405	3.2%
Netherlands	€ 270	2.1%
Greece	€ 204	1.6%
Portugal	€ 148	1.2%
Top 10	**€ 12,127**	**95.0%**
Sweden	€ 141	1.1%
Denmark	€ 121	0.9%
Croatia	€ 60	0.5%
Switzerland	€ 41	0.3%
Malta	€ 38	0.3%
Next 5	**€ 400**	**3.1%**
Rest of EU+3	€ 242	1.9%
Total	**€ 12,769**	**100.0%**

- Germany accounted for 14 percent of the total compensation impacts with earnings amounting to just over €1.80 billion:
  - Manufacturing amounted to 36 percent of the total impact with €652 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 and utilities, trade and hospitality industries accounted for a combined 20 percent of the total compensation impacts with €357 million in earnings.
  - The 4,690 workers directly employed by the cruise lines earned €127 million, 7.0 percent of total compensation impacts.
- The remaining seven countries in the top ten tended to be impacted in two or three primary segments:
  - Spain, as a major source and destination market with some headquarters operations, had a total compensation impact of €959 million, accounting for 7.5 percent of the European total. Cruise line employees were responsible for 3.9 percent of the impact and the transportation and utilities, trade, and hospitality industries for 37 percent.
  - France is a shipbuilding centre and a source and destination market. It had a total compensation impact of €925 million in earnings. The manufacturing sector accounted for about 37 percent, while the transportation and utilities, trade, and hospitality industries amounted to 29 percent of the total compensation impact.
  - Norway provides ship maintenance services, crew, and is also a destination market. Norway had a total compensation impact of €567, up 19 percent from 2015. Manufacturing jobs, including shipbuilding, accounted for 25 percent of the total compensation impact in Norway, cruise line employees accounted for 20 percent and the ground transportation and trade industries accounted for 22 percent.
  - Finland features primarily as a shipbuilding centre. Its compensation impact of €405 million was concentrated in the manufacturing and business services sectors, which accounted for 72 percent of the total impact.
  - The Netherlands primarily provides support services and provisioning for cruise ships. It had a total compensation impact of €270 million in earnings, 2.1 percent of the total European impact. Manufacturing accounted for 41 percent and the Financial and Business Services sector for 20 percent.
  - Greece is primarily a destination market with some ship repair services and had a total compensation impact of €204 million, 1.6 percent of the European total. The transportation and utilities and trade sectors accounted for a combined 60 percent of the compensation. An additional 15 percent comes from manufacturing.
  - Portugal is a source for crew and ship repair services and is also a cruise destination market. It had a total compensation impact of €148, an increase of 9.6 percent from 2015. Employees of the cruise lines accounted for 23 percent of the total compensation impact in Portugal while the transportation, trade and hospitality sectors accounted for 37 percent.

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;

CLIA statistical reports;

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 (ex ECC)	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 (ex-PSA)	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 29 Member States (Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Gibraltar, Germany, Greece, Hungary, Ireland, Italy, Luxemburg, Latvia, Lithuania, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden and the United Kingdom.) The UK is expected to withdraw from the union in 2019.
EU+3	The EU countries listed above plus Iceland, Norway and Switzerland
Euroyards	Organisation representing leading European shipyards, including those building the majority of cruise ships currently on order.
Full time equivalents (FTEs)	Employment (jobs, workers) figures are expressed as full-time equivalent employment, a computed statistic representing the number of full-time employees that could have been employed if the hours worked by part-time employees had been worked by a full-time employee. Thus, FTE is always less than the sum of full-time and part-time employees.
Home Port	Port at which a cruise ship is based, normally for a series of cruises. May also be referred to as a base-port, embarkation port or turn around port.
International cruising	This normally refers to cruises on ships that visit ports in more than one country and are also marketed internationally. Other non-international cruising such as coastal and riverine is excluded from the scope of the current study.
Lower Berths	Used to measure the normal capacity of a ship when two beds in each cabin are occupied.
MedCruise	Organisation representing the interests of cruise ports located in the Mediterranean and adjacent waters.
Northern Europe	As defined by Cruise Europe, this region comprises cruise destinations in: the Baltic; Iceland, Norway and Faeroes; Europe West Coast (as far as Lisbon); and United Kingdom and Ireland. The Baltic is the largest sector.
OECD	Organisation for Economic Co-operation and Development, international organisation of 34 countries to promote policies that will improve the economic and social well-being of people around the world.
Pax	Abbreviation for passengers.
Pax-nights	Number of passengers in lower berths multiplied by the number of nights a ship is occupied during a cruise. May also be referred to as bed-days or pax-days.
Port-of-Call	Port at which a cruise ship calls during the course of a cruise. Also sometimes referred to as a transit port or destination port.

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