

Pros and cons the cruise industry tourism essay



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Introduction

It is important to appreciate the size and scope of the cruise industry before discussing the issues and challenges associated with it. This paper provides an overview of the cruise industry, key players, growth, recent trends and developments and informs on the key impacts and effects that this fast growing cruise industry has on its destinations, communities, the waterways, passengers and the environment, It further analyzes the economic, social, cultural, health, safety, environment and taxation attributes of the cruise business and discusses both the positive and as well as the negative aspects of cruise tourism. The cruise industry provides economic and other benefits to the destinations, from the tourists' expenditures and ships' operational purchases to the taxation benefits for the communities in those destinations. It gives satisfaction and relaxation to the cruise passengers and results in profits for the cruise companies. At the same time, there are many negatives associated with cruise ship tourism, a number of which are significant and seriously damaging to the very same destinations, communities and the environment.

Statement of Purpose

The primary purpose of this paper is to provide a balanced snapshot of the industry and to highlight several key concerns and provide recommendations towards reducing their negative impact, and have more controlled and sustainable cruise operations. There is not one single cure-it-all solution to what is a very complex problem, but it is believed that more assertive policies and legislations that are international in scope and internationally enforced are a big part of the answer.

Cruise Industry Overview

The cruise ship industry is the fastest growing segment in the travel industry and since 1980 the average annual growth rate of cruise passengers worldwide averages 8.0%. As of January 2004, there were 339 active oceangoing cruise ships; this global fleet amounted to a total of 10.9 million gross tons, with 296,000 beds.[1] In 2007, the worldwide cruise passengers grew to 12.9 million. According to the Cruise Industry Report 2012 by the Florida Caribbean Cruise Association[2], the 2011 passenger number was over 16 million, of which 11.2 million originated in North America. The 2012 forecast is 17.0 million worldwide, with the Caribbean as the most preferred destination. The cruise lines continue to add new ships and exciting options to ensure continued growth. Today's ships offer a new generation of dizzying onboard innovations, including surf pools, planetariums, on-deck LED movie screens, golf simulators, water parks, self-leveling billiard tables, multi-room villas with private pools and in-suite Jacuzzis, ice skating rinks, rock climbing walls, bungees and trampolines. With all of this luxury and increase in passengers' numbers, the impact and the challenges in such areas as economic, socio-cultural, environmental, safety and security and taxation are a major concern.

Economic Effects

These economic benefits arise from five principal sources: 1) spending by cruise passengers and crew; 2) the shore-side staffing for their local offices, marketing and tour operations 3) expenditures for goods and services necessary for cruise operations; 4) spending by the cruise lines for port services; and 5) expenditures for the maintenance. According to CLIA, the

economic impact of the U. S cruise industry from 2005 to 2006 resulted in expenditures of \$35. 7 billion in gross output in the United States, a 10. 2 percent increase. This increase generated 348, 000 jobs in the U. S. A., a total of \$14. 7 billion in salaries. It should be noted that accommodation of large cruise ships in ports requires a great deal of initial capital investment in infrastructure and maintenance costs, which is absorbed eagerly by the host port, not by the cruise line. It is recommended that to create a more balanced port development the cruise companies must contribute financially towards the local infrastructure costs, and put a pause on increasing the size of new ships so that existing ports can welcome new ships without costly port rebuilds.

Impact of Powerful Cruise Companies

The top 10 brand operators control 64% of the global cruise berth capacity, with Carnival, Royal Caribbean and Star/NCL groups controlling 35% of the cruise vessels and 68% of the berth capacity worldwide. Carnival alone controls 22% of the vessels and 39% of the berths.[3]If one adds to it the growth rate of 8% annually, the net result is that the above three cruise companies exert a lot of power globally. Cruise business has become a revenue and profit churning machine and this is often with the exclusion or restriction of local providers. Arguably, cruise lines benefit the most from the activities associated with the passengers both onboard and off-board.

There are minimal profits for the providers of local tourism services as cruise lines obtain all income from items sold on board such as the rental of aquatic equipment, food and beverages or souvenirs, leaving the local tour operator with relatively little profit. Tourism service providers have to pay for

promotion on board; videos, brochures, and the cost of an actual booth ranges up to U. S. \$16, 500.[4]Others income comes from “ dream islands”, cruise line’s private island property and once again reducing the economic benefit to impacted communities.

The cruise industry also has a strong lobbying group to push for policy and legal decisions in their favor. From 1997 to 2007, Cruise Line International Association spent US\$10 million on lobbying the U. S Congress. These cruise sectors try hard to avoid or minimize paying local taxes, as their ships go under the flags of convenience, Liberia, Bahamas and Panama and cross international borders, which are exempt from paying certain destination taxes and pollution fees, and it is difficult for the local jurisdictions to enforce such payments. This causes apprehension to hotel operators who are obligated to pay such taxes and it makes them less competitive and profitable than the cruise lines. One suggestion is for a new international standard where cruise ships are obligated to pay a local port tax and economic development contribution based on the size of the ship and number of passengers, payable while in port.

Environmental Effects

Cruise ships generate a number of waste streams that affect the marine environment, e. g. sewage, graywater, hazardous wastes, oily bilge water, ballast water, solid waste and also emits air pollutants to the air and water. These environmental costs are significant but incalculable given that the cruise ship industry is largely unregulated. As an example, blackwater and graywater generate 15, 000 to 30, 000 gallons per day by a typical large ship with 3, 000 passengers, and 24% of vessel solid waste worldwide comes

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from cruise ships. The few regulations that are there are not always successful enforced. In 1999 Royal Caribbean paid a fine of US\$18million for discharging oily bilge water in Alaska, the same amount was paid by Carnival Cruise Line in 2002 for dumping oily waste from five ships and still not much has changed. Although cruise ships represent a small percentage of the entire shipping industry worldwide, public attention to their environmental impacts comes in part from the fact that cruise ships are highly visible because of the industry's desire to promote a positive image.

LeAna B. Gloor's article on cruise tourism impact on Hilo in Hawaii^[5] illustrates the social, physical and environmental concerns. She states that while Hawaii is benefiting economically at unprecedented levels, it is also being impacted negatively on the environmental side of things at unprecedented levels. She advocates for a stronger legislation, more aggressive enforcement and more bills such as the Clean Cruise Ship Act. She also calls for a more proactive, sustainable vision of the future from the port communities themselves.

Social and Cultural Effects

Interactions between resident and cruise passengers can have positive effects but at the same time, high frequency and density of cruise activities can restrict the available space for local residents and push them to adopt different moral and cultural standards. There are often negative reactions from the residents triggered by the cruise tourism in small ports, where the ratio of cruise tourists to inhabitants is high, in places such as Aruba, Antigua, Barbuda or Dominica. This leads to local resentment, overcrowding and lack of services such as taxis, beach space and available seats in

restaurants on the cruise days, or lack of demand and no work on the days when cruise ships are not in port. This differs for ports such as Miami, Barcelona and European destinations, where the number of cruise visitors' ratio is small compared to other tourists and local residents. Another negative is that ships with flags of convenience have questionable labour and work safety standards and often have no legal minimum wage enforcement. Past efforts to have this changed by organizations such as the ITWF have failed. It is recommended that standard minimum wage, work hours and days of rest for cruise ship workers are established and enforced internationally.

Health and Diseases

A number of recent studies have focused on the health risks and disease directly attributable to cruise ships with their high concentration of people from different countries. One such study[6] looked at the risks and diseases caused by contaminated water and found that the organization of water supply to and on ships differs considerably from that of water supply on land. Risks of contamination can arise from source water at the port or during loading, storage, or distribution on the ship. The authors reviewed 21 documented outbreaks of waterborne diseases associated with passenger, cargo, fishing, and naval ships, and findings showed that the majority of reported outbreaks were associated with cruise ships. Risk factors included contaminated port water, inadequate water treatment, improper loading techniques, poor design and maintenance of storage tanks, contamination during repair and maintenance, poor connections, and insufficient disinfectants.

The recommendations include the need for hygienic and comprehensive handling of water all along the supply chain from source to consumption. This may be achieved in the future by the adoption of improved Water Safety Plans that cover design, construction, operation, and routine inspection and maintenance. Another study[7]of waterborne diseases on cruise ships concluded that the overall decrease of gastroenteritis during 10 years prior to 1986 was directly attributable to the improved enforcement of the Vessel Sanitation Program (VSP) of the Centers for Disease Control and Prevention. Another study[8]reported in 2006 a number of outbreaks of Norovirus on cruise ships, with 43 outbreaks on 13 vessels. Cruise ship holidays create an environment in which Norovirus is easily spread. It was recommended that an active reporting system could function as an early warning system, but more important would be to implement internationally accepted rules and guidelines for reporting, investigating, and controlling Norovirus and other diseases on cruise ships. As Los Angeles Times headline on February 4, 2012 stated: " Florida cruise ships riddled with Norovirus. Anyone surprised?"

Safety and Security

After the terrorist attacks on New York's World Trade Center, cruise related tourism has been seen as one of the safest ways to experience foreign travel. Yet, as P. Tarlow indicates in his rather somber study on cruise risks[9], the cruising is not immune to dangers ranging from virus outbreaks to terrorism to accidents. He lists a number of major disasters, terrorist attacks, robberies and on-board assaults to demonstrate his point. Cruise tourism can lead to incidents where the ship can become a trap, as the recent examples such as Costa Concordia grounding and Carnival's ship

engine fire and subsequent stranding at sea demonstrate. This author lists a number of specific recommendations for tourism professionals to follow in order to mitigate safety and security risks.

Taxation

There are no common standards in the application of port taxes to cruises. Some ports charge levy that is reasonable, some excessive. Some ships pay, some do not. Another unresolved situation is that the cruise lines are allowed to operate under the “ flags of convenience” (FAO), usually, Panama, Liberia or the Bahamas. Such cruise ships are then exempt from multiple tax responsibilities and it is easier for them to implement lenient standards of safety, undergo few environmental inspections, their operating costs are lower, they recruit staff without adhering to national or international regulations. The most obvious is Panama, where the ship pays for each passenger landing in Panama, in order to encourage the use the Panama flag of convenience.[10]A

good recommendation would be to adopt an internationally binding comprehensive policy and standards related to taxes, minimal fees, address key areas of staff and passenger safety, and the ships’ environmental responsibilities. Only then can we have a more sustainable, controlled development and operations of cruise lines where rules are adhered to rather than avoided.

Conclusion

There is no question that cruise ships bring money to local businesses and to the operators. However, ensuring the sustainable development of a cruise

destination and the environment comes with very high cost which the cruise lines must be a part of. The major players in this highly consolidated cruise industry have to take a more proactive and self-policing measures to ensure a sustainable future for cruise tourism while preserving cruise destinations and cruise waterways. This essay discussed some of the key pros and cons of cruising and offered some recommendations for improvement towards a more balanced, sustainable growth.

The onus as well needs to be on the port communities, as on one hand, there is a portion of the decision makers that pressure for more cruise tourism, but there is frequently no policy at the local government level to control the impacts of such activity. The cruise industry will not be going away anytime soon, so it is more important to improve the situation that is not balanced or sustainable. Ports need the cruise ships as much as the cruise ships need the ports, the waterways need to be maintained in a more sustainable way, the cruise workers need fair employment standards and the local population needs to have a voice in the local planning for the impacts of tourism. With the continued growth of the cruise industry now is the time to create new set of international policies and rules that are binding for all participants. This paper tried to inform on some of the pros and cons and challenges facing this industry and to provide recommendations towards change in key areas of impact. More research needs to be done, more data needs to be collected, and more engagement from all involved parties is needed. There is much to do.

Works cited and references

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