

# ***SMALL CRUISE LINE INDUSTRY***

*Guam and Micronesia*

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# CRUISE LINE INDUSTRY IN ASIA

*An Incredible Opportunity In A GROWING Market!*

NUMBER OF CRUISE SHIPS IN ASIA

+12.6% CAGR



2013 | 43

2018 | 78

NUMBER OF CRUISES & VOYAGES

+19% CAGR



2013 | 861

2018 | 2,041

NUMBER OF OPERATING DAYS

+19% CAGR



2013 | 4,307

2018 | 10,467

PASSENGER CAPACITY (MILLION)

+23% CAGR



2013 | 1.51

2018 | 4.26

\* Source: 2018 State of Asia Cruise Industry and Research Findings by CLIA

# CRUISE LINE INDUSTRY IN ASIA

*An Incredible Opportunity In A GROWING Market!*

2013

2018

802

ASIA TO ASIA CRUISES



1,922

ASIA TO ASIA CRUISES



1.4M

PASSENGER CAPACITY



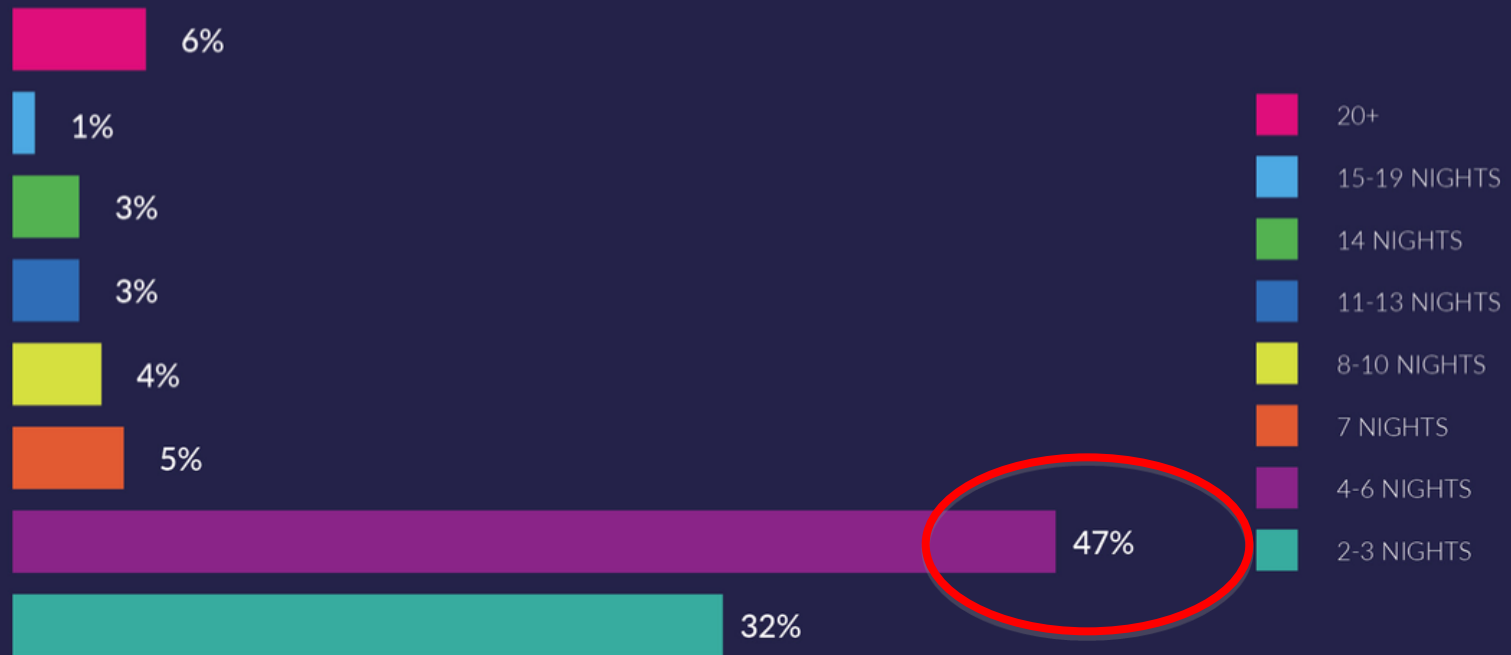
4.26M

PASSENGER CAPACITY



# CRUISE LINE INDUSTRY IN ASIA

## LENGTH OF CRUISES & VOYAGES OFFERED 2018



\* Source: 2018 State of Asia Cruise Industry and Research Findings by CLIA

# CRUISE LINE INDUSTRY IN ASIA

## SHIPS IN ASIA BY SIZE 2018



 MEGA   6	 SMALL   21
 LARGE   19	 EXPEDITION   5
 MID-SIZE   27	



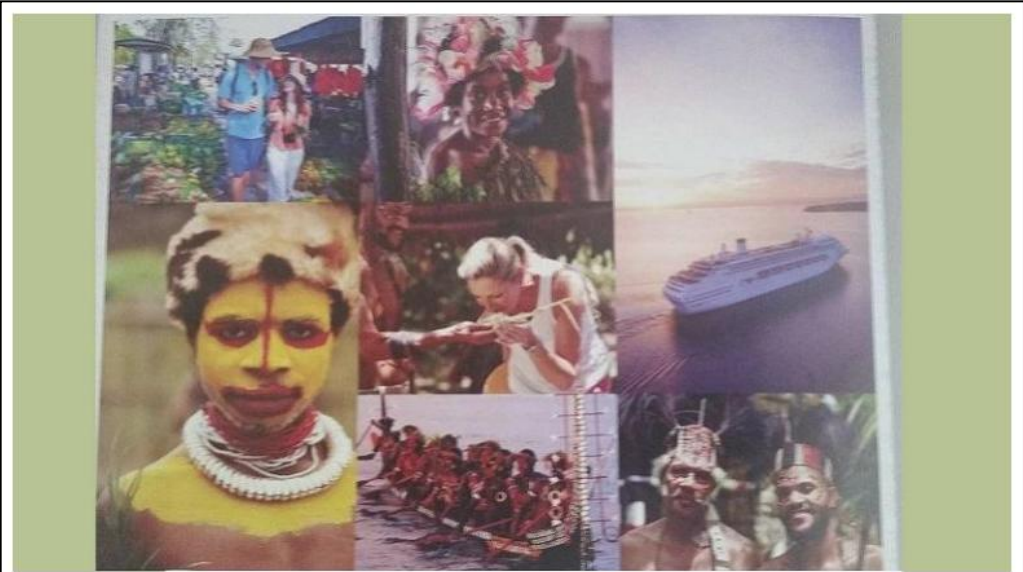
TOTAL | 78

\* Source: 2018 State of Asia Cruise Industry and Research Findings by CLIA

# PNG MARKET EXAMPLE

The country of Papua New Guinea (PNG) in the southwest Pacific Ocean has recently implemented a cruise ship industry within the past 5 years. PNG is experiencing an economic boost with millions of dollars in incremental tourism revenues each year while creating jobs and helping small businesses benefit both directly and indirectly from their new cruise industry.

PNG received 136 cruise ship calls at various ports in 2015, (which is similar to 137 in 2007). However, whereas the average **passenger capacity of cruise ships in 2007 was 347 passengers, in 2015 average passenger capacity was 705 passengers.** This trend indicates an increase in large cruise ships in recent years....



**A** study of Cruise Tourism into Papua New Guinea has found that K14.4 million was brought into the economy last year.

The study, commissioned by the Australian Government, World Bank Group member IFC and the region's leading cruise operator Carnival Australia, looked at PNG's five main ports and identified a number of opportunities and investments to develop cruise tourism and capitalise further on the growing sector.

The study said cruise tourism brought \$5.9 million Australian dollars (K14.4 million) into Papua New Guinea's economy last year, with an estimated \$0.2 million dollars (K0.48 million) in indirect economic benefits, according to a new study.

Tourism Minister Tobias Kulang, Australian High Commissioner, Bruce Davis, IFC's Resident Representative for PNG, Gavin Murray and Carnival Australia Executive Chairman Ann Sherry AO, announced the results of the study at an event in Port Moresby yesterday.

\* Source: <http://www.loopng.com/content/study-cruise-tourism-brings-k14-million-png-economy-annually>



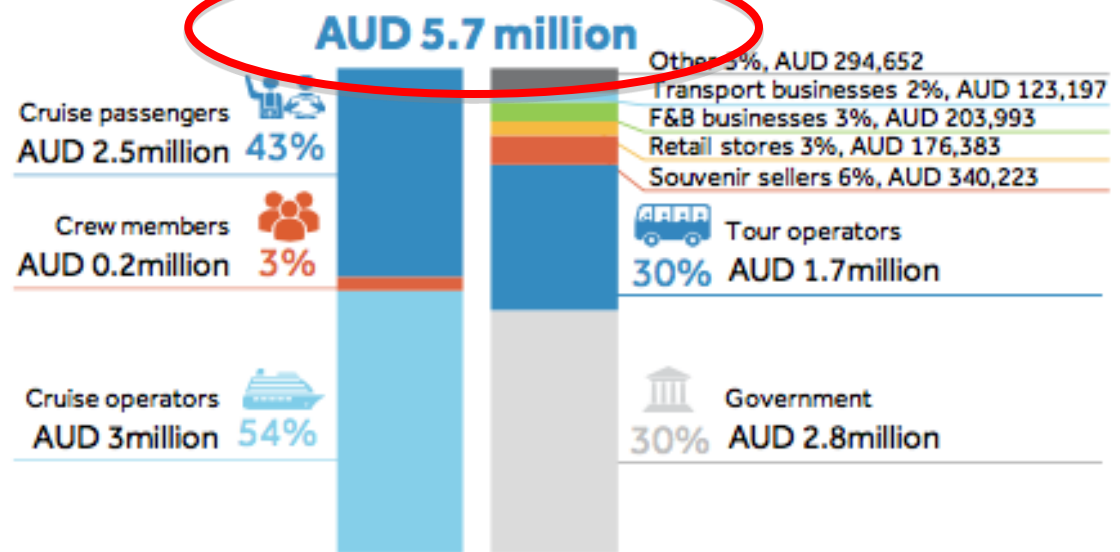
# PNG MARKET EXAMPLE

## PAPUA NEW GUINEA

(Alotau, Rabaul, Doini Island, Kitava and Kiriwina)

### Direct economic impact

in 2015 was AUD 5.7 million at the five researched ports. Fifty-four per cent was generated from spending by cruise operators (mainly through port fees), 43 per cent was generated by passengers and three per cent by crew members purchasing goods and services from local businesses. The majority (50 per cent) of this revenue went to the government through the collection of port fees and tour operators (30 per cent).



\* Source: Assessment of the Economic Impact of Cruise Tourism in PNG and SI. This study into the economic impact of cruise tourism in Papua New Guinea and Solomon Islands was commissioned by the Australian Department of Foreign Affairs and Trade, Carnival Australia and the International Finance Corporation, a member of the World Bank Group. Conducted by ICF Consulting Services Hong Kong Ltd, the study utilizes the same methodology undertaken in a commissioned study in Vanuatu in 2014; and similar methodology to studies undertaken in Australia and the Caribbean on a regular basis.

# PNG MARKET EXAMPLE

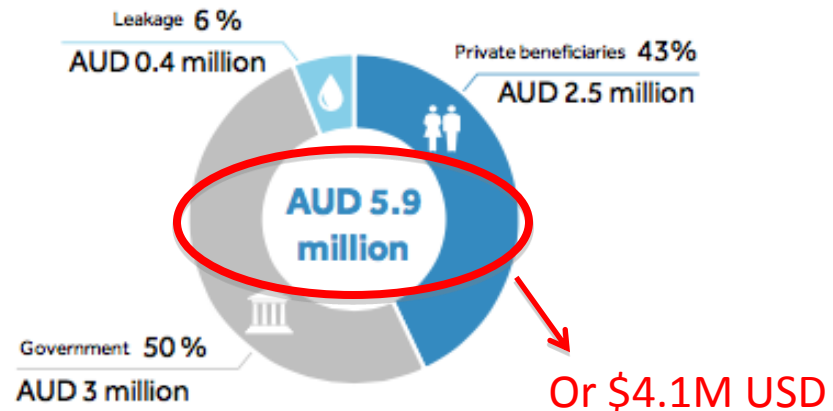
## Indirect economic impact

The supply chain of local businesses serving cruise tourism is short as a high proportion of businesses operate in the informal economy. The main sources of indirect impacts are: tour operators purchasing transport services, food and beverage businesses and general retail stores purchasing their goods from local suppliers.



## Total economic impact

is AUD 5.9 million. Forty-three per cent of the total economic impact of cruise tourism benefits private beneficiaries (i.e. local businesses, business owners and employees). The government receives 50 per cent of the total economic impact. Estimated leakage is six per cent (i.e. the money floats out of the economy through imports like fuel and profits which go to foreign business owners).



\* Source: Assessment of the Economic Impact of Cruise Tourism in PNG and SI. This study into the economic impact of cruise tourism in Papua New Guinea and Solomon Islands was commissioned by the Australian Department of Foreign Affairs and Trade, Carnival Australia and the International Finance Corporation, a member of the World Bank Group. Conducted by ICF Consulting Services Hong Kong Ltd, the study utilizes the same methodology undertaken in a commissioned study in Vanuatu in 2014; and similar methodology to studies undertaken in Australia and the Caribbean on a regular basis.



# Making Your Port Attractive



# Making Your Port Attractive

- Know your date
  - Carnival Cruise (51%)
  - Royal Caribbean (19%)
  - Norwegian Cruise Line (10%)
  - Everyone else (20%)
- Capital Improvements
  - 45% Public Private Partnerships
  - 55% Concessionaire Funding

# Making Your Port Attractive

## Port Competitiveness

- ✓ Port Infrastructure
- ✓ **Port Services to cruise ships\***

\*ranked most important

# Making Your Port Attractive

## Port Management

- ✓ Customer oriented-ness
- ✓ Stable political environment
- ✓ Regulatory framework
- ✓ Proximity to other modes of transport

# Making Your Port Attractive

## Spacial Characteristics

- ✓ **Natural Port Characteristics\*\***
- ✓ Proximity to markets of cruise passengers
- ✓ Attractiveness of neighboring areas
- ✓ City amenities

\*\*Ranked 2<sup>nd</sup> most important

# Making Your Port Attractive

## Port services to passengers\*\*\*

- ✓ Travel-cruise agencies
- ✓ Banking services
- ✓ Postal services
- ✓ Duty free shops
- ✓ VIP lounge
- ✓ Playgrounds for children
- ✓ Sports area
- ✓ Safe & secure environment
- ✓ Transport itineraries





# Making Your Port Attractive

**Agri-tourism**



**Arts and Culture Tourism**



**Eco-Tourism**



Unique experiences that are also safe, affordable, and convenient.

# Making Your Port Attractive

## Port Infrastructure\*\*\*\*

- ✓ Embarkation and disembarkation point
- ✓ Capacity for handling a large number of passengers simultaneously
- ✓ Modern passenger terminals
- ✓ Networking of the port with other cruise ports in the area
- ✓ Port marketing campaigns

# Incentives to Cruise Companies

## **Panama Canal**

To incentivize cruise lines to homeport in Panama, President Juan Carlos Varela issued a decree authorizing reimbursement for the cost of one Panama Canal transit. This applies to lines that embark/disembark passengers at one of Panama's ports starting in the second half of 2020.

## **Green Ports Initiative**

These voluntary ship rating systems used as basis for discounts in fees include Environmental Ship Index (ESI), Clean Shipping Index (CSI), Environmental Port Index (EPI), Blue Angel, Green Award and Right Ship among others

# ACTION POINTS

## ISLAND:

- ✓ Create inter-island working group comprised of representatives from each destination port for a needs assessment.
- ✓ Working group to respond to “Attractiveness” Survey by GEDA.
- ✓ Incorporate planning into overall island Capital Improvements Plan/Strategic Plan.
- ✓ Incentives planning.

## MICRONESIA:

- ✓ Proceed to next stage consultancy for implementation.
- ✓ Determine timeline of preparedness.
- ✓ Address customs & immigration, passenger services (e.g. banking), and other island partnerships.
- ✓ Agree on “green” initiatives.

## ASIA:

- ✓ Destination management.

**Questions?**



# Thank You

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