

**The Enterprise and Business Committee
Inquiry into International Connectivity through Welsh Ports and Airports.
March 2012**

Submission from Cruise Wales

Background on Cruise Wales:

Cruise Wales was founded in 2003 and operated as an informal organisation of ports, destinations, cruise suppliers and Welsh Government until it formally constituted itself in 2009. The constitution lists the following aims and focus:

The aim of Cruise Wales is to sustainably increase the benefits of cruise business for Wales by increasing the number of passengers by 25% year on year between 2010 and 2014 up to 38,700 in 2014.

Also to develop the opportunities for Welsh companies to market their products and services to and in support of the Cruise Industry.

The focus of the Partnership is product development, customer servicing, marketing and partnership working.

Membership is open to:

- All ports in Wales licensed, or in the process of being licensed, for handling ocean-going cruise liners.
- All companies/organisations who market their products and services to the Cruise Industry in Wales.
- Where appropriate the public sector in Wales, supported by the Welsh Assembly Government.

Cruise Wales is funded by the 11 current members with Welsh Government through Visit Wales match funding the contribution of the other members.

It has undertaken marketing activity at the annual Cruise Shipping Conference in the United States and also at the annual Seatrade Europe Conference.

Cruise Wales is working closely with Irish Sea and British partners, the 'Celtic Wave' Interreg 4A project and Cruise Britain to develop sustainable, short-distance-between-port itineraries.

The result of all this combined work is that over the last few years Wales has successfully attracted vessels from most of the major American and European cruise companies and has overseen significant improvements in port facilities. In terms of

day and turnaround calls, Cruise Wales is working closely with Irish Sea and British partners to develop sustainable, short-distance-between-port itineraries.

It is an objective of Cruise Wales to carry out sales mission to the cruise companies beginning later in 2012.

Welsh Cruise Opportunity:

Cruise tourism has been the highest growth tourism sector in the developed world for the last 40 years, growing at an average rate of 8% over the period. Its dynamic business model has enabled it to adjust quickly to shocks such as the 9/11 terrorism attacks and high fuel cost bubbles. It is currently working through issues related to the Costa Cruise disaster and the second incident. Currently the world cruise fleet comprises 335 vessels with 426,000 berth capacity. The outlook remains positive with a healthy 30 vessels on the order book and 86% of the world fleet less than halfway through the planned 40 year lifecycle for cruise ships.

The Irish Sea attracts cruise vessels on round UK, Atlantic Europe, and trans-Atlantic cruises. Ireland has worked very hard over two decades to build this business and Cork and Dublin both attract around 100 cruise vessel calls a year. Waterford and Belfast attract between 15-30 vessels each. All the Irish ports have invested significantly in port infrastructure to facilitate cruise calls, and Dublin is considering a new €30 million investment. Cruise Ireland, an organisation similar to Cruise Wales is funded by the Irish Government through Failte Ireland, their tourism agency and the individual ports.

Welsh ports, by comparison, have been building business slowly. 2011, which was the most successful year Wales has achieved, saw 23,000 passengers land with 28 calls (Newport 1, Cardiff 3, Milford Haven 7, Fishguard 3 and Holyhead 14).

The ports of Wales all have a different offer for cruise passengers, both in terms of the ambiance and attractions, and also in the vessels they can accommodate. Newport, Cardiff and Swansea are all urban destinations accessed through sea locks, which limit the size of the vessel they can accommodate. Milford Haven and Fishguard are rural 'tender' ports where larger vessels have to anchor off and passengers come ashore in the ships lifeboats. Holyhead has capacity to take all but the very largest vessels alongside on the Anglesey Aluminium Jetty, and provides easy access to all the sights and sounds of Snowdonia.

It is important to note that the cruise lines all cater to different markets with different vessels of different sizes so there is a significant potential market for each Welsh cruise port.

It is the view of Cruise Wales that cruise tourism could and should play a central role in regenerating and economically sustaining the cruise ports and their host communities in Wales, particularly Milford Haven, Swansea, Fishguard and Holyhead. Examples of places similar to Wales that have successfully developed excellent and sustaining cruise business that annually injects million of pounds into the local community are New Zealand, the Maritime Provinces of Canada and Scotland.

Main issues:

1. There is a central paradox about developing cruise tourism, in that it does not become a profit centre for the host port until between 25-30 calls are made each year. However every cruise call benefits the community because cruise passengers spend on local excursions, attractions, transportation, guides, food and retail, which averages between £30-£85 per passenger depending on the cruise line. Cruise companies do not sign contracts for committing to calls, so there is no incentive for ports to invest in cruise facilities which are necessary to achieve the calls, especially when the business is at the incubation stage.
2. Cruise companies are increasingly unwilling to call at tender ports. Therefore if cruise tourism is seen as a strategic priority for Wales, it is essential to get excellent alongside berths in place in the main cruise ports, especially at Holyhead and Milford Haven, which are the two ports without size restrictions. The size of cruise vessels has settled in recent years at around 100-120,000 tons, which means the jetties required would need to accommodate vessels of around 300 meters length and 10-12 meters depth.
3. Approximately half the passengers on a cruise will generally go off on a shore excursion and will see the sights and attractions within a 90 minute coach journey of the port. Therefore there are requirements for a good excursion offer, sufficient good quality coaches and trained multi-lingual guides. All the Welsh ports have much of this although the coaches and guide provision, especially multi-lingual guides, can always be improved. But this must be done in a responsible way that manages expectations and links supply and demand.
4. The other half of the passengers will leave the ship and explore the host port town. Therefore a pleasant urban landscape with good tourism amenities is also required. While work is underway in all the Welsh ports, it must be said that the experience in one or two is not all it should be, especially when compared with competing Irish Sea ports such as Cork and Waterford.
5. If cruise tourism is a national strategic initiative for Wales, a national action plan for capital and service investment should be in place, with targets and outputs, that are clearly owned. Currently the responsibility is split between the ports, Cruise Wales, the *Celtic Wave* Interreg 4a project, host destinations and Welsh Government, which often prevents a true coordinated approach.