

SECTION B3

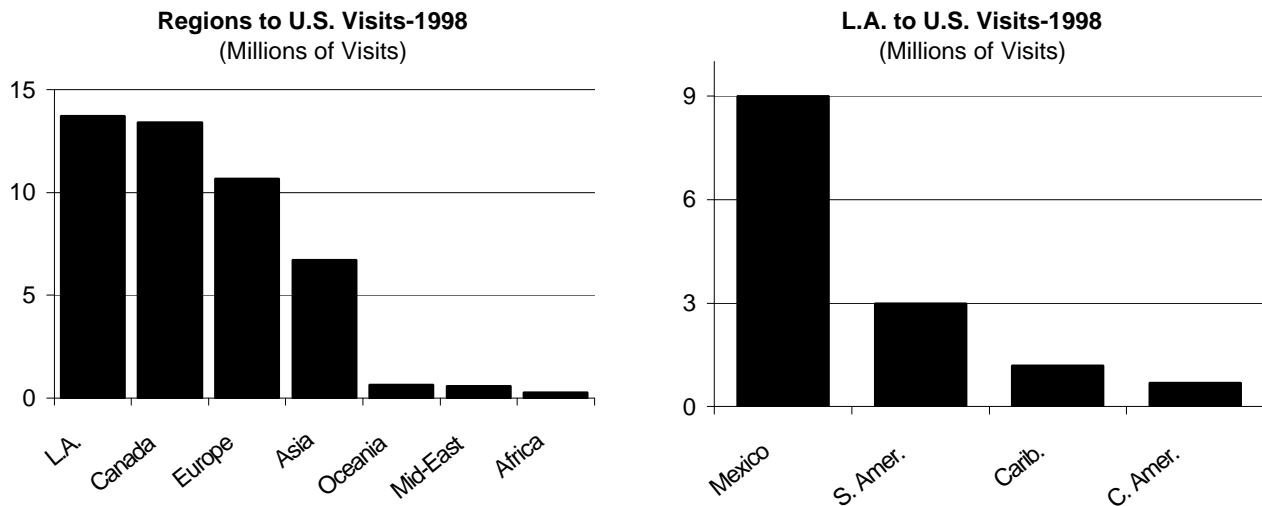
TOURISM, BUSINESS, & SERVICES TRAVEL

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LATIN AMERICAN TOURISM IN THE U.S.

Latin Americans visited the U.S. more than any other regional group in 1998 (**Exhibit B3-1**), with over 13 million visits, ahead of Canada and Europe. Tourist numbers from Mexico into the U.S. continued to rebound in 1998 as well, increasing by 10% and accounting for 9 million visits. Air travelers from Mexico increased by 9% for a total of 1.4 million visitors (Mexican air arrivals were the fifth largest market to the U.S.).

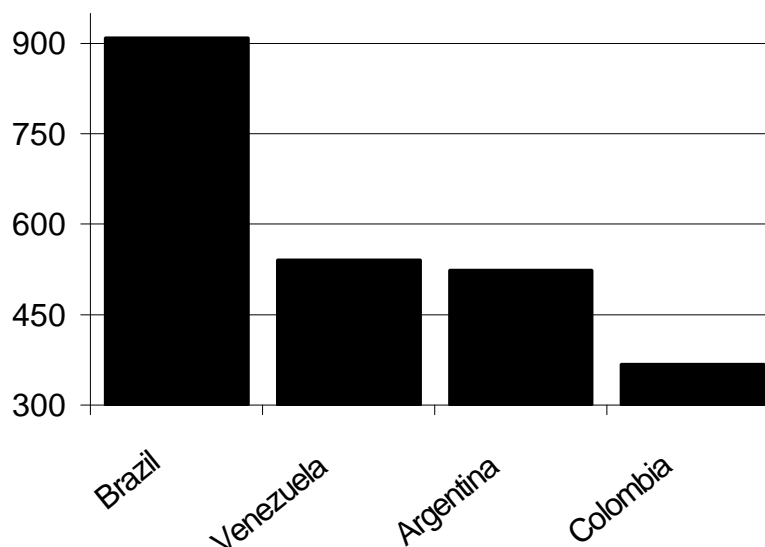
**Exhibit B3-1**  
**WORLD & LATIN AMERICAN VISITS TO THE U.S.**



Source: *Tourism Industries (TI)*

South American visits—3 million total, a 4% increase—were higher than forecast in 1998, in spite of Brazil's economic trouble and weakened currency. Still over 900,000 Brazilians visited the U.S. in 1998, a 3% decrease from 1997, but not nearly as low as the anticipated 8% drop (**Exhibit B3-2**). Colombia and Venezuela each exceeded expected growth rates in visitation levels, up 16% and 11% respectively. Venezuela broke its 1982 record of 532,000 by sending 541,000 travelers to the U.S. in 1998. Additionally, Argentina's visitation increased by 4%.

**Exhibit B3-2**  
**SOUTH AMERICAN TO U.S. VISITS**  
**(Thousands of Visits)**



Source: *Tourism Industries*

Central American nations sent just under 700,000 visitors to the U.S. in 1998, up by 24%. The strongest growth came from Guatemala (22%), Costa Rica (19%), and El Salvador (46%). Lagging was the Caribbean region, down by 2% in 1998. However, the islands were still credited with about 1.2 million arrivals to the U.S.

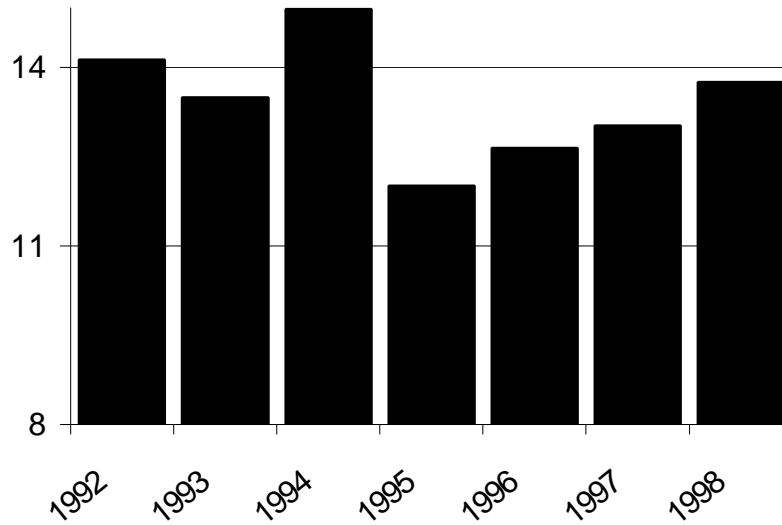
#### 1990's Latin American Tourism in the U.S.

Historically, Latin Americans have visited the U.S. by the millions. From 1992 – 1998, the region sent at least twelve million travelers each year, peaking in 1994 at just under 15 million (**Exhibit B3-3**). After a dip in 1995 (during and immediately following Mexico's currency crisis), visits expanded once again to just under 14 million.

#### Tourism as an American Export

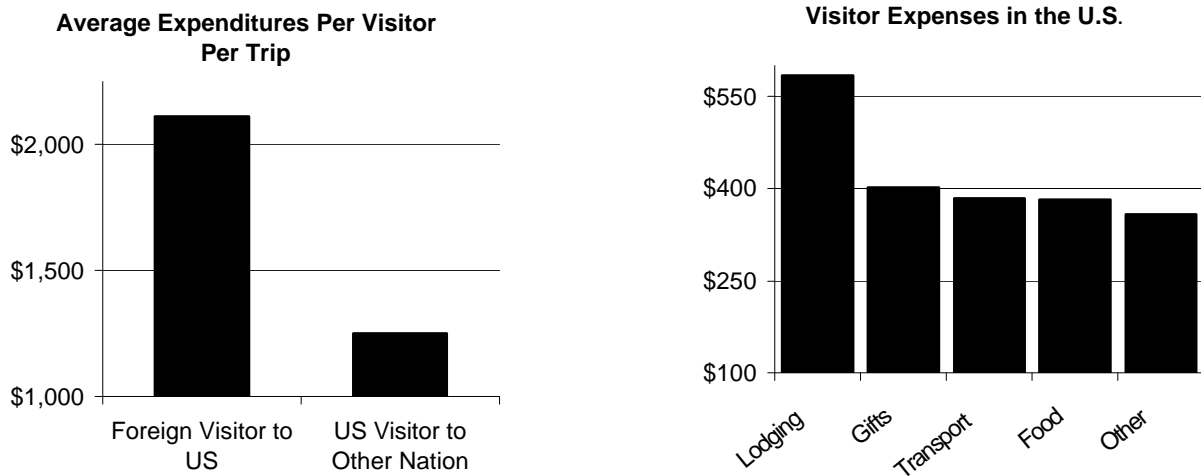
The U.S. is by far the leading country in travel receipts/travel exports. Of all world travel receipts, the U.S. took in 16%. International travelers spend at least two times more in the U.S. than in any other nation. International travel is ranked ahead of agriculture, chemicals, and motor vehicles on the list of U.S. exports. In contrast with many other trade categories, the U.S. has enjoyed a travel surplus for the past ten years (a surplus meaning that international visitors spent more in the U.S. than U.S. travelers spent elsewhere). This surplus was at \$19 billion in 1998 even with a downturn in total arrivals to the U.S. **Exhibit B3-4** depicts the average expenditures of American travelers to other nations versus foreign travelers in the U.S., and provides a breakdown of which items foreign travelers spend their money on in the States.

**Exhibit B3-3  
L.A. TO U.S. VISITS-HISTORICAL  
(Millions of Visits)**



Source: Tourism Industries

**Exhibit B3-4  
VISITOR EXPENDITURES**



Source: Tourism Industries

Foreign visitors tend to spend the most on lodging while in the U.S., paying more than \$550 per visitor per trip. While in the U.S., foreigners also spend around \$400 per trip on each of four categories - gifts and souvenirs, transportation while in the U.S., food, and other items. Expenses while in America average about \$2100 per visitor per trip for visitors, while Americans spend \$1255 per visitor per trip abroad.

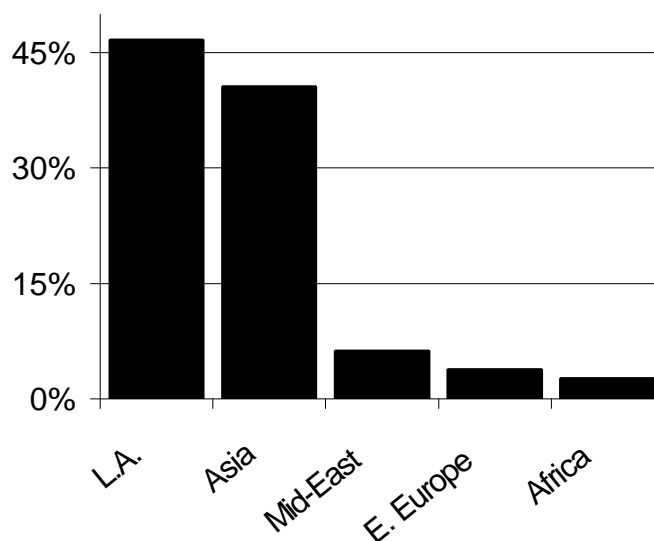
These numbers bode well for the U.S.' tourism market, and point toward strong travel-related markets. The Southeastern Alliance states, in particular, can benefit from such strong tourism numbers. The hotel/motel, restaurant, travel, and retail industries in Southeastern tourist destinations have enjoyed—and will likely continue to enjoy—great success as a result of international visitor spending.

## LATIN AMERICAN TOURISTS AND THE SOUTHEASTERN ALLIANCE

### Developing Regions' Travel to the Southeast

Having reviewed the state of the overall U.S. tourism industry, it is appropriate to consider the Southeastern Alliance specifically, and its relationship to Latin America. While Europeans make up by far a large majority of international travelers to the U.S. and the Southeast, an examination of the contribution of *developing regions* to travel in the Southeast shows that Latin America is the leader. As a percentage of developing regions' travelers, Latin America makes up over 45% (**Exhibit B3-5**). That is, after Western Europe and Canada, Latin America sends more visitors to the Alliance than any other area of the world, including the large Asian contingent.

**Exhibit B3-5**  
**SHARE OF DEVELOPING REGIONS'**  
**TRAVEL TO SE ALLIANCE**

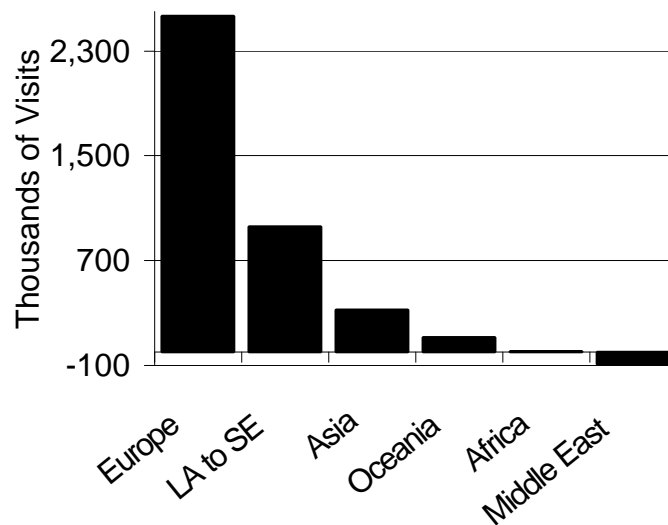


**Source: Tourism Industries**

## The Balance of Visits

Like the U.S. as a whole, the Southeastern Alliance states enjoy a large positive balance of trade in tourism with every region of the world except the Middle East. Again, Europe represents far and away the largest travel surplus for the Alliance, but Latin American visits to the Southeast outnumbered Southeastern visits to Latin America by nearly one million in 1996 (**Exhibit B3-6**). Tourism Industries and U.S. Customs data indicate that this relationship has been the norm for many years—the Southeast Alliance is a very attractive destination for international travelers.

**Exhibit B3-6**  
**BALANCE OF VISITS-SE ALLIANCE vs. REGIONS 1996**



Source: *Tourism Industries*

## International Travelers to the SE Alliance

Tourism Industries, a division of the U.S. Department of Commerce, tracks the activities and interests of international travelers to the U.S. through its “Survey of International Air Travelers.” Utilizing the survey results along with Customs international travel estimates, much can be learned about visitors to the Southeast Alliance. Information such as:

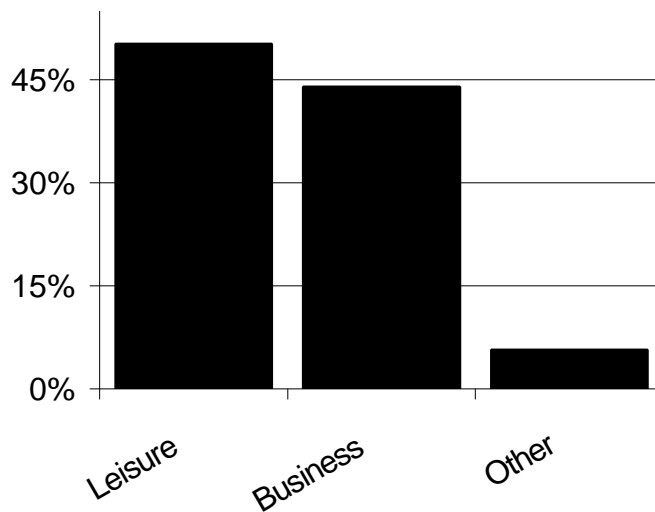
- ▶ The reason individuals are traveling (i.e., business, leisure, etc.)
- ▶ Which destinations people plan to visit
- ▶ Activities they plan to take part in (shopping, dining in restaurants, etc.)
- ▶ Occupation of visitors

By analyzing this information, a profile of the types of people travelling from Latin America to the Southeast can be developed. With the knowledge of the characteristics of their typical visitor, the Alliance may better be able to position itself as an international destination, particularly with Latin American travelers.

### Main Purpose of Travel

When asked their main purpose of travelling to the Southeast, the majority (50.2%) of international travelers reported leisure activities—vacation or visiting family and friends—as their reason for travelling. The other major category of travel purpose was business and conventions at 44% (**Exhibit B3-7**).

**Exhibit B3-7  
MAIN PURPOSE OF TRIP – TRAVELERS TO  
SE ALLIANCE**

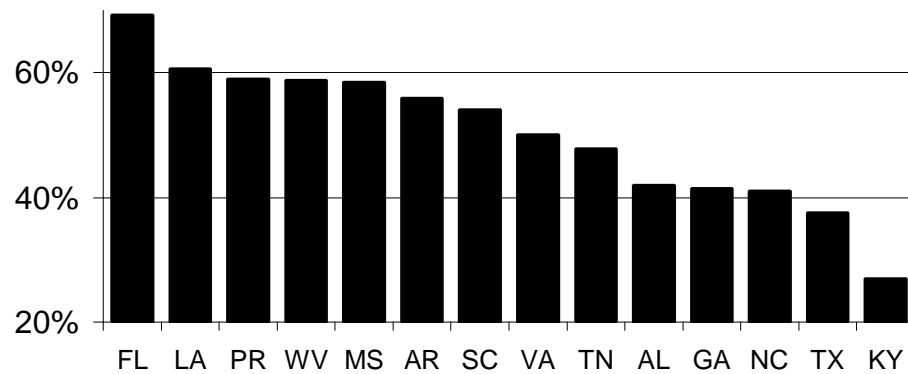


Source: Tourism Industries

### Latin American Leisure Travelers

Within the Alliance states, there are some interesting comparisons that can be made regarding purpose of trip to a particular state. **Exhibit B3-8** presents estimates of the percentage of travelers stating leisure as their primary travel purpose in each of the fourteen Southeast Alliance states. As one might expect, visitors to Florida reported leisure travel at a significantly higher rate than any other (69%), followed by Louisiana and Puerto Rico.

**Exhibit B3-8**  
**PERCENTAGE PRIMARY PURPOSE - LEISURE**

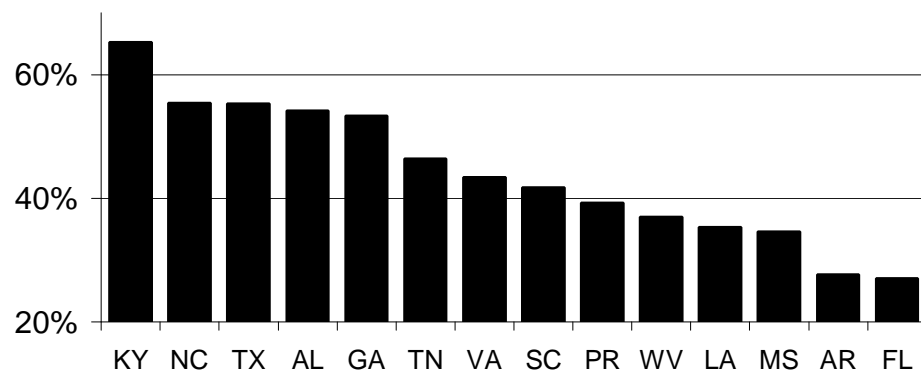


Source: Tourism Industries

Latin American Business Travelers

Alliance visitors' business travel percentages were highest in Kentucky, North Carolina, and Texas. The percentage of international travelers citing business as their main purpose was 65% in Kentucky, and 55% in North Carolina and Texas. Given the high percentage of leisure travelers, it is not surprising that Florida was a business destination for only 27% of its visitors (**Exhibit B3-9**).

**Exhibit B3-9**  
**PERCENTAGE PRIMARY PURPOSE - BUSINESS**

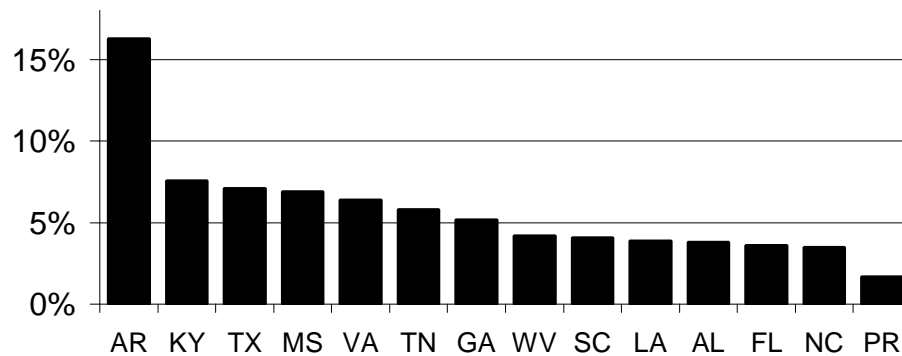


Source: Tourism Industries

### Other Purpose Travelers

The Other Purpose category, consisting of study/teaching, government/military, religious, and health reasons, made up for the smallest portion of international visitors to Southeast Alliance states, with Arkansas the only state where these purposes constituted over 10% of travelers (**Exhibit B3-10**).

**Exhibit B3-10**  
**PERCENTAGE PRIMARY PURPOSE - OTHER**



*Source: Tourism Industries*

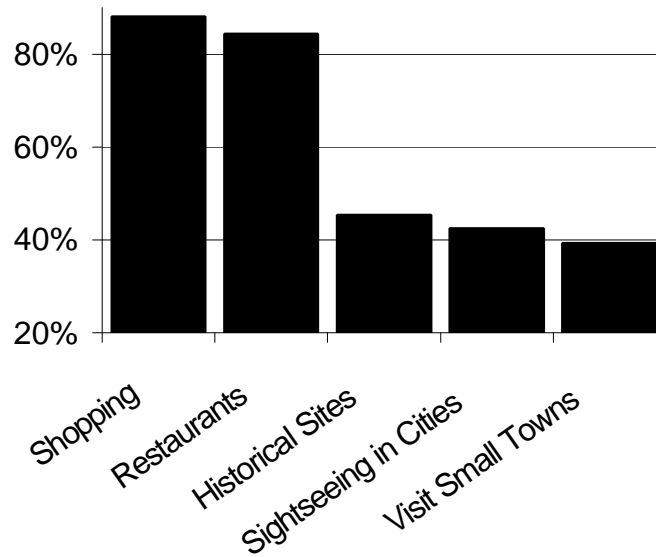
### The Tourism and Retail Trade Sector

From a broad perspective, these estimates provide an idea of what the majority of visitors might be interested in during their trip. But another category, Leisure Activities, focuses on the movements of travelers which may be of the most interest to the tourist industry in the Alliance. Visitors identified which types of leisure activities they took part in during their trip to an Alliance state (or states). Of the numerous potential categories, the top five are shown in **Exhibit B3-11**.

By far, retail shopping and dining in restaurants were the most commonly noted leisure activities. Nearly 90% of all international visitors to Southeast Alliance states reported that they had dined in restaurants and shopped in retail establishments.



**Exhibit B3-11**  
**SE VISITORS LEISURE ACTIVITIES**

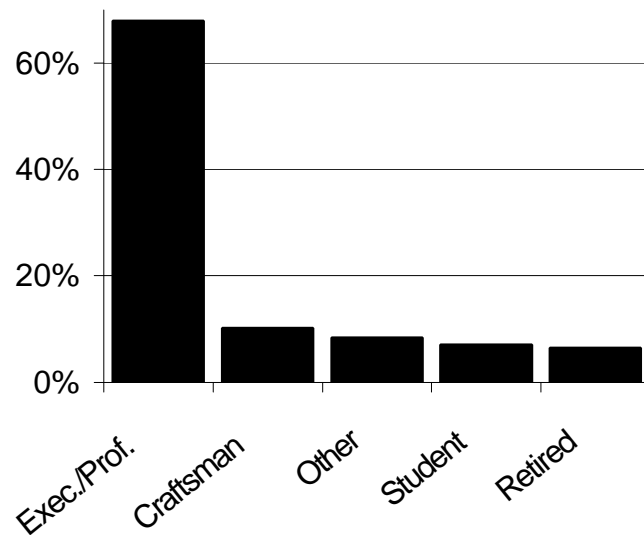


Source: *Tourism Industries*

### Professional Demographics

Visitors to the Alliance are, by and large, Executives and Professionals. In fact, 68% of the region's international travelers come from the ranks of top level management or professional fields (**Exhibit B3-12**). Craftsmen, students, retirees, and others made up the remainder. The Alliance's tourism industries take advantage of this by targeting advertising to attract corporate travelers from the majority group of visitors, or to investigate the potential of improving markets such as retirees and others.

**Exhibit B3-12**  
**VISITOR OCCUPATIONS**



Source: *Tourism Industries*

#### Nation of Residence

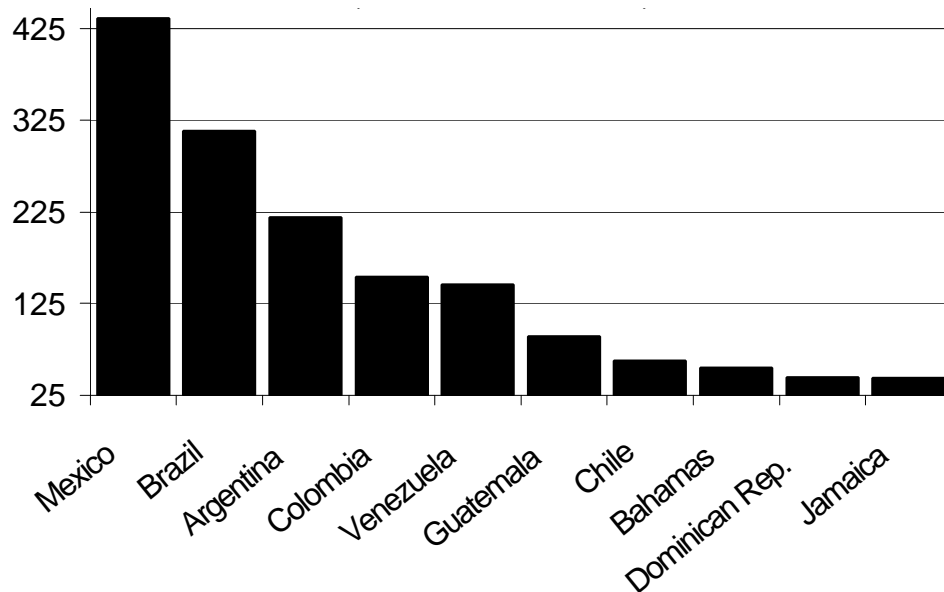
As was the case with the entire U.S., the Southeast Alliance draws the largest number of Latin American visits from Mexico. In 1996, over 425,000 visits were attributed to Mexico, followed by the South American nations of Brazil, Argentina, and Colombia (**Exhibit B3-13**). Mexico has of course become one of the U.S.' major trading partners since the advent of the North American Free Trade Agreement (NAFTA) in January of 1994, and this is evidenced strongly in the tourism trade from Mexico to the Southeastern Alliance.

#### BUSINESS AND SERVICES TRAVEL TO LATIN AMERICA

As Latin America grows economically and integrates advanced technologies into its culture, its countries will require the services of experienced firms to help smooth the transition. As a result, American professionals and technicians are working in nations south of the border more than ever. A particularly strong segment of trade between the U.S. and Central and South American partners is the Business Services category, which includes the professional services of consultants, engineers, telecommunications workers, and many others.

Nearly one out of every six Business Services dollars received by American companies in 1997 was spent by a Latin American company or government. Firms located in U.S. states have been sending their employees—ranging from high-level executives to technicians and craftsmen—to perform services in these nations in dramatically increasing numbers over the past decade.

**Exhibit B3-13**  
**TOP L.A. TRAVEL TO SE ALLIANCE-1996**  
**(Thousands of Visits)**



*Source: Tourism Industries*

## INFRASTRUCTURE EXPANSION

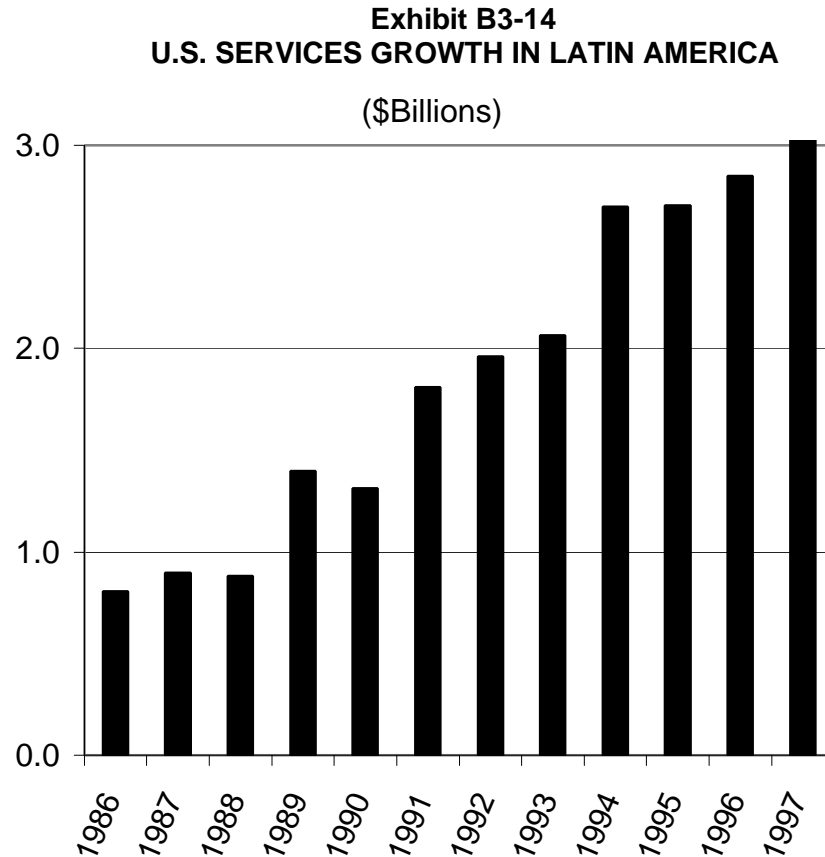
While Latin America has increased its skill and technology base appreciably, in order to support the kinds of growth occurring there additional labor must be imported. Historically, developing nations have sought the services of international firms to accelerate the construction and expansion of infrastructure. Countries in regions such as Central and South America, Africa, and the Far East need improved communications, roads, and buildings before economic potential can be fully realized.

These infrastructure improvements are currently the driving force behind much of America's service exports. The two largest categories of services demand in Latin America are construction and equipment related. Architects, designers, and construction managers from the U.S. are involved in road construction as well as the design and build-up of industrial facilities. As producers purchase machinery and equipment, additional resources are required in the form of knowledgeable professionals who can aid in the installation, repair, and maintenance of the new capital stock.

## BUSINESS SERVICES TRENDS AND DATA

Bureau of Economic Analysis (BEA) statistics provide a trade picture with respect to private services—particularly private business, professional, and technical services—that is emphatically in the favor of the U.S. Notably, business services receipts from Latin America have grown nearly every year since 1986, rising from

\$807 million to over \$3 billion in 1997 (**Exhibit B3-14**). This represents an average annual growth rate of about 25%.



Source: Bureau of Economic Analysis

## MEXICO

In 1997, receipts from Mexico represented the largest portion of business service exports to Latin America, at \$793 million. Our NAFTA partner to the south has been recovering steadily since the devaluation of the peso in 1995, which impacted Mexico's service imports adversely. The growing trade relationship with the U.S. and Canada continues to support the economy and drive demand for improved and expanded infrastructure.

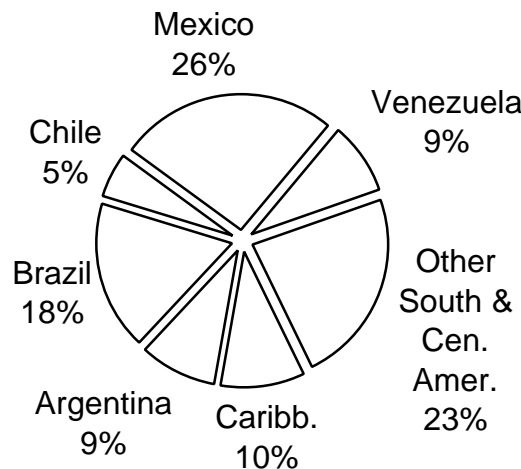
Mexico—one of the U.S.' top three trading partners internationally—spent \$228 million on installation and maintenance of equipment in 1997, or 29% of its total business services purchased. Together with equipment maintenance, Mexico will likely continue to increase its purchases of construction, data, and other services.

### Other Latin American Examples

The largest growth in services purchased from the U.S. has occurred in Brazil, Argentina, and Chile. Brazil, which imported \$534 million in business and professional services in 1997, has increased its use of U.S. services by an average of 46% in the years 1986 – 1997. The market for business services in Argentina has grown about 44% per year in the same time span, reaching \$282 million in 1997. Chile and Venezuela account for much of the remainder in services trade, at \$162 and \$264 million respectively in 1997.

Other Latin American nations are also investing heavily in American services (**Exhibit B3-15**). Venezuela paid \$97 million for construction-related services from the U.S. in 1997, and Argentina spent \$63 million on installation and maintenance of capital equipment.

**Exhibit B3-15**  
**1997 LATIN AMERICAN PURCHASES OF U.S.**  
**BUSINESS SERVICES**



*Source: Bureau of Economic Analysis*

### National Income Accounts Categories

“Business, Professional, and Technical Services” is one of several categories in the national income accounts for Private Services, each broken into receipts and payments. Categories for affiliated operations include those transactions that take place between U.S. parent companies and their affiliates abroad, and the transactions between foreign parent companies and their U.S. affiliates. There are also categories for unaffiliated businesses, including education, financial services, insurance, telecommunications, film & tape rentals, and other.

The Business Services category is broken down into several more detailed classifications. Each of these is listed by receipts and payments. The categories of Business Services are:

- ▶ Construction, Engineering, Architectural, and Mining
- ▶ Equipment Installation, Repair, and Maintenance
- ▶ Computer and Data Processing
- ▶ Consulting and Public Relations
- ▶ Research and Development
- ▶ Database and Information Services
- ▶ Legal Services
- ▶ Industrial Engineering
- ▶ Advertising

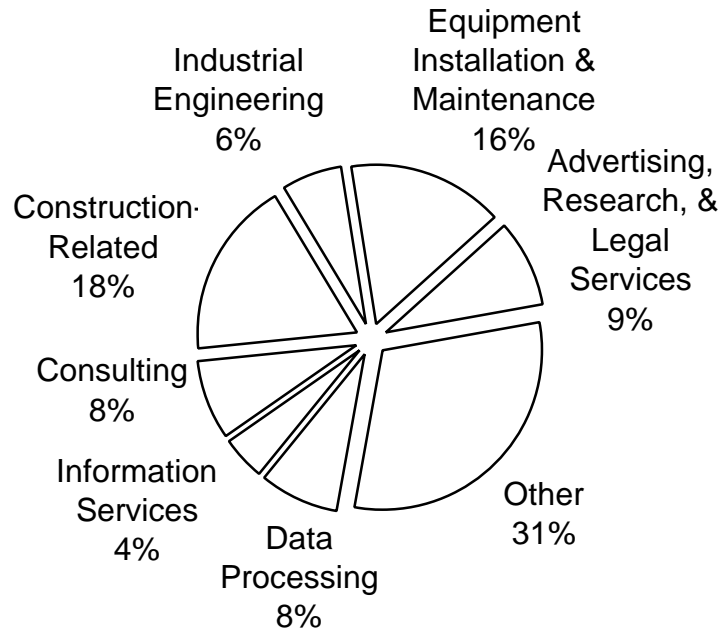
Business Services receipts from Latin American countries came largely from four categories. Construction, Engineering, Architecture, and Mining accounted for 18% of Business Services exports to the region in 1997. Installation, Maintenance, and Repair of Equipment followed with a 16% share, along with Management Consulting and Data Processing, each providing an 8% share.

The large proportion of receipts from these categories is not surprising, given the nature of growth occurring in these nations. As developing countries expand their economies, they necessarily must increase the level of capital stock (i.e., buildings, roads, equipment, etc.).

## MANAGEMENT EXPERTISE

The Management Consulting and Data Processing categories are keys to the facilitation of development (**Exhibit B3-16**). As a group of developing nations, Latin America has not progressed to the point of having an experienced—or technologically advanced—labor pool. In order to plan for the future and manage change, these countries have tapped into the U.S.' management consulting industry. This has been particularly true in Brazil, where Management Consulting receipts to U.S. firms made up 13% of Business Services—Brazilian companies spent \$69 million dollars on consulting and public relations services from America in 1997 alone. Brazil's services market was also heavily invested in Data Processing services (17% of all professional services purchased by Brazil from the U.S.)—spending over \$90 million in 1997.

**Exhibit B3-16**  
**1997 U.S. BUSINESS SERVICES DEMAND**  
**IN LATIN AMERICA**



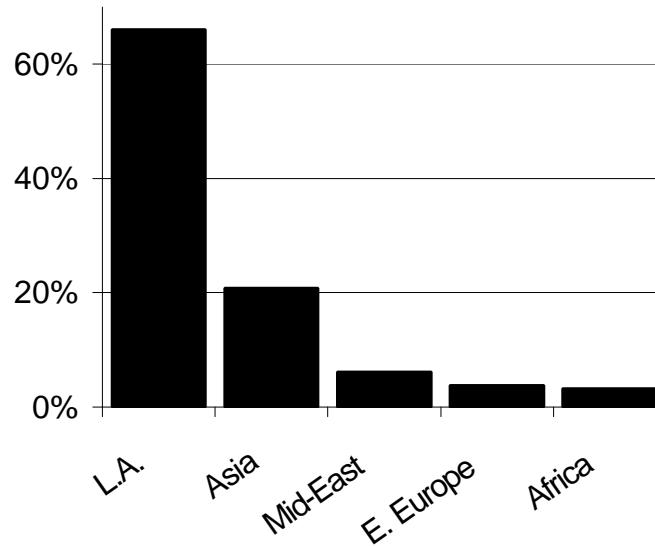
*Source: Bureau of Economic Analysis*

Clearly, professionals from a variety of American services industries are expending a great deal of effort in the nations of Latin America, and bringing in significant receipts. As this region continues to grow, the demand for their services can be expected to do likewise. To meet the needs of capital stock expansion, technological advancement, and growth management, U.S. firms will necessarily play a large role in Central and South American business for the foreseeable future.

#### SOUTHEASTERN ALLIANCE TRAVEL TO DEVELOPING REGIONS

In terms of visits to developing regions, Alliance travelers go to Latin America more than any other area. Percentage-wise, 66% of American visits to developing nations are to Latin America, with the next closest region being Asia at 21% (**Exhibit B3-17**). Given the Services Trade data provided by the BEA, and these estimates from Tourism Industries, it can be supposed that a great deal of business services travel is bound for developing regions such as Latin America.

**Exhibit B3-17**  
**SHARE OF ALLIANCE TRAVEL TO**  
**DEVELOPING REGIONS**



*Source: Tourism Industries*

#### Purpose of Southeastern Alliance Travel

Travelers from the Southeastern Alliance states reported that the main purpose of their visit was business 36% of the time, leisure about 58% of the time, and 6% for other reasons (**Exhibit B3-18**). In 1996, an estimated 960,000 business visits went from the Alliance to Latin America. This represents an increase of over 100,000 visits from 1993. (**Exhibit B3-19**)

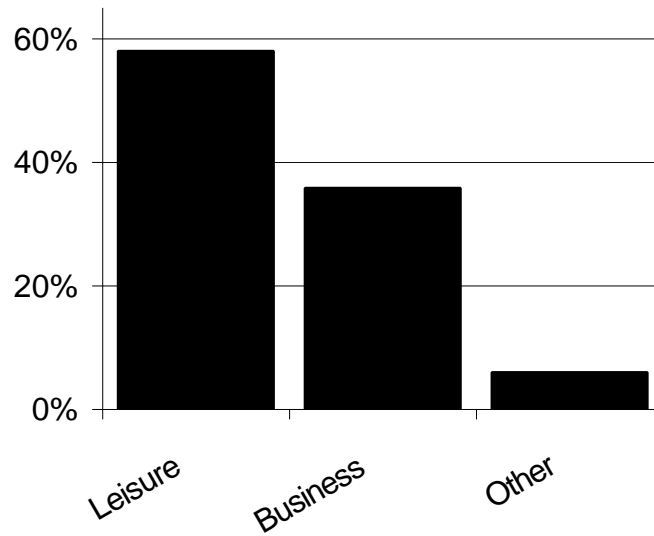
Business travelers from the Southeastern Alliance varied by percent from particular states. The majority of travelers from Arkansas (53%) reported business travel as the main purpose of their trip, followed by Louisiana (43%) and Mississippi (40%) (**Exhibit B3-20**). Beyond those states, every other member of the Alliance sent at least 25% of its international visitors for business purposes.

#### INTERNATIONAL LEISURE TRAVEL FROM THE SOUTHEAST

There is somewhat less variance between the states where leisure travel percentages are concerned. West Virginia and South Carolina had the highest percentages of leisure travelers on international trips, with 71 and 66 percent, respectively (**Exhibit B3-21**). The remainder of the Alliance ranged from 40 – 65%.

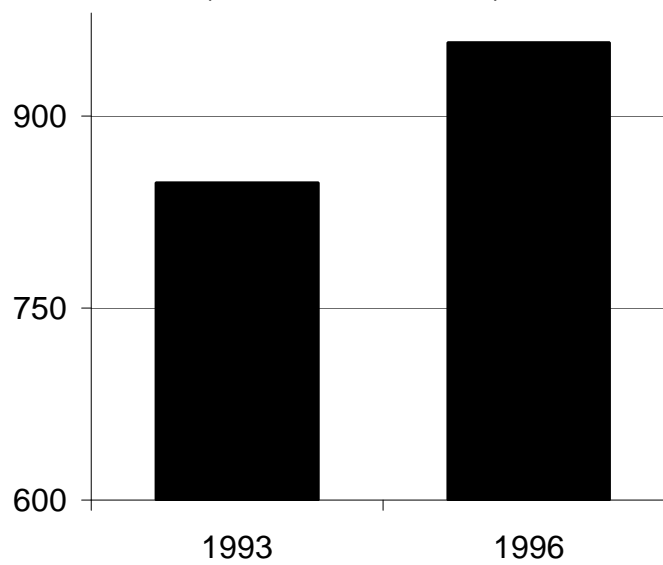


**Exhibit B3-18**  
**ALLIANCE TRAVELERS' MAIN PURPOSE OF VISIT**



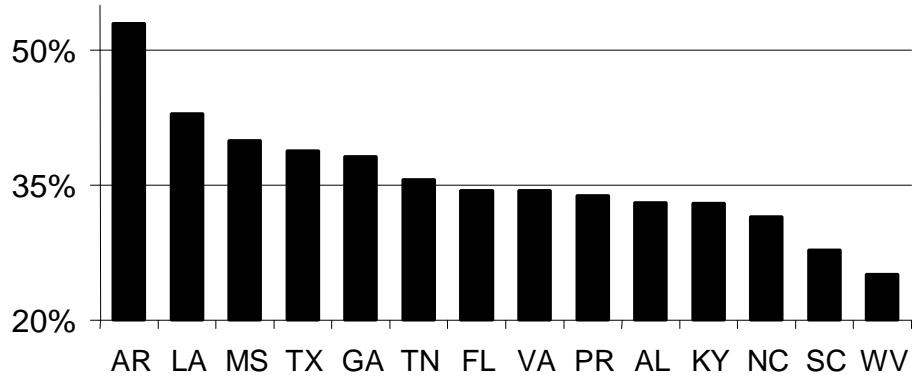
Source: *Tourism Industries*

**Exhibit B3-19**  
**SE BUSINESS TRAVEL TO LATIN AMERICA**  
**(Thousands of Visits)**



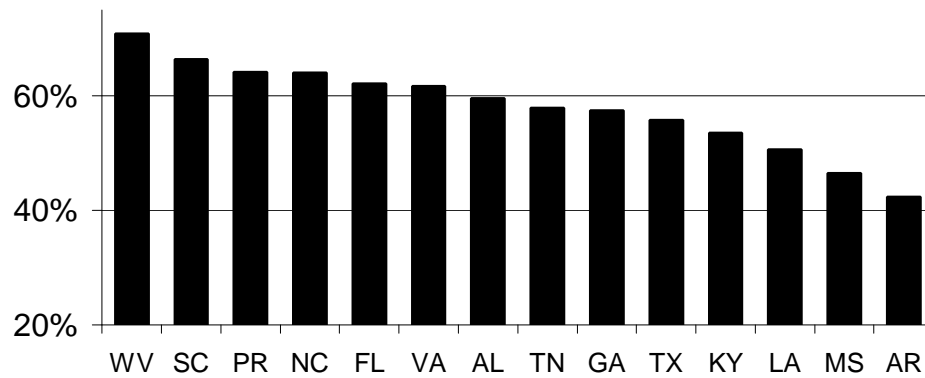
Source: *Tourism Industries*

**Exhibit B3-20  
PERCENT OF SE TRAVELERS ON BUSINESS**



*Source: Tourism Industries*

**Exhibit B3-21  
PERCENT OF SE TRAVELERS FOR LEISURE**

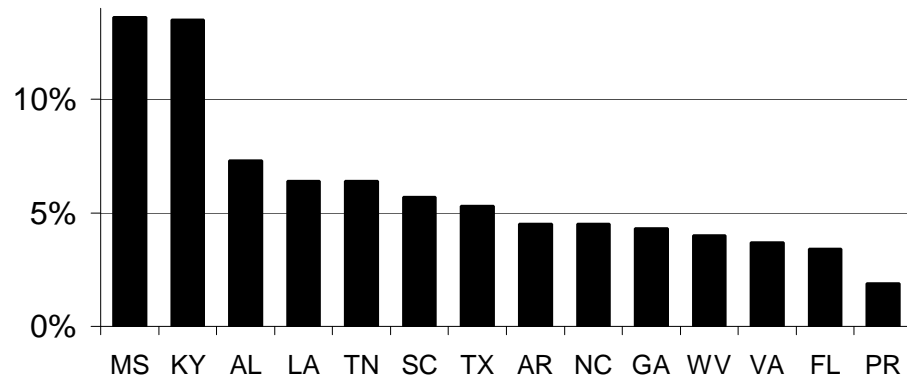


*Source: Tourism Industries*

### Other Purpose Travelers

The remainder of Alliance international visits were reported as being for other purposes. Again, this amounts to a small minority of travelers. Mississippi and Kentucky, at about 13%, had the highest percentage of “other” purpose visits (**Exhibit B3-22**).

**Exhibit B3-22**  
**PERCENT OF SE TRAVELERS FOR OTHER PURPOSE**

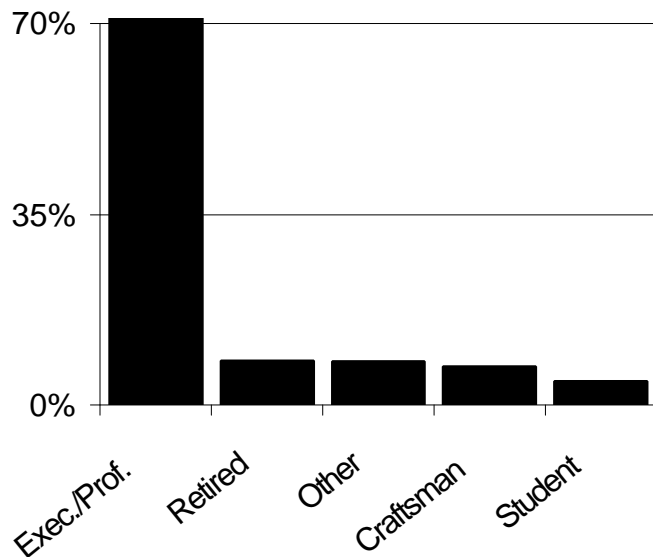


Source: *Tourism Industries*

### ALLIANCE TRAVELERS' OCCUPATIONAL PROFILE

Most of the Alliance's international travelers reported that their occupation was Executive or Professional level. Over 72% of Southeastern international air passengers fall into this category, followed distantly by retirees, craftsmen, students, and others (**Exhibit B3-23**). Given that such a large percentage of passengers are executives and professionals, and that a substantial percentage are on business trips, a possibility is that Alliance businesses are sending a great deal of high-skilled, highly-paid labor to Latin America. This is consistent with the BEA statistics and the U.S.' surplus in Business Services trade.

**Exhibit B3-23  
SE TRAVELER OCCUPATIONS**

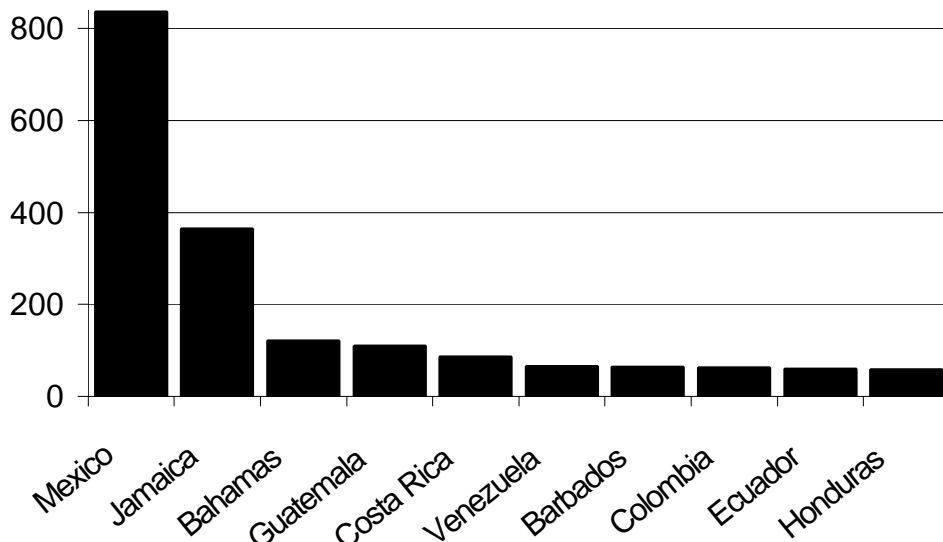


Source: Tourism Industries

Primary Destinations of SE Travel

For reasons of geography and economy, by far the largest number of Alliance residents travel to Mexico as a Latin American destination. In 1996, Mexico led Latin America countries with over 800,000 Southeastern Alliance visits (**Exhibit B3-24**).

**Exhibit B3-24  
TOP L.A. DESTINATIONS OF SE ALLIANCE-1996  
(Thousands of Visits)**



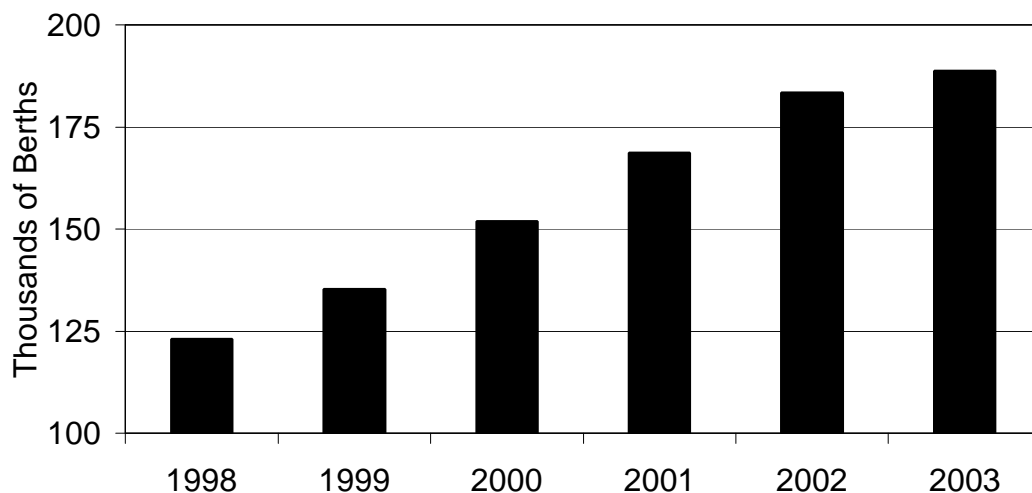
Source: Tourism Industries

## CRUISE INDUSTRY

The *Cruise Industry News 1999 Annual* describes 1998 as “the best year the industry has ever had.” The top cruise line companies are remarkably strong financially, with market power and economies of scale on their side. Given these factors, cruise lines can control prices to a greater degree than ever before. Being able to control price is crucial to controlling cabin bookings. By lowering or raising prices, cruise lines can push demand up or down in efforts to maintain full ships (Cruise Industry News).

As the North American market for cruising grows, so will the fleet of ships. The 1999 North American cruise fleet was estimated to include 127 ships, and is expected to grow to 163 ships by 2003. This represents an increase in berths from 135,000 to nearly 190,000 (**Exhibit B3-25**).

**Exhibit B3-25**  
**INCREASE IN NORTH AMERICAN CRUISE BERTHS**



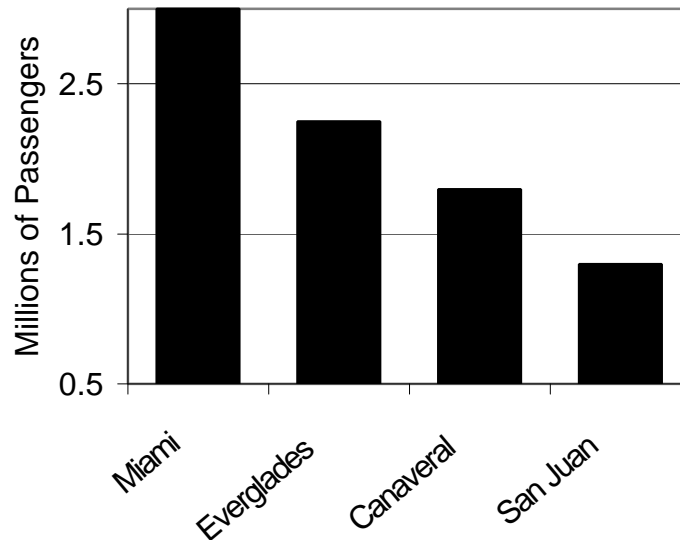
Source: Cruise Industry News

## SOUTHERN CRUISE PORTS

The cruise industry has grown steadily in recent years, and is projected to continue to serve millions of North American passengers in the future. The three busiest cruise ports in the United States are located in Florida: Port of Miami served 3 million passengers in 1998, Port Everglades 2.25 million, and Port Canaveral 1.8 million. San Juan, Puerto Rico's port was fourth in North American passengers with 1.3 million. (**Exhibit B3-26**) New Orleans, Tampa, and Newport News (VA) also have busy cruise services. Port of Houston, Port Manatee (Tampa area), and Key West serve cruise ships, though Key West is strictly a port-of-call (meaning ships dock for a brief time and depart, not usually taking on new passengers). Other southern port cities, including Charleston

(SC), Jacksonville (FL), and Gulfport (MS), hope to attract more cruise business in the near future.

**Exhibit B3-26**  
**TOP NORTH AMERICAN CRUISE PORTS**



Source: Cruise Industry News

## CHARACTERISTICS AFFECTING CRUISE PORT SUCCESS

In order for a cruise port to be successful, certain attributes should be in place in the port city. These include:

- ▶ Port must be within a reasonable distance of cruise destinations;
- ▶ Extensive airline service must be available;
- ▶ The surrounding area should offer local complementary attractions;
- ▶ The metropolitan area must provide a significant population base; and
- ▶ The port's physical attributes must be appropriate to cruise ships.

### Cruise Destinations

Most busy cruise ports and their surrounding areas have several of the above features in common. One of these is proximity to cruise destinations of interest. The port must be located such that several attractive ports-of-call are within a few days' cruising distance. The reason for this is that the largest segment of the cruise passenger market prefers cruises of between two and seven days. Ten-day, two week, and even longer cruises are available, but are not nearly as popular as the shorter trips. For this reason, most cruise lines choose to operate out of ports that allow for flexible scheduling of several ports-of-call.

## Port Calls

Largely because of geography, U.S. ports located in the Gulf of Mexico send cruises to the Western Caribbean and Mexico, including: Playa del Carmen, Cozumel, Grand Cayman, and Cancun. Ports located on the Atlantic are home to ships that visit more eastern destinations such as: the Bahamas, Bermuda, Puerto Rico, and the U.S. Virgin Islands (**Exhibit B3-27**). This distribution of cruise itineraries supports the logic of cruise ports locating within a reasonable cruising distance of ports-of-call. When departing from the Tampa or New Orleans area, the Western Caribbean logically provides a ship's destinations. Ships leaving Miami and Port Everglades are best able to visit Eastern Caribbean islands.

## Airline Service and Arrival Modes

Also of importance to cruise ports and cruise lines is accessibility to passengers, particularly by air and highway. There are two primary types of cruise passengers in terms of travel to departure ports—"drive-ins" and "fly-ins." Both are important to cruise line operators, so accommodations must be available so that either mode may be reasonably utilized. This means that cruise ports that are to be successful must be relatively close to an airport with extensive major carrier service. Also, passengers who wish to drive to a port from surrounding cities and states must have direct interstate and highway routes to travel, and ample parking facilities available upon arrival.

### Local Complementary Attractions

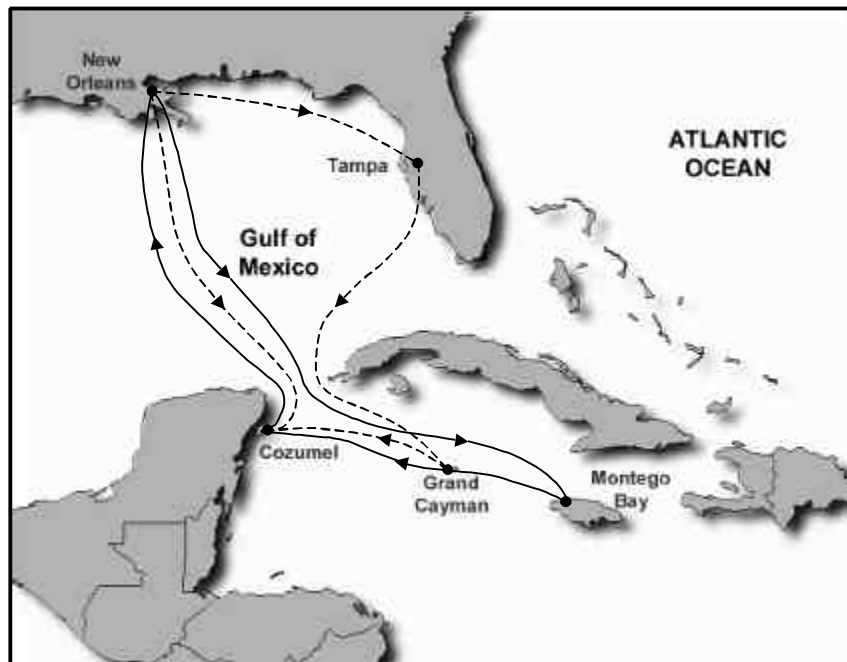
Port cities with local complementary attractions are more likely to be successful in arranging for cruise ships to set up a homeport or port-of-call. There are a couple of reasons for this. First, many vacation packages include days in the port city just before or after a cruise.

Secondly, a city with attractions apart from cruising will be more likely to generate visits by vacationers who may potentially become cruise passengers. For instance, New Orleans offers a wide variety of activities to tourists and is a destination in its own right. Therefore, it meets the criterion of having local complementary attractions—many passengers come to New Orleans for a number of days prior to embarkation, or remain in New Orleans after disembarking. This makes it more viable in the eyes of cruise lines.

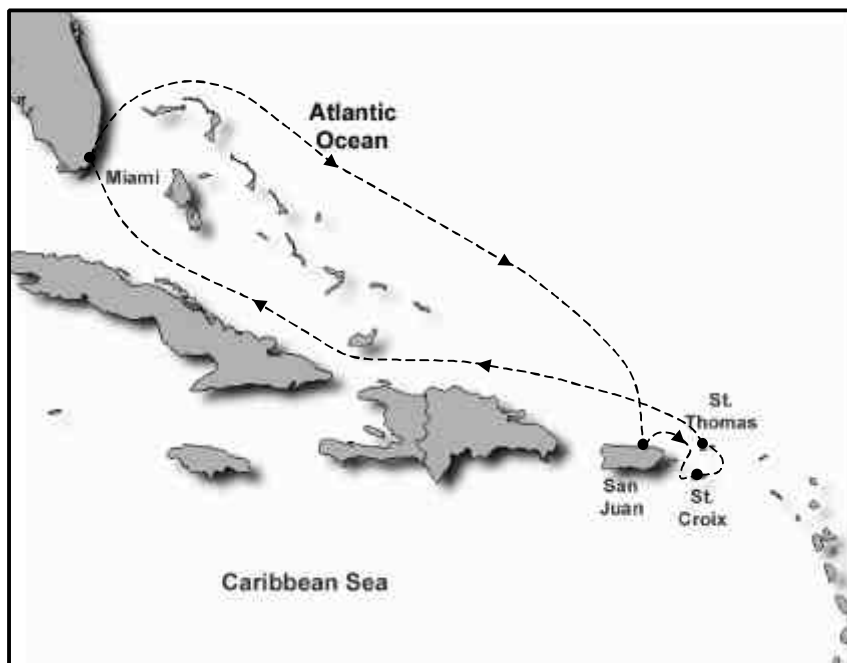
## U.S. Ports of Call

In fact, New Orleans is one of only a handful of U.S. cities that can claim to be a genuine port-of-call for cruises calling from other domestic ports. Key West, Boston, and New York City are among the other ports that attract cruise ship calls. The reason for this is that tourist attractions are more numerous and readily available from ships in port than in many other cities. This is not to say that other port cities do not have local attractions—Miami, Port Everglades, Port Canaveral, and Port of Tampa, to name a few, all have wonderful local destinations including:

**Exhibit B3-27  
EXAMPLE CRUISE ROUTES AND PORTS OF CALL**



**Western Caribbean Cruise Route Examples**



**Eastern Caribbean Cruise Route Example**

*Source: Carnival Cruise Lines*



- ▶ Beaches
- ▶ Natural beauty and wildlife
- ▶ Theme parks
- ▶ Professional sports

## METROPOLITAN POPULATION

A local population base is also an asset for a cruise port’s surrounding areas. Having a significant population base provides a ready market from which to draw cruise customers. Moreover, port facilities require a labor pool from which to employ local staff, such as sales people, customer service, dockworkers, maintenance technicians, and a variety of other positions. Cities with large populations are more likely to have such labor resources. Additionally, a large population usually assures the presence of other services and capabilities, such as airports, roads, hotels, restaurants, etc. that are important to cruise travelers.

## Infrastructure

Finally, the physical characteristics of the port itself are obviously of paramount importance—if the proper infrastructure is not in place, a port simply cannot serve cruise ships. The two most basic factors associated with port operations are water depth and height restrictions (primarily due to existing bridges). In spite of the gigantic size of many cruise ships, they generally only require between 27 and 30 feet of water to operate safely. However, because most of the boat is above water, height clearance prevents some ships from getting into certain ports, as many cruise vessels are 150 to 200 feet tall. (**Exhibit B3-28**)

**Exhibit B3-28**  
**MAJOR SOUTHEASTERN PORT FACILITIES**

	<b>Cruise Ship Berths/Terminals</b>	<b>Water Depth</b>
Miami	12	25-42 ft
Everglades	10	31-44 ft
Canaveral	7	39 ft
San Juan	9	19-35 ft

## Challenges to Establishing a Cruise Port

For ports to add berths to accommodate cruise ships, they occasionally must dig deeper channels and docking areas. This results in further obstacles associated with changes to the environment: damage must be minimized, and the appropriate permits and right-of-way are often difficult to acquire. Assuming water depth and bridge heights are not problematic, ports must still provide a great deal of infrastructure to support cruise activity. Though dimensions vary widely, today’s ships often need in the neighborhood of 1,000 feet of dock length. Docks must meet a variety of specifications, including height, width, and length of ships to be berthed. In addition to docking facilities, ports must provide adequate

parking garage space, comfortable passenger terminals, and roadways and infrastructure through the port itself.

### Scheduling and Logistics

With a few of exceptions, cruises depart and return on Friday, Saturday, or Sunday. Because of this, most U.S. cruise ports have excess ship berths during the other days of the week, with few vacancies on weekends. The other side of the equation, though, is that port space in some of the small island destinations is scarce and highly valued during the weekdays (when cruise ships are making calls). On weekends, these same ports are often empty because the ships have returned to homeports in the U.S. to disembark and embark passengers.

### Capital Investment

The addition of a new berth space for a cruise ship is a costly undertaking. Port operators estimate \$3 to \$4 million for the construction of wharf (dock) facilities, \$10 to \$20 million for a state of the art terminal, \$5 to \$10 million for a parking garage, and \$5 to \$10 million for new roadways and infrastructure. Of course these figures vary from project to project, and do not include costs of maintenance or dredging and digging in a harbor, but the capital costs alone for a top of the line cruise ship berth and facility could be as much as \$40 to \$50 million.

## SOUTHEASTERN ALLIANCE CRUISE GROWTH

Many of the North American cities with the greatest potential for increasing their cruise business are located within the Southeastern Alliance (**Exhibit B3-29**). While the Alliance already claims the busiest American cruise ports, it also encompasses the majority of future growth ports for the cruise industry in North America as forecast by *Cruise Industry News Annual 1999*. Nine of the fourteen North American ports expected to expand their scopes of services are located in Alliance states, indicating not only the current strength of the cruise industry in the Southeast, but also its strong projected future position.

### Exhibit B3-29 PROJECTED NORTH AMERICAN CRUISE GROWTH PORTS

1) <b>Port of Palm Beach, FL</b>	8) <b>Houston, TX</b>
2) <b>Port of Mobile, AL</b>	9) <b>Port Manatee, FL</b>
3) <b>Charleston, SC</b>	10) <b>Gulfport, MS</b>
4) Philadelphia, PA	11) Port of Halifax, CN
5) Port of Seattle, WA	12) San Francisco, CA
6) Port of Quebec City, CN	13) <b>Corpus Christi, TX</b>
7) Hampton Roads, VA	14) <b>Port of New Orleans, LA</b>

*Note: Ports in bold type are included in the LATTTS Strategic Port System discussed in Section C1.*