

NEWS RELEASE

For Information, Contact:
Judy Slocum
Port of Galveston
409-766-6119
jslocum@portofgalveston.com

CRUISE LINES CONTRIBUTE TO TEXAS' ECONOMIC HEALTH

\$445 Million in Direct Purchases from State Businesses Fuels Local Economy

GALVESTON, TEXAS (September 4, 2003) – Cruise lines contributed \$445 million, a 37 percent increase over 2001, to the Texas economy as a result of cruise operations from Texas ports last year. Commissioned by the International Council of Cruise Lines (ICCL), the study, prepared annually by Business Research and Economic Advisors (BREA), details cruise line's economic contributions and examines the extensive links that cruise lines have with major U.S. industries.

“The Port of Galveston had three year-round cruise ships and one seasonal ship operating in 2002 while a neighbor port had one seasonal operation,” stated Galveston Port Director Steven M. Cernak. “We have long understood that the impact from cruise operations was significant, but this report confirms what we have known all along – that cruise business provides a major impact for local and regional economies.”

The state received 3.7 percent of the industry's direct spending, which generated 7,061 jobs paying \$292 million in wage income. Approximately 267,000 passengers departed from the Port of Galveston in 2002 – a 79 percent increase from 2001.

The study determined that state businesses that benefited the most from cruise line spending include: petroleum refining, air transportation, port services, financial and insurance services, waste removal and sanitary services, computer equipment and consulting services, water separators, travel consultants and commercial seating.

The study also revealed the following about jobs and wages:

- **Jobs:** the cruise industry directly and indirectly generated the employment of 7,061 Texas workers – a 34 percent increase over 2001. Texas ranked sixth in the study in job creation due to the relatively high number of business services, wholesale and retail trade, construction, financial services and health services jobs that are created.
- **Wages:** \$292 million in total wages for Texas workers were generated by the cruise industry in the state last year – a 41 percent over 2001. The average annual wage income per job generated across the state totaled \$41,400.

According to the BREA analysis, the North American passenger cruise industry affects virtually every state economy. These economic benefits arise from several principal sources: spending by cruise passengers and crew on goods and services (travel between residence and the port, pre- and post-cruise vacation spending); cruise line shore-side staffing; spending by cruise lines on goods and services, port services and vessel maintenance and repair.

The study found that, on the national level, cruise lines contributed \$20.4 billion to the U.S. economy in 2002 – a nearly 10 percent growth from a year ago.

“The cruise industry was one of the bright spots in the U.S. economy during 2002, particularly for the hard hit travel and tourism sector,” said ICCL President J. Michael Crye. “Our growth has ripple effects across the entire U.S. economy. Cruise line passengers spend money in port cities, our lines employ thousands of American residents and the industry is a significant purchaser of U.S. goods and services.”

According to the report the industry has continued to stimulate consumer demand by deploying more ships in the North American market, accelerating its move to shorter cruises and cruises that originate in drive-to markets, and lowering fares. These moves especially attracted first-time cruisers and provided an opportunity to broaden the industry’s penetration into the vacation market.

“Growth in the cruise sector in the Gulf Coast region has created exciting new opportunities for the Port of Galveston,” added Cernak. “The Port has benefited from the homeporting of Carnival Cruise Lines’ *Celebration* and *Jubilee* for the last several years and looks forward to the arrival of the fantasy-class vessel *Elation* in late September. Royal Caribbean’s *Rhapsody of the Seas* has sailed from Galveston Island since 2001 the *Splendour of the Seas* has offered seasonal sailings since the fall of 2002. We have commitments from Princess Cruises and Celebrity Cruises to add the Port of Galveston to their cruise homeports next year.”

“The ICCL report notes that the growth at Galveston has exceeded the national growth rate. As a result of the phenomenal growth in this sector of the Port’s business, we are upgrading facilities and equipment at Cruise Terminal No. 1 in a public-private partnership with Carnival Cruise Lines; working with Royal Caribbean in a similar manner to expand our Cruise Terminal No. 2 facility; and port staff has started planning efforts for Terminal No. 3,” concluded Cernak.

The Port of Galveston is located on the upper Texas coast at the mouth of Galveston Bay, just 30 minutes steaming time from the open sea. The Port is a landlord port, owned by the City of Galveston. The Port is a significant contributor to the strong economy of the Galveston-Houston marketplace. Annual business through the Port totals approximately \$12 million, with an estimated economic contribution to the region of over \$125 million. This ideal location boasts facilities to handle all types of cargo including containers, dry and liquid bulk, breakbulk, Ro/Ro, refrigerated and project cargoes, and cruise passengers.

###