

BREA

BUSINESS RESEARCH &
ECONOMIC ADVISORS

Executive Summary

The Contribution of the North American Cruise Industry to the U.S Economy in 2008



Prepared for:

Cruise Lines International Association

Business Research & Economic Advisors
P.O. Box 955
Exton, PA 19341

The State of the North American Cruise Industry in 2008

On a global basis, the North American cruise industry experienced a deceleration in capacity growth during 2008. On a net basis, the North American fleet increased by two ships. During 2008, eight new ships were added to the fleet while six were sold and/or redeployed from the North American market. The new ships ranged in size from Royal Caribbean's 3,534-passenger *Independence of the Seas* to Silversea's 132-passenger *Prince Albert II*. In total the eight new ships added 20,722 lower berths for an 8-ship average of 2,590 lower berths. The six ships that were removed from the North American market had a combined capacity of 10,031 lower berths and, thus, on net the industry saw its lower berth capacity increase by 4.1 percent during 2008 to 270,664 lower berths. While still positive, this was the third year in a row in which the growth in capacity decelerated.

As indicated in **Table ES-1**, the growth of available bed days increased by 6.1 percent in 2008, the same rate of growth as in 2007. Passenger carryings increased to 13.05 million guests from 12.56 million in 2007; however the annual rate of growth declined from 4.7 percent in 2007 to 3.9 percent in 2008. The average length of a cruise also increased from 7.1 days in 2007 to 7.2 days in 2008 while the capacity utilization dropped from 105.5% in 2007 to 104.2% in 2008. With the increase in the average length of a cruise, global passenger bed days¹ increased slightly faster than passenger carryings, 4.8% versus 3.9%.

Table ES-1 – Global Summary Statistics for the North American Cruise Industry, 2005 - 2008

	2005	2006	2007	2008	Average Annual Growth			
					2005	2006	2007	2008
Capacity Measures								
Number of Ships ^①	145	151	159	161	4.3%	4.1%	5.3%	1.3%
Lower Berths ^①	225,364	244,271	259,973	270,664	2.4%	8.4%	6.4%	4.1%
Available Bed Days (Millions) ^②	75.26	79.92	84.80	89.96	7.6%	6.2%	6.1%	6.1%
Global Passengers								
Global Passengers (Millions)	11.18	12.00	12.56	13.05	3.1%	7.3%	4.7%	3.9%
Global Passenger Bed Days (Millions) ^②	77.71	83.05	89.45	93.75	5.2%	6.9%	7.7%	4.8%
Capacity Utilization (Bed Days)	103.3%	103.9%	105.5%	104.2%				
Gross Revenues (\$ Billions)								
Gross Revenues	\$ 19.17	\$ 20.64	\$ 22.82	\$ 24.88	13.8%	7.7%	10.6%	9.0%
Gross Revenues per Passenger	\$ 1,715	\$ 1,720	\$ 1,817	\$ 1,907	10.4%	0.3%	5.7%	5.0%
Gross Revenues per Passenger Cruise Day	\$ 247	\$ 249	\$ 255	\$ 265	8.2%	0.7%	2.7%	4.0%

① Number of ships and lower berths are for CLIA ocean-going vessels only.

② Bed day figures are for CLIA member lines only.

Source: Business Research & Economic Advisors and Cruise Lines International Association

¹ Passenger bed days are the number of days that all berths were occupied during 2008. For example, a single passenger on a 7-day cruise represents one passenger carrying and 7 passenger bed days.

On the financial front, the industry was able to increase revenues per passenger cruise day by 4.0 percent. Combining that increase with the increase in the average length of a cruise, gross global industry revenues increased by 9.0 percent during 2008 to \$24.9 billion.

The impact of the North American cruise industry in the United States was not quite so positive in the United States. First, the cruise industry continued to increase its European presence. Second, the dollar continued to decline throughout most of 2008 which favored dollar-denominated cruises relative to land-based vacations in Europe. Third, the industry also increased the number of Caribbean ports used for cruise embarkations. As a result, the United States not only continued to experience a decline in its share of global cruise activity but experienced an actual decline in the number of passengers embarking from U.S. ports. During 2008 passenger embarkations at U.S. ports totaled nearly 8.96 million, a 2.4 percent decline from 2007 and a 69 percent share of global embarkations (see **Table ES-2**).

Table ES-2 – Operating Statistics of the North American Cruise Industry in the United States, 2005 – 2008

	2005	2006	2007	2008	Annual Percent Change			
					2005	2006	2007	2008
Carryings (Millions)								
Global Passengers	11.18	12.00	12.56	13.05	6.9%	7.3%	4.7%	3.9%
Passengers Residing in the U.S.	9.06	9.36	9.45	9.29	9.0%	3.3%	1.0%	-1.7%
U.S. Embarkations	8.61	9.00	9.18	8.96	6.3%	4.5%	2.0%	-2.4%
Industry Spending in U.S. (\$ Billions)	\$ 14.99	\$ 16.37	\$ 17.37	\$ 17.80	10.4%	9.2%	6.1%	2.5%
Cruise Lines	\$ 11.76	\$ 12.89	\$ 13.74	\$ 14.40	9.9%	9.6%	6.6%	4.8%
Goods and Services	\$ 10.11	\$ 11.08	\$ 11.84	\$ 12.37	8.0%	9.6%	6.8%	4.5%
Capital Expenditures (incl. net interest)	\$ 1.65	\$ 1.81	\$ 1.90	\$ 2.03	22.9%	9.5%	5.3%	6.7%
Passengers and Crew	\$ 3.23	\$ 3.48	\$ 3.63	\$ 3.40	12.1%	7.8%	4.2%	-6.2%
Wages & Taxes Paid by Cruise Lines	\$ 1.19	\$ 1.27	\$ 1.33	\$ 1.27	6.8%	6.9%	4.3%	-4.4%
Total U.S.-based Spending	\$ 16.18	\$ 17.64	\$ 18.70	\$ 19.07	10.0%	9.0%	6.0%	2.0%

Source: Business Research & Economic Advisors and Cruise Lines International Association

As recently as 2004, U.S. ports accounted for 77 percent of global passengers. There are several factors which have caused the decline in passenger embarkations from U.S. ports.

1. As indicated above, the North American cruise industry is continuing to increase its presence throughout Europe. In 2008, the industry deployed more than 60 ships with a combined capacity of 71,300 lower berths. This represented a 14 percent increase from 2007 and a 62 percent increase from 2005.
2. Hurricanes continued to disrupt cruise itineraries in the Caribbean. In particular Hurricane Ike disrupted both cruise destinations and homeports. The hurricane severely damaged the retail facilities at the port in Grand Turk (Turks & Caicos) closing the port for nearly one month while the hurricane ultimately made landfall in Galveston shutting down the port's cruise terminal for nearly two months.

3. Perhaps, most important to the decline in U.S. embarkations was the redeployment of *Pride of Hawaii* and the *Pride of Aloha* by NCL from Hawaii. As a result, embarkations in Hawaii declined by more than 200,000 accounting for 75 percent of the net decline in passenger embarkations at U.S. ports.

The growth of U.S. resident cruise passengers has been steadily declining for the past 5 years and it also finally turned negative in 2008. Most of the decline took place during the second half of 2008 as the U.S. and global economies weakened and ultimately entered the worst recession in 25 years. This growth has steadily slowed from 13.9 percent in 2004 to -1.7 percent in 2008.

Similarly, the growth in spending by the industry and its passengers in the United States has also slowed, increasing by just 2.0 percent to \$19.07 billion in 2008. This was the weakest growth in domestic spending since BREA began compiling these statistics. The \$15.67 billion in expenditures by the cruise lines for wages, taxes and goods and services accounted for 82 percent of the direct spending and was an increase of 4 percent from 2007. This was the weakest growth in cruise line expenditures since 2001 and was brought about by the 4.4 percent decline in wages and taxes paid the cruise lines in the United States. This drop is directly related to the redeployment of the two NCL ships from Hawaii and the replacement of their U.S. crew.

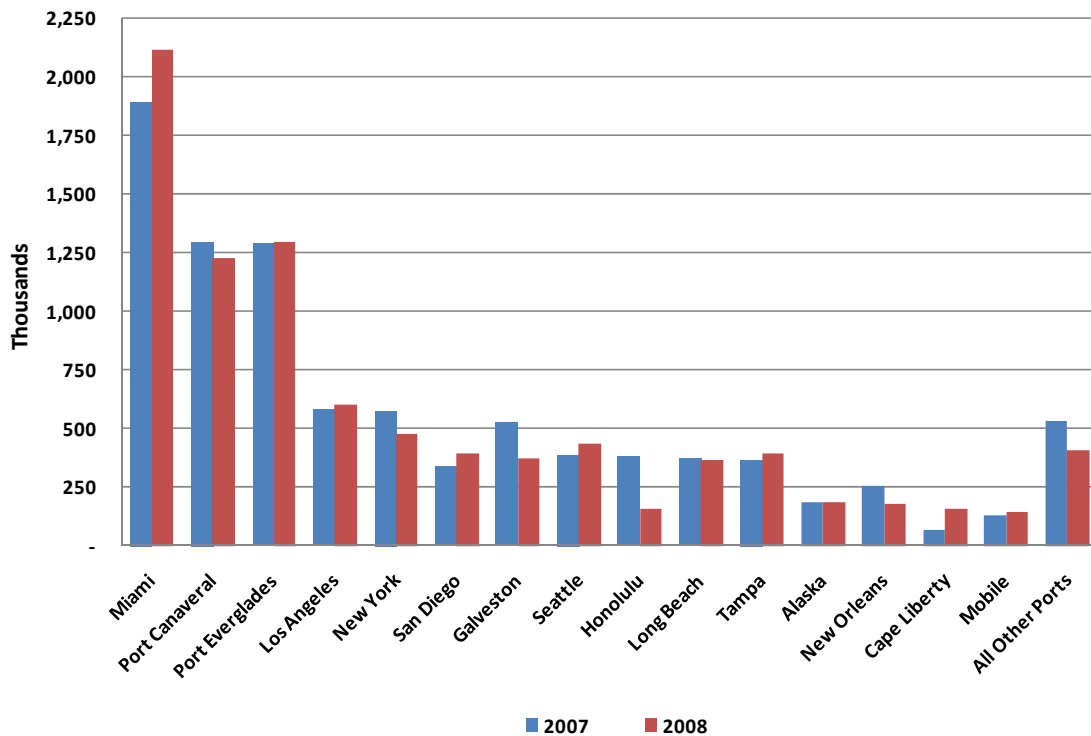
The \$3.4 billion in passenger and crew spending for transportation, accommodations, food and other retail accounted for the remaining 18 percent and declined by 6.2 percent from 2007. This decline was the result of a 2.0 percent decline in passenger and crew visits and a 4.2 percent decline in the average expenditure per visit. Again, the drop in Hawaii embarkations and their high level of per diem spending was a major cause in the decline in the average expenditure per visit.

The major characteristics of the cruise industry's activity during 2008 are as follows:

- By year-end 2008, the cruise industry's fleet showed a net increase of 2 vessels to 161 vessels with a combined capacity of 270,664 lower berths (see Table ES-1).
- During 2008, the industry carried an estimated 13.05 million passengers on cruises around the globe. This represented a 3.9 percent increase from the previous year.

- Data published by Cruise Lines International Association (CLIA) shows that an estimated 9.3 million U.S. residents took cruise vacations throughout the world and accounted for 70 percent of the industry’s global passengers.
- An estimated 8.96 million cruise passengers embarked on their cruises at U.S. ports during 2008, accounting for 68 percent of global embarkations and represented a 2.4 percent decrease from 2007. Florida, whose ports handled approximately 5.1 million embarkations, accounted for 57 percent of all U.S. cruise embarkations).
- The cruise lines and their passengers directly spent \$19.07 billion on goods and services in the United States, a 2.0 percent increase over 2007. The cruise lines spent \$15.67 billion while passengers and crew spent \$3.4 billion.

Figure ES-1 – U.S. Embarkations by Port, 2007 and 2008



The Contribution of the North American Cruise Industry to the U.S. Economy

As discussed above, the North American cruise industry experienced mixed results for 2008. As indicated in **Table ES-3**, passenger embarkations at U.S. ports declined by 2.4 percent in 2008 to 8.96 million. This decline followed the trend of declining growth in passenger embarkations at U.S. ports that has been in place since 2004 which finally turned negative in 2008. The decline in embarkations resulted in a reduced rate of growth in passenger and

cruise line spending. After increasing by 10.0 percent in 2005, 9.0 percent in 2006 and 6.0 percent in 2007, growth in total industry spending fell to 2.0 percent in 2008, and totaled \$19.07 billion for the year.

Table ES-3 – Economic Contribution of the North American Cruise Industry, 2005 - 2008

	2005	2006	2007	2008	Average Annual Growth			
					2005	2006	2007	2008
U.S. Passenger Embarkations (Millions)	8.61	9.00	9.18	8.96	6.3%	4.5%	2.0%	-2.4%
Direct Economic Impacts								
Passenger and Cruise Line Spending (\$ Billions)*	\$ 16.18	\$ 17.64	\$ 18.70	\$ 19.07	10.0%	9.0%	6.0%	2.0%
Employment	142,720	153,863	158,376	155,020	5.6%	7.8%	2.9%	-2.1%
Wages and Salaries (\$ Billions)	\$ 5.19	\$ 5.74	\$ 6.01	\$ 6.14	8.1%	10.7%	4.6%	2.2%
Total Economic Impacts								
Total Output (\$ Billions)	\$ 32.43	\$ 35.73	\$ 38.01	\$ 40.24	7.9%	10.2%	6.4%	5.9%
Employment	330,346	347,966	354,690	357,710	4.6%	5.3%	1.9%	0.9%
Wages and Salaries (\$ Billions)	\$ 13.52	\$ 14.73	\$ 15.44	\$ 16.18	8.8%	9.0%	4.8%	4.8%

* Includes wages and salaries paid to U.S. employees of the cruise lines.

The expenditures by the cruise lines and their passengers and crew generated employment, income and other economic benefits throughout the U.S. economy. These economic benefits of the North American cruise industry arise from five principal sources:

- spending by cruise passengers and crew for goods and services associated with their cruise, including travel between their places of residence and the ports of embarkation and pre- and post-cruise vacation spending;
- the shoreside staffing by the cruise lines for their headquarters, marketing and tour operations;
- expenditures by the cruise lines for goods and services necessary for cruise operations, including food and beverages, fuel, hotel supplies and equipment, navigation and communication equipment and so forth;
- spending by the cruise lines for port services at U.S. ports-of-embarkation and ports-of-call; and
- expenditures by cruise lines for the maintenance and repair of vessels at U.S. shipyards, as well as capital expenditures for port terminals, office facilities and other capital equipment.

The total contribution of the cruise industry to the U.S. economy is the sum of the direct and indirect economic impacts. The direct impacts consist of the expenditures made by the cruise lines and their crew and passengers during the course of providing or taking cruises. These included cruise line expenditures for headquarters operations, food and beverages provided onboard cruise ships and business services such as advertising and marketing. Ad-

ditionally, cruise passengers and crew purchase a variety of goods and services including clothing, shore excursions and lodging as part of their cruise vacation or as part of a pre- or post-cruise stay. These types of expenditures are included in the direct cruise industry expenditures.

The expenditures of cruise line vendors and those businesses that provide the goods and services to passengers and crew generate the indirect impacts. For example, food processors must purchase raw foodstuffs for processing; utility services, such as electricity and water, to run equipment and process raw materials; transportation services to deliver finished products to the cruise lines or wholesalers; and insurance for property and employees.

The major economic impacts of the cruise industry during 2008 as shown in **Table ES-3** were as follows:

- Cruise passenger embarkations at U.S. ports declined by 2.4 percent during 2008 and totaled 8.96 million.
- The \$19.07 billion in direct spending by the cruise lines and their passengers was a 2.0 percent increase over 2007 and generated 155,020 direct jobs paying \$6.14 billion in wages and salaries.
- The industry spent \$10.17 billion in the core cruise travel sector, primarily transportation services and passenger and crew spending. This spending generated 113,510 jobs and wage income of \$4.19 billion. (see **Table ES-4**)
- The cruise lines directly employed an estimated 30,600 U.S. residents as shore-side staff and crew members, and paid them wage income of \$1.2 billion.
- Cruise passengers and crew spent \$1.7 billion in non-transportation expenditures creating an estimated 21,281 jobs in the retail trade, restaurant and lodging industries. These jobs generated \$494 million in wage income.
- Cruise lines spent another \$8.9 billion for goods and services from suppliers in the United States in support of their global cruise operations. This spending created an estimated 41,510 jobs in virtually all industries and generated over \$1.96 billion in wage income.
- Including the indirect economic impacts, the spending of the cruise lines and their crew and passengers was responsible for the generation of \$40.2 billion in gross output in the United States, a 5.9 percent increase over 2007. This, in turn, generated 357,710 jobs throughout the country paying a total of \$16.2 billion in wages and salaries.

Table ES-4 –Direct Economic Contribution of the North American Cruise Industry in 2008

Sector	Direct Spending \$ Millions	Employment	Wage Income \$ Millions
Core Cruise Travel Sector	\$ 10,165	113,510	\$ 4,185
Passenger & Crew Spending	\$ 1,718	21,281	\$ 494
Port Services & Cruise Lines	\$ 3,299	52,219	\$ 2,055
Transportation Services	\$ 3,107	28,590	\$ 1,135
Air Transportation	\$ 2,041	11,420	\$ 502
Cruise Industry Suppliers	\$ 8,905	41,510	\$ 1,958
Agriculture, Mining, Utilities & Construction	\$ 68	329	\$ 10
Manufacturing	\$ 4,478	11,141	\$ 614
Food & Beverages	\$ 1,004	2,374	\$ 94
Apparel & Textiles	\$ 116	856	\$ 32
Chemicals & Plastics	\$ 277	420	\$ 32
Petroleum Refining	\$ 1,271	198	\$ 24
Fabricated Metal Products	\$ 219	1,108	\$ 53
Industrial Machinery	\$ 349	1,482	\$ 83
Ship Maintenance & Repair	\$ 517	1,759	\$ 113
Computers & Electronic Equipment	\$ 321	1,167	\$ 100
Other Manufacturing	\$ 403	1,777	\$ 83
Wholesale Trade	\$ 555	3,163	\$ 199
Other Transportation Services	\$ 24	41	\$ 5
Information Services	\$ 215	502	\$ 37
Finance, Insurance, Real Estate & Leasing	\$ 988	3,353	\$ 225
Services & Government (ex. Lodging & Travel Services)	\$ 2,578	22,981	\$ 868
Professional, Scientific & Technical Services	\$ 1,420	14,337	\$ 469
Administrative & Waste Management Services	\$ 42	205	\$ 10
Arts, Entertainment & Recreation	\$ 172	1,571	\$ 64
Other Services & Government	\$ 944	6,868	\$ 325
Total - 2008	\$ 19,070	155,020	\$ 6,143

These total economic impacts affected virtually every industry in the United States. Over 60 percent of the \$40.2 billion in total gross output and 40 percent of the 357,710 jobs generated by the direct and indirect impacts of the cruise industry affected seven industry groups as follows:

➤ Nondurable Goods Manufacturing	\$5.7 Billion in Output	14,627 Jobs
➤ Professional & Technical Services ²	\$4.8 Billion in Output	32,546 Jobs
➤ Travel Services ³	\$4.2 Billion in Output	54,442 Jobs
➤ Durable Goods Manufacturing	\$3.4 Billion in Output	15,522 Jobs
➤ Financial Services ⁴	\$2.4 Billion in Output	11,576 Jobs
➤ Airline Transportation	\$2.1 Billion in Output	6,942 Jobs
➤ Wholesale Trade	\$2.0 Billion in Output	14,792 Jobs

² Includes such services as legal services, advertising, management consulting, engineering and architectural services and computer consulting services.

³ Includes travel agents, ground transportation services and US-based shore excursions.

⁴ Includes banking, investment and insurance services.

Table ES-5 –Total Economic Contribution of the North American Cruise Industry in 2008

Sector	Industry Output \$ Millions	Employment	Wage Income \$ Millions
Agriculture, Mining, Utilities & Construction	\$ 3,594	7,192	\$ 563
Manufacturing	\$ 9,111	30,153	\$ 1,821
Food & Beverages	\$ 1,535	4,375	\$ 188
Apparel	\$ 267	2,821	\$ 120
Printing	\$ 375	1,949	\$ 112
Chemicals & Plastics	\$ 1,097	2,885	\$ 227
Petroleum Refining	\$ 2,055	816	\$ 57
Fabricated Metal Products	\$ 615	4,036	\$ 210
Industrial Machinery	\$ 553	2,208	\$ 131
Transportation Equipment	\$ 892	3,388	\$ 230
Computers & Electronic Equipment	\$ 802	3,266	\$ 303
Other Manufacturing	\$ 920	4,409	\$ 243
Wholesale & Retail Trade	\$ 2,810	35,295	\$ 1,586
Transportation	\$ 5,616	67,301	\$ 3,204
Information Services	\$ 1,012	3,427	\$ 255
Finance, Insurance, Real Estate & Leasing	\$ 4,073	17,082	\$ 1,117
Services & Government	\$ 14,021	197,260	\$ 7,638
Professional, Scientific & Technical Services	\$ 4,828	32,546	\$ 2,510
Administrative & Waste Management Services	\$ 4,295	61,856	\$ 1,943
Accommodations & Food Services	\$ 2,039	38,112	\$ 775
Performing Arts & Amusements	\$ 337	6,270	\$ 199
Other Services & Government	\$ 2,522	58,476	\$ 2,211
Total - 2008	\$ 40,239	357,710	\$ 16,184

The Contribution of the North American Cruise Industry to Individual State Economies

The economic impact of the North American cruise industry spread into every state economy. Cruise passengers came from every state and the cruise lines made purchases in support of their operations in just about every state. The principal location factors that influenced the economic impacts by state were:

- cruise lines headquarters and other facilities,
- ports-of-embarkation and ports-of-call,
- place of residence of cruise passengers, and
- place of business of cruise industry vendors.

As discussed above, nearly 9.0 million cruise passengers began their cruises from U.S. ports in 2008. As indicated in **Table ES-6**, the top fifteen U.S. cruise ports accounted for 94 percent of 2008 embarkations. This represented an increase of two percentage points from 2007. As indicated in **Table ES-6**, the top 15 share has been fluctuating between 92 and 94 percent over the past several years.

Table ES-6 – U.S. Embarkations by Port, 2005 - 2008

Port	2005	2006	2007	2008	Growth			
					2005	2006	2007	2008
Miami	1,803,000	1,866,000	1,893,000	2,109,000	3.1%	3.5%	1.4%	11.4%
Port Canaveral	1,234,000	1,396,000	1,298,000	1,226,000	1.1%	13.1%	-7.0%	-5.5%
Port Everglades	1,283,000	1,145,000	1,289,000	1,293,000	-3.1%	-10.8%	12.6%	0.3%
Los Angeles	615,000	592,000	581,000	599,000	30.9%	-3.7%	-1.9%	3.1%
New York	382,000	512,000	537,000	524,000	-30.2%	34.0%	4.9%	-2.4%
San Diego	234,000	180,000	341,000	397,000	35.3%	-23.1%	89.4%	16.4%
Galveston	531,000	617,000	523,000	377,000	22.1%	16.2%	-15.2%	-27.9%
Seattle	337,000	382,000	386,000	435,000	15.8%	13.4%	1.0%	12.7%
Honolulu	236,000	318,000	382,000	157,000	38.0%	34.7%	20.1%	-58.9%
Long Beach	363,000	378,000	370,000	365,000	-1.1%	4.1%	-2.1%	-1.4%
Tampa	408,000	457,000	367,000	382,000	6.0%	12.0%	-19.7%	4.1%
Alaska	164,000	178,000	189,000	185,000	0.6%	8.5%	6.2%	-2.1%
New Orleans	308,000	72,000	258,000	179,000	-5.8%	-76.6%	258.3%	-30.6%
Cape Liberty	147,000	160,000	66,000	160,000	N/A	8.8%	-58.8%	142.4%
Mobile	88,000	99,000	130,000	146,000	205.6%	12.5%	31.3%	12.3%
All Other Ports	479,000	649,000	574,000	424,000	-23.0%	35.5%	-11.6%	-26.1%
United States	8,612,000	9,001,000	9,184,000	8,958,000	6.3%	4.5%	2.0%	-2.5%
Top 15 Ports	8,045,000	8,253,000	8,480,000	8,388,000	5.6%	2.6%	2.8%	-1.1%
Share of the U.S.	93.4%	91.7%	92.3%	93.6%				
Florida Ports	4,875,000	4,994,000	4,977,000	5,110,000	1.8%	2.4%	-0.3%	2.7%
Share of the U.S.	56.6%	55.5%	54.2%	57.0%				

Source: U.S. Cruise Ports and MARAD, U.S. Department of Transportation

Florida remains the center of cruising in the United States, accounting for 57 percent of all U.S. embarkations. Passenger embarkations in Florida increased by 133,000 in 2008 with gains in Miami, Port Everglades and Tampa partially offset by losses in Port Canaveral and Jacksonville. As a result of the net increase, Florida increased its share of national embarkations by nearly three percentage points. California's ports (Los Angeles, Long Beach, San Diego, and San Francisco) boarded 1.44 million passengers for their cruises, or 16 percent of all U.S. cruise embarkations, a slight increase from 2007.

The major economic impacts of the cruise industry by state during 2008 as shown in **Table ES-7** were as follows:

- The economic impacts were concentrated in 10 states. These states accounted for 78 percent of the cruise industry's direct purchases in the United States and 81 percent of the total employment and income impacts.
- Total cruise passenger and crew visits to Florida totaled 7.5 million in 2008, a 5 percent increase from 2007. Combined, passengers, crew and cruise lines directly spent \$6.3 billion in the state in direct spending, accounting for more than 33 percent of the industry's direct expenditures. This spending generated 128,910 jobs paying \$5.5 billion in income. In addition, the state of Florida, the home of corporate or administrative offices for most of the cruise lines, accounted for just over 45 percent of the cruise lines' U.S.-based employment during 2008.

- California, like Florida, hosts both cruise line headquarters and ports-of-embarkation. During 2008, cruise passenger and crew visits totaled 1.8 million. With just under 12 percent of the industry's direct expenditures, California businesses received \$2.2 billion in direct industry spending which in turn generated 49,682 jobs paying nearly \$2.6 billion in wage income.
- Alaska benefits from the cruise industry primarily as a destination market. During 2008, the cruise industry produced 5.8 million passenger and crew visits to Alaska destinations a 4 percent increase from 2007. Thus, the state primarily benefits from cruise passenger spending for shore excursions, pre- and post-cruise stays, food and beverages and general retail. Because of this spending, Alaska accounted for 6.5 percent of the industry's direct spending with \$1.2 billion in expenditures generating 25,697 full- and part-time jobs paying \$1 billion in wage income.
- An estimated 753,000 passengers and crew visited New York during 2008, a 7 percent decline from 2007. New York accounted for 6.0 percent of the industry's direct expenditures with just over \$1.1 billion in direct spending. These expenditures generated an estimated 13,536 jobs paying \$783 million in income.
- With just over \$1.1 billion in direct spending and 18,674 jobs paying \$944 million in income, Texas accounted for approximately 5.8 percent of the industry's national economic impact. Due to the redeployment of ships throughout the Gulf coast ports and the closure of the Port of Galveston due to Hurricane Ike, passenger and crew visits to Texas ports declined by nearly 30% in 2008 to 476,000 total visits.
- The state of Washington is the location of cruise industry facilities with an expanding port-of-embarkation in Seattle. During 2008 an estimated 625,000 passengers and crew visited Seattle, a 15 percent increase over 2007. With \$760 million in direct spending and 18,726 jobs paying \$874 million in income, Washington accounted for more than five percent of the industry's national economic impact. As a result of the strong growth in passenger embarkations in Seattle, the state's ranking rose from eighth in 2007 to sixth in 2008.
- While Georgia has no direct cruise operations, it is a major source market for cruise passengers, making it a net exporter of cruise passengers, and also supports the industry with a wide range of goods and services. As a result of the activity of the cruise industry, Georgia businesses received \$663 million, or 3.5 percent of the direct expenditures generated by the cruise industry in the United States. These direct expenditures generated total economic impacts of 8,902 jobs and \$435 million in income throughout the Georgia economy during 2008.
- With the redeployment of the *Pride of Hawaii* and the *Pride of Aloha* from Hawaii during 2008, passenger and crew visits to Hawaii destinations de-

clined by nearly 60% to 590,000 total visits. Direct spending by the industry in Hawaii fell to \$545 million, a decline of nearly 25%, and generated 15,851 jobs (including the U.S. crew employees of NCL America) paying \$467 million in income. As a result Hawaii's state ranking fell from sixth in 2007 to eighth in 2008.

- The impacts in the remaining states were primarily generated by cruise passenger spending for air travel and cruise line purchases from vendors located in each of the states.

Table ES-7 – Total Economic Impact of the North American Cruise Industry by State, 2008

State	Rank 2008	Rank 2007	Direct Purchases (\$ Millions)	Share of the U.S.	Total Employment	Share of the U.S.	Total Income (\$ Millions)	Share of the U.S.	Average Annual Wage (\$1,000)
Florida	1	1	\$ 6,307	33.1%	128,910	36.0%	\$ 5,480	33.9%	\$ 42.5
California	2	2	\$ 2,239	11.7%	49,682	13.9%	\$ 2,571	15.9%	\$ 51.8
Alaska	3	3	\$ 1,240	6.5%	25,697	7.2%	\$ 1,007	6.2%	\$ 39.2
New York	4	4	\$ 1,143	6.0%	13,536	3.8%	\$ 783	4.8%	\$ 57.8
Texas	5	5	\$ 1,101	5.8%	18,674	5.2%	\$ 944	5.8%	\$ 50.5
Washington	6	8	\$ 760	4.0%	18,726	5.2%	\$ 874	5.4%	\$ 46.7
Georgia	7	7	\$ 663	3.5%	8,902	2.5%	\$ 435	2.7%	\$ 48.9
Hawaii	8	6	\$ 545	2.9%	15,851	4.4%	\$ 467	2.9%	\$ 29.5
Illinois	9	9	\$ 499	2.6%	7,158	2.0%	\$ 364	2.3%	\$ 50.9
Colorado	10	10	\$ 445	2.3%	2,753	0.8%	\$ 153	0.9%	\$ 55.7
Massachusetts	11	11	\$ 434	2.3%	6,352	1.8%	\$ 367	2.3%	\$ 57.8
New Jersey	12	13	\$ 387	2.0%	6,814	1.9%	\$ 374	2.3%	\$ 54.8
Pennsylvania	13	12	\$ 368	1.9%	6,065	1.7%	\$ 291	1.8%	\$ 48.0
Indiana	14	14	\$ 265	1.4%	3,850	1.1%	\$ 172	1.1%	\$ 44.8
North Carolina	15	15	\$ 214	1.1%	2,776	0.8%	\$ 113	0.7%	\$ 40.6
Michigan	16	16	\$ 201	1.1%	2,587	0.7%	\$ 128	0.8%	\$ 49.5
Missouri	17	17	\$ 186	1.0%	3,326	0.9%	\$ 147	0.9%	\$ 44.1
Ohio	18	18	\$ 183	1.0%	3,042	0.9%	\$ 137	0.8%	\$ 44.9
Arizona	19	19	\$ 169	0.9%	3,647	1.0%	\$ 144	0.9%	\$ 39.5
Louisiana	20	20	\$ 163	0.9%	3,168	0.9%	\$ 121	0.7%	\$ 38.3
Maryland	21	21	\$ 153	0.8%	2,140	0.6%	\$ 107	0.7%	\$ 50.1
Virginia	22	22	\$ 153	0.8%	2,510	0.7%	\$ 124	0.8%	\$ 49.6
Connecticut	23	23	\$ 143	0.7%	1,449	0.4%	\$ 91	0.6%	\$ 63.0
Alabama	24	25	\$ 122	0.6%	2,130	0.6%	\$ 77	0.5%	\$ 36.1
Minnesota	25	24	\$ 114	0.6%	1,846	0.5%	\$ 93	0.6%	\$ 50.5
Oregon	26	26	\$ 88	0.5%	2,834	0.8%	\$ 109	0.7%	\$ 38.4
South Carolina	27	27	\$ 78	0.4%	1,580	0.4%	\$ 55	0.3%	\$ 35.1
Nevada	28	33	\$ 66	0.3%	896	0.3%	\$ 34	0.2%	\$ 38.2
Tennessee	29	28	\$ 60	0.3%	1,001	0.3%	\$ 41	0.3%	\$ 41.4
Kentucky	30	29	\$ 60	0.3%	902	0.3%	\$ 35	0.2%	\$ 38.6
Utah	31	30	\$ 54	0.3%	854	0.2%	\$ 31	0.2%	\$ 36.4
Kansas	32	31	\$ 51	0.3%	2,192	0.6%	\$ 82	0.5%	\$ 37.5
Wisconsin	33	32	\$ 50	0.3%	850	0.2%	\$ 33	0.2%	\$ 39.0
New Hampshire	34	34	\$ 45	0.2%	517	0.1%	\$ 24	0.1%	\$ 46.0
Dist. of Columbia	35	35	\$ 41	0.2%	149	0.0%	\$ 19	0.1%	\$ 126.7
Iowa	36	36	\$ 33	0.2%	342	0.1%	\$ 12	0.1%	\$ 35.8
Oklahoma	37	37	\$ 30	0.2%	529	0.1%	\$ 20	0.1%	\$ 38.7
Maine	38	41	\$ 29	0.2%	510	0.1%	\$ 16	0.1%	\$ 31.7
Mississippi	39	38	\$ 29	0.2%	409	0.1%	\$ 14	0.1%	\$ 33.2
Delaware	40	39	\$ 26	0.1%	215	0.1%	\$ 10	0.1%	\$ 48.1
Rhode Island	41	40	\$ 25	0.1%	391	0.1%	\$ 14	0.1%	\$ 36.5
Nebraska	42	43	\$ 22	0.1%	506	0.1%	\$ 20	0.1%	\$ 38.8
Arkansas	43	42	\$ 22	0.1%	398	0.1%	\$ 13	0.1%	\$ 32.0
New Mexico	44	44	\$ 19	0.1%	282	0.1%	\$ 11	0.1%	\$ 38.3
Idaho	45	45	\$ 12	0.1%	198	0.1%	\$ 7	0.0%	\$ 34.5
West Virginia	46	46	\$ 8	0.0%	157	0.0%	\$ 5	0.0%	\$ 32.6
North Dakota	47	47	\$ 7	0.0%	118	0.0%	\$ 4	0.0%	\$ 30.1
Montana	48	48	\$ 6	0.0%	104	0.0%	\$ 3	0.0%	\$ 30.6
South Dakota	49	49	\$ 6	0.0%	78	0.0%	\$ 2	0.0%	\$ 31.8
Vermont	50	50	\$ 5	0.0%	60	0.0%	\$ 2	0.0%	\$ 38.7
Wyoming	51	51	\$ 3	0.0%	45	0.0%	\$ 2	0.0%	\$ 35.6
U. S. Total			\$ 19,070		357,710		\$ 16,184		\$ 45.2