



**MINISTERIAL STATEMENT
To the House of Assembly**

by

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Minister of Transport**

UPDATE ON THE CRUISE SHIPS SEASON

Date: Friday, 8th December 2023

Mr. Speaker, I rise before the Honourable House today to share with my Honorable colleagues an update on the Cruise Ship Season for 2023.

Mr. Speaker, in 2022, I shared with you that the 2023 outlook for Bermuda's cruise ship season appeared promising. It's noteworthy that extra calls were redirected away from the Baltic region, and Norwegian Cruise Line went beyond their anticipated calls by introducing additional calls in which they also explored opportunities during winter and shoulder months. However, projections were subject to change. We

indicated then, a total of 223 scheduled cruise ship calls. We originally estimated that approximately 559,000 cruise ship passengers would visit, with an associated revenue forecast of \$146.3 million in passenger and crew spending. This included an estimated \$23.6 million in passenger taxes, \$10.2 million in transport infrastructure taxes, \$6.6 million in visitor fees, and \$12.4 million in cruise ship port expenses. The cumulative economic impact was estimated at \$200 million dollars for 2023, reflecting a substantial 28% increase over the 2022 economic impact projection.

Mr. Speaker, subsequent to the initial projection, the Ministry had received highly favorable updates from our contracted partners, indicating that their bookings were consistently approaching full capacity, reaching approximately 100%. Consequently, the Ministry raised the passenger load projection from 80% to 92%. This forecast increased projections to 622,000 passengers, with an associated revenue forecast of \$174.3 million in passenger and crew spending. This included an estimated \$27.3 million in passenger taxes, \$11.8 million in transport infrastructure taxes, \$7.7 million in visitor fees, and \$12.4 million in cruise ship port expenses. The cumulative economic impact was estimated at \$233.5 million dollars for 2023.

Mr. Speaker, our two contracted partners were set to contribute a combined total of 171 scheduled cruise ship calls. Norwegian Cruise Line (NCL) was responsible for 100 of these calls, with a breakdown of 84 calls attributed to their large ships and 16 calls designated for their small luxury brands. On the other hand, Royal Caribbean Cruise Line (RCL) had 71 scheduled calls, consisting of 50 calls under their Royal brand and 21 calls under the Celebrity brand. As per our customary expectations, NCL and RCL were poised to continue serving as the primary drivers of cruise visits to our destination. During the intervals between the visits of our two primary partners, a multitude of other cruise brands were also scheduled to make port calls in Bermuda such as Carnival Cruise Lines, Disney Cruise Lines, Scenic Luxury Cruises, Silver Sea Cruises, Saga Cruises, Star Cruises and Azamara Cruises.

Mr. Speaker, it is no secret that the cruise ship visits to our region were impacted by an unprecedented hurricane season. The frequency and close proximity of hurricanes to our area directly affected the planned cruise itineraries, causing disruption to the anticipated schedule of cruise ships. It's worth noting that while this hurricane season was exceptionally active, we do recognize that annual hurricane seasons tend to have some impact on the cruise season, though not to the extent experienced this year.

Mr. Speaker, before delving into the impact of the hurricane season on the cruise ship 2023 season, I would like to provide a historical perspective on the progress we have made over the years by starting with the 2017 calendar year.

Mr. Speaker, in 2017, Bermuda witnessed a total of 161 cruise ship calls, welcoming 418,049 passengers to our shores, resulting in an economic infusion of \$81 million into our local economy. However, it was in 2018 that we experienced a pivotal transformation. Bermuda's concerted efforts to position itself as a year-round cruise destination brought about a significant shift in our cruise landscape. During that year, we saw 180 calls, with 484,339 passengers, and generating an economic impact of \$148.4 million. This upswing in both the number of occasional callers and passenger spending, underscores the success of our initiatives to promote Bermuda as a premier cruise destination throughout the year.

In 2019, the Cabin Tax was phased out. In its place, a Visitor Fee of \$16 per person was introduced and designated to Bermuda Tourism Authority. Additionally, the Transport Infrastructure Tax at a rate of \$25 was introduced. Furthermore, the Passenger Tax for ships berthing at Dockyard was elevated to \$25 per person. During the year, Bermuda welcomed 184 cruise ships, and the cumulative economic impact

surged to a remarkable \$169.9 million, speaking to the success of these taxation adjustments and our continued appeal as a premier cruise destination.

Mr. Speaker, the year 2020 held great promise for Bermuda, with a total of 193 scheduled cruise ship calls on the agenda. However, as we know this was altered as the COVID-19 pandemic swept across the globe, virtually grinding the cruise ship industry to a standstill and 2021 also had similar impacts to 2020.

However, **Mr. Speaker,** 2022 marked a significant rebound from the pandemic setback. During this year, Bermuda experienced a recovery in its cruise sector, hosting a total of 164 cruise ship calls. This brought in approximately 403,000 passengers who contributed approximately \$20 million in passenger tax, \$9 million in transport infrastructure tax, and \$6 million in visitor fees. Moreover, passengers' spending amounted to an estimate \$110 million, while the cruise ship port expenses added another \$9 million to the overall economic impact. This robust recovery strengthened Bermuda's position as a prominent cruise destination.

Mr Speaker, as mentioned earlier the hurricane season has interrupted the 2023 cruise ship season however it is still looking promising. The following are the recent projections as of November 29th

for the 2023 cruise ship season which ends December 2023. To date, there has been 37 cruise ship cancellations. The majority of cancellations have been due to weather events, with a few to scheduled changes. However, our economic forecast for 2023 remains strong compared to previous seasons.

Mr Speaker, currently we anticipate welcoming approximately 539,127 passengers, with an associated revenue forecast of \$168.7 million in passenger and crew spending. This also includes an estimated \$24.7 million in passenger taxes, \$10.7 million in transport infrastructure taxes, \$6.9 million in visitor fees, and \$10.4 million in cruise ship port expenses. The cumulative economic impact is estimated at \$221.5 million dollars for 2023, a decrease of approximately \$12 million dollars in economic activity from budgeted projections. Most cancelled calls fell outside the tax and fee period, which spans from April 1 to October 31. Moreover, the ships consistently achieved maximum occupancy levels, often surpassing 100%, during the period from June to November.

Mr Speaker, despite the numerous challenges posed by hurricanes, the cruise ship season in the Bermuda has proven to be remarkably resilient and continues to thrive. Bermuda, renowned for its stunning beauty and warm hospitality, has managed to adapt and

recover, showcasing its commitment to providing an exceptional cruise experience for visitors. Through dedicated efforts, Bermuda has not only weathered the storms but also emerged stronger, reaffirming its status as a premier cruise destination. As we move forward, it is imperative to remain vigilant, ensuring the safety and satisfaction of all cruise passengers while further enhancing Bermuda's reputation as a remarkable and enduring cruise destination.

Thank you.