

## Chapter 1

### Cruising in the Twenty-First Century

The idea of a cruise vacation is almost mythic. Our perception of cruises is often based on idyllic images we've seen in movies and on television. Such images usually depict classic ocean liners, which are quite unlike the ships commonly used today. As well as being significantly larger, today's ships are no longer designed primarily for travel but rather are large-scale, water-based resorts.

Despite these significant changes in cruising and the cruise industry over the past fifty years, glamorous images of opulence and "class" have remained relatively intact. These elements frequently underlie the motivation for choosing a cruise vacation. Consumers are buying an image of what they believe a cruise will be—an image more informed by what cruising used to be. Most consumers, for example, still assume a cruise is all inclusive. This is no longer true, and most cruise lines have dropped claims of all inclusiveness from their advertising and brochures. But this may not be obvious to consumers because cruise advertising is purposely abstract and scarce on concrete statements about the cruise or ship itself. Cruise advertising is full of "feel good" messages. Examples include Royal Caribbean's "Get out there" commercials, which highlight activity and adventure, and Carnival's dancing palm trees. These abstract ads leave viewers to focus on whatever is most appealing to them about a cruise vacation.

The cruise industry enjoys an image that is more positive than deserved. This is in part a product of collectively spending more than a billion dollars a year on advertising and public relations. As well as advertising in newspapers, magazines and television, the cruise industry benefits from friendly media coverage of cruise ship events. The industry also spends millions of dollars on lobbying federal and state/provincial governments and on political campaigns at all levels, including local port commissions (see Klein 2005a: 58–85). It effectively promotes itself and its interests and is efficient at countering messages it views as threatening to its clean and responsible image.

This book explores five areas in which industry claims differ from the reality on board cruise ships. We will see how the industry projects messages and images to reassure passengers of the positives of a cruise while displacing or refocusing any problems. Chapter two focuses on the industry's mantra that a cruise vacation is the safest form of transportation. While the cruise industry frequently reinforces the idea that one is safer on a cruise than practically anywhere else, it is faced with problematic rates of sexual assault, has come

under scrutiny for passengers missing under suspicious circumstances and has been called to appear four times in three years before a U.S. Congressional subcommittee looking into crimes against U.S. citizens on cruise ships. A careful review of the hearings gives insight into the nature and breadth of the problem. The hearings demonstrate that those planning a cruise need to think realistically about safety and personal security, be forewarned about the limits to their rights on a cruise ship and be aware of the cruise line's limited liability (as stated in the cruise contract, which the passenger accepts by embarking the ship).

Cruise industry environmental practices, explored in chapter three, is the second area explored. The cruise industry actively promotes itself as environmentally responsible and often touts itself as a leader in embracing environmental initiatives. This contrasts starkly with cruise line history, with the industry's current practices and with the results of a study by the U.S. Environmental Protection Agency (EPA), which found that cruise ships routinely discharge effluent that significantly exceed national recommended water quality criteria (EPA 2007).

Recent technological innovations such as advanced wastewater treatment systems (also known as advanced wastewater purification systems) are better than traditional marine sanitation devices, but they have problems. First introduced on cruise ships in 2001, advanced systems have been installed on roughly 40 percent of ships operated by major U.S. cruise lines (at the start of 2008, all thirteen of Norwegian Cruise Line's ships, seven of Royal Caribbean's nineteen ships, and one of Carnival Cruise Lines' twenty two ships). The EPA's 2007 report reinforces previous research and many of the concerns raised by environmentalists about traditional as well as advanced systems. The chapter takes a close look at the industry's environmental impact, at sources for concern and at initiatives undertaken by the industry's environmental critics.

The third area explored is illness and health care. As regards illness, particularly norovirus, at issue is not the illness so much as the industry's claim that passengers bring it with them. By deflecting focus on the cruise ship and its workers as a source of infectious illnesses, the cruise line effectively places blame elsewhere. It isn't their fault, so the cruise line avoids liability when an outbreak occurs. This strategy means that cruise ships are not as effective as they might be at controlling outbreaks. Quarantine of ill crewmembers is often for inadequate periods of time, and quarantine itself has become a disincentive to reporting illness by crew and passengers.

Onboard health care services are also a source of concern. It is commonly assumed that a cruise ship has a full complement of medical facilities—that a ship is prepared to deal with almost any medical eventuality. Most passengers are surprised to learn that a shipboard infirmary is more akin to a

neighbourhood clinic than to a hospital emergency room. It is adequate but has obvious limitations given space and other issues. However, of greater concern for passengers who require medical care is that cruise lines, per the passenger cruise contract, assume no liability for the care given by their own medical professionals. Medical services are offered for the convenience of the passenger, and any dispute is between the physician (frequently from a far away place) and the patient.

Chapter five turns attention to economic issues and industry claims that cruise ships leave millions of dollars behind in the ports they visit. There are two sides to understanding the credibility of the claim. One is the structure of the cruise ship and onboard life. Revenue from onboard profit centres has ballooned over the past decade such that today a cruise ship often earns less from ticket sales than it does from onboard spending by passengers. In addition, the cruise line generates revenue from activities and spending in port. This poses a problem to most ports: money spent on board means less money to spend in port, and even if the port captures more spending it kicks back a significant portion to the cruise line. It is a difficult situation for ports that is made worse by onboard shops promising not to be undersold.

Ports also find themselves in competition with one another for cruise ship visits. This competition is not only encouraged by cruise lines but is exploited. Cruise lines gravitate to the port offering the best deal, and, because ships are mobile, ports become interchangeable from one year to the next. A port that tries to increase local revenue from cruise ship visits may find the cruise ship going elsewhere in future, unless the ship is also increasing its revenue. What most ports fail to recognize is that land-based tourism yields much greater economic benefit than does cruise tourism. A study done in 2007 in Belize, where cruise passengers increased fourteen fold from 2000 to 2005 and then significantly declined, found that stay-over guests spent more than twice as much per day as cruise visitors (\$44 versus \$96 per day) and were responsible for 90 percent of the employment in the tourism industry (CESD 2006). Ports need to have a realistic view of cruise tourism so they can make fully informed decisions about whether to pursue cruise tourism, to what degree and at what cost.

The dynamic is further complicated by recent acquisitions and construction of cruise terminals by cruise corporations. Carnival Corporation's terminal on Grand Turk, for example, welcomed 367,000 passengers (173 ship calls) in 2007, the port's second year of operation. These passengers would have visited other islands in 2005 and before—meaning fewer calls at other Caribbean ports. The number of corporate-owned terminals is increasing worldwide, creating even greater competition between ports operating their own terminals. Cruise lines maintain a buyer's market and do everything possible to keep ports from recognizing that the best way to increase their

income is to cooperate with one another and work as a united front.

The final area discussed relates to labour issues. Chapter six is framed by a commonly heard statement: “Our international crew is here to serve you.” It implies that diversity among onboard crewmembers is there by design. This shifts attention away from the main reason why cruise ships attract an international crew: they draw workers who are willing to work eleven to fourteen hours a day for ten to twelve months without a day off and at wages that are low by developed world standards. A galley worker works more than 330 hours per month and may earn a guaranteed salary of \$400 to \$500 a month. Many crewmembers earn twice or three times as much, but there are also many who scrape by on \$500 a month or less. And they do this in an environment with ethnic and racial tensions, in living conditions that are for many marginal at best and in a culture that in varying degrees is blind to sexual harassment and abuse. Passengers and the public generally need to be aware of the living and working conditions of those who serve them so they can make informed judgements about cruising and the cruise industry.

The book concludes with a chapter that rethinks the idea of cruise tourism. It discusses salient issues for consumers considering a cruise vacation, important considerations for ports choosing to embrace cruise tourism and concerns for potential employees of a cruise line. The chapter raises issues that need to be addressed if the ports and cruise ship workers are to get a fair share of the money made by cruise ships and their corporate owners. It also discusses moral issues that are relevant for passengers to consider.

Before exploring these five areas it is helpful first to look at the development of the cruise industry. This context is important for understanding the issues as they have developed and as they appear today.

### Cruising into 2010

The cruise industry has grown phenomenally since the emergence some forty years ago of leisure cruising. Princess Cruises, established in 1965 by Stanley B. McDonald, was the first of today’s modern cruise lines to focus on the leisure travel market. McDonald began the cruise line by chartering Canadian Pacific’s 6,000 ton *Princess Patricia* during the off season of its cruises from Vancouver to Alaska’s Inside Passage and offered cruises to Mexico’s west coast. After two years with demand exceeding capacity, Princess Cruises added a second ship and in November 1968 added a third.

On December 19, 1966, a year after Princess Cruises initiated cruises from Los Angeles, Norwegian Caribbean Line (NCL) began sailing from Miami. The cruise line was a marriage of convenience between Ted Arison and Knut Kloster. Arison had passengers lined up for cruises and no ships after those he had chartered were repossessed by the Israeli Government when the ships’ owner went bankrupt. Kloster in contrast had a brand new

ship, *Sunward*, but no passengers after he had to cancel his planned cruises to Gibraltar for political reasons. Arison approached Kloster and suggested that if Kloster would send *Sunward* to Miami they could both make some money. Thus began NCL. A second ship, *Starward*, was added in 1968, followed by *Skyward* in 1969 and *Southward* in 1971. With four ships, NCL had more than 3,000 berths to fill every week.

The partnership between Kloster and Arison ended in December 1971. Three months later, with financial support from an old friend (Meshulam Riklis, a successful entrepreneur and master at corporate takeovers, often involving leveraged buyouts), Arison launched Carnival Cruise Lines. Its first ship, *Mardi Gras*, set sail March 7, 1972. The company lost money its first two years, which led Riklis to sever his association with Carnival. He signed over the *Mardi Gras* (and its \$5 million mortgage) to Arison for one dollar. Arison slashed prices, opened casinos and discos onboard and devised new ways to generate onboard revenue. The company finally turned a profit in 1975. According to Micky Arison, this was the beginning of the “Fun Ship” concept. It wasn’t so much a grand plan as an immediate strategy to generate enough income to meet the weekly payroll (Kessel 2000).

With his profit, Arison bought the *Empress of Britain* and renamed it *Carnivale*. The ship entered service on February 7, 1976, and turned a profit its first year. In 1977, Arison bought his third ship, sight unseen. The S.A. *Vaal* entered the Carnival fleet in 1978 as *Festivale*. Carnival Cruise Lines introduced its first purpose-built cruise ship, *Tropicale*, in 1982. At the end of 2007 Carnival Cruise Lines had twenty-two ships.

The other major player in the cruise industry today, Royal Caribbean, also had its start in the late 1960s. The idea for the company germinated in 1967, and in 1970 the first of three purpose-built ships for leisure cruising, *Song of Norway*, was introduced. *Nordic Prince* began sailing in 1971, followed by *Sun Viking* in 1972. The cruise line was profitable from the start and used its profits to expand. It first stretched (inserted a middle section to the existing ship and added 300 additional beds) *Song of Norway* in 1978 and in 1980 did the same to *Viking Sun*. Then in 1982 Royal Caribbean introduced its fourth ship, *Song of America*. The company had grown to nineteen ships by the end of 2007.

The number of North Americans taking a cruise increased exponentially as these companies grew. Passenger numbers more than doubled between 1970 and 1980: from 600,000 to 1.4 million. They then increased five-fold in the twenty-year period to 2000, to close to 7 million. Passenger numbers grew another 80 percent, to 12.6 million, between 2000 and 2007. Worldwide the number of passengers grew a more modest 37 percent between 2000 and 2007, from 12 million to 16.4 million.

This pattern of growth is expected to continue. More than 26,000 berths

are added by ten new ships built in 2008—on an annual basis this adds more than one million passengers. Nine new ships will be delivered in 2009, contributing more than 23,000 berths, twelve more with 33,000 berths will be delivered in 2010, and in 2011 at least seven new ships are planned, with 16,000 berths. Taken together, the new construction in these four years will add thirty-eight new ships with more than 100,000 berths (approximately five million additional passengers annually). Introduction of new ships is a continuing phenomenon. Between 2002 and 2007 the cruise industry added fifty new ships with just over 100,000 berths. Thus, between 2002 and 2011, the industry will have introduced eighty-eight newly constructed ships containing more than 200,000 berths. The scale of growth is put into vivid perspective when considering that the North American cruise industry had 41,000 berths in 1981; it had a total of 264,000 berths at the end of 2007.

Also, between 2002 and 2007, the size of ships increased by approximately 30 percent: from an average of 2,000 berths to an average of 2,600. New ships, mainly built for the North American and European markets, have grown the cruise industry worldwide by using fewer ships that accommodate many more passengers. Many new ships replace older and smaller ships that are redeployed to new markets or sold to small cruise lines or niche operators. Cruise tourism in Asia and Australia, two newly expanding markets, rely heavily on older ships. Older ships have historically been used in the Mediterranean and Europe.

### From Cruise Ship to Resort with Lifeboats

In contrast to the early ships used by Norwegian Cruise Line, Royal Caribbean, Carnival Cruise Lines and Princess Cruises, which could accommodate 750 to 1,000 passengers, new purpose-built cruise ships took on increasingly larger numbers. Competition emerged for the largest ship. In 1985 Carnival unveiled the 46,000 ton *Holiday* and touted it as the largest ship ever built for vacation cruises. Its capacity was 1,500 passengers. Three years later, Royal Caribbean welcomed *Sovereign of the Seas* and branded it “the world’s largest cruise ship.” Built at a cost of \$185 million, and at a weight of 73,192 tons, the ship carried as many as 2,852 passengers. As each new ship appeared, the celebratory hoopla became more colourful and grand.

A building frenzy during the 1990s produced a continual flow of newer and bigger ships. In November 1991 Royal Caribbean’s *Monarch of the Seas*, at 73,941 tons and with a passenger capacity of 2,744, became the newest cruise ship to claim the largest passenger capacity. In July 1992, the ship embarked 2,655 passengers—the most to embark on a single voyage on a modern cruise ship. Royal Caribbean announced it had submitted the necessary documentation to the *Guinness Book of World Records*. So began another element in the competitive race.

Competition for the biggest renewed in 1995 when Princess Cruises came out with *Sun Princess*—the largest cruise ship ever built at 77,000 tons, but with a passenger capacity of only 1,950. Competition reached new heights in November 1996 with the entry to the cruise market of a new wave of mega ships. Carnival began with the \$400 million, 101,000 ton *Carnival Destiny* which has a maximum passenger capacity of 3,400. It entered the *Guinness Book of World Records* for carrying 3,269 passengers on December 22, 1996, and 3,315 on March 29, 1997; its sister ship, *Carnival Triumph*, took the honour on August 22, 1999, with 3,413 passengers.

Princess Cruises re-entered the competition for the largest ship in May 1998 with the *Grand Princess*. The 2,600-passenger ship cost \$400 million and weighed 109,000 tons. A year and a half later, Royal Caribbean reclaimed the title with *Voyager of the Seas*. Costing \$500 million, it was the largest in both weight (142,000 tons) and passenger capacity (3,840 passengers). *Voyager of the Seas* quickly claimed the title for most passengers on a single voyage, exceeding 3,600 passengers on a single cruise in June 2000.

Cunard's *Queen Mary 2* rekindled competition for biggest and best in 2003. As reported in the press worldwide, the *Queen Mary 2* was the largest (151,400 tons), longest (1,132 feet), tallest (236 feet), widest (135 feet) and most expensive (\$800 million) passenger vessel ever built. But it was soon eclipsed by Royal Caribbean's *Freedom of the Seas* (and sisters *Liberty of the Seas* and *Independence of the Seas*), which is both larger and has an unprecedented passenger capacity of 4,370 (over 5,700 people including crew). At 160,000 tons, the \$720 million *Freedom of the Seas* is roughly 15 percent larger than the Voyager class ships.

Competition is likely to end in the short term after Royal Caribbean introduces its first Genesis class vessel in fall 2009. Each of two ships are a whopping 220,000 tons, have accommodations for more than 6,000 passengers and carry a complement of close to 2,000 crewmembers. It is staggering to compare this to the ships Royal Caribbean and Carnival started with—*Song of Norway* at 18,000 tons and 724 passengers and *Mardi Gras* at 27,300 tons and 1,024 passengers.

As ships grew they also changed. Classic ocean liners and many of the early purpose-built vessels had a considerable amount of open deck space from which to view the ocean. Passengers could sit and relax away from other people and enjoy being at sea. New cruise ships have converted much of this space—prime for ocean-view and balcony cabins—into revenue generation and have reduced the “outdoors” mainly to a central area, often two or three decks in height, around the pools and other activity centres. Some ships have installed giant screens above the main pool area for showing movies, rock concerts and other forms of entertainment day and night. Princess Cruises describes its system as a Times Square-style LED screen. This monstrous 300

square foot screen features a 69,000 watt sound system. This is not an area for cruising peacefully and nodding off for a nap.

Larger ships have also changed the nature of cruising. It is common to find ten or more restaurants onboard cruise ships built in the past decade. Many of these restaurants charge a fee, something that when introduced on cruise ships in the early 1990s was withdrawn because passengers wouldn't pay—today's passengers appear more than willing to pay. Traditional elements of cruises such as formal nights and midnight buffets have also been discarded. As well, the sheer number of people affects the general dynamic among passengers and the nature of the experience. When ships were first introduced with 2,000 and more berths, a cruise line executive observed, "Cruising on a mega ship compared to a small ship is like going to a cocktail party with 2,000 people compared to going to a party at someone's house. In the first instance, chances are that you will only remember the meatballs, in the second instance, you will remember the people you meet" (CINQ 1998: 104). It is difficult to imagine what he would say with ships three times larger.

With size, a cruise ship has increasingly become more like a land-based resort/amusement park and less akin to the traditional image of cruising. Part of this change is because larger ships make it possible, and part is because the industry increasingly relies on generating onboard revenue to maintain profitability. Some activities may be provided without cost, but many have fees that quickly add up for both the passenger and the cruise ship's bottom line. A new ship is likely to have a rock climbing wall, ice skating rink, golf simulator, virtual reality and video games, different enrichment classes, casino, art auctions, full agenda of entertainment and much more. It will also have shopping—lots of shopping. Royal Caribbean's Voyager class ships have a four-storey-tall shopping mall (the "Royal Promenade") deep in the bowels, running a considerable length of the ship. One writer says of the range of activity and shopping options on Voyager of the Seas: "The idea is to grab a larger slice of the vacation market by offering so many things to do and places to explore onboard—so that even people who don't particularly care for sea cruises may want to go because the experience may not seem like they're on a ship" (Blake 2003).

### The Corporate Landscape

The cruise industry has been marked by periods of growth and consolidation. The industry today is dominated by just three corporations, which together control 95 percent of the North American market: Carnival Corporation, Royal Caribbean Cruises Limited and Star Cruises, which owns Norwegian Cruise Line (GAO 2004).

Carnival Corporation, controlling 53 percent of the market, is the largest. It was formed in 1987 with Carnival Cruise Lines' initial public offering of

23.6 million common shares. The proceeds were used to pay debt incurred in construction of the company's two newest ships and to finance forays into non-cruise business such as the Crystal Palace Resort and Casino in Nassau and Carnival Air Line. While Carnival had consistently done well with its cruise line, it didn't have the same luck with businesses outside this core. The hotel was sold for \$80 million in 1994 after racking up hundreds of millions of dollars in losses; Carnival Air Line terminated operations in April 1998 after merging with Pan Am, which filed for bankruptcy protection in February 1998. Carnival's expansion in the cruise industry was much more successful.

Carnival began a pattern of expansion through acquisition in 1989, when it paid \$615 million for the travel and tourism businesses of Holland America Line. The acquisition boosted Carnival's number of berths by 50 percent (Holland America Line had four ships, and its tall ship subsidiary Windstar Cruises had three) and included Westours, which was the oldest and largest cruise and tour operator in Alaska and the Yukon. Carnival reached agreement in 1991 to further expand by buying Premier Cruises, which had three ships and was at the time the official carrier to Disney World, but the deal fell through seven weeks before it was to conclude. A key factor was disagreement over future earnings in the wake of the first Gulf War.

Carnival took a 25 percent equity interest in Seabourn Cruises in February 1992 in return for providing sales and marketing support. (It increased its stake to 50 percent in December 1995 by converting a \$10 million loan to equity and in April 1998 bought the remaining 50 percent.) Carnival's next target was the Greek-owned Epirotiki Line. In September 1993 Carnival traded its original ship, *Mardi Gras*, for a 16.6 percent equity interest in the company. Epirotiki was an ideal platform for the company to expand into Europe at relatively low cost. Carnival increased its stake to 43 percent in March 1994 when it transferred *Carnivale* to Epirotiki, and to 49 percent in February 1995 as part of a restructuring agreement with Epirotiki's owners, George and Andreas Kotsoufis. The partnership collapsed two months later and the Kotsoufis' paid Carnival \$25 million for its equity in the company.

Carnival's next expansion targets were again international in nature and intended to penetrate regional markets. In April 1996, the corporation acquired a 29.5 percent equity interest in British Airtours, which owned 770 retail travel agency locations in the U.K. and Scandinavia, a charter air fleet of thirty-two planes, forty-one hotels in the Mediterranean and two cruise ships, marketed as Sun Cruises. Less than six months later Carnival entered into an agreement with Hyundai Merchant Marine to form a fifty-fifty joint venture to target the Asian vacation market. The joint venture purchased Carnival's *Tropicale*, but it failed to get off the ground because of irreconcilable differences between the partners. According to Howard Frank, Carnival's vice

chair, Carnival didn't share the same view as Hyundai of the Asian cruise market, and the two "had very different views as to how the joint venture should be managed and the strategic direction it should take" (CND 1997).

Carnival continued to expand in Europe. In June 1997 it acquired, in partnership with Airtours, Italy-based Costa Cruises. Costa was seeking an infusion of capital (the Carnival-Airtours partnership paid \$300 million for the cruise line) in order to retain its market share (70 percent of the Italian market, 55 percent of the French market and 20 percent of the Spanish market). Carnival became the sole owner of Costa Cruises when it purchased Airtour's share in September 2000. In April 1998, Carnival partnered with a group of Norwegian investors led by Christiana Markets to acquire U.K.-based Cunard Line; Carnival bought its partners' share in October 1999.

Carnival's most recent and largest acquisition was its merger with P&O Princess in April 2003. The merger combined Carnival Corporation's six brand names (Carnival Cruise Line, Holland America Line, Windstar Cruises, Seabourn Cruises, Cunard Line and Costa Cruises) with seven brands operated by P&O Princess (U.S.-based Princess Cruises; U.K.-based P&O Cruises, Ocean Village and Swan Hellenic Line; Germany-based Aida and A'Rosa; and Australia-based P&O Australia). Carnival has since divested of A'Rosa, Windstar and Swan Hellenic. It further strengthened its position in Europe in September 2007 by entering a joint venture agreement with Orizonia Corporation, Spain's largest travel company, to form Spain-based Ibero Cruises. At the end of 2007 Carnival Corporation had eighty-five ships with a total of 158,352 berths.

The second largest cruise corporation, controlling 33.4 percent of the North American market, is Royal Caribbean Cruises Limited. It has also expanded through acquisition and joint ventures, though its effort to take over Costa Cruises in early 1996 failed, as did its planned merger with Princess Cruises in 2002—Carnival successfully snatched those cruise lines. However, Carnival was not able to interfere with Royal Caribbean's acquisition in July 1997 of Celebrity Cruises. Celebrity, founded in 1990 by a partnership between John Chandris and Overseas Shipping Group, had grown into a viable and popular premium cruise line that competed effectively with Carnival's premium brands. It operated five ships with 7,800 berths. Under Royal Caribbean's leadership the cruise line doubled in size (nine ships with 15,600 berths) by the end of 2002. In 2004, Celebrity entered the expedition/adventure travel niche with Celebrity Xpeditions, a single-ship cruise line focused on the Galapagos Islands and side tours to Ecuador's Machu Picchu. It also expanded into the premium cruise market with establishment in 2007 of Azamara Cruises, formed with deployment of two 700-passenger ships.

Royal Caribbean has also expanded into Europe, but not at the same

pace as Carnival. In 2002, it entered into a joint venture with First Choice Holidays to establish U.K.-based Island Cruises. The company's first ship, *Island Escape*, was Royal Caribbean's 1971-built *Viking Serenade*; in 2006 Royal Caribbean transferred Celebrity Cruises' oldest ship, the 1990-built *Horizon*, which was renamed *Island Star*. Also in 2006, Royal Caribbean acquired Madrid-based cruise and tour operator Pullmantur S.A. It transferred Pullmantur's newest ships, two 2000-built vessels formerly operated by Renaissance Cruises, to Azamara (the *Azamara Quest* and *Azamara Journey*) and transferred to Pullmantur Celebrity Cruises' 1991-built *Zenith* and Royal Caribbean's 1988-built *Sovereign of the Seas*. Both ships were the oldest vessels in their respective fleets. At the end of 2007, Royal Caribbean Cruises operated thirty-five ships with a total of 71,150 berths.

In December 2007, Royal Caribbean announced further expansion in Europe through a joint venture with Germany-based TUI. The joint venture will establish TUI Cruises and focus on the German cruise market. TUI is already involved in the U.K. cruise industry through its ownership of Thomson Holidays (operator of Thomson Cruises) and its merger in 2007 with First Choice Holidays. TUI Cruises will begin service with one ship in early 2009 (most likely a ship already in Royal Caribbean's fleet) and grow quickly with two new ships planned for 2011 and 2012.

The third major player in the industry is Malaysia-based Star Cruises. Its Norwegian Cruise Line (NCL) controls 9 percent of the North American market. Established in 1993 with a focus on Asia and the Pacific, Star expanded into North America and Europe in 2000, when it prevailed in a bidding war with Carnival Corporation and acquired NCL. Star refocused plans for expansion in Asia and instead invested considerably in building and expanding NCL (which itself had bought Majesty Cruise Line in 1997 and Orient Line in 1998). It added three new ships to the NCL fleet within the first two years after acquiring the cruise line.

In 2002 Star Cruises made a bold move when it announced plans for a U.S.-flagged cruise line, NCL America. The cruise line was started in 2004 with the 1999-built *Norwegian Sky*, renamed *Pride of Aloha*. Two additional ships were added, in 2005 and 2006, but weak demand led the company in 2008 to redeploy two of those ships, leaving only one ship under the NCL America brand. At the end of 2007, Star Cruises had twenty-one ships (thirteen in the NCL fleet) with 32,300 berths.

NCL's relationship to Star Cruises changed in January 2008, when it was spun off as an independent company, which is now jointly owned by Star Cruises and Apollo Management LP, a private equity group that invested one billion dollars for 50 percent of NCL. Apollo had previously acquired Oceania Cruises (operator of three ships with 2052 berths) and Regent Seven Seas Cruises (operator of five ships with 2,620 berths).

The remainder of the North American market, comprising less than 4 percent of the total, consists of small cruise lines operating two or three ships (e.g., Crystal Cruises, Disney Cruise Line), niche operators such as ultra luxury Silversea Cruises and tall-shipped Windstar Cruises, and companies deploying small ships on “pocket cruises” (e.g., Cruise West, American Cruise Lines, Majestic America Cruises). Though there are a variety of brands and options, the vast majority of the cruise market is controlled and dominated by “the big three” corporations. They in effect set the standards in the industry (for both the product and corporate behaviour) and define the nature of relationships between the industry and ports, the industry and labour, and the industry’s orientation toward environmental issues and passenger safety.