

Current Chinese Economic Report Series

Hong Wang · Xinliang Ye ·
Jianyong Shi · Weihang Zheng ·
Ling Qiu · Guojian Zhu *Editors*

Report on the Development of Cruise Industry in China (2021)



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Current Chinese Economic Report Series

The Current Chinese Economic Reports series provides insights into the economic development of one of the largest and fastest growing economies in the world; though widely discussed internationally, many facets of its current development remain unknown to the English speaking world. All reports contain new data, which was previously unknown or unavailable outside of China. The series covers regional development, industry reports, as well as special topics like environmental or demographical issues.

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ISSN 2194-7937

ISSN 2194-7945 (electronic)

Current Chinese Economic Report Series

ISBN 978-981-19-9413-5

ISBN 978-981-19-9414-2 (eBook)

<https://doi.org/10.1007/978-981-19-9414-2>

Jointly published with Social Sciences Academic Press

The print edition is not for sale in China (Mainland). Customers from China (Mainland) please order the print book from: Social Sciences Academic Press.

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This Springer imprint is published by the registered company Springer Nature Singapore Pte Ltd.

The registered company address is: 152 Beach Road, #21-01/04 Gateway East, Singapore 189721, Singapore

Foreword

The year 2021 marks the beginning of China's 14th FYP period and is a crucial year for further driving the new dual circulation development pattern. The year saw faster changes in the global cruise market and ongoing efforts of China's cruise industry to shape a whole industry chain. China is the world's largest emerging cruise market and the second-largest source of cruise tourists. Though cruise operations were brought to a halt by the pandemic, the cruise industry continued to make progress. Home-made large cruise lines made key breakthroughs. Major central SOEs, including China Merchants Group (CMG) and China Communications Construction Group (CCCC), seized the opportunity to foray into cruise operations and increase their presence in the cruise industry ecosystem. This gave a notable boost to the capacity and potential of China's cruise industry.

The cruise industry is one of the industries most affected by the COVID-19 pandemic. All major cruise companies, ports, and agencies have suffered heavy losses. To effectively curb the spread of the virus, Western developed economies introduced mass vaccination programs, while Singapore and some other Asian economies allowed "Cruise to Nowhere" itineraries. Countries including Italy, Singapore, the U.K., and the U.S. allowed cruise lines to restart sailings. These countries imposed rigorous protocols on resumed cruise sailings to effectively avoid the spread of the virus on cruise ships. Cruise companies mostly require that all guests onboard provide COVID-19 vaccination certificates. Guests must receive rapid antigen tests (RATs) before boarding. Only those who tested positive are allowed to board the ships. Regardless of the pandemic, the global cruise industry has made ongoing progress, with cruise terminals in progress across the globe, innovative cruise tour products continuously introduced by cruise companies, and increasing sizes of cruise fleets across the world. In 2020, the world saw 23 ocean liners launched, adding 37,700 beds to global cruise fleets. Cruise ships are growing bigger, leading to an increasing passenger carrying capacity per ship. Italian shipbuilder Fincantieri, the world's largest cruise ship building company, generated EUR 3.281 billion of cruise business revenue and delivered seven cruise ships in 2020. The shipbuilder will deliver seven cruise ships in 2021 too, and is expected to deliver eight in 2022, nine in 2023, five in 2024, five in 2025, and four each year beyond 2025. Clearly,

the demand on the cruise market remains strong. Mediterranean Shipping Company S.A. (MSC) announced its official entry into the high-end luxury cruise market. MSC Group's first high-end luxury cruise ship will sail in 2023. This will drive the expansion of global cruise fleets and facilitate post-COVID robust growth of the global cruise tourism market.

The pandemic has had severe and far-reaching impacts on the global cruise industry. China's cruise tourism market, which is recovering, is no exception. However, it has not changed the favorable trends in the global and Chinese cruise markets. The Cruise Lines International Association (CLIA) is optimistic about the prospects of the global cruise market. Major international cruise companies remain bullish on China's cruise market, with plans to introduce the latest and largest cruise ships to the Chinese market. These developments provide further impetus for the post-COVID recovery of the Chinese cruise market. Royal Caribbean Cruises, a global leader in luxury cruises, announced its plan to launch the Wonder of the Seas, the newest member of the Oasis Class, on the Chinese market. The Wonder of the Seas is the company's fifth Oasis Class cruise ship and the first Oasis Class cruise ship introduced to China's cruise home ports. This cruise ship, 362m long, 64m wide, and 18 decks high, has 2,867 cabins and a maximum carrying capacity of 6,988 guests. Royal Caribbean Cruises has driven China's cruise market to usher in the era of large ships and the era of new ships. Meanwhile, the Europe-based MSC Cruises, one of the world's five largest cruise companies, will introduce its flagship MSC Virtuosa and MSC Bellissima to the Chinese market. This move will help elevate China's status in the global cruise industry landscape, inject new impetus and vitality into the Chinese cruise market, and further increase the market's supply and service capacity.

The cruise industry has emerged as a new growth pole for coastal economies and a new driver for regional transformation and development. China's 14th FYP explicitly proposes to improve cruise and yacht development policies. *The 14th Five-Year Plan for Cultural and Tourism Development* of China's Ministry of Culture and Tourism proposes to develop marine and coastal tourism and advance the construction of China cruise tourism development demonstration zones (experimental zones). *The Opinions of the Ministry of Transport on Pilot Programs in Shanghai for Building a Country with Strong Transportation Network Including Promoting the Integrated Development of Transportation in the Yangtze River Delta*, issued in November 2020, proposes to accelerate the construction of Wusongkou International Cruise Terminal and give priority to developing the port of call and high-end cruise services at Shanghai Port International Cruise Terminal. *The Outline of China's National Comprehensive Transportation Network Plan*, issued by the CPC Central Committee and the State Council in March 2021, proposes to improve tourist service facilities and functions at cruise terminals, yacht marinas, and similar sites and diversify cruise tourist service offerings. *The Overall Plan for the Comprehensive Pilot Program of Further Opening up the Service Sector in Shanghai*, issued by the Ministry of Commerce in April 2021, proposes to delegate the powers of licensing Chinese cruise operators to engage in Chinese-funded non-five-star red flag cruise getaways to the competent transportation authority in Shanghai. *The Implementation Plan for Accelerating the Cultivation of the Import Trade Promotion and Innovation*

Demonstration Zone in Nansha District, Guangzhou, issued by Guangzhou Municipal Commerce Bureau in March 2021, proposes to accelerate the development of the cruise tourism economy and advance the construction of the national cruise tourism development demonstration zone. The *Opinions on Promoting High-Quality Tourism Development*, issued by the People's Government of Fujian Province in May 2021, proposes to advance the construction of Xiamen International Cruise Home Port and the cruise terminal renovation in the Jinjing Area of Pingtan Port, as well as support the construction of the national cruise tourism development demonstration zone in Fuzhou, offering strong support to the high-quality development of cruise economy. In September 2021, the People's Government of Guangxi Zhuang Autonomous Region issued the *Opinions on Supporting Beihai to Develop the Cruise Industry*.

The latest GREEN BOOK OF CRUISE INDUSTRY, compiled under the auspices of Shanghai University of Engineering Science (SUES) and Shanghai International Cruise Business Institute, is intended to better assess the developments of China's cruise industry in the context of routine COVID-19 response and provide systematic, in-depth analyses on China's cruise industry chain. The GREEN BOOK OF CRUISE INDUSTRY series, annual reports compiled in light of the latest developments in the global cruise industry, has become a bellwether of China's cruise economy and is closely watched and widely recognized by academia and industry. It has become an important reference for Chinese government authorities and cruise companies for working out development plans and strategies for the cruise industry. It is a great honor to be the advisor to the GREEN BOOK OF CRUISE INDUSTRY. I would like to express my congratulations on what this series has achieved.

The GREEN BOOK OF CRUISE INDUSTRY 2021, built on the previous editions, offers systematic studies on China's cruise industry in the context of routine COVID-19 control and the new dual circulation development pattern. This latest version has a Special Topics part that covers such topics as the COVID-19 response mechanisms and approaches at Shanghai Cruise Port, the development of China's cruise COVID-19 response system, problems facing the reopening of China's cruise business and the countermeasures, and China's public health emergency response mechanisms at cruise ports. The Industry Reports part focuses on developments in China's cruise industry. The year 2021 marks the beginning of the 14th FYP period when various plans for the cruise industry were rolled out to chart the course and strategic paths toward development for the cruise industry.

I would like to express my gratitude to the editorial board and staff who have been devoted to the compilation of this book. My thanks also go to all my friends who have cared about and supported China's cruise industry along the way. I would like to see our colleagues continue to work on making forward-looking research on the cruise industry a significant pillar that drives the development of China's cruise industry and to explore more innovative ways and models to fuel the high-quality development of the Chinese cruise industry. I also expect that more young professionals will join

the effort to grow China's cruise economy, strengthen international cooperation, take part in the international division of labor, and increase China's share in the global cruise industry.



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September 2021

Executive Summary

The *Report on the Development of Cruise Industry in China (2021)* is an annual research report compiled by renowned experts and scholars in the cruise industry at home and abroad, under the auspices of Shanghai University of Engineering Science (SUES) and Shanghai International Cruise Business Institute, in light of the latest developments in the global and China's cruise industry. It is an important part of the "Yearbooks Series" of Social Sciences Academic Press (China). The GREEN BOOK OF CRUISE INDUSTRY 2021, the eighth publication of this series, includes four parts, i.e. General Reports, Special Topics, Industry Reports, and Planning and Development Reports, which give a forward-looking holistic view of the industry. The book's General Reports part provides a summary of developments in the cruise industry at home and abroad between 2020 and 2021. The ten highlights, in particular, sum up the latest developments in China's cruise industry.

The COVID-19 pandemic has hardly hit the global cruise industry, leading to abrupt halts of cruise lines across the globe and severe financial pressures on cruise operators. The full resumption of cruise sailings faces great uncertainties given the tightened pandemic response efforts, particularly measures to curb another wave of outbreaks caused by the Delta variant. Since early 2021, China has stepped up efforts to develop cruise ports, with a view to building five cruise port clusters in north China, east China, southeast China, south China, and the South China Sea. Domestic cities including Pingtan (Fujian), Wenzhou (Zhejiang), Beihai (Guangxi), and Zhanjiang (Guangdong) are vigorously building new cruise terminals. However, China's cruise ports are yet to establish sound profit models, instead of relying heavily on cruise berthing operations. At present, China's cruise ports are largely unable to normally run cruise operations as duty-free shops at cruise terminals, cruise ship supply, VIP services, and stores at cruise ports cannot operate as usual. Cruise port operators could barely generate any revenue.

According to the systematic summary of the latest developments in the cruise industry at home and abroad between 2020 and 2021 in General Reports, cruise companies have suffered heavy losses due to COVID-19. Carnival Corporation & Plc, Royal Caribbean Cruises, and Norwegian Cruise Line, three U.S.-based major

cruise companies, saw up to RMB 600 billion of their market capitalization wiped off. In H1 2021, major cruise operators were still in the red.

As global COVID-19 developments got better, large-scale vaccinations proceeded, and cruise COVID-19 response systems were established over time, major cruise companies actively pushed for the resumption of sailings in some regions. However, national authorities set higher requirements for resumed cruise operations, including the requirement that all guests get vaccinated. In this context, major cruise lines adjusted their fleet deployment according to region-specific requirements for resumption of cruise sailings, in an effort to resume more cruise operations as possible. China, the largest emerging cruise market in the world, pulled off “zero imported cases, zero exported cases, and zero infections” in its cruise pandemic response efforts, and established a sound response program over time, actively preparing for the resumption of cruise sailings. The Special Topics part features studies on China’s COVID-19 response systems on cruise ships and at ports, covering such topics as the COVID-19 response mechanisms and approaches at Shanghai Cruise Port, the development of China’s cruise COVID-19 response system, problems facing the reopening of China’s cruise business and the countermeasures, and China’s public health emergency response mechanisms at cruise ports. The Industry Reports part focuses on the development of China’s cruise industry, covering the planning and design of itineraries by China’s local cruise companies, ways to boost the international competitiveness of China’s local cruise lines, ways to advance China’s cruise ship building and repair industry, the capacity improvement of Shanghai’s international cruise tourism trade in services, and ways to improve the resilience of Shanghai’s cruise tourism market. The section of Planning and Development Reports addresses national and local plans for the development of the cruise industry during the 14th Five-Year Plan period, focusing on China’s cruise industry development strategy for the 14th FYP period, Shanghai’s cruise industry development path during the 14th FYP period, and the planning approach of Shanghai International Cruise Tourist Resort.

Over recent years, China’s cruise industry saw sustained growth, with steady progress in cruise ship building. The industry is at a crucial stage of shaping the whole cruise economy industry chain by stepping up the pace of establishing an industry ecosystem that covers the independent design, building, operation, management, maintenance, and services of home-made cruise ships. Meanwhile, Royal Caribbean Cruises announced that it would introduce the Wonder of the Seas, the world’s largest Oasis Class cruise ship, to the Chinese market. MSC Cruises will also introduce its MSC Virtuosa and MSC Bellissima to the Chinese market. Local cruise companies, including CSSC Cruise Technology Development Co., Ltd. (CCTD) and Astro Ocean Cruise, also expanded their fleets. These moves laid a better foundation for the development of China’s cruise market and added vitality and energy to the world cruise industry. With favorable developments and opportunities, and great potentials,

China's cruise industry is expected to secure more footholds in the global cruise industry landscape and boost its appeal, influence, and competitiveness.

The successful publication of this book would be impossible without the concerted efforts of academia and industry. We are deeply indebted to relevant government authorities for their attention and guidance, and relevant sectors for their generous support.

Contents

Part I General Reports

- 1 **G.1 A Study on Developments in the Global Cruise Industry, 2020–2021: The Cruise Industry Making Active Efforts to Resume Cruise Sailings Following the Severe COVID-19 Shock** 3
Hong Wang, Jianyong Shi, and Junqing Mei
- 2 **G.2 A Study on Developments in China’s Cruise Industry, 2020–2021: Steady Progress Continued to Be Made in Shaping the Cruise Economy Industry Chain** 29
Jianyong Shi, Xinliang Ye, and Junqing Mei
- 3 **G.3 Ten Highlights in the Development of China’s Cruise Industry, 2020–2021** 55
Xinliang Ye, Ling Qiu, and Xiaodong Sun

Part II Special Topics

- 4 **G.4 A Study on Pandemic Response Mechanisms and Paths at Shanghai Cruise Port** 75
Jianyong Shi
- 5 **G.5 A Study on Cruise COVID-19 Response Systems in China** 83
Shiwei Shen
- 6 **G.6 Analysis on and Countermeasures to the Hindrance to Resume Cruise Tourism in China** 97
Ling Qiu
- 7 **G.7 A Study on the Public Health Emergency Response Mechanisms of Chinese Cruise Ports** 107
Fangyuan Lyu

Part III Industry Reports

- 8 G.8 A Study on Itinerary Planning and Design of Chinese Cruise Companies in the “Dual Circulation” Development Pattern** 119
Danying Song
- 9 G.9 A Study on the Path of Chinese Cruise Companies to Better International Competitiveness** 129
Yanying Chen
- 10 G.10 A Study on the Development Path of China’s Cruise Ship Building and Repair Industry Chain** 141
Guodong Yan, Xia Li, and Qianfeng Wang
- 11 G.11 A Study on Enhancing the International Trade in Cruise Tourism Service Capacity in Shanghai** 155
Ruihong Sun
- 12 G.12 A Study on Ways to Improve the Resilience of the Shanghai Cruise Tourism Market** 179
Shengjun Gan

Part IV Planning and Development Reports

- 13 G.13 A Study on the Development Strategy of China’s Cruise Industry During the “14th Five-Year Plan”** 197
Hong Wang
- 14 G.14 A Study on the Development Path of the Cruise Industry in Shanghai During the “14th Five-Year Plan” Period** 209
Xinliang Ye
- 15 G.15 A Study on Planning Ideas of Shanghai International Cruise Tourist Resort** 223
Junqing Mei

About the Editor-in-Chief

Hong Wang is the President of China Europe International Business School (CEIBS), a fellow at Shanghai International Cruise Business Institute, and a professor and supervisor for Ph.D. students at Shanghai Jiao Tong University. Prof. Wang holds a Ph.D. in Business Administration from Shanghai Jiao Tong University and a Post-doctoral degree in Applied Economics from Fudan University. She is a recipient of the Special Government Allowance of the State Council. Prof. Wang served as a deputy to the 10th, 11th, 12th, and 14th Shanghai Municipal People's Congresses. She is a national candidate for the New Century Millions of Talents Project.

Prof. Wang has served as a Deputy Director of the Steering Committee for the Teaching of Business Administration in Institutions of Higher Education at the Ministry of Education (MOE) for many years. She also once served as a Deputy Director of the Steering Committee for the Teaching of Management Science and Engineering in Institutions of Higher Education at the MOE. At present, she is a recipient of funding as part of the MOE's New Century Excellent Talents Support Program and the Dawn Plan of Shanghai Municipality and honored as a leading talent and excellent academic leader of Shanghai.

Prof. Wang took the lead in aligning with the bigger picture of the international cruise industry and took an innovative move to expand the teaching content of Tourism Management. She was the first person in China to start the Cruise Economy undergraduate and graduate programs as an academic leader in this discipline. She led the research project "Innovative Practices in Training Badly-Needed International Cruise Professionals Under the Integrated Approach of Government-Industry-University-Research Institute-User Collaboration," which won the second prize of the National Teaching Achievement Award and the grand prize of Shanghai Teaching Achievement Award in 2014. Prof. Wang emphasizes the direct translation of research results into productivity and the extension of these results. Many research results have been the basis for decision-making by cruise companies and the government. She has presided over six major projects funded by the National Social Science Fund of China (NSSF), the National Soft Science Research Program, and the National Development and Reform Commission (NDRC) and over 30 provincial-level research projects. Prof. Wang has published over 70 monographs and papers, many of which have been

indexed by EI and ISTP. More than 30 of her research projects received provincial-level awards, including the first prize of Shanghai Government Decision-Making Consulting Research Achievement Award, the second prize of Shanghai Science and Technology Progress Award, the Shanghai Outstanding Achievement Award for Deng Xiaoping Theory Research and Publicity, the Shanghai Outstanding Achievement Award for Discussions Within the Philosophy and Social Science Community, the first prize of Shanghai Teaching Achievement Award, and the first prize of Shanghai Educational Research Achievement Award.

Prof. Wang previously served as a member of the Executive Committee of All-China Federation of Trade Unions, representative of All-China Women's Federation, President of Shanghai University of Engineering Science (SUES), Vice Chairman of Shanghai Federation of Trade Unions, Vice Chairman of Shanghai Commercial Enterprise Management Association, Vice Chairman of Shanghai Creative Industry Association, Vice President of Shanghai Science and Art Association, Director of Shanghai International Cruise Business Institute, and Secretary of the CPC Baoshan District Committee, among other offices.

Part I
General Reports

Chapter 1

G.1 A Study on Developments in the Global Cruise Industry, 2020–2021: The Cruise Industry Making Active Efforts to Resume Cruise Sailings Following the Severe COVID-19 Shock



Hong Wang, Jianyong Shi, and Junqing Mei

Developments in Global Cruise Markets During the Pandemic

Major Cruise Companies Suffered Heavy Losses

The COVID-19 pandemic is a huge blow to societies and economies as a whole. The highly environment-sensitive cruise industry is one of the hardest hit and the slowest-recovering industries. Carnival Corporation & Plc, Royal Caribbean Cruises, and Norwegian Cruise Line, three major cruise companies, saw their market capitalization lose up to RMB 600 billion. In 2020, Carnival Corporation & Plc generated USD 5.595 billion of revenue, down USD 15.235 billion or 73.14% year-on-year (YoY), and reported a net income of USD –10.236 billion, a 442.34% decline YoY. As of Q4 2020, Carnival held USD 9.5 billion of cash and cash equivalents. In 2020, Royal Caribbean Cruises generated USD 2.209 billion of revenue, down USD 8.741 billion or 79.83% YoY, and reported a net income of USD 5.775 billion, down 402.74% YoY, an average monthly cash burn of USD 250–290 million, a cruise ticket sales revenue of USD 1.505 billion, down 80.85% YoY, and USD 704 million in onboard and other revenue, down 77.24% YoY. As of December 31, 2020, Royal Caribbean Cruises held about USD 4.4 billion of liquidity, including USD 3.7 billion of cash

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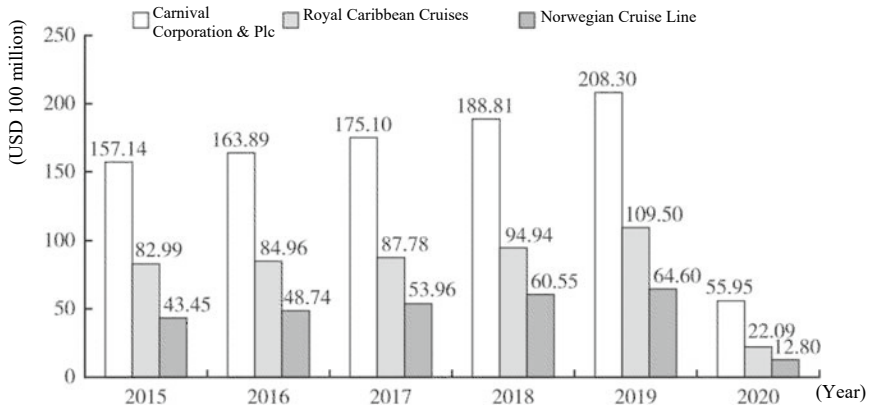


Fig. 1.1 Changes in the revenues of three major cruise companies, 2015–2020 (Source Carnival Corporation & Plc; Royal Caribbean Cruises; Norwegian Cruise Line)

and 364-day credit lines worth USD 700 million. In 2020, Royal Caribbean Cruises received more than 1.29 million guests, a sharp decline from over 6.55 million in 2019. As of December 31, 2020, Royal Caribbean Cruises held USD 1.8 billion of customer deposits, of which half was related to cruise credit. In 2020, Norwegian Cruise Line generated USD 1.280 billion of revenue, down 80.19% YoY, and reported a net income of USD -4.013 billion, down 531.35% YoY, and a monthly operating cost of USD 110–150 million during the suspension period (Fig. 1.1).

In 2020, Genting Hong Kong reported annual revenue of USD 367 million, a sharp decline of 76.49% from USD 1.561 billion in 2019, and a net income of USD -1.716 billion, compared with USD -159 million in 2019. German shipbuilder MV Werften, a subsidiary of Genting Hong Kong, suspended operations from March to October 2020, and saw its operating loss rise to USD 190 million from USD 23.30 million in 2019. The Explorer Dream cruise ship of Dream Cruises started the “Taiwan Island-Hopping” itineraries on July 26, 2020. The World Dream cruise ship of Dream Cruises started to operate domestic cruises in Singapore in November 2020. Crystal Cruises launched its Bahamas Escapes itineraries departing from Nassau or Bimini in July 2021. These moves contributed to the recovery of cruise sailings. Hurtigruten reported that its executive pays in 2020 down by 50%, with the total CEO pay being EUR 621,000, down 58.6% from EUR 1.50 million in 2019.

In Q1 2021, Carnival Corporation & Plc reported a net income of USD -2 billion and an average monthly cash burn of USD 500 million. In Q1 2021, Royal Caribbean Cruises reported a net income of USD -1.1 billion and an average monthly cash burn of about USD 300 million. In Q1 2021, Norwegian Cruise Line generated USD 3.10 million of revenue, and reported USD -1.4 billion in net income, earnings per share (EPS) at USD -4.16 , and USD 824 million in net interest expenses. In Q2 2021, Carnival Corporation & Plc reported a net loss of USD 2.1 billion, or an adjusted net loss of USD 2 billion, and held USD 9.3 billion of cash and short-term investments at the end of Q2, with adequate liquidity to hold on until the full reopening of the

cruise business. Carnival annually reduces its interest expenses for the coming year by at least USD 120 million, and as a rule defers the repayment of principal totaling about USD 1 billion upon approval by relevant export credit agencies, to increase its near-term liquidity. In Q2 2021, Carnival Corporation & Plc saw an increase in bookings for future cruises by 45% from that of Q1 2021. On February 10, 2021, Carnival Corporation & Plc priced the private offerings of USD 3.5 billion aggregate principal amount of 5.75% senior unsecured notes due 2027. The aggregate principal amount of senior unsecured notes to be issued was increased to USD 3.5 billion. In H1 2021, Carnival Corporation & Plc reported a net income of USD –4.045 billion, compared with USD –5.155 billion in H1 2020, and an EPS of USD –3.63, compared with USD –7.34 in H1 2020. In Q3 2021, Carnival Corporation & Plc reported a loss of USD 2 billion. In Q1 2021, Hurtigruten Group reported EUR 15 million in average monthly cash burn, EUR 36.10 million in revenue, and EUR –19.20 million in EBITDA.

Major Cruise Companies Took Active Measures Against COVID-19 Impacts

Major cruise companies mitigated the impacts of the pandemic by financing, downsizing, pay cuts, selling scrapped ships, or canceling or postponing new orders. Carnival Corporation & Plc sold 18 cruise ships that accounted for 12% of its total transport capacity. Royal Caribbean Cruises sold its Azamara cruise line to Sycamore Partners for USD 201 million. In June 2021, AIDA Cruises sold its AIDAcara (launched in 1996, with a gross tonnage of 38,000 and 590 cabins). The Singapore-based New Century Group sold the MV Leisure World (with a gross tonnage of 15,000 and a passenger capacity of 850) to NKD Maritime, an India-based ship recycler, for USD 3,591,900. This deal was intended to cut the daily cost of about HKD 30,000 paid for ship maintenance during the suspension period.

As of December 31, 2020, Royal Caribbean Cruises sold more than 13 million ordinary shares according to its stock issue plan announced on December 3, raising USD 1 billion of funds for general corporate purposes. On March 1, 2021, Royal Caribbean Cruises announced the offering of 16,938,148 ordinary shares at USD 91 per share to the public. The offering closed by March 3, 2021, with the net proceeds used for general corporate purposes. On March 24, 2021, Royal Caribbean Cruises announced the private offerings of USD 1.25 billion aggregate principal amount of senior unsecured notes due 2028. The proceeds will be used to repay the principal of debts due or to be repaid in 2021 and 2022, then the remaining funds raised will be used for general corporate purposes (Table 1.1).

On March 29, 2021, Royal Caribbean Cruises announced the closing of the offerings of USD 1.5 billion aggregate principal amount of 5.28% senior unsecured notes due 2028. On June 15, 2021, Royal Caribbean Cruises announced the offerings of USD 650 million aggregate principal amount of 4.25% senior unsecured notes

Table 1.1 Cruise ships sold worldwide in 2020 (Units: GT, person)

Cruise company	Ship name	Gross tonnage	Passenger capacity	Year launched
Carnival Cruise Lines	Carnival Fantasy	70,367	2675	1990
	Carnival Inspiration	70,367	3450	1996
	Carnival Fascination	70,367	2634	1994
	Carnival Imagination	70,367	2634	1995
Costa Cruises	Costa Victoria	75,166	2120	1996
	Costa NeoRomantica	56,769	1800	1993
	Costa Atlantica	85,619	2680	2000
	Costa Mediterranea	86,000	2680	2003
Holland America Line	MS Amsterdam	62,735	1380	2000
	MS Rotterdam	61,849	1404	1997
	MS Maasdam	55,575	1258	1993
	MS Veendam	57,092	1350	1996
P&O Cruises (UK)	Oceana	77,499	2272	2000
P&O Cruises (Australia)	Pacific Aria	55,820	1627	1993
	Pacific Dawn	70,285	2020	1991
Princess Cruises	Sun Princess	77,441	2010	1995
	Sea Princess	77,499	1950	1998
	Golden Princess	108,865	2670	2001
Pullmantur Cruises	MS Sovereign	73,192	2850	1988
	MS Monarch	73,937	2744	1991
	MS Zenith	47,413	1828	1992
Hapag-Lloyd Cruises	MS Bremen	–	164	1990
FTI Cruises	MS Berlin	9500	420	1980
Fred. Olsen Cruise Lines	MS Black Watch	28,613	799	1972
	MV Boudicca	28,388	880	1973
Phoenix Reisen	MS Albatros	28,518	812	1973
Magna Carta Steamship	Lord of the Glens	729	54	1985
Cruise & Maritime Voyages (CMV)	MS Magellan	46,052	1250	1985
	MS Astor	20,606	620	1987

(continued)

Table 1.1 (continued)

Cruise company	Ship name	Gross tonnage	Passenger capacity	Year launched
	MS Marco Polo	22,080	800	1965
	MV Columbus	63,786	1400	1989
	Vasco da Gama	55,877	1220	1993
	MV Astoria	16,144	550	1947

Source Adapted from public information

due July 1, 2026. The proceeds of the offerings will be used to redeem USD 619.8 million aggregate principal amount of 7.25% senior secured notes due 2025, with the remaining funds used for general corporate purposes. On August 11, 2021, Royal Caribbean Cruises announced the offerings of USD 1 billion, 5.5% senior unsecured notes due 2026. These notes were issued on August 19, 2021, and will be due on August 31, 2026. On March 1, 2021, Norwegian Cruise Line announced the offerings of USD 575 million, 5.875% senior notes due 2026. The offerings were closed on March 3, 2021. Norwegian Cruise Line expected that the net proceeds of these offerings would be used to repay the outstanding principal amounts under two senior secured credit lines and the interest accrued but unpaid, and to pay the premiums, costs, and other expenses of related transactions. The remaining part of the net proceeds will be used for general corporate purposes. On May 9, 2021, Norwegian Cruise Line announced the closing of the offering of 47,577,937 ordinary shares at USD 30 per share. The net proceeds of this offering will be used to buy back all exchangeable senior notes due 2026 issued by the Norwegian Cruise Line, and the remaining proceeds will be used for general corporate purposes.

On April 16, 2021, Genting Hong Kong announced its subscription of additional equity interest in Dream Cruises. Genting Hong Kong increased its stake in Dream Cruises from 67.42% to 69.97%, and used the dues from Dream Cruises to offset the USD 247 million of cash to be paid for the subscription. On May 7, 2021, Genting Hong Kong announced the “Agreement of Headline Terms of a Holistic Recapitalization of the Group and the Amendment and Extension of the Group’s Material Financial Indebtedness of c. USD 2.6 billion”. According to this announcement, the Group expected to “raise at least USD 154 million of additional liquidity by 31 December 2021. Should the Company and/or its subsidiaries be unsuccessful in raising this additional liquidity, the Company will pursue additional liquidity-raising transactions, including an equity financing of the Company for a value of not less than USD 30 million; and entry by the Company and certain wholly-owned subsidiaries of MVWH into conditional, committed standby loan facilities provided by the State of Mecklenburg Vorpommern and the WSF in an aggregate amount of USD 124 million”. In August 2021, cruise ship builders saw notable declines in orders and sharp reductions in annual production time due to the pandemic. The German shipyard Meyer Werft reached an agreement with IG Metall and the yard’s Works Council that involves laying off up to 350 employees of Meyer Werft and 100 employees of

EMS Maritime Services on a voluntary basis. The planned downsizing involves 450 employees, or 10% of the yard's total staff.

Accelerated Recovery of Global Cruise Markets in the Post-COVID Era

Regional Resumption of Cruise Sailings Led to Faster Recovery of Cruise Markets

Due to the pandemic, cruise companies kept adjusting and improving capacity layouts in the light of the COVID-19 protocols of different countries or territories. In H2 2020, cruise companies tried to restart some cruise operations. The Explorer Dream cruise ship of Dream Cruises first resumed sailings at the Port of Keelung, Taiwan, China in July 2020. The World Dream of Dream Cruises reopened its itineraries in Singapore in November 2020. The Germany-based TUI Cruises resumed operations around the Canary Islands in November 2020. The Quantum of the Seas cruise ship of Royal Caribbean Cruises started operations in Singapore in December 2020. As global pandemic response made notable progress and mass vaccination programs were under way, cruise companies made efforts to push for faster reopening of sailings by reducing passenger capacity, improving the itinerary design, and tightening health and safety protocols. The Genting Dream cruise ship of Dream Cruises resumed sailings in Hong Kong, China on July 30, 2021. On May 24, 2021, President Joe Biden signed into law the *Alaska Tourism Restoration Act*. The act temporarily allows foreign-flagged cruise ships to sail directly to Alaska without having to dock in Canada first in 2021, provided that cruise companies could only operate upon approval by the Centers for Disease Control and Prevention (CDC).

Cruise Sailings Resumed by Carnival Corporation & Plc

The AIDAperla cruise ship of Germany-based AIDA Cruises resumed operations around the Canary Islands on March 20, 2021. Carnival Corporation & Plc announced the resumption of sailings of seven cruise brands, including AIDA Cruises, Costa Cruises, and Princess Cruises, in Europe and the Caribbean in the summer of 2021. By the end of 2021, according to Carnival's plan, 63 ships will resume operations, accounting for approximately 75% of its total capacity. The Costa Luminosa set sail again from Trieste, Italy on May 16, 2021, becoming the second ship of Costa Cruises that resumed sailings, with 27 voyages planned for its summer itineraries to destinations, including Bari in Italy and Corfu, Athens, Mykonos, and Katakolon in Greece. Carnival Horizon, Carnival Vista, and Carnival Breeze resumed operations at the Port of Miami, the Port of Galveston, and the Port of Canaveral, respectively, in July 2021. Carnival Miracle set sail again in Seattle, the U.S. on July 27, 2021,

and the sailings continued to September 14, docking at Skagway, Ketchikan, Juneau, and Tracy Arm Fjord along the way. The Majestic Princess of Princess Cruises resumed sailings from Alaska on July 25, 2021. The Regal Princess set sail again from Southampton on July 31, 2021. Princess Cruises will resume sailings in Los Angeles, San Francisco, and Fort Lauderdale in the U.S. between September 25 and November 28, 2021. During this period, eight Princess Cruises ships will take guests to the Caribbean, Panama Canal, Mexico, Hawaii, and California Coast. Holland America Line announced the reopening of its summer itineraries departing from San Diego. During the seven months from September 2021 to April 2022, guests may take the Koningsdam and Zuiderdam cruise ships to enjoy cruises to Mexico, Hawaii, and California Coast. There are 40 itineraries departing from San Diego to choose from. Beginning on October 23, 2021, four cruise ships, i.e. MS Nieuw Amsterdam, MS Rotterdam, MS Eurodam, and MS Nieuw Statendam, will offer 4-day to 14-day itineraries to and fro Fort Lauderdale. The Queen Elizabeth cruise ship departed from Southampton, England to operate its British itineraries on July 19, 2021. RMS Queen Mary 2 will resume its Atlantic itineraries on November 14, 2021. Seabourn Ovation departed from Athens, Greece for sailings around the Greek Islands on July 3, 2021. Seabourn Odyssey departed from Bridgetown, Barbados for its operations in the South Caribbean on July 18, 2021 (Table 1.2).

Table 1.2 The resumption schedule of Carnival Corporation & Plc

Ship name	Resumption date	Itineraries resumed
AIDAperla	March 20, 2021	Resumed operations around the Canary Islands
Costa Luminosa	May 16, 2021	Resumed operations in Trieste, Italy
Carnival Miracle	July 27, 2021	Set sail from Seattle, U.S.
Majestic Princess	July 25, 2021	Resumed operations from Alaska
Regal Princess	July 31, 2021	Set sail again from Southampton
Queen Elizabeth	July 19, 2021	Set sail from Southampton, England for British itineraries
RMS Queen Mary 2	November 14, 2021	Resumed the transatlantic itineraries
Seabourn Ovation	July 3, 2021	Set sail from Athens to resume sailings around the Greek Islands
Seabourn Odyssey	July 18, 2021	Set sail from Bridgetown, Barbados for its operations in the South Caribbean
Seabourn Quest	November 7, 2021	Set sail from Miami for the Antarctica sailing season
Seabourn Sojourn	January 11, 2022	Depart from Los Angeles for its world cruises
Seabourn Encore	April 17, 2022	Resume operations in Athens, Greece

Source Seabourn Cruise Line