THE CRUISE INDUSTRY

2003 Economic Summary

INTERNATIONAL COUNCIL
OF CRUISE LINES

A $25.4 Billion Partner in North America's Economic Growth

2003 CRUISE INDUSTRY GENERAL OVERVIEW

In 2003, while leisure travel was still rebounding from the effects of a weakened global economy, the cruise industry increased its contribution to the U.S. economy by 11 percent to $25.4 billion. Global economic activity began to rebound during the second half of the year, driving passenger growth.

Passenger numbers increased to 9.8 million globally and North American ports handled 80 percent of the global cruise embarkations. With passenger carryings increasing by 6.6 percent from 2002, the industry also increased its direct spending by 8.1 percent.

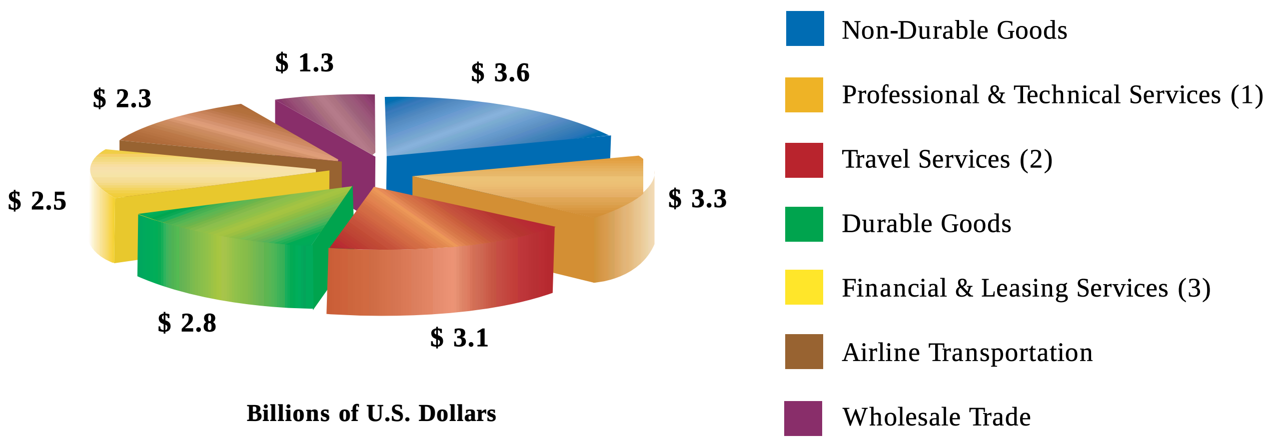
Passenger growth reflected the changing deployment strategy of the cruise industry to smaller ports in 2003. U.S. ports handled 7.1 million cruise embarkations with the surges in homeport traffic, an increase of more than 9 percent from 2002. Smaller ports experienced the most significant growth as the cruise industry continued to expand its drive-to markets. As a result, Galveston, New Orleans and Seattle became major homeports and were among the nation's top ten cruise ports in 2003.

BENEFITS OF THE NORTH AMERICAN CRUISE INDUSTRY TO THE U.S. ECONOMY IN 2003

Total economic benefit of the cruise industry in the United States	$25.4 billion
Direct spending of the cruise lines and passengers on U.S. goods and services	$12.9 billion
Total jobs generated by these expenditures	295,077
Total wages generated for U.S. employees	$11.6 billion

INDUSTRIES MOST BENEFITED BY CRUISE INDUSTRY SPENDING

These total economic impacts affected nearly every industry in the United States. More than three-quarters of the $25 billion in total gross output generated by the direct and indirect impacts of the cruise industry benefited seven industry groups as follows:



(1) Includes such services as legal services, advertising, management consulting, engineering and architectural services and computer consulting services

(2) Includes travel agents, ground transportation services and U.S.-based excursions

(3) Includes banking, investment, insurance, equipment leasing and real estate services

PASSENGER AND VESSEL GROWTH IN THE CRUISE INDUSTRY

Since 2000, the North American cruise industry has had a net addition of more than 20 cruise ships and more than 50,000 lower berths. The industry has kept up with this increase in ship capacity with a steady increase in passengers. In fact, the industry has maintained an 8 percent passenger growth rate over the past two decades. During 2003, cruise ships carried an estimated 9.8 million passengers worldwide. Of these global passengers, 7.5 million, or 76 percent, were U.S. residents.

ECONOMIC IMPACT OF THE NORTH AMERICAN CRUISE INDUSTRY IN THE UNITED STATES

	BILLIONS OF U.S. DOLLARS			*ANNUAL PERCENT CHANGE*		
	2003	2002	2001	2003	2002	2001
Direct Economic Impacts						
Passenger and Cruise Line Spending*	$12.92	$11.95	$10.98	8.1%	8.8%	6.6%
Employment	117,353	109,553	101,636	7.1%	7.8%	6.3%
Wages and Salaries	$ 4.29	$ 3.92	$ 3.50	9.6%	11.9%	22.0%
Total Economic Impacts						
Total Output**	$25.44	$ 22.84	$20.46	11.4%	11.6%	13.9%
Employment	295,077	279,112	267,762	5.7%	4.2%	4.2%
Wages and Salaries	$ 11.61	$ 10.66	$ 9.72	8.9%	9.7%	11.5%

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

*** Since the publication of the 2002 study, the federal government has revised data on productivity by industry. As a result, the estimates of the cruise industry's total economic impact on output have been revised for prior years to reflect these revisions.*

OPERATING STATISTICS OF THE NORTH AMERICAN CRUISE INDUSTRY IN THE UNITED STATES

				ANNUAL PERCENT CHANGE		
	2003	**2002**	**2001**	**2003**	**2002**	**2001**
Capacity Measures						
Number of Ships	184	176	167	4.5%	5.4%	2.5%
Lower Berths	215,405	196,694	173,846	9.5%	13.1%	5.1%
Carryings (Millions)						
Global Passengers	9.83	9.22	8.40	6.6%	9.8%	5.0%
Passengers Residing in U.S.*	7.48	6.99	6.20	7.0%	12.7%	1.8%
U.S. Embarkations	7.11	6.50	5.90	9.4%	10.2%	11.1%
Industry Spending in U.S. ($ Billions)	**$ 11.85**	**$ 10.90**	**$ 9.99**	8.7%	9.1%	6.2%
Cruise Lines	$ 9.49	$ 8.84	$ 8.14	7.4%	8.6%	0.9%
Goods and Services	$ 8.46	$ 7.93	$ 7.34	6.7%	8.0%	2.8%
Capital Equipment (incl. net interest)	$ 1.03	$ 0.91	$ 0.80	13.2%	13.8%	-14.0%
Passengers and crew	$ 2.36	$ 2.06	$ 1.85	14.6%	11.4%	38.1%
Wages & Taxes Paid by Cruise Lines	$ 1.07	$ 1.05	$ 0.99	1.9%	6.1%	11.2%
Total U.S.-based Spending	**$12.92**	**$ 11.95**	**$ 10.98**	**8.1%**	**8.8%**	**6.6%**

** Since the 2002 report, the figures have been revised to reflect Cruise Lines International Association data.*

PORT ACTIVITY EXPANDS IN THE UNITED STATES

Cruise passenger embarkations at U.S. ports increased by 9.4 percent with 7.1 million embarkations during 2003. This accounted for 72 percent of the global embarkations.

EMBARKATIONS OF NORTH AMERICAN CRUISE INDUSTRY BY PORT* AND REGION OF THE WORLD

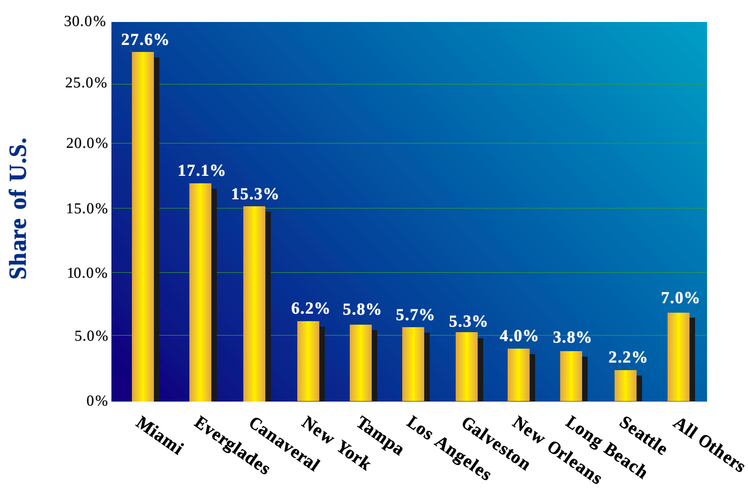
	PASSENGERS 2003	2002
United States	**7,113,000**	**6,500,000**
Florida	**4,676,000**	**4,351,000**
Miami	1,965,000	1,804,000
Port Everglades	1,213,000	1,202,000
Port Canaveral	1,089,000	1,028,000
Tampa	409,000	317,000
California	**807,000**	**708,000**
Los Angeles	403,000	538,000
Long Beach	272,000	N/A
San Diego	81,000	138,000
San Francisco	51,000	32,000
New York	**438,000**	**326,000**
Other U.S.	**1,192,000**	**1,115,000**
Galveston	377,000	267,000
New Orleans	288,000	245,000
Seattle	158,000	118,000
Seward	147,000	151,000
Boston	69,000	69,000
Baltimore	57,000	57,000
Philadelphia	24,000	1,500
Houston	15,000	6,500
Remaining U.S. Ports	57,000	200,000
Canada	**482,000**	**527,000**
Vancouver	464,000	515,000
Other	18,000	12,000
San Juan	**325,000**	**298,000**
North America	**7,920,000**	**7,325,000**
Rest of World	**1,910,000**	**1,895,000**
Total	**9,830,000**	**9,220,000**

**All estimated cruise embarkations have been rounded to the nearest thousand.*

- With nearly 4.7 million passengers embarking at Florida ports, the state accounted for almost two-thirds of all U.S. cruise embarkations. The Port of Tampa experienced the largest growth with a 29 percent increase.
- California ports experienced a 14 percent growth in cruise embarkations. Much of this growth was the result of the opening of the cruise terminal at the Port of Long Beach in April 2003.
- The Port of New York was the nation's fourth busiest cruise port during 2003. Increasing its embarkations by 34 percent, it was the second consecutive year that cruise embarkations increased by more than 30 percent at the port.
- Smaller ports, such as Galveston, New Orleans and Seattle, experienced the most significant growth as the cruise industry continued to expand in drive-to markets. As a result, these three ports in particular have become major homeports and are now among the nation's top ten cruise ports.

U.S. MARKET SHARE BY EMBARKATIONS OF MAJOR PORTS

The top ten ports accounted for 92 percent of all U.S. embarkations.



Top 10 U.S. Cruise Ports

On average, a 2,000-passenger ship with 950 crew members generates approximately $240,000 in on-shore spending per U.S. port call. The average port-of-call passenger spends nearly $112 per visit.

2003 ECONOMIC IMPACT OF THE NORTH AMERICAN CRUISE INDUSTRY BY STATE

The North American cruise industry benefited every state economy through almost $13 billion in direct purchases, which generated 295,077 jobs and $11.6 billion in wages. States benefit from cruise line purchases that include air transportation, food and beverages, ship maintenance and refurbishment, engineering and travel agent commissions. The economic impacts were concentrated in ten states that accounted for 80 percent of the total U.S. impacts: Florida, California, New York, Alaska, Texas, Washington, Georgia, Illinois, Massachusetts and Pennsylvania.

STATE	DIRECT PURCHASES ($ MILLIONS)	TOTAL EMPLOYMENT	TOTAL INCOME ($ MILLIONS)
Alabama	$56	827	$29
Alaska	$694	18,531	$612
Arizona	$93	1,795	$66
Arkansas	$21	348	$11
California	$1,584	43,152	$1,934
Colorado	$180	1,188	$60
Connecticut	$59	773	$39
Delaware	$24	291	$13
Dist. of Columbia	$48	503	$29
Florida	$4,565	130,750	$4,677
Georgia	$389	7,292	$301
Hawaii	$148	2,606	$83
Idaho	$10	190	$6
Illinois	$385	7,070	$321
Indiana	$56	1,106	$40
Iowa	$26	427	$13
Kansas	$27	530	$18
Kentucky	$41	669	$23
Louisiana	$254	4,002	$135
Maine	$31	571	$16
Maryland	$106	1,842	$77
Massachusetts	$325	5,559	$283
Michigan	$114	1,737	$78
Minnesota	$76	1,651	$73
Mississippi	$33	541	$15
Missouri	$75	1,471	$57
Montana	$5	78	$2
Nebraska	$15	352	$11
Nevada	$42	621	$23
New Hampshire	$20	247	$10
New Jersey	$237	3,822	$194
New Mexico	$11	155	$5
New York	$979	11,736	$632
North Carolina	$179	2,776	$107
North Dakota	$4	64	$2
Ohio	$142	2,467	$111
Oklahoma	$29	631	$20
Oregon	$35	679	$25
Pennsylvania	$275	4,786	$202
Rhode Island	$27	385	$14
South Carolina	$46	960	$30
South Dakota	$6	89	$2
Tennessee	$55	985	$35
Texas	$631	9,767	$425
Utah	$29	586	$20
Vermont	$7	136	$4
Virginia	$135	2,346	$106
Washington	$530	14,869	$588
West Virginia	$8	157	$4
Wisconsin	$51	928	$33
Wyoming	$3	35	$1
U. S. Total	**$12,921**	**295,077**	**$11,615**

STUDY DETAILS

This analysis, conducted by Business Research and Economic Advisors (BREA), expands on a previous study from 2002. BREA gathered and analyzed data from a broad spectrum of the cruise industry, including all of the major cruise lines. The data has been aggregated and adjusted to develop industry-wide estimates of revenues and expenses. Additionally, BREA used its industry and macroeconomic models to trace the impact of cruise line spending on U.S. output and jobs by industry and used U.S. government impact factors to determine the state analysis.

The analysis provides a detailed outline of the study's conclusions regarding the cruise industry's revenues and expenditures in 2003. The full report may be viewed on the ICCL Web site at **www.iccl.org**.

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South Miami Hospital, an affiliate of Baptist Health · Steamship Insurance Management Services Limited (SIMSL)
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