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B.C.'s Cruise Ship Industry

Cruising is a spectacular way to discover BC's unique coastal cities and natural sites. Vancouver, Victoria, Prince Rupert, and other coastal cities such as Nanaimo, Campbell River and Alert Bay are ports of call for luxury and pocket cruise ships plying the waters along the west coast during the cruising season, which lasts from May to October. In the summer months, BC Ferries also provides services through the Inside Passage, for passengers travelling between Port Hardy and Prince Rupert who opt for a less luxurious mode of travel.

Vancouver, Victoria, and Prince Rupert host luxury cruise ships en route to or from Alaska. Although the Alaska cruise companies are based outside the country¹, local economies still benefit substantially from cruise ship visits. Passengers joining or leaving their Alaska cruises in Vancouver typically spend a day or two in the city, staying at local hotels, and patronizing restaurants, shops, attractions, and bars in the city. Tourist attractions, retail outlets, bus and taxi operators, port authorities and other businesses at the various ports of call all get a boost from spending by cruise ship passengers and by the cruise ship companies who organize tours and other excursions for their passengers at each place they visit.

During the cruising season, Vancouver, Victoria and Prince Rupert host luxury cruise ships en route to or from Alaska

Alaska: key to the cruise ship industry success

North American destinations have been the prime beneficiary of growth in the cruise ship industry over the last few years, as northern cruise vacations have become more popular. Alaska recently surpassed the Mediterranean area to become the second most popular cruise ship destination in the world, after the Caribbean. Alaskan cruises were already in vogue before September 2001, but following the terrorist attacks, cruising to Alaska became even more attractive to North Americans who preferred to stay closer to home (and to avoid flying) on their vacations.

Phenomenal growth in BC, but the tide may be turning

The growth of cruise-related activities in British Columbia has been phenomenal during the last two decades. Until this year, the number of passengers travelling through the Port of Vancouver had increased for two

¹ Since the vessels are not based in BC, but visit the province only during the cruising season, the staff who work on them are not usually BC residents, and some of the benefits from supplying, servicing, refitting and operating the vessels accrue outside the province.

decades straight, with average annual growth of nearly ten percent a year during the 1990s.

Vancouver's importance as a terminus for Alaska cruises owes much to US cabotage regulations, which require the inclusion of one foreign port in a cruise ship itinerary originating and ending in the US. For travel from the continental US to Alaska, this means that all ships must stop at a BC port en route to their destination. Although a few hours' stop is enough to comply with these regulations, many cruise ship companies have opted to start or end their Alaska cruises in Vancouver. Modern cruise ship terminals have been constructed at Canada Place and Ballantyne Pier to accommodate passengers joining or leaving their cruises in that city.

US cabotage regulations contributed to the growth of cruise-related activities in BC during the 1980s and 1990s

Vancouver's position as the homeport for Alaska cruises faces stiff competition from Seattle



Source: Vancouver Port Authority and Port of Seattle

Seattle, Vancouver's closest competitor for cruise ship business, was not as effective in attracting cruise ships during the 1980s and 1990s. However, that is changing. Three cruise ship companies—Norwegian Cruise Lines, Holland America and Princess Cruises—are now sailing from new facilities that were recently opened in Seattle. These cruises offer American passengers the convenience of being able to begin and end their trip in their own country, something which may be more of a benefit to travellers now than it was in the pre-9/11 era. In 1999, Seattle hosted six cruise ship visits, bringing a total of 6,615 people to the city. This year, 99 cruise ship calls brought 345,000 passengers to Seattle. San Francisco has also seen the number of Alaska-bound cruises expand significantly in recent years.

More recently, some cruise ships have been redeployed, and now use Seattle as a homebase

Vancouver is hurting. Cruise traffic was down in the 2003 season, with the total number of passengers slipping below the one million mark (to 953,376) for the first time since 1999. There were 307 voyages starting or stopping in the city, also the lowest number since 1999. Most passengers to Alaska still embark or disembark in Vancouver, but that city's dominance in the cruising market is slipping.

Other ports in the province have, however, benefited from the redeployment of vessels to Seattle or further afield. The ships that start out in the US still have to stop somewhere in BC and for many of them, Victoria or Prince Rupert are destinations of choice. Prince Rupert (+74.0%) and Victoria (+62.6%), a common port of call for ships based in Seattle, both played host to substantially more cruise ship passengers during the first five months of the cruising season this year than in the same period of 2002. However, since the cruise ships do not always stay in these cities for very long, the attendant boost to the BC economy is probably substantially less than for voyages that begin or end in the province.

More ships are coming to Victoria and Prince Rupert, but traffic from Vancouver is down

Cruise Ship Passengers at BC and Seattle Ports

Port	Year-to-date September 2003	Year-to-date September 2002	% change
Vancouver	939,604	1,049,436	-10.5
Prince Rupert	3,034	1,744	74.0
Victoria	188,578	116,000	62.6
All 3 ports	1,131,216	1,167,180	-3.1
Seattle*	345,000	244,905	40.9

Source: Vancouver Port, Prince Rupert Port and Greater Victoria Harbour Authority

*Number of passengers in Seattle is for the whole cruising season

Looking ahead: dealing with the challenges

The cruise ship industry has played an increasingly important role in BC during the last two decades, but BC ports are facing a number of challenges. Vancouver's dominance as a homeport for Alaska-bound ships is being challenged by the redeployment of cruise ships to Seattle. This has shifted some of the local benefit from cruise ship activities away from Vancouver to smaller centres such as Victoria and Prince Rupert. At the same time, the appreciation of the Canadian dollar vis-à-vis the US greenback means that purchases by American tourists visiting BC ports are less of a

bargain now than they used to be, so it is likely that some spending by passengers will be curtailed.

Plans to build new berths and dock facilities for cruise ships and their passengers have created debate about the return and benefits of the industry to local economies. The industry also provokes some controversy over environmental issues such as air quality, ocean pollution and neighbourhood traffic.

BC ports are working together to face these challenges, to diversify and expand the cruise ship business, and to offer a BC-brand product. Whether or not they will be successful remains to be seen, but the industry will bear watching in the coming years.