

CRUISE TOURISM IN PORTUGAL

PIANC Mediterranean Days



© Porto - Portugal - Leixões New Cruise Terminal

Emílio Brògueira Dias

Helena Fernandes

Marta Sá Lemos

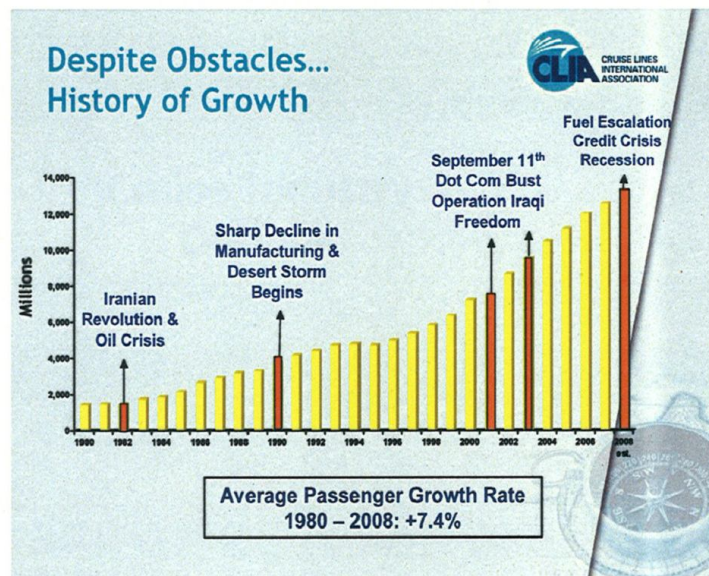
Marseille, France

May 2013

THE CRUISE INDUSTRY

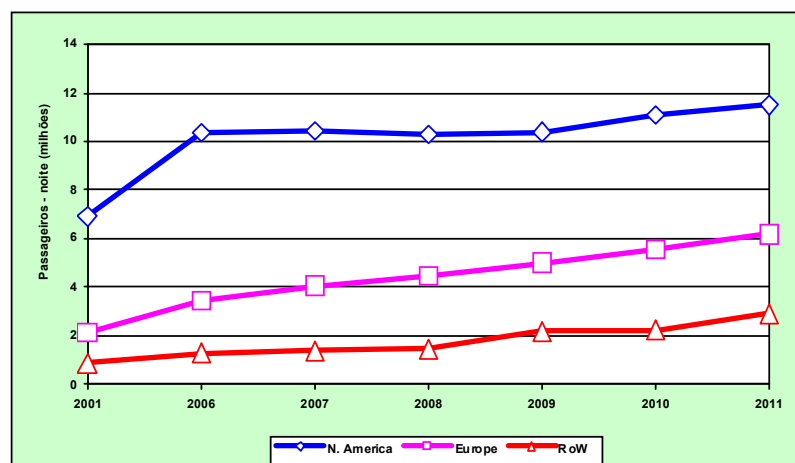
The Cruise industry represents, worldwide, one of the sectors with the highest growth rates. In the previous decade, it has grown at an annual rate of 8%.

The Cruise Industry has been immune to the complex economic crises that have crossed the world, such as the Oil crisis of the 80s, 90s Iraq War, September 11 at the beginning of the new century and the current financial crisis.

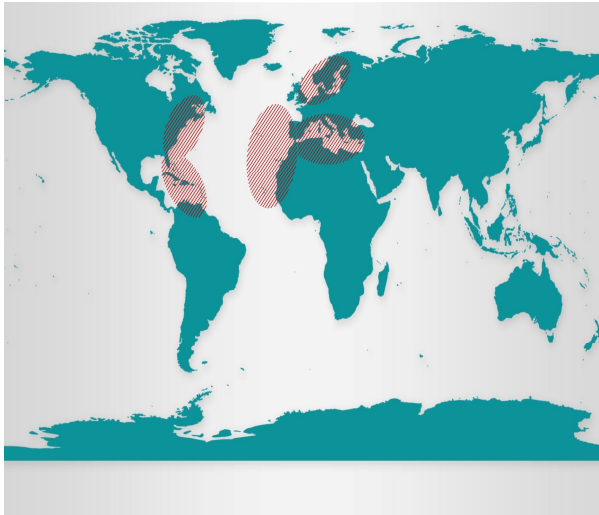


For the first time, in 2011, the number of people around the world who took a cruise reached 20 million. The numbers increased from 18.7 million to 20.6 million between 2010 and 2011, a growth of 10 %, which represents more 2 million cruise passengers.

International Demand for Cruises
Market Growth
2001-2011



However, the penetration of this industry at the leisure market is still very low, taking into consideration that it represents less than 2% of world tourism. The growth potential of this activity is in fact very high.



America: North America and Caribbean

Europe: Mediterranean; Atlantic Coast and North Europe

The main markets were North America (11.5 million) and Europe (6.2 million), and the forecasts point to continue this increase, with the European market recording the highest growth.

In 2011, 41 cruise lines were domiciled in Europe, operating 120 cruise ships and another 76 vessels were deployed in Europe by 25 non-European lines. This fleet calls around 250 European port cities, generating 28,1 million passenger visits.

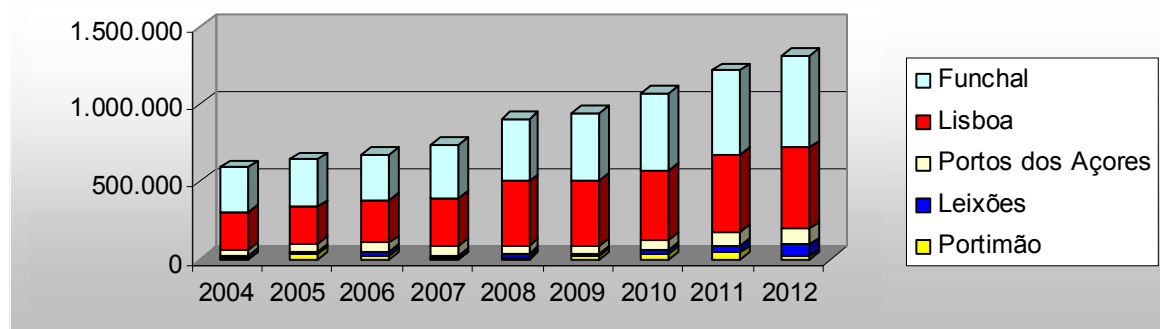
This industry generated significant economic impacts throughout Europe. In 2011, cruise Industry direct expenditures, spent by cruise lines, their passengers and crews, increased 3,3% from 2010 to €15 billion.

The total economic impact is more than that, as it adds the 36,7 billion, 315.500 Jobs (fulltime) and €9,8 billion in employee compensations. Each €1 million in direct cruise industry expenditures has generated €2,45 million in business outputs and 21 jobs, paying an average wage of over €30.000 per year.

THE PORTUGUESE CRUISE OPERATION



The year 2012 was exceptional for cruises in Portugal. Nearly all Portuguese ports reached records in passenger numbers and vessel calls.



Overall, the Portuguese ports received 1,314,023 cruise passengers, the highest number so far achieved, surpassing the 1,219,614 tourists that visited Portugal on cruises in 2011, representing a growth of 8%.



Leixões has registered the highest growth. Port of Leixões had an increase of 81%, receiving 75,600 passengers and 70 cruise ship calls. This exponential growth was due to the commissioning of the new quay able to receive larger ships, up to 300m length.



This tendency was followed by the ports of the Azores with a growth of 18%, having transposed the first time, the barrier of 100 thousand passengers.

The port of Funchal, the national leader with a total of 592 935 passengers, recorded a 10% increase and the port of Lisbon, with 522,604 passengers, up to 4%



Madeira



Lisboa

This success of Portugal is a result of a large effort that ports have been undertaken, both as regards investments in infrastructure, in order to adjust the

current supply needs of this segment, as well in its dissemination and promotion.

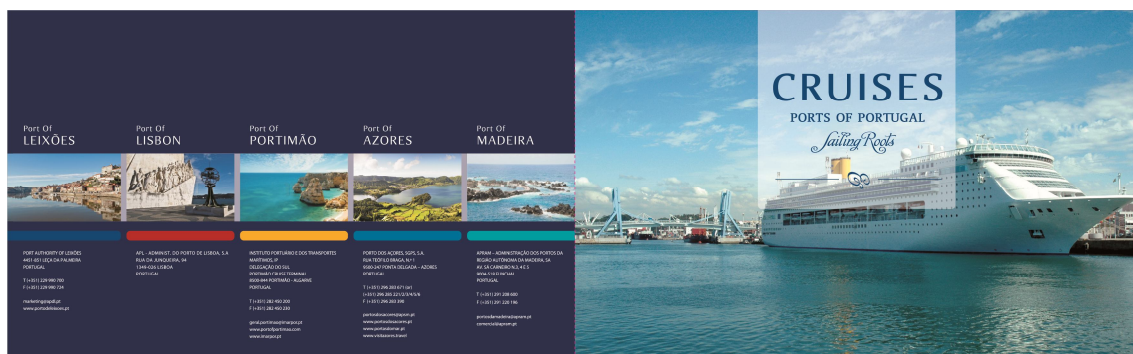
Portugal occupies a privileged position in the European scenario, because is situated at the intersection of the Cruise itineraries, between the Baltic and the Mediterranean and between North of Europe, the Mediterranean, the Caribbean and the U.S. East Coast



Portugal has a high potential for tourism, with a diversity of authentic tourism products, which provides different experiences from the Mediterranean and the Baltic.

The Portuguese Ports, aware of the high externalities that this industry can generate to the Portuguese economy, started a growing effort, either individually or together, in affirming the cruise industry in Portugal, which has been responsible for the great growth of Portugal as a Cruise Destination.

In the last years, Portuguese ports joint efforts in various promotional activities such as the participation in the main Cruise international Exhibitions, as Cruise Shipping Miami, Seatrade Med and Seatrade Europe, and produced global promotional materials.



Concerning the promotional activity of Portuguese ports, Leixões participates in other partnerships, as lead Member of the Cruise Atlantic Europe (CAE) and has

been nominated president of RETE (International Association for the collaboration between port cities and ports).

RETE was founded in 2004 with the aim of creating a network of international partnerships between port authorities and other local stakeholders, to promote integration between ports and communities. In this context, the cruise activity is a key factor in this connection, the responsibility now assumed, reflects the commitment of the Port of Leixões Authority in this business area.

The CAE is a project launched within the framework of the Atlantic Area Trans-national Programme. It is the initiative of a group of 8 ports on the Atlantic front - Lisbon, Leixões (leader of the project), A Coruña, Bilbao, Dover, Brest, St. Malo and Cork, that is aimed at promoting cruise tourism in the Atlantic Area.



The project's main objective is to strengthen the position of the Atlantic area within the European cruise tourism market by creating and promoting new tourism products that, through the action of a network of ports, cities and regions, economically improve the Atlantic culture and identity.

STRUTURAL INVESTMENTS

The excellent results achieved by Portugal in cruise ship calls and cruise passenger movements, reinforce the need to pursue with all the structural investments in Portuguese cruise ports, some of them already underway and others in project.

Port of Leixões



The construction of the Porto Cruise Terminal, conducted by APDL – Port Authority of Leixoes, started in October 2009, and is running at full steam. The Maritime works, which included a pier with about 340 m long, -10.00 m (ZHL) depths and the deepening of the innerport rotation basin to -10.0 m (ZHL) have already been done. The passenger station building is under construction and will be located in the central building of the complex, with several amenities for transit cruise lines and also will allow turnaround operations vessels, up to 2.000 passengers, integrating arrivals and departures areas, offices and respective services. Gangway/access ramp from the ship to the Passenger Area and areas devoted to the various authorities.

The works also include a platform to support the Marina for 170 boats and a berth for boats and maritime attractions that will link the River Douro, allowing trips along the river through 2 World Heritage sites: the city of Porto and the Douro Valley wine region the world's oldest producer of the famous Port Wine. A Nautical Recreational Port for 170 vessels, and essential support services for vessels as well as convenience areas and support facilities.

Another challenge of this project is the creation of a partnership with the University of Porto, the biggest University of Portugal, with the construction of a Science and Technology Park of the Sea, in the Cruise Terminal building, that will develop the economy related to the Sea.

The total investment in the New Cruise Terminal is € 49 million.

Port of Lisbon



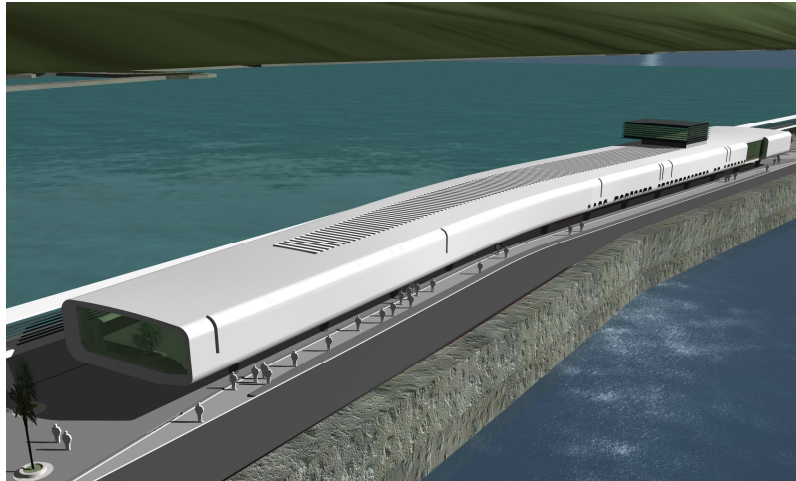
The Port Authority has been developing the project for the new Cruise Terminal in Lisbon. The maritime work was completed in 2011, which resulted in the construction of 676 meters of quay, representing a total investment of 54 million euros. The project will be concluded with the construction of a new building, a project designed by the architect Carrilho da Graça, whose investment will be around 20.5 million euros and which will follow the needs of Lisbon for the reception of tourists.

Port of Portimão



The port of Portimão has a project to extend the berth, in order to accommodate simultaneously two large vessels, dredging to depths of ten feet on the bar, navigation channel and turning basin, as well as the acquisition of a tug to support operations in harbour and coastal navigation. This investment will be approximately of 25 million Euros.

Port of Funchal (Madeira)



The Port of Funchal has a contract for the construction of a new cruise pier, with 330 m length and 20 m wide, in Funchal. The estimated value of the work is € 17,880,000.

Azores Ports



The first phase of the contract renewal and redevelopment of the seafront town of Horta is completed with the opening of the New Cruise Terminal at Horta. The second phase, concerning the refurbishment of the Maritime Front is now in project.