

**Debate Pack**

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By Georgina Hutton

Siobhan Wilson

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# Contribution of the cruise industry to the economy

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# 1 Background

At 9:30 am on the 22nd of September 2021 there will be a debate on the contribution of the cruise industry to the economy in Westminster Hall. The debate will be led by Royston Smith MP.

The Library has prepared the following material about the sector's contribution to the UK economy and the impact of the Covid-19 pandemic.

## 1.1 Contribution of cruise industry to the UK economy

According to the Office for National Statistics (ONS), the “sea and coastal passenger transport” industry contributed £3.98 billion to the economy in approximate gross value added (aGVA) in 2019.<sup>1</sup> This includes cruises as well as sea transport services such as passenger ferries and water taxis; it would not include hospitality activities on board when provided by separate units or port services. This industry supported 7,900 jobs in the UK in 2019, 57% of which were in the South East of England.<sup>2</sup>

The Cruise Lines International Association told the Transport Committee in December 2020 that the [cruise industry contributes](#) £10 billion to the UK economy each year and supports more than 88,000 jobs.<sup>3</sup> These figures include direct and indirect economic output and employment. For example, it includes port services and supply chains such as food manufactured for consumption on cruise ships.<sup>4</sup>

The global cruise industry is dominated by three major companies: Carnival, Royal Caribbean and Norwegian.<sup>5</sup>

### Cruise passenger statistics

The Department for Transport publish data on the number of passengers of cruises which begin or end their trip at a UK port. For much of the 20 years between 1970 and 1990 there were typically between 100,000-200,000 passengers of cruises annually. However, since 2000 the number of

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<sup>1</sup> Approximate GVA (aGVA) is based on business survey data. ONS, [Annual Business Survey](#), 24 June 2021, accessed 15 September 2021.

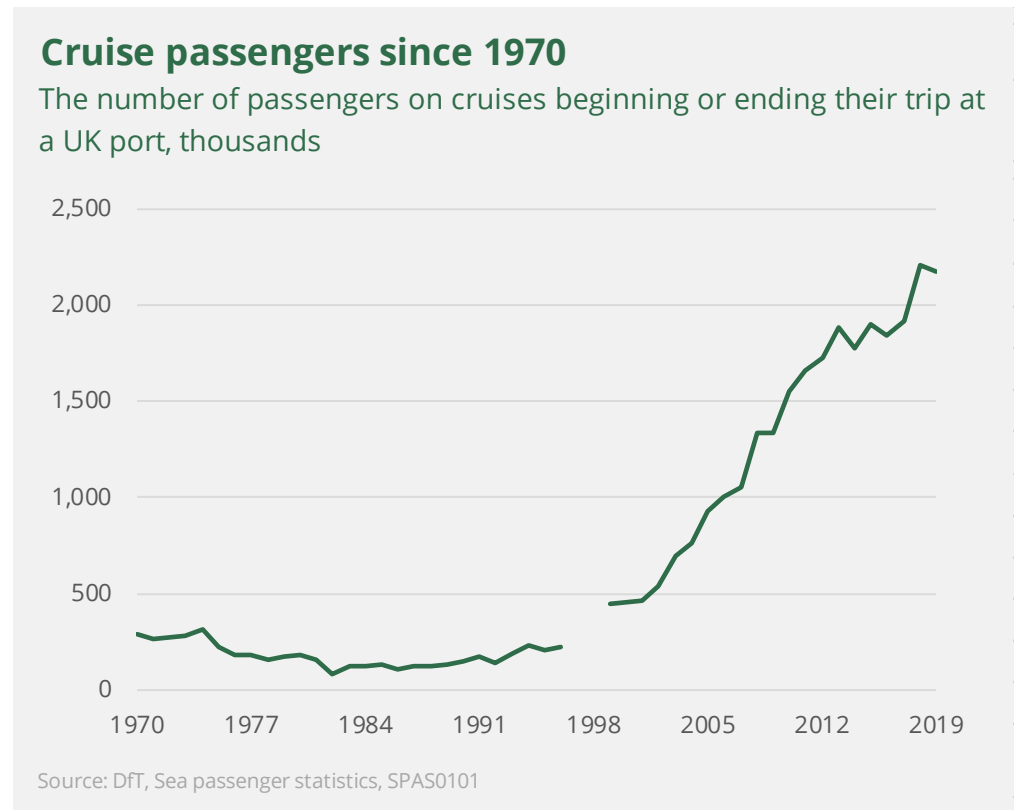
<sup>2</sup> ONS, [Business Register and Employment Survey](#), Table 2, accessed 15 September 2021.

<sup>3</sup> [cruise industry contributes](#)

<sup>4</sup> [What is the Economic Impact of the Cruise Industry in the United Kingdom?](#), Adam Coulter, Cruise Critic, accessed 16 September 2021.

<sup>5</sup> Cruise market watch, [Market share](#), accessed 16 September 2021

passengers on cruises has grown steadily – in 2018 passenger numbers reached 2.2 million.



The majority of all cruise passengers passed through Southampton, with the port accounting for 83% of all cruise passengers in 2019. The number of passengers passing through Southampton decreased by 5% to 1.8 million in 2019 compared to 2018. This is the second highest cruise passenger figure on record for a UK port.<sup>6</sup>

## 1.2 Impact of Covid-19 on the cruise industry

Like many businesses in the tourism and leisure sectors, the cruise industry has been hard-hit by the pandemic. The Cruise Lines International Association told the Transport Committee in December 2020 that [pausing cruise operations](#) between March and September 2020 caused £6.77 billion in lost expenditure and 52,659 jobs.

In addition to the impact of being unable to operate for over a year, cruise firms have had challenges finding places to dock ships while out of action,

<sup>6</sup> Department for Transport, [Sea passenger statistics](#) all routes 2019, p. 7

with many being moored offshore.<sup>7</sup> Ships also require ongoing maintenance costs even when not in operation.<sup>8</sup>

## Re-starting cruises after the pandemic

Domestic cruises – those that start and return to the UK – were able to re-start operating in England in May 2021, when the wider hospitality industry opened indoors.<sup>9</sup> Domestic cruises could not dock in Scotland until 19 July 2021.<sup>10</sup>

International cruises, however, are impacted by the traffic light system for international travel and foreign countries' travel restrictions.<sup>11</sup> International cruises could not [restart from England until 2 August 2021](#), when the Government announced that fully vaccinated travellers from the US and Europe could travel to England from 'amber' countries without having the quarantine.<sup>12</sup> The Government said that restarting international cruises followed a memorandum of understanding signed by the government and the cruise industry on the costs and liabilities of repatriation of British citizens and to help the industry build back from the pandemic.<sup>13</sup>

## Rebuilding consumer confidence in cruises

There have been concerns about the spread of infections on cruise ships which has impacted customer confidence to travel, and impacted the Government's decisions on re-starting international cruising.<sup>14</sup> Following the high-profile Covid-19 outbreak on cruise ship the Diamond Princess in February 2020,<sup>15</sup> many cruise ships internationally were unable to dock, leaving customers quarantining on board before being repatriated.<sup>16</sup> The government explained that cruise ships were categorised as high risk during the pandemic due to a set of unique specific risks:

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<sup>7</sup> World Economic Forum, [These startling pictures show the impact of COVID-19 on the cruise industry](#), November 2020; [Cruise industry's billion-dollar question: what to do with the ships?](#), Financial Times, 31 August 2021; [The World's Cruise Ships Can't Sail. Now, What to Do With Them?](#), Bloomberg, 8 July 2020.

<sup>8</sup> KPMG, [COVID-19 impacts on global cruise industry](#), 23 July 2020; accessed 16 September 2021.

<sup>9</sup> Cabinet Office, [COVID-19 Response - Spring 2021](#), February 2021; [HC Deb 11 March 2021 \[Cruises\]](#).

<sup>10</sup> Added on 21 September 2021. Scottish Government, [Level 0 from 19 July](#), 13 July 2021; Clia hails end of Scottish cruise ban, Travel Weekly, 13 July 2021.

<sup>11</sup> Department for Transport, [UK travel update: government waives quarantine for arrivals fully vaccinated from Europe and USA while also confirming international cruise restart](#), 28 July 2021.

<sup>12</sup> Department for Transport, [UK travel update: government waives quarantine for arrivals fully vaccinated from Europe and USA while also confirming international cruise restart](#), 28 July 2021.

<sup>13</sup> [PQ 6274 \[Passenger Ships: Coronavirus\]](#), 28 May 2021; Department for Transport, [UK travel update: government waives quarantine for arrivals fully vaccinated from Europe and USA while also confirming international cruise restart](#), 28 July 2021.

<sup>14</sup> [Stormy seas ahead: confidence in the cruise industry has plummeted due to COVID-19](#), Jennifer Holland, University of Suffolk for The Conversation, 16 March 2021.

<sup>15</sup> [How a cruise ship holiday turned into a coronavirus nightmare](#), Financial Times, 21 February 2020.

<sup>16</sup> KPMG, [COVID-19 impacts on global cruise industry](#), 23 July 2020; accessed 16 September 2021

These include the enclosed nature of ships and shared ventilation systems, the complex variation of facilities onboard and the challenges of repatriating passengers. Cruises were subsequently categorised as high risk.<sup>17</sup>

The government said that allowing international cruise sailings to restart followed “close monitoring of epidemiological evidence” from domestic cruises that had already restarted, which informed Public Health England guidance for cruises.<sup>18</sup> The Foreign Office [guidance for passengers](#) on international cruise travel now provides the following advice regarding the risks of infection on cruise ships:

Although operators have taken steps to improve infection control, cruise ships continue to experience COVID-19 outbreaks, affecting passengers and seafarers. The confined setting on board and combination of multiple households enables COVID-19 to spread faster than it is able to elsewhere.

Cruises with confirmed or suspected COVID-19 cases have previously been denied permission to dock or to disembark passengers. This can have serious implications for passengers and seafarers on board. You should check the protocols of the cruise operator to ensure you are comfortable with safety measures.

The UK Chamber of Shipping, trade body for the UK shipping industry, said in June 2021 that the cruise industry had developed new health protocols “making it the safest environment in the travel and hospitality sectors”.<sup>19</sup>

The UK Chamber of Shipping published a [Covid-19 Framework for cruise operators](#) in October 2020 setting out guidelines for the sector to begin operating safely when public health guidelines allowed. The framework provides guidance for UK [cruise operators](#), [passengers](#) and [seafarers](#) on cruises during the COVID-19 pandemic.

There is some optimism in the sector regarding recovery following the pandemic. Cruise industry stakeholders have said that sales have increased above 2019 levels in 2021 indicating demand for cruising remains, however some say it might be harder to convince “first time cruisers” to travel.<sup>20</sup>

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<sup>17</sup> Department for Transport, [Letter to Huw Merriman MP, Chair of the Transport Committee](#), dated 2 February 2021.

<sup>18</sup> UK Chamber of Shipping, [Bulletin: The return of international cruise](#), 30 July 2021.

<sup>19</sup> UK Chamber of Shipping, [Bulletin: The return of international cruise](#), 30 July 2021.

<sup>20</sup> KPMG, [COVID-19 impacts on global cruise industry](#), 23 July 2020; accessed 16 September 2021; [Coronavirus: is this the end of the line for cruise ships?](#), Financial Times, 7 June 2020; [Will cruise ships survive and what will be left of them?](#), Financial Times, 14 March 2020.

## **Support for the cruise industry during the pandemic**

Cruise industry operators have been able to make use of the government's covid support schemes available to all industries, such as the Coronavirus Job Retention Scheme (CJRS) and business support loans.

For information about support schemes available to tourism industries, see the Library briefing [Support for the Aviation, Tourism and Travel Industries](#) (23 June 2021).

## 2 Parliamentary material

### 2.1 Statements

#### [Summary of Updates to International Travel](#)

6 September 2021 | HCWS252

Grant Shapps, Secretary of State for Transport

### 2.2 Debates

#### [International Travel](#)

8 July 2021 | House of Commons | 698 Col 1101

### 2.3 Parliamentary questions

#### [Coronavirus Job Retention Scheme: Travel](#)

9 September 2021 | UIN 45955

**Asked by:** Virginia Crosbie

To ask the Chancellor of the Exchequer, what assessment he has made of the potential merits of extending the Coronavirus Job Retention Scheme until April 2022 for the travel industry; and what additional steps he is taking to provide ongoing support to the travel industry.

**Answering member:** Jesse Norman

**Department:** Treasury

The Coronavirus Job Retention Scheme was designed as a temporary, economy-wide measure to support businesses while widespread restrictions were in place. Closing the scheme at the end of September is designed to strike the right balance between supporting the economy as it opens up, continuing to provide support and protect incomes, and ensuring that incentives are in place to get people back to work as demand returns. This approach has worked; the OBR have estimated that without the short-term fiscal easing announced in the Budget, and in particular the CJRS extension, unemployment would have been about 300,000 higher in the fourth quarter of this year than the 2.2 million in the central forecast.

The Government recognises the particular challenges that the travel industry has faced as a result of COVID-19. In England travel agents have recently benefited from Restart Grants worth up to £6,000, and can continue to benefit from the £2 billion of discretionary grant funding that has been made available to local authorities in England through the Additional Restrictions Grant (ARG). Furthermore, the travel sector is being supported with over £12 billion that has been made available through loan guarantees and support for exporters. In addition, airports continue to benefit from the renewed Airport and Ground Operations Support Scheme announced at Budget.

The Global Travel Taskforce (GTT) report sets out a clear framework for the Government's objective of establishing a safe and sustainable return to international travel, which is key to enabling the sector's recovery. It has been created following extensive engagement with the international travel and tourism industries, and changes following the recent checkpoint review of the GTT are a vital step in enabling the recovery of travel operators and those whose jobs rely on the travel industry.

The Government has shown throughout the pandemic that it is prepared to adapt support if the path of the virus changes. It continues to engage closely with sectors across the economy, including the travel industry, in order to understand their recovery horizons as the vaccine is rolled out and restrictions ease.

### Passenger ships: Coronavirus

**26 May 2021 | UIN 7806**

**Asked by: Jackie Doyle-Price**

To ask the Secretary of State for Health and Social Care, if he will publish the body of evidence that is required to be submitted by cruise ship operators to (a) Public Health England and (b) the Department of Transport relating to covid-19 since domestic cruises were permitted to operate from 17 May 2021.

**Answering member: Jo Churchill**

**Department: Department of Health and Social Care**

The seafarer exemption was originally designed for seafarers involved in keeping critical freight moving in and out of the country, not for cruises. Noting increased risks associated with variants of concern, the exemption for seafarers was amended accordingly.

We currently have no plans to designate non-operational cruise ships as Managed Quarantine Facilities using powers set out in Schedule 11 of the Health Protection (Coronavirus, International Travel and Operator Liability) (England) Regulations 2021.



The Government is collecting data from cruise lines as part of the ongoing review of satisfactory evidence from domestic cruises which have restarted, to support progression to international cruise restart. We are unable to publish this information as it is commercially sensitive.

### Cruises: Covid-19 Travel Advice

**29 April 2021 | House of Commons**

### Passenger Ships: Coronavirus

**28 August 2020 | UIN 82249**

**Asked by: Sarah Olney**

To ask the Secretary of State for Transport, what support the Government is providing to the British cruise ship industry during the covid-19 outbreak.

**Answered by: Andrew Stephenson**

**Department: Department for Transport**

The Department have been working in close partnership with the British cruise industry throughout the COVID-19 pandemic and continue to have regular discussions on a wide range of operational and other challenges.

The British Cruise industry, as with all parts of the economy, has been able to apply for, and access, the full range of the HMG business support measures.

I am eager to see a swift return to operations as soon as it is safe to do so. I have been working in collaboration across government, with the cruise industry, to review and enhance protocols to ensure a COVID-19 safe environment. These collective efforts will, I hope, allow the safe resumption of cruise operations in due course, and I support them in their efforts to rebuild public confidence.

### Passenger Ships

**19 June 2020 | UIN 62502**

**Asked by: Nusrat Ghani**

To ask the Secretary of State for Transport, what the economic contribution was of the cruise ship sector to the UK economy in 2019; and what estimate he has made of that economic contribution in 2020.

**Answering member: Kelly Tolhurst**

**Department: Department for Transport**

I fully recognise the impact that the global COVID-19 pandemic has had on the UK cruise sector and I would like to place on record my recognition of the proactive action it took to suspend operations and to work tirelessly with Government to repatriate thousands of passengers and crew.

The cruise sector and, the supply chains it supports, makes a highly significant contribution to the UK economy with the industry estimating that it generates a total of around £10bn for the Country's economy each year.

Throughout the COVID-19 pandemic, my Department's officials and I have held regular calls with the cruise sector on a wide range of operational and financial issues and continue to do so. We will actively support the sector as it develops a pathway towards the safe resumption of cruises which I know many millions of people in the UK have enjoyed and will want to again.

## 3

### Press articles

The following is a selection of news and media articles relevant to this debate.

Please note: the Library is not responsible for either the views or the accuracy of external content.

#### [Cruise news: what's the latest from the industry?](#)

Sue Bryant

The Times, 14 September 2021 [Subscription only]

#### [International cruises from England to restart](#)

BBC News, 29 July 2021

#### [Why the cruise industry is still navigating choppy waters](#)

Jonty Bloom

BBC News, 17 June 2021

#### [Impact of Covid on cruise ship industry in Falmouth Cornwall](#)

David Barnicoat

Falmouth Packet, 7 February 2021

#### [Cruise industry warns of disaster unless ban is lifted](#)

Graeme Paton

The Times, 1 January 2021 [Subscription only]

#### [Cruises given green light if companies agree to pay for Covid outbreak repatriations](#)

Charlie Hymas and Benjamin Parker

The Telegraph, 24 November 2020 [Subscription only]

[Can the cruise industry really recover from coronavirus?](#)

Liz Sharples and Kokho Jason Sit

The Conversation, 19 August 2020

[The World's Cruise Ships Can't Sail. Now, What to Do With Them?](#)

Fran Golden

Bloomberg, 8 July 2020

[Coronavirus: is this the end of the line for cruise ships?](#)

Alice Hancock

Financial Times, 7 June 2020 [Subscription only]

## 4 Further reading

[Support for the Aviation, Tourism and Travel Industries](#), Commons Library debate pack (CDP-2021-0082), 23 June 2021.

KPMG, [COVID-19 impacts on global cruise industry](#), 23 July 2020

International Cruise Lines Association, [State of the Industry Outlook 2021](#)

UK Chamber of Shipping, [Bulletin: The return of international cruise](#), 30 July 2021.

Department for Digital Culture Media and Sport, [The Tourism Recovery Plan](#), June 2021

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