

Contribution of Cruise Tourism to the Economies of Europe 2011

Country Report France



Prepared for

The European Cruise Council

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France

France receives significant economic benefits from the cruise industry and participates in all aspects of the industry. France was the fourth highest cruise destination market in Europe with nearly 2.2 million passenger visits in 2011, an 8% increase from 2010. It also ranked fifth as a source market for cruise passengers. Finally, France is a major centre for the construction of cruise ships and with an estimated €674 million in cruise industry expenditures for construction and maintenance. This accounts for 18% of total cruise ship construction expenditures throughout Europe and represents a 51% increase on 2010, when the French share was just 11%.

Quick Facts

- Major cruise ports: Nice-Villefranche, Cannes, Marseille, Ajaccio (Corsica), Toulon and the VAR ports, Le Havre.
- Major cruise shipyards: STX France at Saint-Nazaire.
- Global cruise passengers sourced from France:
 - 2006: 242,000;
 - 2007: 280,000;
 - 2008: 310,000;
 - 2009: 347,000;
 - 2010: 387,000;
 - 2011: 441,000.
- Cruise passengers embarking on cruises from French ports:
 - 2006: 102,300;
 - 2007: 165,700;
 - 2008: 110,000;
 - 2009: 101,800;
 - 2010: 141,000;
 - 2011: 122,000.
- Cruise passenger visits to French ports-of-call:
 - 2006: 1,398,000;
 - 2007: 1,343,700;
 - 2008: 1,787,000;
 - 2009: 1,851,000;
 - 2010: 2,010,000;
 - 2011: 2,167,000.
- Cruise industry expenditures in France:
 - 2006: €849 million;
 - 2007: €1.16 billion;
 - 2008: €1.40 billion;
 - 2009: €1.16 billion;
 - 2010: €972 million;
 - 2011: €1.22 billion.
- Total employment generated by the cruise industry:
 - 2006: 11,072;
 - 2007: 15,092;
 - 2008: 18,265
 - 2009: 15,128;
 - 2010: 13,012;
 - 2011: 16,009.
- Total employee compensation generated by the cruise industry:
 - 2006: €497 million;
 - 2007: €683 million;
 - 2008: €818 million;
 - 2009: €587 million;
 - 2010: €577 million;
 - 2011: €728 million.

Direct Cruise Industry Expenditures

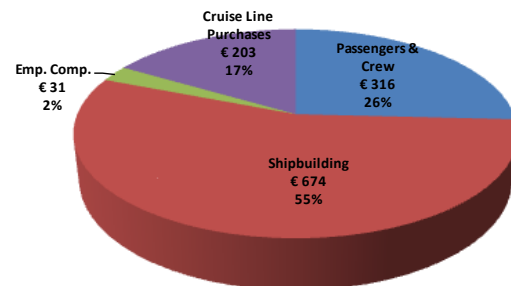
Cruise tourism generated €1.22 billion in direct expenditures in France in 2011, 8.2% of the industry's direct expenditures throughout Europe. As a result of the 51% increase in shipbuilding expenditures in France compared with 2010, total direct cruise industry expenditures increased by nearly 26% in 2011, although the total was still 13% below the peak reached in 2008. As indicated in the following figure, these expenditures were broadly distributed across the major source segments: passengers, shipbuilding, cruise line purchases and compensation of cruise line employees.

Shipbuilding

The cruise industry spent an estimated €674 million with French shipyards for new buildings and the maintenance and refurbishment of existing cruise ships, 55% of total cruise industry expenditures in France.

- The €674 million in expenditures in France accounted for 18% of the cruise industry's total expenditures for shipbuilding and refurbishment among all European shipyards during 2011.
- Nearly all of these expenditures covered the work-in-progress for the construction of new cruise ships.
- French shipyards are building three of the 24 cruise ships on order from the end of 2011, representing 11% of the new capacity and 12% of new investment during 2012-16.

Direct Cruise Industry Expenditures in France, 2011 €1.22 Billion



Cruise Passengers and Crew

Passengers and crew spent an estimated €316 million at ports-of-embarkation and call, accounting for 25% of total cruise industry expenditures in France and a 4% increase over 2010.

- The 441,000 passengers sourced from France and the 122,000 cruise passengers that embarked on their cruises from French ports accounted for 23% of all passenger spending in France. They spent an estimated €76 million on airfares, port fees, lodging, food and beverages, excursions and other purchases in France.
- Nearly 2.2 million cruise passengers visited French ports-of-call. Four Mediterranean port groups, Marseille (est. 500,000) Nice-Villefranche/ Cannes (est. 618,000), Corsica (est. 480,000) and Toulon/ VAR (est. 222,000) accounted for 84% of cruise passenger visits to France in 2011. Le Havre with 185,000 passenger visits accounted for most of the remainder (8.5%).

- These visits generated an additional €234 million in expenditures for tours, food and beverages and other merchandise.
- Combining the 122,000 embarkations and the 2.17 million port-of-call visits and excluding airfare expenditures, each passenger visit at a French port generated an average expenditure of approximately €110 per passenger visit.
- An estimated 978,000 crew arrived at French ports in 2011 and spent an estimated €6.0 million.

Cruise Line Purchases

Cruise lines spent an estimated €203 million, 17% of the total, with French businesses in support of their administrative and operating activities. As indicated in the following table, expenditures by the cruise lines in 2011 increased by 6% from 2010.

Direct Cruise Line Expenditures by Industry, 2010 and 2011 (Excluding Ship Repair)

Industry	Expenditures (Millions)		Share of Total
	2010	2011	2011
Agr., Min. & Construction	**	**	--
Manufacturing	€ 65	€ 75	36.9%
Non durable Goods	€ 43	€ 41	20.2%
Durable Goods	€ 22	€ 34	16.7%
Wholesale Trade	€ 17	€ 14	7.0%
Transportation & Utilities	€ 45	€ 47	23.2%
Finance & Business Services	€ 56	€ 58	28.5%
Personal Services & Gov't	€ 9	€ 9	4.4%
Total	€ 192	€ 203	100%

** Less than €200,000

These purchases included a broad range of products and services and impacted most major industries in the country. Among the major industries that were impacted by cruise tourism expenditures were:

- Manufacturers of non durable goods received €41 million in purchases primarily for provisions and other hotel supplies consumed and used on board cruise ships
- An estimated €34 million was spent with durable goods manufacturers primarily for fabricated metal products and electrical and non electrical machinery used on cruise ships.
- An estimated €47 million was paid to businesses in the Transportation & Utilities sector, which included travel agents.
- The cruise industry spent €58 million on financial and business services including: insurance, advertising, engineering and other professional services, including computer programming and support services and direct mail and market research.

Compensation of Cruise Line Employees

Cruise lines spent an estimated €31 million on compensation for employees who resided in France during 2011. These expenditures accounted for 2% of total cruise industry expenditures in the country. The cruise lines employed slightly more than 1,000 residents of France in their administrative offices and as crew onboard their ships.

The Economic Benefits of Cruise Tourism

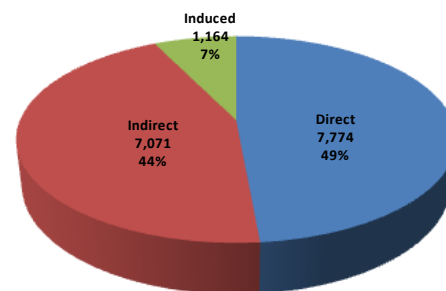
The €1.22 billion in direct cruise tourism expenditures in France during 2011 generated an estimated 16,009 jobs (direct, indirect and induced). This was a 23% gain on 2010.

Direct Economic Impacts

The direct economic impacts of the cruise industry in France are derived from a broad range of activities including:

- Port services and cruise industry employment;
- Transportation of cruise passengers from their place of residence to the ports-of-embarkation;
- Travel agent commissions;
- Spending for tours and pre- and post-cruise stays in port cities of France;
- Passenger spending for retail goods in French port cities; and
- Purchases of supplies by the cruise lines from businesses in France.

Total Employment Impact in France, 2011 16,009 Jobs



The 7,774 direct jobs that were generated by cruise-related expenditures paid €379 million in employee compensation. These jobs included the employees of the cruise lines, the direct suppliers to the cruise lines and the employees of those establishments that provide goods and services to cruise passengers. As a result of the 49% growth in shipbuilding employment, the total direct employment and wage impacts increased by 20% and 24% respectively, compared with 2010.

Direct Cruise Industry Economic Impacts by Industry, 2009 and 2010

Industry	2010		2011	
	Direct Jobs	Direct Wages (Millions)	Direct Jobs	Direct Wages (Millions)
Manufacturing	2,512	€ 141	3,602	€ 209
Nondurable Goods	180	€ 12	169	€ 11
Metals & Machinery	79	€ 4	99	€ 5
Shipbuilding & Repair	2,189	€ 123	3,264	€ 191
Other Durable Goods	64	€ 2	70	€ 2
Wholesale & Retail Trd	532	€ 17	504	€ 17
Transport & Util.Ⓞ	2,063	€ 83	2,236	€ 87
Hospitality	507	€ 27	497	€ 27
Finance & Business Ser.	568	€ 21	604	€ 23
All Other Sectors	322	€ 16	331	€ 16
Total	6,504	€ 305	7,774	€ 379

Ⓞ Includes French employees of the cruise lines and their compensation.

As indicated in the preceding table the direct employment impacts are broadly based and include the following.

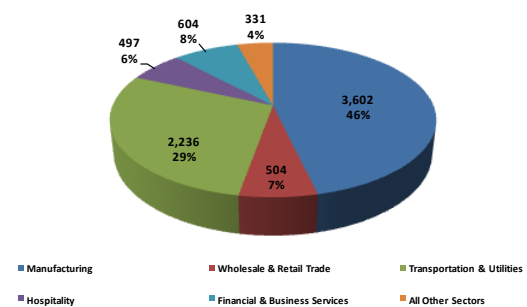
The direct jobs generated by the cruise industry are located on cruise ships, at manufacturing plants that provide goods consumed by passengers and crew on cruise ships and structural metal products and machinery used in ship building and repair, and tour operators that provide shore excursions purchased by cruise passengers.

- During 2011, French manufacturers employed just over 3,600 workers, 46% of the direct jobs, to provide the cruise industry with a wide range of goods. These workers were paid €209 million in compensation which accounted for 55% of the direct compensation impacts
 - The shipbuilding industry accounted for nearly 91% of the direct manufacturing impacts in France. French shipyards employed an estimated 3,264 workers in 2011 on the construction of new cruise ships and the refurbishment and repair of existing ships. The impacted employees in this industry received €191 million in compensation. The direct employment impact in French shipyards grew by 49% from 2009 while the compensation impact increased by 55%.
 - An estimated 169 jobs were generated in the manufacture of non-durable goods which, in turn, produced €11 million in employee income. The primary goods were food and beverages and apparel.
 - An estimated 99 workers were employed in the metal and machinery industries to produce fabricated metal products, such as tanks and other sheet metal products, computers, material handling equipment, engine parts and communication equipment used in offices and cruise ships. These employees earned €5 million in compensation.
- The Wholesale and Retail Trade sector employed an estimated 504 workers, 6% of the direct employment impacts. These employees were paid wages and benefits of €17 million.
- The Transportation and Utilities sector employed an estimated 2,236 workers, 29% of the total direct jobs, in support of the cruise industry. These included employees of the cruise lines, lorry drivers who deliver goods to cruise ships,

and tour operators that provide onshore excursions for cruise passengers. Also included are employees in the power generation and communication industries. In aggregate workers in this sector received €87 million in compensation, 23% of the direct compensation impacts in France.

- An estimated 604 persons were employed by financial and business service providers. These included employees of insurance companies and agencies, advertising and market research firms, computer programming companies, engineering and management consulting firms, law firms and accounting agencies. Their compensation totalled an estimated €23 million.
- An estimated 497 workers were employed in hotels, restaurants and amusement enterprises as a direct result of passenger spending as part of their cruise vacations. These workers were paid an estimated €27 million in wages and benefits.

Direct Employment by Sector, 2011 7,774 Jobs



- Finally, an estimated 331 jobs were generated elsewhere in the French economy, principally personal services and government that yielded €16 million in income. These included photographers, health care employees and social service providers among others.

Indirect and Induced Economic Impacts

The indirect economic benefits derived from the cruise industry result in part from the additional spending by the suppliers to the cruise industry. For example, food processors must purchase raw foodstuffs for processing; utility services, such as electricity and water, to run equipment and process raw materials; transportation services to deliver finished products to the cruise lines or wholesalers; and insurance for property and employees. Consequently, the indirect jobs are generated in virtually every industry with a concentration in those industries that produce goods and services for business enterprises.

The induced economic benefits are derived from the spending activities of those directly and indirectly employed as a result of the European cruise industry. This spending supports jobs in retailing, the production of consumer goods, residential housing and personal and health services.

Indirect and Induced Economic Impacts by Industry, 2010 and 2011

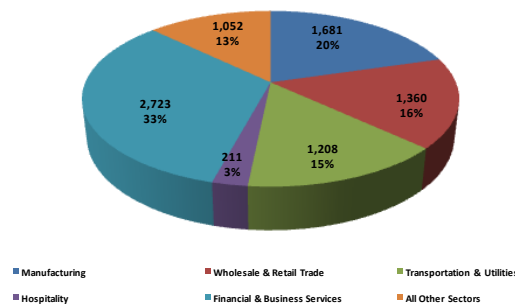
Industry	2010		2011	
	Indirect & Induced Jobs	Indirect & Induced Wages (Millions)	Indirect & Induced Jobs	Indirect & Induced Wages (Millions)
Agric., Min. & Constr.	302	€ 6	356	€ 8
Manufacturing	1,215	€ 62	1,681	€ 86
Non-durable Goods	433	€ 13	490	€ 16
Metals & Machinery	399	€ 17	549	€ 24
Transportation Eq. ②	309	€ 20	459	€ 29
Other Durable Goods	74	€ 12	183	€ 17
Wholesale & Retail Trd	1,106	€ 28	1,360	€ 36
Transportation & Util.	1,034	€ 37	1,208	€ 45
Hospitality	172	€ 5	211	€ 6
Finance & Business Ser.	2,173	€ 96	2,723	€ 121
All Other Sectors	506	€ 38	696	€ 47
Total	6,508	€ 272	8,235	€ 349

② Transportation equipment includes shipbuilding, but also the manufacture of other transportation equipment, such as automobiles, buses, trucks, airplanes, railroad stock and so on.

As indicated in the table above, an estimated 8,235 indirect and induced jobs were generated throughout France by the cruise industry in 2011. These jobs generated €349 million in employee compensation. Relative to 2010, the indirect and induced employment and compensation impacts grew by 27% and 28% respectively.

- The indirect and induced impacts of cruise industry spending generated an estimated 1,681 jobs within the Manufacturing sector during 2011, a little over 20% of the total indirect and induced employment impacts. Nearly 60% of these jobs were in the metals, machinery and transportation equipment industries, highlighting the importance of shipbuilding activity in particular as a component of the cruise industry in France. Impacted manufacturing employees were paid an estimated €86 million in compensation.
- The Finance and Business Services sector accounted for 33% of the indirect and induced employment impacts and 35% of the compensation impacts with an estimated 2,723 jobs and €121 million in wages and benefits. The indirect impacts measured in this sector are primarily concentrated in the insurance, legal, accounting and professional services industries.
- The Transportation & Utilities sector in France benefited from an estimated 1,208 indirect and induced jobs, 15% of the total indirect and induced employment impacts. This reflects the strong inter-industry linkages within the transportation sector, as well as, the heavy usage of a variety of transportation services to supply businesses with their inputs and to deliver consumer goods to retail outlets. These workers were paid an estimated €45 million in compensation.

Indirect and Induced Employment by Sector, 2011 8,235 Jobs



- Combined, the Trade and Hospitality sectors benefited from an estimated 1,571 indirect and induced jobs, 19% of the indirect and induced employment impacts. The trade jobs were primarily among wholesale trade establishments, while the hospitality jobs were concentrated among hotels and eating and drinking establishments. Compensation of these workers totalled €42 million.
- The remaining industries, which include Agriculture, Mining, Construction, Personal Services and Government benefited with an estimated 1,052 jobs and €55 million in employee compensation.

Total Employment Impacts

As indicated in the following table an estimated 16,009 total jobs, comprising direct, indirect and induced employment, were generated throughout France by the cruise industry in 2011. The workers who held these jobs earned €728 million in employee compensation. The total employment impacts in France in 2011 increased by 23% over 2010 while the total compensation impacts rose by 26%.

Total Cruise Industry Economic Impacts by Industry, 2010 and 2011

Industry	2010		2011	
	Total Jobs	Total Wages (Millions)	Total Jobs	Total Wages (Millions)
Agric., Min. & Constr.	302	€ 6	356	€ 8
Manufacturing	3,727	€ 203	5,283	€ 295
Non-durable Goods	613	€ 25	659	€ 27
Metals & Machinery	478	€ 21	648	€ 29
Transportation Eq. ②	2,498	€ 143	3,723	€ 220
Other Durable Goods	138	€ 14	253	€ 19
Wholesale & Retail Trd.	1,638	€ 45	1,864	€ 53
Transportation & Util.	3,097	€ 120	3,444	€ 132
Hospitality	679	€ 32	708	€ 33
Finance & Business Ser.	2,741	€ 117	3,327	€ 144
All Other Sectors	828	€ 54	1,027	€ 63
Total	13,012	€ 577	16,009	€ 728

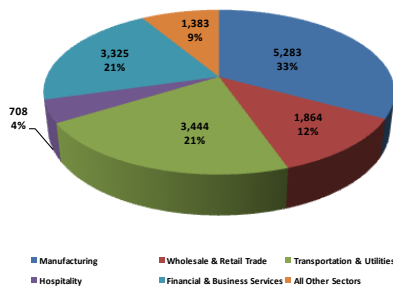
① Includes France employees of the cruise lines and their compensation.

② Transportation equipment includes shipbuilding, but also the manufacture of other transportation equipment, such as automobiles, buses, trucks, airplanes, railroad stock and so on.

- Manufacturers in France employed nearly 5,300 workers, 33% of the total jobs, and paid them €295 million in wages and benefits.

- Finance and Business Services accounted for 21% of the total employment impacts with just over 3,300 jobs and €144 million in compensation.
- Combined, the Trade and Hospitality sectors accounted for 16% of the total employment impacts with nearly 2,600 total jobs and €86 million in employee income.
- Transportation & Utilities accounted for 22% of the total employment impacts with an estimated 3,444 jobs, including the administrative staff and crew of the cruise lines that reside in France. These workers received €132 million in remuneration.
- An estimated 1,383 total jobs, amounting to 9% of the total employment impacts were generated in the remaining sectors of French economy. These jobs were concentrated in the agriculture, mining, personal services and construction industries. These workers were paid €71 million in wages and benefits.

Total Employment by Sector, 2011
16,009 Jobs



Thus, in France just over 13 jobs were generated for every €1 million in direct cruise industry expenditures. Furthermore, the average job generated by the cruise industry paid approximately €45,500 in employee compensation.

Given the direct impacts of 8,235 jobs and €379 million in employee compensation, the effective economic multipliers for the cruise industry in France were 1.94 for employment and 1.92 for compensation.