

Current Chinese Economic Report Series

Hong Wang · Xinliang Ye ·  
Jianyong Shi · Weihang Zheng ·  
Ling Qiu · Guojian Zhu *Editors*

# Report on the Development of Cruise Industry in China (2021)



 Springer

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# **Current Chinese Economic Report Series**

The Current Chinese Economic Reports series provides insights into the economic development of one of the largest and fastest growing economies in the world; though widely discussed internationally, many facets of its current development remain unknown to the English speaking world. All reports contain new data, which was previously unknown or unavailable outside of China. The series covers regional development, industry reports, as well as special topics like environmental or demographical issues.

Hong Wang · Xinliang Ye · Jianyong Shi ·  
Weihang Zheng · Ling Qiu · Guojian Zhu  
Editors

# Report on the Development of Cruise Industry in China (2021)



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The Springer logo, which is a stylized chess knight (horse) facing left, positioned above the word 'Springer'.

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# Foreword

The year 2021 marks the beginning of China's 14th FYP period and is a crucial year for further driving the new dual circulation development pattern. The year saw faster changes in the global cruise market and ongoing efforts of China's cruise industry to shape a whole industry chain. China is the world's largest emerging cruise market and the second-largest source of cruise tourists. Though cruise operations were brought to a halt by the pandemic, the cruise industry continued to make progress. Home-made large cruise lines made key breakthroughs. Major central SOEs, including China Merchants Group (CMG) and China Communications Construction Group (CCCC), seized the opportunity to foray into cruise operations and increase their presence in the cruise industry ecosystem. This gave a notable boost to the capacity and potential of China's cruise industry.

The cruise industry is one of the industries most affected by the COVID-19 pandemic. All major cruise companies, ports, and agencies have suffered heavy losses. To effectively curb the spread of the virus, Western developed economies introduced mass vaccination programs, while Singapore and some other Asian economies allowed "Cruise to Nowhere" itineraries. Countries including Italy, Singapore, the U.K., and the U.S. allowed cruise lines to restart sailings. These countries imposed rigorous protocols on resumed cruise sailings to effectively avoid the spread of the virus on cruise ships. Cruise companies mostly require that all guests onboard provide COVID-19 vaccination certificates. Guests must receive rapid antigen tests (RATs) before boarding. Only those who tested positive are allowed to board the ships. Regardless of the pandemic, the global cruise industry has made ongoing progress, with cruise terminals in progress across the globe, innovative cruise tour products continuously introduced by cruise companies, and increasing sizes of cruise fleets across the world. In 2020, the world saw 23 ocean liners launched, adding 37,700 beds to global cruise fleets. Cruise ships are growing bigger, leading to an increasing passenger carrying capacity per ship. Italian shipbuilder Fincantieri, the world's largest cruise ship building company, generated EUR 3.281 billion of cruise business revenue and delivered seven cruise ships in 2020. The shipbuilder will deliver seven cruise ships in 2021 too, and is expected to deliver eight in 2022, nine in 2023, five in 2024, five in 2025, and four each year beyond 2025. Clearly,

the demand on the cruise market remains strong. Mediterranean Shipping Company S.A. (MSC) announced its official entry into the high-end luxury cruise market. MSC Group's first high-end luxury cruise ship will sail in 2023. This will drive the expansion of global cruise fleets and facilitate post-COVID robust growth of the global cruise tourism market.

The pandemic has had severe and far-reaching impacts on the global cruise industry. China's cruise tourism market, which is recovering, is no exception. However, it has not changed the favorable trends in the global and Chinese cruise markets. The Cruise Lines International Association (CLIA) is optimistic about the prospects of the global cruise market. Major international cruise companies remain bullish on China's cruise market, with plans to introduce the latest and largest cruise ships to the Chinese market. These developments provide further impetus for the post-COVID recovery of the Chinese cruise market. Royal Caribbean Cruises, a global leader in luxury cruises, announced its plan to launch the Wonder of the Seas, the newest member of the Oasis Class, on the Chinese market. The Wonder of the Seas is the company's fifth Oasis Class cruise ship and the first Oasis Class cruise ship introduced to China's cruise home ports. This cruise ship, 362m long, 64m wide, and 18 decks high, has 2,867 cabins and a maximum carrying capacity of 6,988 guests. Royal Caribbean Cruises has driven China's cruise market to usher in the era of large ships and the era of new ships. Meanwhile, the Europe-based MSC Cruises, one of the world's five largest cruise companies, will introduce its flagship MSC Virtuosa and MSC Bellissima to the Chinese market. This move will help elevate China's status in the global cruise industry landscape, inject new impetus and vitality into the Chinese cruise market, and further increase the market's supply and service capacity.

The cruise industry has emerged as a new growth pole for coastal economies and a new driver for regional transformation and development. China's 14th FYP explicitly proposes to improve cruise and yacht development policies. *The 14th Five-Year Plan for Cultural and Tourism Development* of China's Ministry of Culture and Tourism proposes to develop marine and coastal tourism and advance the construction of China cruise tourism development demonstration zones (experimental zones). *The Opinions of the Ministry of Transport on Pilot Programs in Shanghai for Building a Country with Strong Transportation Network Including Promoting the Integrated Development of Transportation in the Yangtze River Delta*, issued in November 2020, proposes to accelerate the construction of Wusongkou International Cruise Terminal and give priority to developing the port of call and high-end cruise services at Shanghai Port International Cruise Terminal. *The Outline of China's National Comprehensive Transportation Network Plan*, issued by the CPC Central Committee and the State Council in March 2021, proposes to improve tourist service facilities and functions at cruise terminals, yacht marinas, and similar sites and diversify cruise tourist service offerings. *The Overall Plan for the Comprehensive Pilot Program of Further Opening up the Service Sector in Shanghai*, issued by the Ministry of Commerce in April 2021, proposes to delegate the powers of licensing Chinese cruise operators to engage in Chinese-funded non-five-star red flag cruise getaways to the competent transportation authority in Shanghai. *The Implementation Plan for Accelerating the Cultivation of the Import Trade Promotion and Innovation*

*Demonstration Zone in Nansha District, Guangzhou*, issued by Guangzhou Municipal Commerce Bureau in March 2021, proposes to accelerate the development of the cruise tourism economy and advance the construction of the national cruise tourism development demonstration zone. The *Opinions on Promoting High-Quality Tourism Development*, issued by the People's Government of Fujian Province in May 2021, proposes to advance the construction of Xiamen International Cruise Home Port and the cruise terminal renovation in the Jinjing Area of Pingtan Port, as well as support the construction of the national cruise tourism development demonstration zone in Fuzhou, offering strong support to the high-quality development of cruise economy. In September 2021, the People's Government of Guangxi Zhuang Autonomous Region issued the *Opinions on Supporting Beihai to Develop the Cruise Industry*.

The latest GREEN BOOK OF CRUISE INDUSTRY, compiled under the auspices of Shanghai University of Engineering Science (SUES) and Shanghai International Cruise Business Institute, is intended to better assess the developments of China's cruise industry in the context of routine COVID-19 response and provide systematic, in-depth analyses on China's cruise industry chain. The GREEN BOOK OF CRUISE INDUSTRY series, annual reports compiled in light of the latest developments in the global cruise industry, has become a bellwether of China's cruise economy and is closely watched and widely recognized by academia and industry. It has become an important reference for Chinese government authorities and cruise companies for working out development plans and strategies for the cruise industry. It is a great honor to be the advisor to the GREEN BOOK OF CRUISE INDUSTRY. I would like to express my congratulations on what this series has achieved.

The GREEN BOOK OF CRUISE INDUSTRY 2021, built on the previous editions, offers systematic studies on China's cruise industry in the context of routine COVID-19 control and the new dual circulation development pattern. This latest version has a Special Topics part that covers such topics as the COVID-19 response mechanisms and approaches at Shanghai Cruise Port, the development of China's cruise COVID-19 response system, problems facing the reopening of China's cruise business and the countermeasures, and China's public health emergency response mechanisms at cruise ports. The Industry Reports part focuses on developments in China's cruise industry. The year 2021 marks the beginning of the 14th FYP period when various plans for the cruise industry were rolled out to chart the course and strategic paths toward development for the cruise industry.

I would like to express my gratitude to the editorial board and staff who have been devoted to the compilation of this book. My thanks also go to all my friends who have cared about and supported China's cruise industry along the way. I would like to see our colleagues continue to work on making forward-looking research on the cruise industry a significant pillar that drives the development of China's cruise industry and to explore more innovative ways and models to fuel the high-quality development of the Chinese cruise industry. I also expect that more young professionals will join



the effort to grow China's cruise economy, strengthen international cooperation, take part in the international division of labor, and increase China's share in the global cruise industry.



Qian Yongchang (Signature)  
Former Minister of Transport  
Former President of China Communications  
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September 2021

# Executive Summary

The *Report on the Development of Cruise Industry in China (2021)* is an annual research report compiled by renowned experts and scholars in the cruise industry at home and abroad, under the auspices of Shanghai University of Engineering Science (SUES) and Shanghai International Cruise Business Institute, in light of the latest developments in the global and China's cruise industry. It is an important part of the "Yearbooks Series" of Social Sciences Academic Press (China). The GREEN BOOK OF CRUISE INDUSTRY 2021, the eighth publication of this series, includes four parts, i.e. General Reports, Special Topics, Industry Reports, and Planning and Development Reports, which give a forward-looking holistic view of the industry. The book's General Reports part provides a summary of developments in the cruise industry at home and abroad between 2020 and 2021. The ten highlights, in particular, sum up the latest developments in China's cruise industry.

The COVID-19 pandemic has hardly hit the global cruise industry, leading to abrupt halts of cruise lines across the globe and severe financial pressures on cruise operators. The full resumption of cruise sailings faces great uncertainties given the tightened pandemic response efforts, particularly measures to curb another wave of outbreaks caused by the Delta variant. Since early 2021, China has stepped up efforts to develop cruise ports, with a view to building five cruise port clusters in north China, east China, southeast China, south China, and the South China Sea. Domestic cities including Pingtan (Fujian), Wenzhou (Zhejiang), Beihai (Guangxi), and Zhanjiang (Guangdong) are vigorously building new cruise terminals. However, China's cruise ports are yet to establish sound profit models, instead of relying heavily on cruise berthing operations. At present, China's cruise ports are largely unable to normally run cruise operations as duty-free shops at cruise terminals, cruise ship supply, VIP services, and stores at cruise ports cannot operate as usual. Cruise port operators could barely generate any revenue.

According to the systematic summary of the latest developments in the cruise industry at home and abroad between 2020 and 2021 in General Reports, cruise companies have suffered heavy losses due to COVID-19. Carnival Corporation & Plc, Royal Caribbean Cruises, and Norwegian Cruise Line, three U.S.-based major

cruise companies, saw up to RMB 600 billion of their market capitalization wiped off. In H1 2021, major cruise operators were still in the red.

As global COVID-19 developments got better, large-scale vaccinations proceeded, and cruise COVID-19 response systems were established over time, major cruise companies actively pushed for the resumption of sailings in some regions. However, national authorities set higher requirements for resumed cruise operations, including the requirement that all guests get vaccinated. In this context, major cruise lines adjusted their fleet deployment according to region-specific requirements for resumption of cruise sailings, in an effort to resume more cruise operations as possible. China, the largest emerging cruise market in the world, pulled off “zero imported cases, zero exported cases, and zero infections” in its cruise pandemic response efforts, and established a sound response program over time, actively preparing for the resumption of cruise sailings. The Special Topics part features studies on China’s COVID-19 response systems on cruise ships and at ports, covering such topics as the COVID-19 response mechanisms and approaches at Shanghai Cruise Port, the development of China’s cruise COVID-19 response system, problems facing the reopening of China’s cruise business and the countermeasures, and China’s public health emergency response mechanisms at cruise ports. The Industry Reports part focuses on the development of China’s cruise industry, covering the planning and design of itineraries by China’s local cruise companies, ways to boost the international competitiveness of China’s local cruise lines, ways to advance China’s cruise ship building and repair industry, the capacity improvement of Shanghai’s international cruise tourism trade in services, and ways to improve the resilience of Shanghai’s cruise tourism market. The section of Planning and Development Reports addresses national and local plans for the development of the cruise industry during the 14th Five-Year Plan period, focusing on China’s cruise industry development strategy for the 14th FYP period, Shanghai’s cruise industry development path during the 14th FYP period, and the planning approach of Shanghai International Cruise Tourist Resort.

Over recent years, China’s cruise industry saw sustained growth, with steady progress in cruise ship building. The industry is at a crucial stage of shaping the whole cruise economy industry chain by stepping up the pace of establishing an industry ecosystem that covers the independent design, building, operation, management, maintenance, and services of home-made cruise ships. Meanwhile, Royal Caribbean Cruises announced that it would introduce the Wonder of the Seas, the world’s largest Oasis Class cruise ship, to the Chinese market. MSC Cruises will also introduce its MSC Virtuosa and MSC Bellissima to the Chinese market. Local cruise companies, including CSSC Cruise Technology Development Co., Ltd. (CCTD) and Astro Ocean Cruise, also expanded their fleets. These moves laid a better foundation for the development of China’s cruise market and added vitality and energy to the world cruise industry. With favorable developments and opportunities, and great potentials,

China's cruise industry is expected to secure more footholds in the global cruise industry landscape and boost its appeal, influence, and competitiveness.

The successful publication of this book would be impossible without the concerted efforts of academia and industry. We are deeply indebted to relevant government authorities for their attention and guidance, and relevant sectors for their generous support.

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# About the Editor-in-Chief

**Hong Wang** is the President of China Europe International Business School (CEIBS), a fellow at Shanghai International Cruise Business Institute, and a professor and supervisor for Ph.D. students at Shanghai Jiao Tong University. Prof. Wang holds a Ph.D. in Business Administration from Shanghai Jiao Tong University and a Post-doctoral degree in Applied Economics from Fudan University. She is a recipient of the Special Government Allowance of the State Council. Prof. Wang served as a deputy to the 10th, 11th, 12th, and 14th Shanghai Municipal People's Congresses. She is a national candidate for the New Century Millions of Talents Project.

Prof. Wang has served as a Deputy Director of the Steering Committee for the Teaching of Business Administration in Institutions of Higher Education at the Ministry of Education (MOE) for many years. She also once served as a Deputy Director of the Steering Committee for the Teaching of Management Science and Engineering in Institutions of Higher Education at the MOE. At present, she is a recipient of funding as part of the MOE's New Century Excellent Talents Support Program and the Dawn Plan of Shanghai Municipality and honored as a leading talent and excellent academic leader of Shanghai.

Prof. Wang took the lead in aligning with the bigger picture of the international cruise industry and took an innovative move to expand the teaching content of Tourism Management. She was the first person in China to start the Cruise Economy undergraduate and graduate programs as an academic leader in this discipline. She led the research project "Innovative Practices in Training Badly-Needed International Cruise Professionals Under the Integrated Approach of Government-Industry-University-Research Institute-User Collaboration," which won the second prize of the National Teaching Achievement Award and the grand prize of Shanghai Teaching Achievement Award in 2014. Prof. Wang emphasizes the direct translation of research results into productivity and the extension of these results. Many research results have been the basis for decision-making by cruise companies and the government. She has presided over six major projects funded by the National Social Science Fund of China (NSSF), the National Soft Science Research Program, and the National Development and Reform Commission (NDRC) and over 30 provincial-level research projects. Prof. Wang has published over 70 monographs and papers, many of which have been

indexed by EI and ISTP. More than 30 of her research projects received provincial-level awards, including the first prize of Shanghai Government Decision-Making Consulting Research Achievement Award, the second prize of Shanghai Science and Technology Progress Award, the Shanghai Outstanding Achievement Award for Deng Xiaoping Theory Research and Publicity, the Shanghai Outstanding Achievement Award for Discussions Within the Philosophy and Social Science Community, the first prize of Shanghai Teaching Achievement Award, and the first prize of Shanghai Educational Research Achievement Award.

Prof. Wang previously served as a member of the Executive Committee of All-China Federation of Trade Unions, representative of All-China Women's Federation, President of Shanghai University of Engineering Science (SUES), Vice Chairman of Shanghai Federation of Trade Unions, Vice Chairman of Shanghai Commercial Enterprise Management Association, Vice Chairman of Shanghai Creative Industry Association, Vice President of Shanghai Science and Art Association, Director of Shanghai International Cruise Business Institute, and Secretary of the CPC Baoshan District Committee, among other offices.



**Part I**  
**General Reports**

# Chapter 1

## G.1 A Study on Developments in the Global Cruise Industry, 2020–2021: The Cruise Industry Making Active Efforts to Resume Cruise Sailings Following the Severe COVID-19 Shock



Hong Wang, Jianyong Shi, and Junqing Mei

### Developments in Global Cruise Markets During the Pandemic

#### *Major Cruise Companies Suffered Heavy Losses*

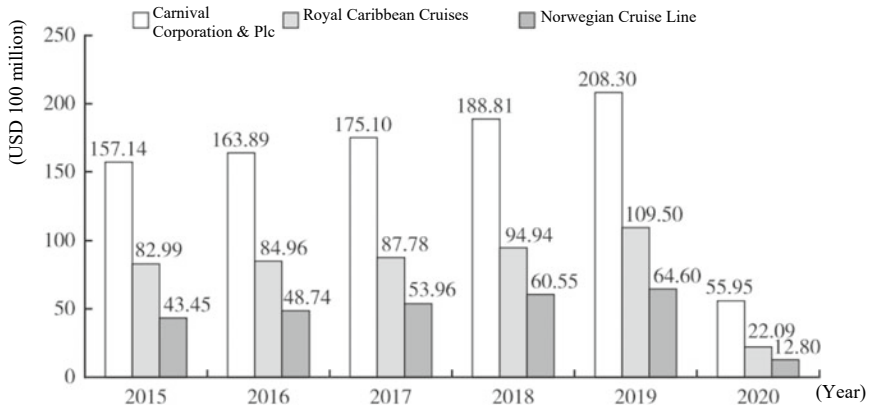
The COVID-19 pandemic is a huge blow to societies and economies as a whole. The highly environment-sensitive cruise industry is one of the hardest hit and the slowest-recovering industries. Carnival Corporation & Plc, Royal Caribbean Cruises, and Norwegian Cruise Line, three major cruise companies, saw their market capitalization lose up to RMB 600 billion. In 2020, Carnival Corporation & Plc generated USD 5.595 billion of revenue, down USD 15.235 billion or 73.14% year-on-year (YoY), and reported a net income of USD –10.236 billion, a 442.34% decline YoY. As of Q4 2020, Carnival held USD 9.5 billion of cash and cash equivalents. In 2020, Royal Caribbean Cruises generated USD 2.209 billion of revenue, down USD 8.741 billion or 79.83% YoY, and reported a net income of USD 5.775 billion, down 402.74% YoY, an average monthly cash burn of USD 250–290 million, a cruise ticket sales revenue of USD 1.505 billion, down 80.85% YoY, and USD 704 million in onboard and other revenue, down 77.24% YoY. As of December 31, 2020, Royal Caribbean Cruises held about USD 4.4 billion of liquidity, including USD 3.7 billion of cash

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**Fig. 1.1** Changes in the revenues of three major cruise companies, 2015–2020 (Source Carnival Corporation & Plc; Royal Caribbean Cruises; Norwegian Cruise Line)

and 364-day credit lines worth USD 700 million. In 2020, Royal Caribbean Cruises received more than 1.29 million guests, a sharp decline from over 6.55 million in 2019. As of December 31, 2020, Royal Caribbean Cruises held USD 1.8 billion of customer deposits, of which half was related to cruise credit. In 2020, Norwegian Cruise Line generated USD 1.280 billion of revenue, down 80.19% YoY, and reported a net income of USD  $-4.013$  billion, down 531.35% YoY, and a monthly operating cost of USD 110–150 million during the suspension period (Fig. 1.1).

In 2020, Genting Hong Kong reported annual revenue of USD 367 million, a sharp decline of 76.49% from USD 1.561 billion in 2019, and a net income of USD  $-1.716$  billion, compared with USD  $-159$  million in 2019. German shipbuilder MV Werften, a subsidiary of Genting Hong Kong, suspended operations from March to October 2020, and saw its operating loss rise to USD 190 million from USD 23.30 million in 2019. The Explorer Dream cruise ship of Dream Cruises started the “Taiwan Island-Hopping” itineraries on July 26, 2020. The World Dream cruise ship of Dream Cruises started to operate domestic cruises in Singapore in November 2020. Crystal Cruises launched its Bahamas Escapes itineraries departing from Nassau or Bimini in July 2021. These moves contributed to the recovery of cruise sailings. Hurtigruten reported that its executive pays in 2020 down by 50%, with the total CEO pay being EUR 621,000, down 58.6% from EUR 1.50 million in 2019.

In Q1 2021, Carnival Corporation & Plc reported a net income of USD  $-2$  billion and an average monthly cash burn of USD 500 million. In Q1 2021, Royal Caribbean Cruises reported a net income of USD  $-1.1$  billion and an average monthly cash burn of about USD 300 million. In Q1 2021, Norwegian Cruise Line generated USD 3.10 million of revenue, and reported USD  $-1.4$  billion in net income, earnings per share (EPS) at USD  $-4.16$ , and USD 824 million in net interest expenses. In Q2 2021, Carnival Corporation & Plc reported a net loss of USD 2.1 billion, or an adjusted net loss of USD 2 billion, and held USD 9.3 billion of cash and short-term investments at the end of Q2, with adequate liquidity to hold on until the full reopening of the

cruise business. Carnival annually reduces its interest expenses for the coming year by at least USD 120 million, and as a rule defers the repayment of principal totaling about USD 1 billion upon approval by relevant export credit agencies, to increase its near-term liquidity. In Q2 2021, Carnival Corporation & Plc saw an increase in bookings for future cruises by 45% from that of Q1 2021. On February 10, 2021, Carnival Corporation & Plc priced the private offerings of USD 3.5 billion aggregate principal amount of 5.75% senior unsecured notes due 2027. The aggregate principal amount of senior unsecured notes to be issued was increased to USD 3.5 billion. In H1 2021, Carnival Corporation & Plc reported a net income of USD –4.045 billion, compared with USD –5.155 billion in H1 2020, and an EPS of USD –3.63, compared with USD –7.34 in H1 2020. In Q3 2021, Carnival Corporation & Plc reported a loss of USD 2 billion. In Q1 2021, Hurtigruten Group reported EUR 15 million in average monthly cash burn, EUR 36.10 million in revenue, and EUR –19.20 million in EBITDA.

### ***Major Cruise Companies Took Active Measures Against COVID-19 Impacts***

Major cruise companies mitigated the impacts of the pandemic by financing, downsizing, pay cuts, selling scrapped ships, or canceling or postponing new orders. Carnival Corporation & Plc sold 18 cruise ships that accounted for 12% of its total transport capacity. Royal Caribbean Cruises sold its Azamara cruise line to Sycamore Partners for USD 201 million. In June 2021, AIDA Cruises sold its AIDAcara (launched in 1996, with a gross tonnage of 38,000 and 590 cabins). The Singapore-based New Century Group sold the MV Leisure World (with a gross tonnage of 15,000 and a passenger capacity of 850) to NKD Maritime, an India-based ship recycler, for USD 3,591,900. This deal was intended to cut the daily cost of about HKD 30,000 paid for ship maintenance during the suspension period.

As of December 31, 2020, Royal Caribbean Cruises sold more than 13 million ordinary shares according to its stock issue plan announced on December 3, raising USD 1 billion of funds for general corporate purposes. On March 1, 2021, Royal Caribbean Cruises announced the offering of 16,938,148 ordinary shares at USD 91 per share to the public. The offering closed by March 3, 2021, with the net proceeds used for general corporate purposes. On March 24, 2021, Royal Caribbean Cruises announced the private offerings of USD 1.25 billion aggregate principal amount of senior unsecured notes due 2028. The proceeds will be used to repay the principal of debts due or to be repaid in 2021 and 2022, then the remaining funds raised will be used for general corporate purposes (Table 1.1).

On March 29, 2021, Royal Caribbean Cruises announced the closing of the offerings of USD 1.5 billion aggregate principal amount of 5.28% senior unsecured notes due 2028. On June 15, 2021, Royal Caribbean Cruises announced the offerings of USD 650 million aggregate principal amount of 4.25% senior unsecured notes

**Table 1.1** Cruise ships sold worldwide in 2020 (Units: GT, person)

| Cruise company                  | Ship name            | Gross tonnage | Passenger capacity | Year launched |
|---------------------------------|----------------------|---------------|--------------------|---------------|
| Carnival Cruise Lines           | Carnival Fantasy     | 70,367        | 2675               | 1990          |
|                                 | Carnival Inspiration | 70,367        | 3450               | 1996          |
|                                 | Carnival Fascination | 70,367        | 2634               | 1994          |
|                                 | Carnival Imagination | 70,367        | 2634               | 1995          |
| Costa Cruises                   | Costa Victoria       | 75,166        | 2120               | 1996          |
|                                 | Costa NeoRomantica   | 56,769        | 1800               | 1993          |
|                                 | Costa Atlantica      | 85,619        | 2680               | 2000          |
|                                 | Costa Mediterranea   | 86,000        | 2680               | 2003          |
| Holland America Line            | MS Amsterdam         | 62,735        | 1380               | 2000          |
|                                 | MS Rotterdam         | 61,849        | 1404               | 1997          |
|                                 | MS Maasdam           | 55,575        | 1258               | 1993          |
|                                 | MS Veendam           | 57,092        | 1350               | 1996          |
| P&O Cruises (UK)                | Oceana               | 77,499        | 2272               | 2000          |
| P&O Cruises (Australia)         | Pacific Aria         | 55,820        | 1627               | 1993          |
|                                 | Pacific Dawn         | 70,285        | 2020               | 1991          |
| Princess Cruises                | Sun Princess         | 77,441        | 2010               | 1995          |
|                                 | Sea Princess         | 77,499        | 1950               | 1998          |
|                                 | Golden Princess      | 108,865       | 2670               | 2001          |
| Pullmantur Cruises              | MS Sovereign         | 73,192        | 2850               | 1988          |
|                                 | MS Monarch           | 73,937        | 2744               | 1991          |
|                                 | MS Zenith            | 47,413        | 1828               | 1992          |
| Hapag-Lloyd Cruises             | MS Bremen            | –             | 164                | 1990          |
| FTI Cruises                     | MS Berlin            | 9500          | 420                | 1980          |
| Fred. Olsen Cruise Lines        | MS Black Watch       | 28,613        | 799                | 1972          |
|                                 | MV Boudicca          | 28,388        | 880                | 1973          |
| Phoenix Reisen                  | MS Albatros          | 28,518        | 812                | 1973          |
| Magna Carta Steamship           | Lord of the Glens    | 729           | 54                 | 1985          |
| Cruise & Maritime Voyages (CMV) | MS Magellan          | 46,052        | 1250               | 1985          |
|                                 | MS Astor             | 20,606        | 620                | 1987          |

(continued)

**Table 1.1** (continued)

| Cruise company | Ship name     | Gross tonnage | Passenger capacity | Year launched |
|----------------|---------------|---------------|--------------------|---------------|
|                | MS Marco Polo | 22,080        | 800                | 1965          |
|                | MV Columbus   | 63,786        | 1400               | 1989          |
|                | Vasco da Gama | 55,877        | 1220               | 1993          |
|                | MV Astoria    | 16,144        | 550                | 1947          |

*Source* Adapted from public information

due July 1, 2026. The proceeds of the offerings will be used to redeem USD 619.8 million aggregate principal amount of 7.25% senior secured notes due 2025, with the remaining funds used for general corporate purposes. On August 11, 2021, Royal Caribbean Cruises announced the offerings of USD 1 billion, 5.5% senior unsecured notes due 2026. These notes were issued on August 19, 2021, and will be due on August 31, 2026. On March 1, 2021, Norwegian Cruise Line announced the offerings of USD 575 million, 5.875% senior notes due 2026. The offerings were closed on March 3, 2021. Norwegian Cruise Line expected that the net proceeds of these offerings would be used to repay the outstanding principal amounts under two senior secured credit lines and the interest accrued but unpaid, and to pay the premiums, costs, and other expenses of related transactions. The remaining part of the net proceeds will be used for general corporate purposes. On May 9, 2021, Norwegian Cruise Line announced the closing of the offering of 47,577,937 ordinary shares at USD 30 per share. The net proceeds of this offering will be used to buy back all exchangeable senior notes due 2026 issued by the Norwegian Cruise Line, and the remaining proceeds will be used for general corporate purposes.

On April 16, 2021, Genting Hong Kong announced its subscription of additional equity interest in Dream Cruises. Genting Hong Kong increased its stake in Dream Cruises from 67.42% to 69.97%, and used the dues from Dream Cruises to offset the USD 247 million of cash to be paid for the subscription. On May 7, 2021, Genting Hong Kong announced the “Agreement of Headline Terms of a Holistic Recapitalization of the Group and the Amendment and Extension of the Group’s Material Financial Indebtedness of c. USD 2.6 billion”. According to this announcement, the Group expected to “raise at least USD 154 million of additional liquidity by 31 December 2021. Should the Company and/or its subsidiaries be unsuccessful in raising this additional liquidity, the Company will pursue additional liquidity-raising transactions, including an equity financing of the Company for a value of not less than USD 30 million; and entry by the Company and certain wholly-owned subsidiaries of MVWH into conditional, committed standby loan facilities provided by the State of Mecklenburg Vorpommern and the WSF in an aggregate amount of USD 124 million”. In August 2021, cruise ship builders saw notable declines in orders and sharp reductions in annual production time due to the pandemic. The German shipyard Meyer Werft reached an agreement with IG Metall and the yard’s Works Council that involves laying off up to 350 employees of Meyer Werft and 100 employees of

EMS Maritime Services on a voluntary basis. The planned downsizing involves 450 employees, or 10% of the yard's total staff.

## **Accelerated Recovery of Global Cruise Markets in the Post-COVID Era**

### ***Regional Resumption of Cruise Sailings Led to Faster Recovery of Cruise Markets***

Due to the pandemic, cruise companies kept adjusting and improving capacity layouts in the light of the COVID-19 protocols of different countries or territories. In H2 2020, cruise companies tried to restart some cruise operations. The Explorer Dream cruise ship of Dream Cruises first resumed sailings at the Port of Keelung, Taiwan, China in July 2020. The World Dream of Dream Cruises reopened its itineraries in Singapore in November 2020. The Germany-based TUI Cruises resumed operations around the Canary Islands in November 2020. The Quantum of the Seas cruise ship of Royal Caribbean Cruises started operations in Singapore in December 2020. As global pandemic response made notable progress and mass vaccination programs were under way, cruise companies made efforts to push for faster reopening of sailings by reducing passenger capacity, improving the itinerary design, and tightening health and safety protocols. The Genting Dream cruise ship of Dream Cruises resumed sailings in Hong Kong, China on July 30, 2021. On May 24, 2021, President Joe Biden signed into law the *Alaska Tourism Restoration Act*. The act temporarily allows foreign-flagged cruise ships to sail directly to Alaska without having to dock in Canada first in 2021, provided that cruise companies could only operate upon approval by the Centers for Disease Control and Prevention (CDC).

### **Cruise Sailings Resumed by Carnival Corporation & Plc**

The AIDAperla cruise ship of Germany-based AIDA Cruises resumed operations around the Canary Islands on March 20, 2021. Carnival Corporation & Plc announced the resumption of sailings of seven cruise brands, including AIDA Cruises, Costa Cruises, and Princess Cruises, in Europe and the Caribbean in the summer of 2021. By the end of 2021, according to Carnival's plan, 63 ships will resume operations, accounting for approximately 75% of its total capacity. The Costa Luminosa set sail again from Trieste, Italy on May 16, 2021, becoming the second ship of Costa Cruises that resumed sailings, with 27 voyages planned for its summer itineraries to destinations, including Bari in Italy and Corfu, Athens, Mykonos, and Katakolon in Greece. Carnival Horizon, Carnival Vista, and Carnival Breeze resumed operations at the Port of Miami, the Port of Galveston, and the Port of Canaveral, respectively, in July 2021. Carnival Miracle set sail again in Seattle, the U.S. on July 27, 2021,

and the sailings continued to September 14, docking at Skagway, Ketchikan, Juneau, and Tracy Arm Fjord along the way. The Majestic Princess of Princess Cruises resumed sailings from Alaska on July 25, 2021. The Regal Princess set sail again from Southampton on July 31, 2021. Princess Cruises will resume sailings in Los Angeles, San Francisco, and Fort Lauderdale in the U.S. between September 25 and November 28, 2021. During this period, eight Princess Cruises ships will take guests to the Caribbean, Panama Canal, Mexico, Hawaii, and California Coast. Holland America Line announced the reopening of its summer itineraries departing from San Diego. During the seven months from September 2021 to April 2022, guests may take the Koningsdam and Zuiderdam cruise ships to enjoy cruises to Mexico, Hawaii, and California Coast. There are 40 itineraries departing from San Diego to choose from. Beginning on October 23, 2021, four cruise ships, i.e. MS Nieuw Amsterdam, MS Rotterdam, MS Eurodam, and MS Nieuw Statendam, will offer 4-day to 14-day itineraries to and fro Fort Lauderdale. The Queen Elizabeth cruise ship departed from Southampton, England to operate its British itineraries on July 19, 2021. RMS Queen Mary 2 will resume its Atlantic itineraries on November 14, 2021. Seabourn Ovation departed from Athens, Greece for sailings around the Greek Islands on July 3, 2021. Seabourn Odyssey departed from Bridgetown, Barbados for its operations in the South Caribbean on July 18, 2021 (Table 1.2).

**Table 1.2** The resumption schedule of Carnival Corporation & Plc

| Ship name         | Resumption date   | Itineraries resumed  |
|-------------------|-------------------|--|
| AIDAperla         | March 20, 2021    | Resumed operations around the Canary Islands                                 |
| Costa Luminosa    | May 16, 2021      | Resumed operations in Trieste, Italy   |
| Carnival Miracle  | July 27, 2021     | Set sail from Seattle, U.S.  |
| Majestic Princess | July 25, 2021     | Resumed operations from Alaska   |
| Regal Princess    | July 31, 2021     | Set sail again from Southampton  |
| Queen Elizabeth   | July 19, 2021     | Set sail from Southampton, England for British itineraries                   |
| RMS Queen Mary 2  | November 14, 2021 | Resumed the transatlantic itineraries  |
| Seabourn Ovation  | July 3, 2021      | Set sail from Athens to resume sailings around the Greek Islands             |
| Seabourn Odyssey  | July 18, 2021     | Set sail from Bridgetown, Barbados for its operations in the South Caribbean |
| Seabourn Quest    | November 7, 2021  | Set sail from Miami for the Antarctica sailing season                        |
| Seabourn Sojourn  | January 11, 2022  | Depart from Los Angeles for its world cruises                                |
| Seabourn Encore   | April 17, 2022    | Resume operations in Athens, Greece  |

*Source* Seabourn Cruise Line



### **Cruise Sailings Resumed by Royal Caribbean Cruises**

On May 26, 2021, Royal Caribbean Cruises announced that it was approved to resume cruise sailings in the U.S. It was the first reopening of sailings in the U.S. cruise industry following the COVID-19 outbreak more than one year ago. The Celebrity Edge cruise ship of Celebrity Cruises was allowed to be the first to resume operations, becoming the first large luxury liner that restarted sailings in North America upon approval by the U.S. CDC. On June 5, 2021, the Celebrity Millennium departed its home port of Philipsburg, St. Maarten in the Caribbean for a 7-night cruise to three islands, i.e. Aruba, Barbados, and Curacao. The Celebrity Millennium was the first cruise ship of Celebrity Cruises and in North America that resumed sailings. On June 8, 2021, Celebrity Cruises announced that the Celebrity Equinox, following the Celebrity Millennium, obtained the CDC approval to set sail from Fort Lauderdale on July 25, 2021. By mid-September 2021, nine out of the 14 cruise ships owned by Celebrity Cruises had resumed sailings. On July 10, 2021, the Jewel of the Seas cruise ship of Royal Caribbean Cruises set sail again from Cyprus to offer 7-night itineraries to Limassol, Athens, Rhodes, Crete, Mykonos, and Santorini. By the end of August 2021, 12 cruise ships owned by Royal Caribbean Cruises had resumed operations in the Bahamas, the Caribbean, Alaska, and Europe. The Spectrum of the Seas set sail from Hong Kong to offer high seas cruises on July 30, 2021, and will resume operations to offer cruises to nowhere in Hong Kong on October 5, 2021. Silversea Cruises saw the Silver Moon resume operations from Athens on June 18, 2021, the Silver Origin from Ecuador on June 19, 2021, the Silver Muse from Alaska on July 29, 2021, and the Silver Shadow from Iceland on July 30, 2021. On August 6, 2021, Royal Caribbean Cruises announced the latest resumption schedule of its cruise ships, according to which 25 world-class cruise ships will resume sailings by the spring of 2022 (Table 1.3).

### **Cruise Sailings Resumed by Norwegian Cruise Line**

Norwegian Cruise Line resumed sailings from New York, Los Angeles, Port Canaveral, and Miami in the summer of 2021, and reopened the cruise itinerary from Seattle to Alaska on August 7. The Norwegian Encore cruise ship of NCL also debuted in the same summer. The Norwegian Gem started its 7-day Caribbean itinerary on August 15, 2021, and is scheduled to start a 4-day itinerary from Miami to the Bahamas in November 2021. The Norwegian Breakaway is scheduled to start a round-trip from New York to Bermuda on October 24, 2021. The Norwegian Joy is scheduled to restore 5-day to 11-day itineraries from Miami to the Caribbean on October 19, 2021. The Norwegian Bliss is scheduled to start an itinerary from Los Angeles to Riviera Maya, Mexico on October 24, 2021. The Pride of America is scheduled to resume 7-night Hawaiian itineraries departing from Honolulu on November 6, 2021. The Norwegian Bliss is scheduled to resume the 7-night itinerary from Los Angeles to Riviera Maya, Mexico (the Pacific Coast of Mexico) on November 7, 2021. The Norwegian Escape is scheduled to start the

**Table 1.3** The Resumption schedule of Royal Caribbean Cruises

| Ship name                | Date              | Itineraries resumed  |
|--------------------------|-------------------|--|
| Quantum of the Seas      | December 2020     | Operated Ocean Getaways from Singapore   |
| Adventure of the Seas    | June 12, 2021     | Set sail from the Bahamas for 7-night cruise getaways in the Bahamas and at Perfect Day at CocoCay                     |
| Freedom of the Seas      | July 2, 2021      | Set sail from Miami for 3-night to 4-night cruise getaways in the Bahamas and at Perfect Day at CocoCay                |
| Anthem of the Seas       | July 7, 2021      | Departed from Southampton, England for cruises to Liverpool, Scotland, and Northern Ireland                            |
| Jewel of the Seas        | July 10, 2021     | Set sail from Cyprus for a 7-night cruise to the Greek Islands   |
| Serenade of the Seas     | July 19, 2021     | Set sail from Seattle to start a 7-night cruise to Alaska  |
|                          | October 16, 2021  | Set sail from Tampa, U.S. to start 4-night and 5-night cruises to the Caribbean  |
|                          | December 2021     | To start a 7-night cruise in the Caribbean   |
| Odyssey of the Seas      | July 31, 2021     | Departed from Fort Lauderdale for 6-night to 8-night cruises in the South Caribbean and Western Caribbean              |
| Allure of the Seas       | August 8, 2021    | Set sail from Canaveral, U.S. for a 7-night cruise to the Eastern Caribbean and Western Caribbean                      |
| Ovation of the Seas      | August 13, 2021   | Set sail from Seattle to start a 7-night cruise to Alaska  |
|                          | December 13, 2021 | Set sail from Sydney for 2-night to 10-night cruises around Australia  |
| Symphony of the Seas     | August 14, 2021   | Set sail from Miami, U.S. for a 7-night cruise to the Eastern Caribbean and Western Caribbean                          |
| Independence of the Seas | August 15, 2021   | Set sail from Canaveral, U.S. to start a 7-night cruise to the Western Caribbean                                       |
| Harmony of the Seas      | August 15, 2021   | Set sail from Barcelona, Spain for a 7-night itinerary to the Western Mediterranean                                    |
| Mariner of the Seas      | August 23, 2021   | Set sail from Canaveral, U.S. to start 3-night to 4-night cruise getaways in the Bahamas and at Perfect Day at CocoCay |
| Oasis of the Seas        | September 5, 2021 | Set sail from Cape Liberty, U.S. for a 7-night cruise getaway to the Bahamas   |
|                          | November 2021     | Set sail from Miami, U.S. for a 7-night cruise to the Eastern Caribbean and Western Caribbean                          |

(continued)

**Table 1.3** (continued)

| Ship name               | Date              | Itineraries resumed  |
|-------------------------|-------------------|--|
| Liberty of the Seas     | October 3, 2021   | Set sail from Canaveral, U.S. to start a 7-night cruise to the Western Caribbean   |
| Spectrum of the Seas    | October 5, 2021   | Set sail from Hong Kong, China for 2-night to 4-night cruises to nowhere   |
| Explorer of the Seas    | November 7, 2021  | Set sail from San Juan, Puerto Rico for a 7-night cruise getaway to the Southern Caribbean   |
| Navigator of the Seas   | November 19, 2021 | Set sail from Los Angeles for 3-night to 5-night cruises to Santa Catalina Island (California), Ensenada (Mexico), and Cabo San Lucas  |
| Grandeur of the Seas    | December 5, 2021  | Set sail from Bridgetown, Barbados for 7-night and 14-night cruises to the South Caribbean   |
| Brilliance of the Seas  | December 16, 2021 | Set sail from Tampa, U.S. to start 4-night and 5-night cruises to the Bahamas and the Western Caribbean                                |
| Enchantment of the Seas | December 23, 2021 | Set sail from Baltimore, U.S. to start an 8-night cruise to the Bahamas and a selected 12-night cruise to the Southern Caribbean       |
| Vision of the Seas      | January 24, 2022  | Set sail from Fort Lauderdale for 10-night and 11-night cruises in the South Caribbean   |
| Voyager of the Seas     | April 15, 2022    | Set sail from Barcelona, Spain on April 15 and from Copenhagen, Denmark on April 24 for 7-night and 9-night cruises to Northern Europe |
| Radiance of the Seas    | April 29, 2022    | Set sail from Vancouver, Canada for a 7-night cruise to Alaska   |
| Rhapsody of the Seas    | May 23, 2022      | Set sail from Rome, Italy for a 7-night cruise to the Mediterranean and the Greek Islands  |
| Celebrity Millennium    | July 23, 2021     | Reopened its Alaska itineraries  |
| Celebrity Apex          | June 19, 2021     | Set sail from Athens to resume sailing   |
| Celebrity Silhouette    | July 3, 2021      | Set sail from Southampton, U.K. to resume operations   |
| Celebrity Summit        | July 2021         | Set sail from St. Maarten to resume operations   |
| Celebrity Flora         | July 4, 2021      | Set sail from the Galapagos to resume operations   |
| Celebrity Xpedition     | July 24, 2021     | Set sail from the Galapagos to resume operations   |
| Silver Moon             | June 18, 2021     | Resumed operations from Athens   |
| Silver Origin           | June 19, 2021     | Resumed operations from Ecuador  |
| Silver Muse             | July 29, 2021     | Resumed operations from Alaska   |
| Silver Shadow           | July 30, 2021     | Resumed operations from Iceland  |
| Silver Spirit           | September 3, 2021 | Resumed operations from Southampton  |

(continued)

**Table 1.3** (continued)

| Ship name      | Date              | Itineraries resumed                   |
|----------------|-------------------|---------------------------------------|
| Silver Dawn    | November 9, 2021  | Resumed operations from Barcelona     |
| Silver Cloud   | November 14, 2021 | Resumed operations from South America |
| Silver Whisper | November 17, 2021 | Resumed operations from San Juan      |
| Silver Wind    | November 20, 2021 | Resumed operations from Buenos Aires  |

*Source* Royal Caribbean Cruises, Celebrity Cruises, Silversea Cruises

itinerary from Port Canaveral to the Caribbean on November 13, 2021. The Norwegian Encore is scheduled to resume the 7-night itinerary from Miami to the Caribbean on November 14, 2021. The Norwegian Escape is scheduled to reopen the 7-night itinerary from Orlando, Florida to the Caribbean on November 20, 2021. The Norwegian Pearl is scheduled to reopen itineraries from Miami to the Panama Canal, the Bahamas, and the Caribbean on December 23, 2021. The Norwegian Jewel is scheduled to reopen the Panama Canal itinerary from the home port of Panama City on January 20, 2022. The Norwegian Sun is scheduled to reopen the 5-night, 6-day Spring Festival itinerary from Hong Kong, China to Okinawa, Japan on January 28, 2022, and then start longer Asian itineraries from the home ports of Hong Kong, Singapore, and Bangkok. The Norwegian Spirit is scheduled to resume the itinerary from Sydney, Australia to New Zealand on February 9, 2022 (Table 1.4).

### **Cruise Sailings Resumed by MSC Cruises**

The MSC Seaside cruise ship of MSC Cruises resumed sailings in the Mediterranean on May 1, 2021, and restarted operations in the U.S. in August 2021. The MSC Virtuosa made its maiden voyage for a 4-night itinerary departing from Southampton, U.K. on May 20, 2021. On June 25, 2021, the MSC Grandiosa resumed cruise sailings in Spain to offer the classic 7-night Western Mediterranean itineraries departing every Saturday, docking at the ports of Genoa, Civitavecchia (Rome), Naples, Palermo, Valletta (capital city of Malta), and Barcelona, Spain along the way. Guests may choose to get onboard the cruise ship at any of these ports for a cruise getaway. In 2019, the Spanish cruise industry generated an output value of about EUR 2.8 billion and provided about 50,000 jobs. From July 31, 2021 on, the MSC Grandiosa offered 7-night itineraries to Barcelona, Genoa, La Spezia (Florence and Pisa), and Civitavecchia (Rome).

On June 17, 2021, MSC Cruises announced the launch of a large-scale charter flight program for the convenience of European guests who book the MSC Grandiosa and MSC Seaside operating in the Western Mediterranean, the MSC Splendida, MSC Orchestra, and MSC Magnifica operating in the Eastern Mediterranean, and the MSC Seaview operating in the Northern Europe, with flights scheduled to depart from Germany, Spain, France, Italy, and Switzerland, among other countries, between

**Table 1.4** The resumption schedule of Norwegian Cruise Line

| Ship name           | Date              | Itineraries resumed   |
|---------------------|-------------------|---|
| Norwegian Jade      | July 25, 2021     | Set sail from Athens for a 7-night, 8-day itinerary                                 |
| Norwegian Encore    | August 7, 2021    | Set sail from Seattle to resume operations  |
| Norwegian Jewel     | August 15, 2021   | Set sail from Miami to resume operations  |
| Norwegian Gem       | August 15, 2021   | Set sail from the Dominican Republic for a 7-day, 8-night itinerary                 |
| Norwegian Joy       | August 7, 2021    | Set sail from Jamaica for a 7-day, 8-night itinerary                                |
|                     | October 19, 2021  | Set sail from Miami for 5-day to 11-day Caribbean itineraries                       |
| Norwegian Breakaway | October 24, 2021  | Operated a 7-day itinerary from New York to Bermuda                                 |
| MS Pride of America | November 6, 2021  | Offered 7-night itineraries from Honolulu to the Hawaiian Islands                   |
| Norwegian Bliss     | November 7, 2021  | Operated a 7-night itinerary from Los Angeles to Riviera Maya, Mexico               |
| Norwegian Encore    | November 14, 2021 | Offered a 7-night itinerary from Miami to the Caribbean                             |
| Norwegian Escape    | November 20, 2021 | Operated a 7-night itinerary departing from Orlando                                 |
| Norwegian Pearl     | December 23, 2021 | Operated itineraries from Miami to the Panama Canal, the Bahamas, and the Caribbean |
| Norwegian Gem       | January 20, 2022  | Became the first cruise ship to set sail from Panama                                |
| Norwegian Sun       | January 28, 2022  | Set sail from Hong Kong for its first sailing in Asian waters                       |
| Norwegian Spirit    | February 9, 2022  | Operated an itinerary from Sydney to New Zealand                                    |

*Source* Norwegian Cruise Line

July and October 2021. The charter flight program offers more than 26,000 seats and covers multiple airlines, including Iberia, Alitalia, Eurowings, and Neos.

According to the Cruise Lines International Association (CLIA), as of May 2021, 23 cruise ships had resumed sailings, with a combined capacity of 62,700 passengers, accounting for 8.7% of the global cruise capacity. Among these cruise ships, seven were mid-sized with 1,000–2,999 beds, and eight were small-sized with less than 1,000 beds. In July 2021, the global cruise industry continued to reopen rapidly, and 141 cruise ships from 50 operators were scheduled to set sail again, with more than 180,000 beds available and an average passenger capacity of 1,298.

## ***Tightened COVID-19 Rules for Resumed Cruise Operations***

### **COVID-19 Cases Seen During Resumed Sailings**

Even if cruise sailings gradually resumed, there might be new coronavirus cases onboard. On April 30, 2021, a confirmed COVID-19 case was found onboard the *Asuka II*, a cruise ship of NYK Cruises that set sail from the Port of Yokohama. The *Asuka II*, originally scheduled to sail for seven days in Aomori and Hokkaido prefectures, among other places, had to halt the cruise and return to the Port of Yokohama on May 1, 2021. On June 20, 2021, four crew members onboard the *Anthem of the Seas* operated by Royal Caribbean Cruises were tested positive for COVID-19. On June 24, 2021, two passengers onboard the *Adventure of the Seas* of Royal Caribbean Cruises were tested positive for COVID-19 during a routine check. The *Adventure of the Seas* was the first cruise ship of Royal Caribbean Cruises that resumed sailings in North America, with 92% of guests onboard already vaccinated and all crew members vaccinated. The unvaccinated guests were all under the age of 16. Onboard the *Odyssey of the Seas* of Royal Caribbean Cruises, eight crew members were tested positive for COVID-19. Onboard the *Adventure of the Seas*, which departed from Nassau on July 24, 2021, Bahamas, six passengers were tested positive during routine COVID-19 checks, of which four were already fully vaccinated, and the other two were unvaccinated minors. Three out of the four vaccinated passengers were asymptomatic, while the other one showed mild symptoms. The two minors were asymptomatic. Some crew members onboard the *Queen Elizabeth* cruise ship of Cunard Line were tested positive by routine COVID-19 nucleic acid tests (NATs). Onboard the *Costa Smeralda*, which sailed in the Mediterranean from August 1 to 8, 2021, six passengers were reported to be COVID-19 positive. Onboard the *Carnival Vista*, which departed from Galveston, Texas and arrived in Belize in Central America on August 11, 2021, 27 confirmed COVID-19 cases, including 26 crew members and one passenger, were found among 1,441 crew members and 2,895 passengers.

### **Strict Government Requirements for Resumed Sailings**

The U.S. Centers for Disease Prevention and Control (CDC) required that after cruise companies resumed sailings in the U.S., all passengers onboard must wear masks. The *Framework for Conditional Sailing Order (CSO)* required that cruise companies build laboratory capacity for testing their crew members in U.S. waters where they operate, and must run 15 simulated voyages to test their ability to mitigate the COVID-19 risk, with a view to reducing the risk of passengers and crew getting infected. In April 2021, the CDC announced an updated framework for a phased resumption of cruise ship passenger operations by the mid-summer of 2021. On May 5, 2021, the CDC published technical instructions for cruise ship operators preparing to conduct simulated voyages, each lasting for 2–7 days and carrying voluntary passengers above age 18. If a cruise operator could not guarantee that 98% of the crew members and

95% of the passengers were vaccinated, then the operator will have to start at least one simulated voyage before resuming restricted passenger voyages. In February 2021, Canada announced that it would bar cruise ships carrying more than 100 people from Canadian waters. This ban will remain in place until February 28, 2022. Even cruise ships that carry less than 100 passengers need to follow national and local rules on health and safety before carrying out cruise sailings. On May 29, 2021, the Spanish Ministry of Transport, Mobility and Urban Agenda (MITMA) stated that given the favorable evolution of the pandemic in Europe, it adopted a new framework for international cruise ships, which will be able to call at Spanish ports from June 7, but these cruise ships must comply with strict health measures.

On June 30, 2020, the EU released a health gateway guidance that required that cruise operators provide a safe environment for crew members and passengers by reducing capacity, carrying out NATs for all onboard, ensuring safe social distances between people, strengthening disinfection onboard and requiring all staff and passengers to wear masks. Cruise companies including Costa Cruises, TUI Cruises, and AIDA Cruises took corresponding pandemic response measures according to the guidance. The U.K. Department for Transport allowed cruise operators to restart operations in the U.K. on May 17, 2021, provided that cruise ships sailing in U.K. waters carry no more than 1,000 passengers who are restricted to citizens of the British Isles. The DfT prohibited the indoor gathering of more than six individuals or two families onboard. In Denmark, vaccinated passengers onboard cruise ships were allowed to go onshore without any restriction from June 26, 2021.

### **COVID-19 Response Systems Established by Cruise Companies**

MSC Cruises offered a range of mini-cruises and week-long voyages for local tourists in the U.K. All tourists were required to receive RATs for COVID-19 before boarding the ship. All unvaccinated passengers must present the certificate of a negative result from a test for COVID-19 conducted within 72 h before departure. MSC Cruises built a Blue Ribbon COVID Expert Group of highly qualified and internationally respected experts to inform and review the initiatives of MSC Cruises related to COVID-19. MSC Cruises created a safe bubble onboard their ships from the moment of booking to embarkation, life onboard, and through to the return back home thanks to their stringent Health & Safety Protocol. MSC Cruises adopts industry-leading cleaning methods and medical-grade disinfectants on its cruise ships, conducts ongoing health monitoring during voyages, requires that all guests and crew members get tested for COVID-19 before boarding, organizes their own onshore sightseeing activities to protect tourists, and introduces the COVID Protection Plan, an insurance policy specifically for COVID-19 related risks. The Explorer Dream of Dream Cruises was the world's first cruise ship that got accredited under the Certification in Infection Prevention-Maritime (CIP-M) program launched by DNV. The Explorer Dream strengthens health and sanitation operating procedures onboard ships to ensure fresh air in the cabins.

Seabourn Cruise Line resumed sailings in Athens on July 3, 2021. The Seabourn Ovation started to offer 7-day itineraries to Agios Nikolaos, Rhodes, Mykonos, and Nafplio in Greece, and Limassol in Cyprus. These itineraries are open to all vaccinated tourists (at least 14 days after the final dose of the COVID-19 vaccine) who have to present a vaccination certificate. In May 2021, the U.S. CDC approved the Celebrity Summit of Celebrity Cruises to set sail again from Port Everglades, Fort Lauderdale on June 26, with the first voyage at about 40% of its full capacity. Royal Caribbean Cruises rolled out the requirement that all crew members need to be vaccinated, all passengers aged above 16 must present a COVID-19 vaccination certificate, and from August 1, all passengers aged 12 and above must do so. On May 19, 2021, 118 crew members onboard the Koningsdam of Holland America Line got vaccinated at the Port of San Diego, California. On May 20, 2021, 179 crew members onboard the Noordam of HAL got vaccinated off Coronado. On May 21, 2021, 231 crew members aboard the MS Amsterdam of HAL got vaccinated in San Pedro, California. On June 14, 2021, American Queen Steamboat Company announced the kick-off of the Pacific Northwest season. The first cruise was an itinerary between Vancouver, Washington and Clarkston, Washington. All crew members and passengers were required to be vaccinated. Swan Hellenic requires that all staff and crew members receive COVID-19 vaccines before boarding. Crystal Cruises requires that guests must get fully vaccinated (having received two shots of vaccine) against COVID-19 at least 14 days before a cruise voyage, and passengers present a vaccination certificate before boarding the ships.

On June 19, 2021, the Wind Star of Windstar Cruises set sail from Athens, Greece for a 7-night cruise that called at Mykonos, Patmos, Syros, Santorini, Monemvasia, and Nafplio islands. All passengers were required to present a COVID-19 vaccination certificate and receive RATs before boarding, and only those tested negative could board the ship. From July 25 through September 26, 2021, the Majestic Princess of Princess Cruises operated Alaska cruises from Seattle, which visited signature ports, glaciers, and other attractions in Alaska. These cruises were available for guests who have received their final dose of an approved COVID-19 vaccine at least 14 days before the beginning of the cruise and have proof of vaccination. To strengthen pandemic controls, cruise companies have strictly controlled ship capacity since the resumption of cruising. The Carnival Vista set sail from Galveston carrying 2,940 passengers, or at 70% of its full capacity, on July 3, 2021. The Freedom of the Seas of Royal Caribbean Cruises resumed cruising from Miami carrying over 1,000 passengers, or at 30% of its full capacity, on July 2, 2021. Virgin Voyages restarted cruising from Portsmouth, U.K. for its Summer Soirée Series in August 2021. These cruises required that all crew members aged above 18 aboard the ship must get vaccinated. Norwegian Cruise Line required that all tourists and staff who will board the ships must be vaccinated and get tested for COVID-19 by October 31, 2021, and took various measures to ensure health and safety for tourists, including introducing medical-grade air filters to cabins and cooperating with destinations of call. Following a simulated voyage in Miami, U.S., the Freedom of the Seas of Royal Caribbean Cruises received the COVID-19 Conditional Sailing Certificate issued by



CDC that allows the ship to resume cruising provided that all crew members and 95% of guests are fully vaccinated.

### ***Regional Fleet Presence Improved by Cruise Companies***

The Quantum of the Seas of Royal Caribbean Cruises offers 2-night to 4-night Cruise to Nowhere itineraries around Singapore. These cruises are extended to October 2021 and are available to residents in Singapore only. Due to global travel restrictions, Princess Cruises canceled the scheduled voyages of the Ruby Princess in the California Coast and Mexico until August 21, 2021, the voyages of the Caribbean Princess in the Caribbean until August 21, 2021, and all voyages of the Enchanted Princess in the Mediterranean in 2021. On October 13, 2021, the Queen Elizabeth cruise ship of Cunard Line started an international voyage to the Iberian coast and the Canary Islands. The Queen Elizabeth is scheduled to depart from the U.K. in mid-February 2022, then go to operate in Japan on April 13, 2022. The RMS Queen Mary 2 is scheduled to sail in the Caribbean from January to April 2022. On April 22, 2022, the Queen Victoria cruise ship will set sail from Southampton, England for cruises to Western Europe, the Baltic and the Iberian coast. Meanwhile, Cunard Line canceled the scheduled voyages of the Queen Elizabeth from the U.K. to Australia and from the home port in Australia and the world itineraries of the Queen Mary 2 and the Queen Victoria from October 18, 2021 to March 9, 2022, as well as the voyages of the Queen Victoria from September 10, 2021 through April 29, 2022 (including).

From November 13, 2021 to the end of March 2022, the MSC Magnifica will operate 7-night itineraries from the home port of Jeddah, Saudi Arabia to the neighboring Aqaba (Petra) in Jordan, Port Safaga in Luxor, Egypt, and Al Wajh and Yanbu, before returning to Jeddah. MSC Cruises plans to include Tunisia and its port La Goulette in its Mediterranean itineraries for the summer sailing season in 2022 to diversify its offers in the Mediterranean. The MSC World Europa will depart from Dubai to the Mediterranean on March 25, 2023, to operate 7-night voyages in the region for the 2023 summer sailing season. These cruises will call at Genoa, Naples, and Messina in Italy, Valletta in Malta, Barcelona in Spain, and Marseille in France. MSC Cruises launched its innovative MSC Seaview, a Seaside Class cruise ship, in the Baltic. The MSC Seaview offers 7-night cruises from the home port of Kiel, Germany to such destinations as Visby on Gotland, the largest island in Sweden, Nynashamn in Stockholm, and Tallinn, the national capital of Estonia. These itineraries are available to tourists of all age groups in the Schengen Area, Croatia, Romania, and Bulgaria (Table 1.5).

The Costa Firenze of Costa Cruises went into service in Savona, Italy on July 4, 2021. It will operate in the Mediterranean until the end of November 2021, and depart from Dubai in the 2021/2022 winter season for cruises to the UAE (United Arab Emirates), Oman and Qatar, including a visit to the Expo 2020 Dubai, before returning to Europe where it will offer a week-long cruise tour in Italy, France, and

**Table 1.5** Operation plan of MSC Cruises for the 2021 summer sailing season

| Region                | Cruise ship   | Itineraries  |
|-----------------------|---------------|--|
| Western Mediterranean | MSC Grandiosa | Offered 7-night itineraries docking at the ports of Genoa, Civitavecchia (close to Rome), Naples, Palermo in Italy, and Valletta, the capital city of Malta  |
|                       | MSC Seaside   | Set sail from Genoa to call at Syracuse in Sicily and Taranto in Puglia, and dock at Valletta (capital city of Malta) and Civitavecchia  |
|                       | MSC Seashore  | Offered 7-night voyages from August 1 to October 31, calling at the ports of Genoa, Naples, Messina in Italy, Valletta, the capital city of Malta, Barcelona in Spain, and Marseille in France   |
| Eastern Mediterranean | MSC Orchestra | Set sail again on June 5, 2021, departing from Venice, Italy every Saturday and arriving at the Port of Bari the next Sunday, then calling at Corfu and Mykonos in Greece and Dubrovnik in Croatia   |
|                       | MSC Splendida | Set sail again on June 12, 2021, departing from Trieste every Saturday, Italy and arriving at the Port of Bari the next Tuesday, then calling at Dubrovnik in Croatia, Corfu in Greece, and Kotor in Montenegro  |
|                       | MSC Magnifica | Resumed cruising on June 20, 2021, for voyages departing from Venice, Italy every Sunday and arriving at Bari the next Monday, and Piraeus, close to Athens, on Wednesday, then calling at Mykonos, Greece, and Split, Croatia along the way   |
| The U.K.              | MSC Virtuosa  | Made its maiden voyage on May 20, 2021, offered a series of mini-cruises departing from Southampton and calling at the Isle of Portland on the Jurassic Coast in Dorset  |
|                       |               | Started to operate 7-night cruises departing from Southampton on June 12, 2021. Tourists may choose to board the ship at multiple ports, including Liverpool and the nearby Greenock in Glasgow, Scotland. These itineraries pass by the Isle of Portland and Belfast in Northern Ireland. All voyages are available to British tourists |
| Germany–Nordic        | MSC Seaview   | Set sail from the home port of Kiel, Germany for Nordic itineraries on June 15, 2021   |
|                       | MSC Preziosa  | Set sail from Hamburg, Germany on June 21, 2021  |
|                       | MSC Musica    | Set sail from Warnemunde, Germany on June 20, 2021   |

Source MSC Cruises

Spain in April 2022. The Costa Toscana is scheduled to operate a 7-day cruise in the Western Mediterranean, including calling at Barcelona and Valencia in the spring of 2022 and at Ibiza and Valencia in the following summer. The Costa Diadema is scheduled to depart from Savona, Italy on September 26, 2021, to offer long-haul cruises to Turkey and Greece or to Spain and Portugal, and will operate in the Caribbean from December 2021. The Costa Fascinosa is scheduled to resume operation in Savona, Italy on September 23, 2021, for a 10-day cruise to Lisbon, and will offer itineraries to South America in the following winter. The Costa Deliziosa will continue to operate scheduled cruises in the Eastern Mediterranean, then start to offer a round-the-world cruise on January 8, 2022. The Norwegian Sun is scheduled to start its first voyage in Asia on January 28, 2022. The cruise ship will offer 5-day cruises departing from Hong Kong, China, and then 11-day cruises departing from Hong Kong, Singapore, and Bangkok. The Norwegian Sun is scheduled to start 12-day cruises to Australia and New Zealand on February 9, 2022. Due to uncertainties regarding border control, P&O Cruises canceled the remaining cruises to Papua New Guinea and the Solomon Islands in 2021 (Table 1.6).

The ships of MSC Cruises will visit 47 countries and territories from April to November 2022, calling at 124 ports, with 83 selected itineraries available, including ten cruise ships in the Mediterranean, two in the Caribbean, five in the Nordic region, and two in Asia. For the 2022 summer sailing season, Celebrity Cruises will operate six cruise ships in Europe, while Royal Caribbean Cruises will operate four around

**Table 1.6** Scheduled cruises of Holland America Line, 2022–2023

| Region                                    | Date                         | Cruise ship  | Itineraries   |
|---|------------------------------|--------------|---|
| Asia                                      | September 2022–April 2023    | MS Westerdam | All voyages will be 14-day itineraries departing from home ports of Yokohama (Japan), Singapore, and Hong Kong (China) to multiple destinations, including the rest of China, Japan, the Philippines, Malaysia, Vietnam, Indonesia, Cambodia, South Korea, and Russia |
| Australia, New Zealand, and South Pacific | October 2022–April 2023      | MS Noordam   | 12-day to 35-day itineraries departing from the home ports of Sydney and Auckland   |
| South America and Antarctica              | November 2022–March 2023     | MS Oosterdam | 14-day to 22-day itineraries  |
| South Pacific and Hawaii                  | September 2022–February 2023 | MS Zuiderdam | 35-day and 50-day itineraries   |

Source Holland America Line

Alaska. Celebrity Beyond is scheduled to set sail from Southampton, England on April 27, 2021. It will dock at ports in France and Spain, then sail to the Mediterranean to operate cruises to the Italian Riviera, France, and the Greek Islands before operating in the Caribbean in the summer of 2022. The Viking Mississippi will make its maiden voyage in August 2022. This voyage will be the first itinerary of Viking Cruises along U.S. inland rivers, covering the sections of the Mississippi River between New Orleans and Minneapolis. American Cruise Lines scheduled six cruise ships in Northwest U.S. in 2021, including four operating on the Columbia River and its tributary, the Snake River.

## **New Developments in the Global Cruise Industry in the Context of Routine COVID-19 Control**

### ***Continued Progress in the Construction of Cruise Terminals Across the World***

MSC Cruises, upon final approval by the Port of Barcelona's board of directors, will build and operate a new cruise ship terminal at the Port of Barcelona with an estimated cost of EUR 33 million and a concession period of 31 years. The MSC Cruises Barcelona Terminal will occupy 11,670 square meters and go into operation in 2024. Antigua Cruise Port has completed the construction of a USD 30 million terminal which is predicted to bring about 285,000 tourists to Antigua from October to December 2021. Miami signed a joint statement with six leading cruise companies (i.e. Carnival Corporation & Plc, Disney Cruise Line, MSC Cruises, Norwegian Cruise Line, Royal Caribbean Cruises, and Virgin Voyages) and Florida Power and Light to bring shore power to PortMiami. This move will help make PortMiami the first port to provide shore connection in Florida and the wider southeastern U.S. On January 29, 2021, Carnival Corporation & Plc and PortMiami held a groundbreaking ceremony for the expansion of the state-of-the-art Terminal F, which will serve as the home port of Carnival Celebration, an Excel Class ship now being built in Finland and scheduled to be delivered in 2022. Fincantieri and the Italian entity for electricity ENEL signed an agreement on building green port infrastructure and cooperation on battery-powered ground logistics equipment. On July 8, 2021, MSC Cruises commissioned the construction arm of Fincantieri to build a state-of-the-art mega cruise terminal and two new berths with a combined length of 750 m at PortMiami. This project, an investment of about EUR 350 million, will comprise a multi-level central body to serve as many as three large cruise ships at the same time, with up to 36,000 tourists transiting every day. Designed by the award-winning global architecture firm Arquitectonica (ARQ), it is due to be completed by December 2023.

## *Ongoing Innovation in Product Offering at Cruise Companies*

The MSC Virtuosa of MSC Cruises launched Rob, the first robot bartender resident at Starship Club, an immersive bar on the ship. The Starship Club has 3D holograms, an immersive digital art wall, and a 12-seat infinity digital interactive table, giving guests the opportunity to explore space with their own personalized galactic tour. Oceania Cruises released its 180-day world tour itinerary for 2023 operated by Oceania Insignia with a passenger capacity of 684. The cruise will depart from San Francisco on January 15, 2023, and sail to 96 destinations in 33 countries across four continents. This itinerary was sold out within one day, with more than one-third of tickets booked by guests who have never experienced such a cruise, and about 20% of the guests extended the itinerary to 218 days. Seabourn Cruise Line released two round-the-world itineraries for 2023, i.e. a 140-day world cruise to be operated by Seabourn Encore, and a 79-day itinerary to the Americas, the Amazon, and Antarctica to be operated by Seabourn Quest. The Grandeur of the Seas of Royal Caribbean Cruises will depart from the home port of Barbados in the winter of 2021 to operate three different 7-night and 14-night cruises, each with unique destinations, including Scarborough of Tobago, Port of Spain in Trinidad, and Kingstown of St. Vincent and the Grenadines. Carnival Mardi Gras has a special restaurant named ChiBang that offers Chinese and Mexican food where guests may enjoy free-of-charge breakfasts and lunches, and paid dinners. Uniworld Boutique River Cruises, a European inland waterway cruise operator, will launch a 46-day world river cruise in 2023 that is priced at USD 38,999 per person and above and offers all-inclusive services. Vigo, a Spanish shipbuilder, delivered the 138-m-long Sea Cloud Spirit, with a capacity of 136 passengers, to the Germany-based Sea Cloud Cruises. Cunard Line released two 2023 world cruises. The 117-night round-trip cruise onboard Queen Mary 2 will sail from New York to destinations, including Colombo, Singapore, and Hong Kong, emulating RMS Samaria's 1923 world sailing. This itinerary, priced at USD 21,499 per person and above, will take guests through Asia, Australia, and South Africa, and call at Dubai, Sydney, and Cape Town, among other places, for overnight stays. The 92-night cruise onboard Queen Victoria, prices starting at USD 18,499 per person, will visit RMS Laconia's 1922–1923 ports calls with stops in Hong Kong, New York, Singapore, Cabo San Lucas, Colombo, San Francisco, Hilo, Honolulu, Manila, and Naples as well visiting Aruba, Jordan, Tonga. Both voyages can be booked in individual sectors.

Uniworld Boutique River Cruises will, adopting the blind box concept, start a 10-day Mystery Cruise on June 12, 2022, with destinations to be kept secret to guests and prices starting at USD 6,999 per person. On February 14, 2022, Atlas Ocean Voyages, a polar cruise operator, will launch wedding and vow renewal services onboard the World Navigator, with wedding packages available for booking. The Pacific Encounter cruise ship of P&O Cruises Australia, upon dock repair, will fit more with the local culture and aesthetics of Australia. AmaWaterways will offer a 45-night river cruise across seven rivers in Europe. The cruise will depart from Avignon, France and end in Giurgiu, Romania throughout 14 countries. Rates begin

at USD 24,999 per guest. The New York-based Storylines commissioned the MV Narrative residential cruise ship to be built at Brodosplit in Split, Croatia. The MV Narrative, 226 m long, 30 m wide, with a tonnage of 62,000 and 17 decks, powered by LNG, has cabins ranging from 22 to 223 square meters and sells cabin titles each priced at USD 300,000 to USD 8 million and with a holding period of 24 years. The Silver Shadow cruise ship will offer a 139-day world cruise in 2023 that will cover 66 destinations in 34 countries across five continents, with prices at USD 74,000–278,000 per guest. The P&O Arvia cruise ship, powered by LNG, will feature unique programs, including high ropes and skywalk experiences and a Skydome with a retractable glass roof. The Scarlet Lady cruise ship of Virgin Voyages offers an ultra-high-speed wireless network that gives guests access to a transmission rate of 1,000 Mbps. MSC Cruises has introduced a new shipboard property management system to create a seamless link between its shoreside operations and fleet of ships. It is hoped the tool will improve internal efficiencies, tailor guest services and digitalize information for the crew. This pioneering system will radically disrupt the existing shipboard property management systems of the entire cruise industry.

### ***Further Progress in Cruise Ship Building Across the World***

The global cruise shipbuilding market featuring a high monopoly is mainly concentrated in Europe. The Italy-based Fincantieri, the world's largest cruise shipbuilder, owns three design centers, one research center, and 20 shipyards that primarily are located in Italy, the U.S., Australia, Singapore, Norway, India, Poland, and Brazil, with about 20,000 employees. The Germany-based Meyer Werft primarily builds cruise ships for Carnival Corporation & Plc, Norwegian Cruise Line, Royal Caribbean Cruises, and Disney Cruise Line. The Finland-based Meyer Turku mainly builds cruise ships for Carnival Corporation & Plc, Royal Caribbean Cruises, MSC Cruises, Norwegian Cruise Line, and Disney Cruise Line.

Fincantieri's scope of business covers three segments: shipbuilding (cruise ships and naval vessels), offshore and specialty vessels (for offshore wind power and fishery industries), and equipment, systems, and after-sales services. In 2020, the Group delivered 19 ships, including seven cruise ships as scheduled, generating a total revenue of EUR 5.879 billion (2019: EUR 5.849 billion), including EUR 3.281 from cruise ships (2019: EUR 3.631 billion), down 9.6% from 2019. In 2020, the Group held 97 ship orders with a combined value of EUR 27.8 billion and an EBITDA of EUR 314 million. Along with the full resumption of production over time, the Italian shipyard of Fincantieri is expected to deliver five cruise ships in 2021. In Q1 2021, Fincantieri reported EUR 1.426 billion of revenue, up 9.1% from Q1 2020, including EUR 1.278 billion from shipbuilding activities. The Group reported EUR 14 million of extraordinary expenses related to COVID-19 arising from reduced production efficiency and protecting the health and safety of people. In 2021, Fincantieri delivered five cruise ships, i.e. the Silver Dawn, Viking Venus, MS Rotterdam, MSC Seashore, and Valiant Lady. The Group is expected to deliver eight

cruise ships in 2022, nine in 2023, five in 2024, five in 2025, and four each year from 2026 onward. On January 27, 2021, the French Ministry of Economy and Finance (MEF) and Italian Ministry of Economic Development (MISE) announced as “the current economic context does not allow the continuation of the planned merger”, they determined not to proceed with the merger of Chantiers de l’Atlantique and Fincantieri.

On April 8, 2021, Disney Cruise Line held a keel-laying ceremony for the Disney Wish cruise ship at Meyer Werft. The LNG-powered Disney Wish, with a gross tonnage of about 144,000, has 1,250 guest cabins and plans to make its maiden voyage in the summer of 2022. In April 2021, China Merchants Heavy Industry (Jiangsu) Co., Ltd. started to build its sixth cruise ship, which is scheduled to be delivered by the end of October 2022 for polar expeditions. This cruise ship, 104.4 m long and 18.4 m wide, has a designed draft of 5.1 m, a gross tonnage of 8,035, and a maximum speed of 16.3 knots. In 2021, NYK Cruises placed an order with Meyer Werft to build a 51,900 GT cruise ship which is scheduled to commence in 2023 and to be delivered in 2025. Upon completion, this cruise ship will become the largest Japanese-flagged liner. Storylines, a startup cruise line, announced it had placed an order for MV Narrative, a residential cruise ship with a gross tonnage of 55,000 tons. The Narrative, 226 m long and 30 m wide, will have a crew of about 450 members and will be delivered for operation in 2024. On June 28, 2021, the commencement ceremony for MSC Euribia was held at Chantiers de l’Atlantique, Saint-Nazaire, France. This cruise ship, with a gross tonnage of 183,000 tons, is the second LNG-powered cruise ship and the 22nd cruise ship owned by MSC Cruises. It will make its maiden voyage in June 2023. The Norwegian shipbuilder Vard is to build Somnio, a “yacht liner” with a gross tonnage of 33,500. The vessel, 222 m long and 27 m wide, costs USD 600 million, has 39 luxurious apartments onboard and is due to sail in 2024. On August 13, 2021, the Norwegian Prima, a newly built cruise ship of Norwegian Cruise Line, floated out at Fincantieri’s Marghera shipyard. It is the first one of the six Prima Class cruise ships ordered by the Norwegian Cruise Line. The Norwegian Prima, 300 m long and with a gross tonnage exceeding 142,500, can accommodate 3,215 guests (Table 1.7).

### ***Sustained Expansion of Cruise Fleets Across the Globe***

In 2020, the global cruise market saw 23 ocean liners launched, adding 37,700 beds to the existing global fleet of cruise ships, and investments in new ships exceeded USD 9.6 billion. The supply on the global cruise market has sustained a growth trend. From 1998 to 2019, cruise ship supply increased from 220 vessels to 404, an increase of 83.6%, with an average annual growth rate of 3.1%; The number of beds onboard cruise ships increased from 185,200 to 601,700, an increase of 224.8%, with an average annual growth rate of 5.8%; and market capacity increased from 9,368,300 to 27,764,100, an increase of 196.4%, with an average annual growth rate of 5.3%. Through the analysis of the supply side of global cruise tourism, it can be seen that

**Table 1.7** Cruise ships planned to be built in 2021 and 2022 (Units: GT, person)

| Year               | Cruise company             | Ship name        | Shipyard                  | Tonnage | Passenger capacity |
|--------------------|----------------------------|------------------|---------------------------|---------|--------------------|
| 2021               | Disney Cruise Line         | Unnamed          | Meyer Werft               | 135,000 | 2500               |
|                    | Royal Caribbean Cruises    | Oasis 5          | Chantiers de l'Atlantique | 227,000 | 5497               |
|                    | Virgin Voyages             | Unnamed          | Fincantieri               | 110,000 | 2800               |
|                    | Viking Cruises             | Unnamed          | Fincantieri               | 47,800  | 930                |
|                    | Costa Cruises              | Unnamed          | Meyer Turku               | 180,000 | 5000               |
|                    | MSC Cruises                | SeaSideEvo       | Fincantieri               | 169,380 | 4500               |
|                    | Holland America Line       | Pinnacle 3       | Fincantieri               | 99,500  | 2650               |
|                    | AIDA Cruises               | Unnamed          | Meyer Werft               | 180,000 | 5200               |
|                    | Star Cruises               | Global Class 2   | MV Werften                | 204,000 | 5000               |
|                    | SunStone Ships             | Unnamed          | China Merchants Group     | 8000    | 180                |
|                    | Ponant                     | Unnamed          | Fincantieri/Vard          | 30,000  | 270                |
|                    | Crystal Expedition Cruises | Endeavor 3       | MV Werften                | 25,000  | 200                |
|                    | Celebrity Cruises          | Edge Class 3     | Chantiers de l'Atlantique | 117,000 | 2900               |
| 2022               | Crystal Cruises            | Diamond Class    | MV Werften                | 65,000  | 800                |
|                    | MSC Cruises                | World Class      | Chantiers de l'Atlantique | 200,000 | 5400               |
|                    | Norwegian Cruise Line      | Project Leonardo | Fincantieri               | 140,000 | 3300               |
|                    | Royal Caribbean Cruises    | Icon Class 1     | Meyer Turku               | 200,000 | 5000               |
|                    | P&O Cruises                | Unnamed          | Meyer Werft               | 180,000 | 5200               |
|                    | Cunard Line                | Unnamed          | Fincantieri               | 113,000 | 3000               |
|                    | Viking Cruises             | Unnamed          | Fincantieri               | 47,800  | 930                |
|                    | Princess Cruises           | Royal Class 6    | Fincantieri               | 143,700 | 3980               |
|                    | Celebrity Cruises          | Edge Class 4     | Chantiers de l'Atlantique | 117,000 | 2900               |
|                    | Carnival Corporation & Plc | Unnamed          | Meyer Turku               | 180,000 | 5200               |
|                    | Virgin Voyages             | Unnamed          | Fincantieri               | 110,000 | 2800               |
| Disney Cruise Line | Unnamed                    | Meyer Werft      | 135,000                   | 2500    |                    |

Source Cruise Lines International Association (CLIA)



the market has sustained steady growth and witnessed increasingly big cruise ships, with an increased passenger capacity per ship.

In October 2020, Meyer Turku delivered *Mardi Gras*, then the biggest cruise ship owned by Carnival Corporation & Plc, and the first LNG-powered liner in North America. This ship, 337 m long and 42 m wide, has a gross tonnage of 180,800, a maximum capacity of 6,630 guests, and 1,475 crew members. On January 14, 2021, the *Silver Dawn*, a new ship of Silversea Cruises built at a Fincantieri shipyard, floated out for the first time and proceeded to the decoration stage. The *Silver Dawn* is the tenth member of the line's fleet. In March 2021, Meyer Werft delivered the *Odyssey of the Seas*, the second Quantum Ultra Class cruise ship that the yard has built for Royal Caribbean Cruises, and the first cruise ship that the yard delivered in 2021. On April 1, 2021, Brodosplit in Split, Croatia delivered the Ultramarine cruise ship to the U.S.-based Quark Expeditions. The Marshall Islands-flagged Ultramarine, 128 m long, has a capacity of 199 passengers, 140 crew members, a top speed of 16 knots. P&O Arvia, with a gross tonnage of 184,700 and a capacity of 5,200 passengers, is scheduled to be delivered in December 2022. On April 15, 2021, Fincantieri delivered the newly built *Venus* to Viking Cruises in Ancona, Italy. It is the seventh cruise ship that Fincantieri has delivered to Viking Cruises. This ship has a gross tonnage of 47,800 and a capacity of 930 passengers. On July 15, 2021, Fincantieri's shipyard in Ancona undocked *Viking Mars*, the eighth ocean liner that Fincantieri has built for Viking Cruises. This ship adopts a modern Scandinavian style in interior design.

On May 26, 2021, the *Star Legend* of Windstar Cruises was delivered at Fincantieri's Palermo shipyard. It is the second one of the three cruise ships under the line's USD 250 million Star Plus Initiative. On June 16, 2021, Royal Caribbean Cruises announced the start of the construction of the *Icon of the Seas*, its first Icon Class cruise liner, at Meyer Werft's shipyard in Finland. This ship, the first one of the line's three LNG-powered cruise ships, will debut in the autumn of 2023. On June 23, 2021, the Greek cruise line Swan Hellenic saw *SH Minerva*—its first expedition cruise ship—float out of dry dock at Helsinki Shipyard in Finland. *SH Minerva*, 115 m long, has a gross tonnage of 10,500, a capacity of 152 passengers, and a crew of 120 members. This ship adopts a diesel-electric hybrid propulsion system. On June 24, 2021, MSC Cruises held a keel-laying ceremony for *MSC Seascape*, with a gross tonnage of 169,400 and a capacity of 5,877 guests, at Fincantieri's shipyard. *MSC Seascape* is scheduled to go into service in November 2022. *MSC World Europa*, now under construction at Chantiers de l'Atlantique in Saint-Nazaire, France, is scheduled to float out in December 2022. This cruise ship will make its maiden voyage from the Arabian Gulf in Doha, Qatar where it will operate 4-night special itineraries, then operate 7-night cruises in Dubai, before calling at Abu Dhabi, Sir Bani Yas Island, and the Port of Dammam in Saudi Arabia.

In June 2021, MSC Group announced its entry into the high-end luxury cruise market by offering the luxury cruise brand *Explora Journeys* tailored for new-generation travelers. The four luxury cruise ships of MSC Group are to be built by the Italian shipbuilder Fincantieri. The first MSC luxury cruise ship will set sail in 2023, while the other three will go into service in 2024, 2025, and 2026. On June 28, 2021, Vard, Fincantieri's subsidiary in Norway, delivered *Hanseatic Spirit* to Hapag-Lloyd

Cruises. Hanseatic Spirit, 138 m long, with a gross tonnage of 16,000, and a capacity of 230 guests, will primarily sail in the Arctic, Antarctica, and the Amazon. Crystal Endeavor, the first cruise ship of Crystal Cruises for polar expeditions, was delivered at MV Werften, Genting's shipyard in Germany. With a gross tonnage of 20,200 and a capacity of 200 guests, this 164-m-long cruise vessel was supported by a EUR 300 million funding the German Economic Stabilization Fund (WSF) provided to MV Werften. Hermes, a German export credit agency, provided a loan worth EUR 1.6 billion to MV Werften for building cruise ships. Vard delivered Le Commandant Charcot to Ponant on June 22, 2021. The Le Commandant Charcot cruise ship is the world's first expedition liner that is a gas-electric hybrid and currently the only one of its kind that may reach the North Pole. This 150-m-long ship has a gross tonnage of 30,000, a maximum capacity of 270 guests, and a crew-to-guest ratio of 1:1. Chesapeake Shipbuilding Corporation, based in Salisbury, Maryland, U.S., is to build two ships for inland waterway cruises for American Cruise Lines. Virgin Voyages will see three cruise ships, i.e. Scarlet Lady, Valiant Lady, and Resilient Lady in order, to be delivered by July 2022. The Australia-based Scenic Group, which has formed a new brand focusing on yacht cruises, will witness its first oceanic liner Emerald Azzurra to make its maiden voyage through the Mediterranean to the Adriatic Sea, the Black Sea, and the Red Sea in January 2022. Fincantieri's Ancona shipyard is building Viking Venus for Viking Cruises. The Venus cruise ship, with a gross tonnage of 47,800 and a capacity of 930 guests, is scheduled to be delivered in 2022. On July 29, 2021, Le Commandant Charcot was delivered by Vard, a subsidiary of Fincantieri in Norway, to Ponant, and a reflagging ceremony was held. This cruise ship, the 13th member of the Ponant fleet, took six years to be designed and built. Le Commandant Charcot is the world's first LNG-powered gas-electric hybrid polar expedition liner and the only Polar Class 2 (PC 2) vessel among polar cruise ships. This vessel, with 123 luxury cabins and a capacity of 245 passengers, is equipped with cutting-edge navigation and boring systems and a 100% waste and wastewater recycling and treatment system. On August 13, 2021, TUI Cruises launched its newest joint venture brand TUI River Cruises, and named the first ship under this brand TUI Maya which started to sail on August 15, 2021. TUI Maya will offer four itineraries along with the Rhine beginning on October 31, 2021.

# Chapter 2

## G.2 A Study on Developments in China's Cruise Industry, 2020–2021: Steady Progress Continued to Be Made in Shaping the Cruise Economy Industry Chain



Jianyong Shi, Xinliang Ye, and Junqing Mei

### A Good Foundation for Invigorating China's Cruise Industry

#### *Positive Growth in China's Economy Despite the COVID-19 Pandemic*

Despite the severe impacts of the pandemic, China's economy still maintained its strong resilience and steady growth. In 2020, China's GDP reached RMB 101.6 trillion, up 2.3% from 2019, making China the only major economy that realized positive growth in the world. To further increase domestic demand has become a key strategic direction under a new development pattern, as a driver for China's sustained economic growth (Fig. 2.1).

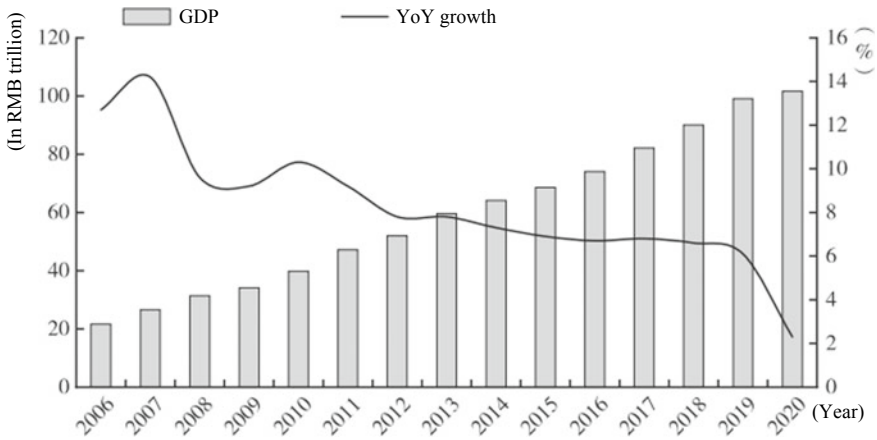
China's economic structure continued to improve. In 2020, the primary sector generated RMB 7.77 trillion of value added, or 7.7% of China's GDP, the secondary sector RMB 38.4 trillion, or 37.8% of GDP, and the tertiary sector RMB 55.3 trillion, or 54.5% of GDP. The annual final consumption expenditure in 2020 contributed to a drop in China's GDP growth by 0.5 percentage points (pps), the gross capital formation contributed to a rise by 2.2 pps, and net exports of goods and services to a rise by 0.7 pps. In 2020, China's gross national product (GNP) reached RMB

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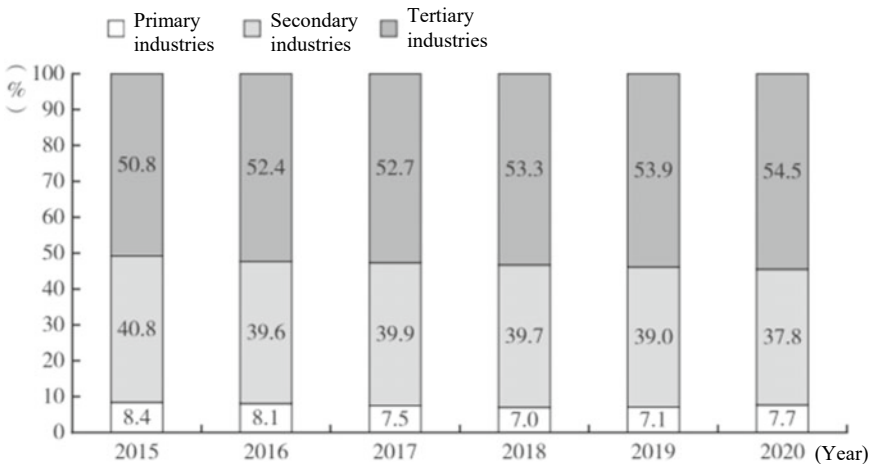
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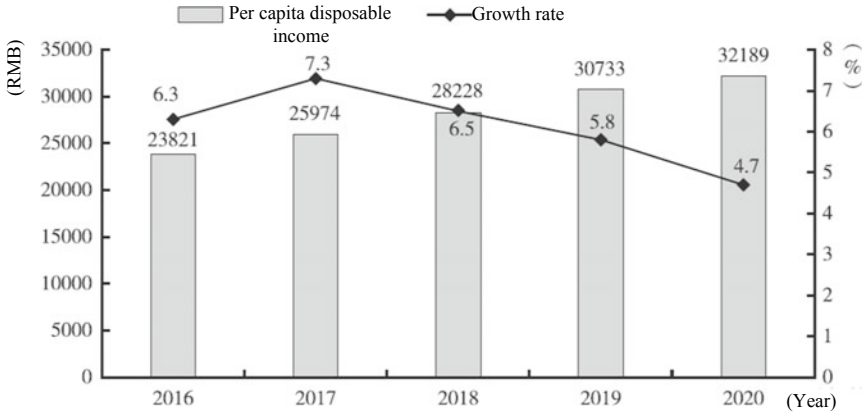


**Fig. 2.1** China's GDP and its growth rates, 2006–2020 (Source Statistical bulletins issued by the National Bureau of Statistics)

100.9 trillion, up 1.9% YoY; the energy consumption per RMB 10,000 worth of GDP reduced by 0.1% YoY; and the overall labor productivity reached RMB 117,000 per capita, up 2.5% YoY. In 2020, China's total retail sales of consumer goods (TRSCG) reported RMB 39.2 trillion, down 3.9% YoY, including RMB 33.9 trillion of urban RSCG, down 4% YoY, and RMB 5.28 trillion of rural RSCG, down 3.2% YoY. In 2020, China's exports of services totaled RMB 1.94 trillion, down 1.1% from 2019, while imports of services totaled RMB 2.63 trillion, down 24% from 2019 (Fig. 2.2).



**Fig. 2.2** China's three industrial sectors (Source Statistical bulletins issued by the National Bureau of Statistics)



**Fig. 2.3** China's per capita disposable income and its growth rates, 2016–2020 (Source Statistical bulletins issued by the National Bureau of Statistics)

### ***Steady Growth in Household Income and a Sound Foundation for Tourist Spending***

In 2020, China's per capita disposable income reached RMB 32,000, up 4.7% from 2019, with a median of RMB 27,500, up 3.8% from 2019. Specifically, the PCDI of urban residents was RMB 44,000, up 3.5% from 2019, with a median of RMB 40,000, up approximately 3% from 2019, while the PCDI of rural residents was RMB 17,100, up approximately 7% from 2019, with a median of RMB 15,200, up about 6% from 2019, leading to an urban-to-rural income ratio of 2.56. In 2020, China's per capita consumption expenditure exceeded RMB 20,000, down 1.6% from 2019. Specifically, the PCCE of urban residents reached RMB 27,000, down 3.8% from 2019, and the PCCE of rural residents reached RMB 13,700, up 2.9% from 2019. The national Engel coefficient in 2020 stood at 30.2%. Specifically, the figure was 29.2% in urban areas, and 32.7% in rural areas (Fig. 2.3).

### ***Strong Desire to Travel Despite a COVID-Affected Tourism Industry***

The COVID-19 pandemic has led to a global economic crisis that will probably last for several years. The tourism economy, in particular, was hit hard during the pandemic as it is a sensitive industry based on long travels, socializing, and staying in other places. Relevant data shows that, in 2020, China's domestic tourist arrivals numbered 2.88 billion, down 52.1% from 2019. Specifically, tourist arrivals from urban areas numbered 2.07 billion, down 53.8% from 2019, and tourist arrivals from rural areas numbered 810 million, down 47.0% from 2019. In 2020, China's domestic

**Table 2.1** China's tourism indicators in 2020

| S/N | Indicator                 | Absolute value   | Change YoY (%) |
|-----|---------------------------|------------------|----------------|
| 1   | Domestic tourist arrivals | 2.88 billion     | -52.1          |
| 2   | Domestic tourism receipts | RMB 2.2 trillion | -61.1          |
| 3   | Outbound tourist arrivals | 20.23 million    | -86.9          |
| 4   | Inbound tourist arrivals  | 27.20 million    | -81.3          |

Source China Tourism Academy (CTA)

tourism receipts totaled RMB 2.2 trillion, down 61.1% from 2019. Specifically, urban tourism receipts reached RMB 1.8 trillion, down 62.2% from 2019, and rural tourism receipts totaled RMB 432 billion, down 55.7% from 2019. The pandemic has had severe impacts on China's outbound and inbound tourism, which could hardly recover in the short run. Since March 28, 2020, China has halted the entry of foreign nationals who hold a valid visa or residence permit, and canceled various types of preferential visa policies. From August 12, 2020 on, China gradually lifted domestic restrictions on the entry of tourists from Macao, but inbound tourism growth was still limited. In 2020, China's inbound tourist arrivals totaled 27.20 million, down 81.3% from 2019, and international tourism receipts totaled USD 17 billion, down 87% from 2019 (Table 2.1).

The sudden outbreak of COVID-19 in early 2020 brought a standstill to China's outbound tourism. Government authorities, including the National Immigration Administration (NIA), released statements to require strengthening epidemic prevention and control to reduce epidemic spread risks and advise Chinese residents to stop inbound and outbound travels as possible. Foreign destinations for outbound tourism also took lockdown measures to control the spread of the virus by closing borders or cutting off transportation, among other means. As a result, in 2020, China's outbound tourist arrivals amounted to 20.23 million, down 86.9% YoY. As the pandemic prevention and control became better, the tourism industry reopened, and the shift from outbound tourism to domestic tourism became an important trend. Under the dual circulation development pattern, domestic consumption played a vital role in driving economic growth and recovery. During the National Day holiday in 2020, destinations across China received 640 million domestic tourists, and domestic tourism receipts totaled RMB 466.5 billion. During the National Day holiday in 2021, domestic tourist arrivals totaled 256 million, up 15.7% YoY, or 75.3% of the pre-COVID level of 2019, and domestic tourism receipts totaled RMB 301.1 billion, up 8.2% YoY, or 58.6% of the pre-COVID level of 2019. During the Dragon Boat Festival (June 12–14) in 2021, domestic tourist arrivals numbered 89.136 million, up 94.1% YoY, or 98.7% of that of 2019, and domestic tourism receipts totaled RMB 29.43 billion, up 140% YoY, or 75% of that of 2019.

## **Sustained Steady Progress Made by China's Cruise Industry**

### ***Increasing Presence of International Cruise Companies in the Chinese Market***

Over recent years, international cruise companies continued to value China's cruise market by increasing their presence in China. Seen from cruise ship supply at home ports in China, there were 12 ships in 2015, 18 in 2016, 18 in 2017, 16 in 2018, and 14 in 2019. In 2020, the cruise market halted operations due to COVID-19. Royal Caribbean Cruises announced its latest flagship program for the Oasis Class on April 20, 2021. The Wonder of the Seas, built at Chantiers de l'Atlantique in Saint-Nazaire, France, originally planned to set sail from Shanghai on March 23, 2022, for 4-night to 8-night international cruises departing from China, but later had to change the plan due to pandemic developments. The Wonder of the Seas, the world's largest cruise ship, is the fifth member of the Oasis Class series. This ship, 362 m long and 64 m wide, has a gross tonnage of 237,000, 18 decks, 2,867 cabins, and a maximum capacity of 6,988 guests. It is the first Oasis Class cruise ship that has ever set sail from China. Royal Caribbean Cruises launched its first cruise departing from China in 2009. Since then, the line has played a big role in driving the development of China's cruise market. Later, RCC launched two new 138,000 GT cruise ships in China, i.e. Voyager of the Seas and Mariner of the Seas. In 2015 and 2016, RCC introduced the latest Quantum of the Seas and Ovation of the Seas to the Chinese market, ushering China into the era of new ships. On January 14, 2021, MSC Cruises announced the planned launch of MSC Virtuosa (181,000 GT) at Chinese home ports in 2022, ushering the Chinese cruise market into the double flagship era. The cruise ships of MSC Cruises started to operate from a Chinese home port in 2016, including MSC Lirica (maiden voyage in 2002, 65,000 GT, 2,621-passenger, 274.9 m long, and top speed at 20.8 knots), MSC Splendida launched (133,500 GT, 333 m long, 38 m wide, 3,900-passenger, and a 1,300-member crew) in 2018, and MSC Bellissima (maiden voyage in 2019, 172,000 GT, 315 m long, 43 m wide, 2,244 cabins, average speed at 22.7 knots, 4,500-passenger, and a 1,536 crew). The latter was planned to be launched in 2021 but later canceled due to the pandemic. The introduction of MSC Virtuosa and MSC Bellissima to China will give a big boost to the line's capacity and business presence in the Chinese cruise market. On December 22, 2020, Costa Cruises announced that Costa Firenze, the line's latest cruise ship, was expected to arrive in China in 2022. Costa Firenze, 323.6 m long and 37.2 m wide, has a gross tonnage of 135,500, 20 decks, a maximum speed of 18 knots, a capacity of 5,246 passengers, and 2,136 cabins.

## *China's Homemade Cruise Ships Under Steady Construction*

Large cruise ships (LCSs) are the only type of ships that China has not yet conquered. President Xi Jinping pointed out that heavy investment in the cruise industry would be a good thing for both the country and the people, and China should not just develop this industry, but build its own cruise ships. Shanghai is building 130,000 GT cruise ships, each costing about USD 770 million. CSSC Cruise Technology Development Co., Ltd. (CCTD) is tasked with developing the cruise operations of CSSC and shaping a cruise industry ecosystem. To this end, CCTD has, in partnership with Fincantieri, formed a Sino-foreign joint design team with over 100 members. At the 2020 Shanghai Conference on Advancing Intelligent Manufacturing, Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS) was named one of the first “Shanghai Smart Factories” for its Smart Veneer Workshop that supports the construction of homemade LCSs, as the only Shanghai shipbuilder named so. On January 11, 2021, the Waigaoqiao Cruise Ship Interior Manufacturing Platform project commenced. With a gross floor area of approximately 70,000 m<sup>2</sup>, the project is expected to generate an annual sales revenue of RMB 1 billion. On January 18, 2021, the first large super-wide section of an LCS built by SWS completed shifting and mounting. In February 2021, the super-wide veneer section S1 for an LCS built by SWS completed shifting and mounting. It was the second super-wide veneer section completed at SWS' #8 platform following the veneer section N2, marking the full implementation of the assembly line process route at the #8 platform.

On April 28, 2021, H1508, China's first domestically built LCS, saw the completion of ship production design model balancing and the structural production design drawings, providing strong technical support for the continuous construction of LCSs. At the end of May 2021, SWS completed 86% of the section fabrication for its first cruise ship, and 62% of hull closure. The hull is scheduled to float at the end of 2021, and the ship is scheduled to be delivered in 2023. On June 24, 2021, SWS' first cruise ship section rolled off the production line, marking the entry of the construction of China's first LCS into a new stage (Table 2.2).

On September 24, 2020, the construction of Ocean Odyssey, the fifth polar expedition cruise vessel undertaken by China Merchants Group (CMG), commenced. The technical design of this cruise ship is in line with SRtP, USPHS, USCG, and other codes and requirements regarding cruise shipbuilding. On December 29, 2020, the design proposal for the 52,000 GT mid-size cruise ship independently developed by China Merchants Cruise Shipbuilding Co., Ltd. received the Approval in Principle (AIP) certificate from Lloyd's Register of Shipping (LR). This cruise ship, about 235 m long and 31 m wide, has a gross tonnage of about 52,000 and a capacity of 948 passengers. The ship is designed in line with the SOLAS 2020 damage stability regulations and the green, eco-friendly philosophy, leading in speed, fuel consumption, waste discharge, and comfort. It adopts an azimuthing podded propeller with its noise, vibration, and harshness (NVH) meeting the highest standards for passenger ships. On March 18, 2021, CMG held the launch ceremony for the CMHI-196 2 project, part of CMG's polar expedition cruise ship series, and the closure ceremony



**Table 2.2** Shanghai's progress in advancing the construction of domestically built LCSs

| Date           | Specific progress  |
|----------------|--|
| October 2019   | Commencement of steel cutting for China's first domestically built large cruise ship (LCS) at Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS) |
| June 2020      | Commencement of the L3 Mock-up Interior II work of the LCS project   |
| June 2020      | Commencement of the first block outfitting work for the first domestically built LCS   |
| June 2020      | China's first LCS veneer processing center plant delivered at SWS  |
| June 2020      | Completion of the Organic Waste Gas Treatment Plant revamping project for Coating Phase III AB/CD Span of the LCS project                      |
| July 2020      | Commencement of the block outfitting work for homemade LCSs  |
| August 2020    | Commencement of the section assembly for the LCS project H1508   |
| September 2020 | Roof capping completed for the matching capital project supplier service building under the LCS Master Plan                                    |
| October 2020   | Rollover operations completed for the first large-span veneer block of China's first LCS at #4 assembly platform                               |
| November 2020  | The transfer of China's first domestically built LCS into the dock for continuous mounting   |
| December 2020  | SWS honored as one of the first "Shanghai Smart Factories"   |
| December 2020  | The inaugural ceremony for "Shanghai Smart Factory" held in the Veneer Center at SWS   |
| January 2021   | Completion of shifting and mounting for N2, the first large super-wide section of an LCS at SWS  |
| January 2021   | The CSSC Meeting for the Appraisal of Execution Plans for the Safe Return to Port (SRtP) of Cruise Ships held at SWS                           |
| January 2021   | Completion of hoisting of power generators for China's first LCS at SWS  |
| February 2021  | Delivery of the Cruise Supplies Stacking Platform  |
| March 2021     | The launch ceremony for the Cruise Project EPC Management Platform   |
| March 2021     | Inauguration of Waigaoqiao Cruise Outfitting Technicians Studio  |
| April 2021     | Completion of ship production design model balancing and the structural production design drawings for the H1508 project                       |
| June 2021      | Completion of the blocks of H1508  |

Source Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS)

for the CMHI-196-5 project. On May 8, 2021, the polar expedition cruise ship CMHI-196-4 was accredited by RINA regarding cruise epidemic prevention and control. It was the first epidemic safety certificate obtained by a newly built vessel in China and the first cruise ship epidemic safety certificate. On May 18, 2021, the new-generation high-end cruise ship for the Yangtze River was launched. The ship, about 150 m long and 23 m wide, has a designed draft of 3 m, a top speed of 25 km/h, and a maximum capacity of 600 passengers. This cruise ship, the first river cruise vessel built by China Merchants Industry, is primarily intended for sightseeing tours from Chongqing to Wuhan along the Yangtze River. It adopts an azimuthing steerable rudder propeller.

## ***Acceleration in Shaping China's Local Cruise Supply Chain System***

In its effort to build the first homemade large cruise ship (LCS), China faces difficulties in know-how, construction management, and supporting supply, among other problems. Drawing upon the experience of Western countries, Japan, and South Korea, China identified the path of “international cooperation, industry-finance integration, and bringing in for digestion, absorption, and re-innovation”, ultimately realizing independent manufacture and boosting the localization of cruise ship-building over time. In the early stage, CSSC partnered with Fincantieri to found CSSC Fincantieri Cruise Industry Development Co., Ltd., a cruise ship design joint venture controlled by the Chinese party, to bring in foreign design ideas and cruise technologies. CSSC G-Art Cruise Sci-Tech Development (Shanghai) Co., Ltd. focuses on decoration engineering for luxury cruise ships and other high-end vessels. CSSC G-Art has established three platforms, i.e. interior design, construction management, and supply chain management platforms, and three centers, i.e. Cruise Accessories Testing, Certification and R&D Center, Cruise Modular Cabin R&D Center, and Cruise Interior Technician Training Center. By absorbing state-of-the-art cruise interior technology, the company aims to build up comprehensive technical capacity in cruise interior design, construction management, and supply chain management over time, and contribute to the localization of cruise accessory products.

In May 2020, CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd. was established to pool and coordinate domestic and foreign resources to build a cruise supply chain system, bring together global premium cruise interior projects, and provide relevant businesses with derivative supply chain services, including logistics, certification, training, living services, financing, factoring, and leasing. In July 2020, R&M Cruise Interior Technologies (Shanghai) Co., Ltd. was incorporated. In November 2021, CSSC Cruise Industry Development (Shanghai) Co., Ltd. was incorporated. CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd. and CSSC Cruise Industry Development (Shanghai) Co., Ltd., which specialize in cruise interior, heating and ventilation, audio and video and lighting, network communications, and other areas, drove the structural upgrading of China's shipbuilding industry with a view to supporting the construction of domestically built cruise ships. In March 2021, CSSC Waigaoqiao Cruise Supply Chain Co., Ltd. acquired Rheinhold & Mahla (R&M), a world-leading supplier of ship interior services and materials based in Germany, becoming the architect and leader of China's cruise industry ecosystem. R&M, founded in 1887, is headquartered in Hamburg and Wismar, with 550 employees and a turnover of about EUR 137 million. R&M is a global provider of individualized, integrated solutions to interior outfitting for all types of ships. The Group's scope of business covers the whole value chain from engineering consulting to design, planning, and execution, and then to the production of big and small projects. R&M is one of the leading equipment suppliers for German naval vessels, ferries, and cruise ships. R&M Group has undertaken the interior works of public spaces covering more than 14,000 m<sup>2</sup> for China's first LCS, responsible for carrying

**Table 2.3** Members of the CSSC Cruise Supply China System (Unit: %)

| Company   | Investor   | Stake |
|---|--|-------|
| CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd.    | CSSC Cruise Technology Development Co., Ltd.                 | 60.00 |
|   | Shanghai Waigaoqiao Free Trade Zone Group Co., Ltd.          | 40.00 |
| CSSC Cruise Industry Development (Shanghai) Co., Ltd.       | CSSC Cruise Technology Development Co., Ltd.                 | 57.14 |
|   | Shanghai Red Star Macalline Technology Development Co., Ltd. | 42.86 |
| R&M Cruise Interior Technologies (Shanghai) Co., Ltd.       | R&M SHIP TECHNOLOGIES GMBH                                   | 70.00 |
|   | Shanghai G-Art Cruise Development Co., Ltd.                  | 30.00 |
| R&M Cruise Technology Development (Shanghai) Co., Ltd.      | R&M SHIP TECHNOLOGIES GMBH                                   | 50.00 |
|   | CSSC G-Art Cruise Sci-Tech Development (Shanghai) Co., Ltd.  | 50.00 |
| CSSC G-Art Cruise Sci-Tech Development (Shanghai) Co., Ltd. | Shanghai G-Art Cruise Development Co., Ltd.                  | 80.00 |
|   | CSSC Jiujiang Marine Equipment (Group) Co., Ltd.             | 20.00 |

Source Adapted from public information

out cruise interior works during the continuous assembly and mounting in the first LCS dock, playing a strategic backstop role in interior engineering as part of the cruise engineering value chain (Table 2.3).

### ***Maturing Cruise Industry Parks in China***

Shanghai International Cruise Industry Park, the first cruise industry park in China, is positioned as a national service base for the research and commercialization of core cruise technology. The park's scope of services covers the research and commercialization of core cruise equipment; the development and commercialization of cruise information systems; the R&D and commercialization of smart cruise navigation systems; the development, testing, and commercialization of cruise interior, safety and recreational systems; a full range of lifecycle technology services for cruise ships and other vessels. The startup area of the park (Phase I) covers about 400 *mu* of land, and the aggregate area of the park is about 2 km<sup>2</sup>. Located in Baoshan District, Shanghai, this park covers an area east of Panjing Road, south of Jinshi Road, west of Luodong Road, and north of Jinshao Road. In the future, the park may extend to an area east of Luodong Road, south of Jinshi Road, west of Fuchang Road, and north of Jinshao Road, and an area east of Fuchang Road, south of Jinshi Road, west of Yunchuan Road, and north of Luobei Road.

China Merchants Shekou Industrial Zone Holdings Co., Ltd (CMSK) is building a cruise ship manufacturing base and cruise supporting industry park covering 650,000 m<sup>2</sup> in Nantong, Jiangsu Province. The project will introduce a state-of-the-art European automated, smart veneer assembly line, and bring onboard domestic and foreign players up and down the cruise supporting industry chain, in a bid to build an international cruise supporting industry park. The park, occupying about 200 *mu* of land and covering a gross floor area of about 750,000 m<sup>2</sup>, will house supporting industries including modular cabin unit, aluminum products, composite materials, glassware, and furniture and furnishing, as well as cruise manufacturing-related facilities, such as R&D center, testing and certification center, showroom, and bonded warehouse. In addition, the park will facilitate the development of a well-equipped international cruise city to pursue port–industry–city integrated development and offer whole industry chain services for cruise manufacturing.

China Merchants Cruise Cabin Unit Assembly Center was delivered on December 30, 2020. This center, with a GFA of about 48,000 m<sup>2</sup>, is adjacent to China Merchants Cruise Manufacturing Base and located in Plot 1, China Merchants Cruise Supporting Industry Park. This center adopts the advanced European cruise cabin production model, and is equipped with state-of-the-art production lines, laser projectors, multi-layer cantilever racks, omnidirectional forklifts, and automatic packers, among other types of customized equipment. The center adopts intelligent assembly line production that is driven by digital and information technology to meet the needs of intelligent cabin production to the greatest extent. The Cruise Research Institute and Cruise R&D Center buildings, part of China Merchants Haimen International Cruise City, have a combined GFA of about 10,000 m<sup>2</sup>. The Cruise Research Institute is committed to building a high-level international workforce and academician workstation, with areas of focus on fostering local cruise supporting industries, facilitating the local procurement of materials, reducing cruise manufacturing costs, and contributing to the shift of Haimen economy toward high-end equipment manufacturing. On June 23, 2021, China Merchants Cruise Research Institute and Cruise R&D Center in Haimen held the opening ceremony and the Cruise (Supporting) Industry Cluster Development Forum, with a view to establishing cruise supporting industries system.

### ***Enhanced Capabilities in Local Cruise Operations in China***

Cruise operations are key to boosting the profitability of local cruise companies. Over recent years, China's local cruise industry has seen weak operations management capabilities and a shortage of professionals in this regard. In contrast, foreign cruise companies have stable operations management teams and considerable in-house mobility. China's local cruise companies are generally weak in attracting professionals. Working experience in a foreign cruise company is more helpful to one's career than in a local cruise company with only one ship. As a result, local cruise companies find it difficult to recruit a strong operation management team. There is a

shift from autonomous operations toward commissioned operations, then the current joint venture or cooperative operations. Most local cruise lines, however, still opt for autonomous operations. Both JV and cooperative operations rely on foreign teams, with ship supply and other aspects run by foreign parties, thus going against building strong operations management capabilities. Local cruise lines underperform in innovation, have no adequate understanding of the cruise market, and consider market needs more from a supply-side perspective, such as excessive localization.

CSSC Cruise Technology Development Co., Ltd. and Carnival Corporation & Plc signed the Blanket Agreement on Cruise Operations via a video conference on April 29, 2021. This agreement stipulates the purchase and handover of the cruise ship *Costa Mediterranea*. The two shareholders agreed upon that, aiming at building a flagship Chinese cruise brand, CSSC Carnival Cruise Shipping, as the actual operator of two cruise ships in operation and “2 + 4” cruise ships in progress, will develop cruise operations capabilities across the board. CSSC Carnival Cruise Shipping has established a complete organizational structure and management system for cruise operations and recruited domestic cruise professionals to build a cruise operations team with a set of core capabilities, including itinerary planning, revenue management, marketing, financial control, and new ship management. Nansha District, Guangzhou and Sanya CBD Administration signed a cruise cooperation strategic agreement on March 11, 2021. Under the agreement, the two parties will first jointly develop “multi-stop” cruise itineraries and create a “twin home ports” itinerary operation model. Leveraging Guangzhou’s advantage in tourist sources and Sanya’s advantage in attractions and duty-free shops, Nansha will work with Sanya to strengthen cooperation with cruise companies on itinerary development. The two sides will explore Nansha-Sanya as home ports, Nansha-Sanya-SCS (South China Sea) local cruise itineraries, or Sanya/Hainan-Nansha-Hong Kong-Japan/Vietnam/Philippines cruise itineraries to Southeast Asia and other destinations. In addition, the two sides will integrate the resources of twin home ports to offer differential, diverse cruise itineraries featuring “cruise plus local cultural tourism” and “cruise plus duty-free shopping”, among other combinations. By doing so, they aim to boost the appeal of cruise tourism, develop new markets, work together to fuel the cruise tourism industry, drive the sharing of cruise tourist sources, accelerate the extension of the cruise industry chain, co-shape a cruise industry cluster, and build a distinctive regional cruise brand.

### ***Significant Expansion of Cruise Fleets in China***

China’s local cruise fleets have been expanding over recent years. HNA Cruises Co., Ltd., founded in August 2012, is the first cruise operator who owns a luxury cruise ship on China’s mainland. Diamond Cruise is China’s first wholly owned private cruise operator. Large-scale Chinese central SOEs, including CSSC, China Merchants Group (CMG), China Tourism Group (CTG), COSCO SHIPPING, and CCCC, have been investing heavily in cruise terminal construction and local cruise

ship acquisition, among other aspects, with a view to building local cruise brands. Given the importance of local cruise brands to the extension of China's cruise industry chain, stronger support needs to be provided to these domestic brands. Building local cruise fleets is fundamental to seizing the initiative in the cruise industry going forward. Sanya International Cruise Development Co., Ltd., a wholly owned subsidiary of CCCC Ocean Investment Holding Co., Ltd., is a specialized investment arm, incubator, and cruise industry resources integration platform under the parent company. Sanya International Cruise is committed to investing in and developing cruise ships and yachts, maritime transport, tourism and wellness services, port-city integration, and destinations, among other areas. Relying on the cruise industry, the company has developed a portfolio of hospitality management, cruise operations, international duty-free shopping, and high-end tourism and wellness destinations. Sanya International Cruise strives to establish a domestic cruise tourism standard operating procedure (SOP) to enhance the services and experiences of the cruise industry and drive progress in the cruise market.

CTG and COSCO SHIPPING established a JV named Astro Ocean International Cruise Co., Ltd. The two parties jointly founded Astro Ocean International Cruise (Xiamen) Co., Ltd. on June 14, 2019. CSSC Carnival Cruise Shipping Limited was co-founded by CSSC Cruise Technology Development Co., Ltd. and Carnival (U.K.) Limited, with the former holding a 60% stake, in Hong Kong SAR on March 19, 2018. CSSC Carnival (Shanghai) Cruise Shipping Limited, a wholly owned subsidiary of CSSC Carnival Cruise Shipping, was incorporated in Shanghai on August 22, 2019. On November 25, 2020, CMSK and Viking Cruises announced the signing of a JV agreement. Under the agreement, the two parties will form a joint venture to offer mid-size luxury cruise products to high-level Chinese intellectuals, building the world's first cruise operator who owns a fleet of five-star red flag cruises. China Merchants Viking Cruises Co., Ltd. was incorporated in December 2020. China Merchants Viking Cruises bought the Viking Sun cruise ship at a price of USD 400 million (excluding taxes). For this transaction, 10% of the consideration paid came from own funds, and the remaining 90% from financial leasing. This financial leasing service was provided by Tianjin CMB JIN 62 Leasing Co., Ltd. (Buyer, Lessor, Pledgee), a wholly owned subsidiary of CMB Financial Leasing, against the ships China Merchants Viking Cruises (Seller, Lessee, and Pledger) sold to the Lessor. The total financing amount is 90% of the sum of the ship transaction price and import duties and taxes (about USD 427.14 million). The lease term is 144 months, and the arrangement fee is charged at 1.2% of the total financing amount (Table 2.4).

In February 2020, Shanghai Blue Dream International Cruise Co., Ltd., a controlled company of Fujian Zhongyu Group, acquired the 25,000 GT Glory Sea and renamed it Blue Dream Star (gross tonnage: 25,000; 7 decks; 181.4 m long and 25.52 m wide; 418 cabins; passenger capacity: 1,275; crew: 325; average speed: 24 knots). Blue Dream Star was revamped at COSCO SHIPPING Heavy Industry (Zhoushan) Co., Ltd. The scope of work primarily covered: the overhaul and servicing of main and auxiliary engines; the overhaul of engine cabin equipment and systems; the renovation of shore power equipment, lifeboat maintenance; the retrofit of the paints of the whole ship and some ballast tanks; the repair and maintenance of the

**Table 2.4** Local cruise companies in China

| S/N | Local cruise company                                     | Investor  |
|-----|--|---|
| 1   | HNA Cruises Co., Ltd.                                    | HNA Hospitality Group Co., Ltd.   |
| 2   |  | HNA Tourism Management Holding Co., Ltd.  |
| 3   | SkySea Holding International Ltd.                        | Ctrip, Royal Caribbean Cruises, SkySea Cruise Line's management, Pangaea Capital Management |
| 4   | Bohai Cruise Management Co., Ltd.                        | Bohai Ferry Co., Ltd.   |
| 5   | Celebrity Diamond Cruise Management (Shanghai) Co., Ltd. | Shanghai Glory Sea Tourism Development Co., Ltd.  |
| 6   | Shanghai Blue Dream International Cruise Co., Ltd.       | Fujian Guohang Ocean Shipping (Group) Co., Ltd.   |
| 7   | Astro Ocean International Cruise (Xiamen) Co., Ltd.      | China Tourism Group   |
| 8   |  | China COSCO Shipping Corporation Limited  |
| 9   | CSSC Carnival (Shanghai) Cruise Shipping Limited         | CSSC Cruise Technology Development Co., Ltd.  |
| 10  |  | Carnival (U.K.) Limited   |
| 11  | Sanya International Cruise Development Co., Ltd.         | CCCC Ocean Investment Holding Co., Ltd.   |
| 12  | China Merchants Viking Cruises Co., Ltd.                 | China Merchants Cruise Co., Ltd.  |
| 13  |  | Viking Cruises Limited  |

*Source* Chinese-funded cruise companies

propulsion system, bow thruster, and CPP paddles, among other items; swimming pool retrofit; the revamp of public areas. Blue Dream Star was opened for visits aboard to Zhoushan citizens and students in early August 2021. In October 2020, Carnival Cruise Lines sold Carnival Fascination to Century Cruises, who renamed it Century Harmony (maiden voyage in 1994; gross tonnage: 70,367; passenger capacity: 2,056; crew: 920). Sanya International Cruise Development Co., Ltd. has established the Fuxi Yongle cruise brand, in an effort to build an internationally recognized Chinese cruise brand. The first cruise ship of Fuxi Yongle was named Charming (gross tonnage: 77,499; 261.31 m long and 32.25 m wide; 15 decks; 1,088 cabins; passenger capacity: 2,222; crew: 825; built by Fincantieri; and maiden voyage in 1998). The handover ceremony for Viking Sun was held at Shekou Cruise Home Port on April 16, 2021. The Viking Sun cruise ship officially joined the fleet of China Merchants Viking Cruises and was renamed China Merchants Aden or Zhao Shang Yi Dun (gross tonnage: 47,842; 228.2 m long and 28.8 m wide; designed draft: 6.45 m; 465 cabins; passenger capacity: 930). The naming and inaugural ceremony for Yi Dun, China's first five-star red flag luxury cruise ship, was held on June 26, 2021. The Yi Dun cruise ship will, from the home port of Shenzhen, operate coastal cruise itineraries centering on domestic destinations, offering in-depth cultural tourism services to travelers with a strong interest in nature, history,

folk customs, and food culture, among other elements. In addition to being China's first five-star red flag high-end cruise ship, Yi Dun is the first high-end cruise ship independently operated and managed by a Chinese cruise operator. Yi Dun launched four 8-day, 7-night round-trip cruises from Shenzhen to Sanya as warm-up itineraries from August 22 to September 19, 2021. At present, Chinese cruise companies own eight cruise ships, i.e. Chinese Taishan, Blue Dream Star, Costa Atlantica, Costa Mediterranea, Piano Land, MV Charming, Century Harmony, and Yi Dun.

### *A Sound Layout of Cruise Ports Across China*

According to the overall plan of the Ministry of Transport on coastal cruise ports in China, by 2030, China will shape a cruise port layout led by two or three home ports, underpinned by ports of departure, and supplemented by ports of call (Table 2.5).

CCCC (Guangzhou) Cruise Home Port Investment Development Co., Ltd. held the delivery acceptance meeting for the 225,000 GT cruise ship berth dredging and shore power project on April 20, 2021. The project was delivered upon on-site inspection and data checks. It marked the completion of delivery acceptance for all 14 individual works at Guangzhou Nansha International Cruise Terminal, indicated that China's largest international cruise home port was fully operational, filled the gap in cruise infrastructure at the Port of Guangzhou, and strengthened Guangzhou's role as an international shipping hub. The terminal project at Nansha International Cruise Home Port passed the final acceptance check on June 24, 2021. Key items checked included the 225,000 GT cruise berth, the 100,000 GT cruise berths, and auxiliary facilities, including berthing waters, turning basins, secondary fairway waters, terminal shore power, and boarding bridges.

In April 2021, Beihai Cruise International Home Port saw the completion and delivery acceptance of the terminal water works and rear hydraulic reclamation and revetment works, primarily including a 50,000 GT-class cruise berth (tonnage reserved by water works: 100,000 GT) and two 20,000 GT berths. The terminal, 354 m long, has a designed capacity of one million passengers per year. The ground-breaking ceremony for China Merchants Zhanjiang International Cruise Terminal was held on July 1, 2021. The terminal, 590 m long, will have one 80,000 GT cruise berth and one 30,000 GT cruise berth. The project, with an estimated cost of RMB 784 million, has a designed capacity of 500,000 passengers per year and is expected to be completed and operational by the end of 2021. Zhanjiang International Cruise City, occupying a land area of 183,642 m<sup>2</sup>, is a cruise port-themed vibrant urban center with distinctive marine characteristics and a mix of purposes, including commercial offices, cultural and recreational activities, leisure tourism, and eco-friendly dwelling. The Port Operation Command Center at Shekou Cruise Home Port went into service in April 2021. This integrated cruise port command center, occupying about 150 m<sup>2</sup>, is equipped with a 35-square-meter high-definition LED screen and 18 seats to perform a range of functions regarding the port operation, such



**Table 2.5** Composition of China's local cruise fleets

| Ship name          | Company  | Gross tonnage | Passenger capacity | Flag state | Status         |
|--------------------|--|---------------|--------------------|------------|----------------|
| Henna              | HNA Cruises Co., Ltd.                              | 4.70          | 1965               | Panama     | Out of service |
| Golden Era         | SkySea Cruise Line                                 | 7.15          | 1814               | Malta      | Sold           |
| Glory Sea          | Diamond Cruise International Co., Ltd.             | 2.45          | 1275               | Bahamas    | Sold           |
| Chinese Taishan    | Bohai Cruise Co., Limited                          | 2.45          | 927                | Liberia    | In service     |
| Blue Dream Star    | Shanghai Blue Dream International Cruise Co., Ltd. | 2.45          | 1275               | Bahamas    | In service     |
| Costa Atlantica    | CSSC Carnival Cruise Shipping Limited              | 8.56          | 2680               | Italy      | In service     |
| Costa Mediterranea |  | 8.56          | 2680               | Italy      | In service     |
| Piano Land         | Astro Ocean International Cruise Co., Ltd.         | 6.98          | 1880               | Bermuda    | In service     |
| Charming           | Sanya International Cruise Development Co., Ltd.   | 7.75          | 2222               | Bermuda    | In service     |
| Century Harmony    | Chongqing Grand Century Cruises Ltd.               | 7.03          | 2634               | Panama     | In service     |
| Yi Dun             | China Merchants Viking Cruises Co., Ltd.           | 4.78          | 930                | China      | In service     |

Source Chinese-funded cruise companies

as ship and station monitoring, acceptance of business demands, service safety supervision, situational awareness and information analysis, command and dispatch, and emergency response. Haikou Municipal Bureau of Planning and Natural Resources released the *Feasibility Study Report on the Change in the Use of Sea Waters for the Artificial Island Cruise Terminal and Harbor Basin Integrated Tourism Development Project at Nanhai Pearl Cruise Port, Haikou Bay (Exposure Draft)* on May 10, 2021. The project originally planned to construct the harbor basin and cruise terminal. Following the change, the project plans to, based on the original scope of work, build a marina for yachts on the east side of the harbor basin. The total project cost is estimated at RMB 499.90 million (Table 2.6).

**Table 2.6** Evolution of the reception capacity of cruise ports in China

| Year opened | Cruise port  | Number of berths | Reception capacity  |
|-------------|--|------------------|---|
| 2006        | Sanya Phoenix Island International Cruise Terminal | 1                | An 80,000 GT international cruise terminal                                |
| 2007        | Shanghai Port International Cruise Terminal        | 3                | Able to accommodate three 70,000 GT luxury cruise ships at once           |
| 2010        | Tianjin International Cruise Home Port             | 2                | Able to accommodate 220,000 GT luxury cruise ships                        |
| 2011        | Wusongkou International Cruise Terminal            | 2                | One 100,000 GT, the other 200,000 GT                                      |
| 2014        | Zhoushan Archipelago International Cruise Port     | 1                | A 100,000 GT (and 150,000 GT) cruise terminal                             |
| 2015        | Qingdao Cruise Home Port                           | 3                | Able to accommodate 227,000 GT cruise ships                               |
| 2016        | Guangzhou International Cruise Home Port           | 1                | Able to accommodate 150,000 GT international cruise ships                 |
|             | CMSK International Cruise Home Port                | 2                | One 220,000 GT, the other 100,000 GT                                      |
|             | Dalian International Cruise Terminal               | 1                | A 150,000 GT cruise berth   |
| 2018        | Wenzhou International Cruise Port                  | 1                | Able to accommodate 50,000 GT cruise ships and 100,000 GT cruise ships    |
|             | Haikou Xiuying Port                                | 1                | Able to accommodate 100,000 GT cruise ships                               |
|             | Wusongkou International Cruise Terminal            | 4                | Two for 225,000 GT cruise ships, and two for 150,000 GT cruise ships      |
| 2019        | Guangzhou Nansha International Cruise Home Port    | 2                | One for 225,000 GT cruise ships, the other for 100,000 GT cruise ships    |
| 2020        | Yantai International Cruise Home Port              | 3                | Three newly built large cruise berths                                     |
| 2020        | Xiamen Cruise Terminal Renovation Project          | 3                | One for 150,000 GT cruise ships, the other two for 80,000 GT cruise ships |
| 2021        | Pingtang Area, Port of Fuzhou                      | 1                | A 150,000 GT cruise berth   |
| 2021        | Beihai International Cruise Port                   | 2                | One for 50,000 GT cruise ships, the other for 20,000 GT cruise ships      |

(continued)

**Table 2.6** (continued)

| Year opened | Cruise port                             | Number of berths | Reception capacity   |
|-------------|---|------------------|--|
|             | Zhanjiang International Cruise Terminal | 2                | One for 80,000 GT cruise ships, the other for 30,000 GT cruise ships |

Source Cruise ports

### ***Further Greater Policy Support for the Cruise Industry***

Over recent years, to drive the better and faster development of China's cruise industry, the central government and local governments in coastal areas have rolled out a variety of cruise and cruise-related policies. In March 2020, the National Development and Reform Commission (NDRC) and other 22 national authorities jointly issued the *Implementation Opinions on Promoting Consumption Expansion and Quality Improvement and Accelerating the Creation of a Strong Domestic Market*. This document explicitly proposes to accelerate the construction of China cruise tourism development demonstration zones and experimental zones. In March 2021, the CPC Central Committee and the State Council issued the *Outline of China's National Comprehensive Transportation Network Plan*. The Outline sets forth requirements for developing the cruise industry, including improving tourist service facilities and functions, building cruise terminals and yacht marinas, and diversifying cruise tourist service offerings, ultimately shaping a new pattern of shared and active development between transport and tourism sectors over time. *The Opinions of the Ministry of Transport on Pilot Programs in Shanghai for Building a Country with Strong Transportation Network Including Promoting the Integrated Development of Transportation in the Yangtze River Delta*, issued in November 2020, proposes to advance the construction of Wusongkou International Cruise Terminal, and identifies the direction of Shanghai Port International Cruise Terminal, i.e. giving priority to developing the port of call and high-end cruise services. This document also sets forth the following opinions: to improve the collection, distribution, and transportation systems at cruise ports, building passenger traffic hubs, and bettering transport organization; to improve the cruise ticket system and the quality of cruise services; to encourage cruise companies to reinvent cruise products and to develop cruise itineraries pursuant to the law. The *Overall Plan for the Comprehensive Pilot Program of Further Opening up the Service Sector in Shanghai*, issued by the Ministry of Commerce in April 2021, proposes to, drawing on the experiences and policies of the ocean cruise pilot program in Hainan, facilitate the operation of the Cruise to Nowhere itineraries by Chinese cruise companies before Chinese-flagged cruise ships going into operation. The Overall Plan also proposes to delegate the powers of licensing Chinese cruise operators to engage in Chinese-funded non-five-star red flag cruise getaways to the competent transportation authority in Shanghai. The plan also allows wholly foreign-funded travel agencies incorporated in Shanghai

to engage in outbound tourism operations targeting Chinese citizens (except for trips to Taiwan) under a pilot program.

The *Implementation Plan for Accelerating the Cultivation of the Import Trade Promotion and Innovation Demonstration Zone in Nansha District, Guangzhou*, issued by Guangzhou Municipal Commerce Bureau on March 4, 2021, proposes to accelerate the development of the cruise tourism economy in Nansha District, Guangzhou and advance the construction of the national cruise tourism development demonstration zone. According to the implementation plan, Guangzhou will strive to roll out a 15-day visa-free policy for the entry of foreign tour groups aboard cruise ships at Nansha Port, with a view to fueling inbound tourism from cruise ships and facilitating the development of cruise tourism. The city will explore a “fast track” model of supplies provision at the cruise terminal, one-stop customs clearance for cruise supplies, the establishment of duty-free shops and tax refund stores at the cruise home port, and high-end cross-border tourism by cruise ship or yacht. The *Opinions on Promoting High-Quality Tourism Development*, issued by the People’s Government of Fujian Province in May 2021, proposes to advance the construction of Xiamen International Cruise Home Port and the cruise terminal renovation in the Jinjing Area of Pingtan Port, as well as support the construction of the national cruise tourism development demonstration zone in Fuzhou. The *Implementation Rules for the Measures of Guangzhou Economic and Technological Development Zone & Guangzhou Hi-Tech Industrial Development Zone, Huangpu District, Guangzhou for Further Promoting the Development of Modern Shipping Services*, issued on May 14, 2021, is applicable to modern shipping service providers, including cruise, yacht and pleasure boat operators. This document encourages cruise companies and relevant agencies to reinvent cruise itineraries and expand water leisure tourism services, and gives more rewards and stronger support to companies and agencies that develop or operate cruise itineraries, including international cruise and pleasure boat itineraries departing from Huangpu District, with a grant up to RMB 20 million per year. The *Measures of Hainan Province for the Administration of the Pilot Program of Chinese “Flag of Convenience” Cruises at Cruise Ports (For Trial Implementation)* was issued on July 12, 2021. These Measures, effective from August 1, 2021 through December 31, 2024, make clear the entry conditions and the principal responsibility of licensed program operators, strengthen the regulations during and after the operation, relax the entry conditions for cruise transport operators, and simplify the management of domestic passenger boarding certificates. Meanwhile, cruise industry policy research institutions in China have increased. For example, the inaugural ceremony for Hainan Institute for Cruise Law-based Governance and Development, co-founded by the Hospitality Institute of Sanya (HIS) and Dalian Maritime University (DLMU), and the DLMU Institute for Maritime Law-based Governance and Culture was held in Sanya on March 19, 2021. These institutes will offer advisory services regarding maritime law-based governance and culture issues, carry out collaborative research projects, develop shipping law training products, and train high-level professionals in shipping law.

## **Trends in China's Cruise Industry During the 14th FYP Period**

### ***Priority to Developing Cruise Tourism at the National Level***

The *Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China* sets forth the requirement to adopt better policies for the development of cruises. *The 14th Five-Year Plan for Cultural and Tourism Development* of China's Ministry of Culture and Tourism proposes to, capitalizing on the cruise and other products and routes, accelerate the shaping of an integrated multi-trip transport landscape, drive the development of maritime and littoral tourism, and advance the construction of cruise tourism development demonstration zones and experimental zones across China.

### ***Further Improvement in Cruise Industry Planning at the Local Level***

#### **Shanghai: To Develop a Whole Industry Chain for Cruise Economy**

Shanghai's 14th Five-Year Plans set forth priorities to accelerate the construction of international first-class cruise terminals, further improve management systems for cruise berthing and traffic and customs clearance and mobility of cruise tourists, further enhance cruise public emergency response tactics and standards, try to introduce a pilot program for Cruise to Nowhere itineraries in Shanghai, further improve the cruise terminal integrated transport system, advance the construction of a world-famous tourist city, and push ahead of the construction of Shanghai Baoshan Cruise Tourist Resort.

The *Plan of Shanghai Municipality on Deepening the Construction of a World-Famous Tourist City during the 14th Five-Year Plan Period* sets forth that the city will accelerate the construction of an international first-class cruise home port with global competitiveness and build an international cruise tourism hub with global resource allocation capacity over time. Shanghai will facilitate the innovative development of cruise tourism, try to introduce routine "multi-port of call" operations of cruise ships in coastal areas, explore combined innovation between cruise tourism and other tourist products, including "cruise plus the Yangtze River tours" and "cruise plus the Yangtze River Delta tours", and encourage cruise companies to expand their international cruise itineraries. Shanghai will improve its integrated tourism transport system at cruise terminals, establish sound cruise tourism supporting service system, enhance cruise-related finance, insurance, duty-free shopping, and other functions, and accelerate the construction of Wusongkou International Cruise Tourist Resort in Baoshan District, Shanghai. The city will build a shipping tourism and ecological

experience zone by capitalizing on attractions including Wusongkou International Cruise Tourist Resort, Wusong Cannon Bay Forest Wetland Park, and Binjiang Forest Park. Shanghai will develop an international cruise health risk management system, strengthen cruise tourism administration, boost its capacity in cruise berthing and traffic and customs clearance and mobility of cruise tourists, and attract international cruise companies to open offices in Shanghai, ultimately building a global cruise corporate headquarters base. The city will shape a whole cruise industry chain with priorities on cruise equipment manufacturing, cruise services, itinerary customization, route planning, and cultural and creative design. Shanghai will encourage cruise companies to expand itineraries along with coastal cities. Shanghai will make full use of the 15-day visa-free entry policy for foreign tour groups arriving by cruise ship to strengthen “multipoint connection” between domestic cruise ports. In addition, Shanghai will improve the overall policy design for inbound tourism, and work actively to scale up the 144-h transit visa-free policy and issue individual tourism visas at Shanghai ports.

*The 14th Five-Year Plan for the Construction of Shanghai as an International Shipping Center* sets forth the following: Shanghai will construct international first-class cruise ports by coordinating the cruise terminal service and functional layout featuring “two major terminals”, i.e. Shanghai Wusongkou International Cruise Terminal and Shanghai Port International Cruise Terminal, and “one backup terminal”, i.e. Waigaoqiao Cruise Terminal, Pudong District. The city will strictly carry out routine COVID-19 response measures required by national and municipal governments and try to introduce a pilot program for Cruise to Nowhere itineraries in Shanghai, in an effort to create favorable conditions for the resumption of operations at cruise ports and accumulate more epidemic control experiences. Shanghai will further diversify the mix of cruise tourism products. While fighting against COVID-19, the city will increase cooperation and interaction with overseas cruise ports, with a view to developing “multi-port of call” cruise itineraries and attracting more international cruise ships to call at Shanghai Cruise Port. Shanghai will benchmark with world-class cruise ports, improve service management capacity at cruise ports across the board, and further enhance a management system that adapts to the needs of cruise berthing and traffic and customs clearance and mobility of cruise tourists. Shanghai will take further the pilot program of the cruise ticket system and create a sound cruise public information service platform, thus shaping cruise ticket operation and management experiences that can be replicated and scaled up across China. The city will improve the transport network around Shanghai Wusongkou International Cruise Terminal to increase the connectivity between the cruise terminal and means of public transport, including urban rail transit. Shanghai will improve its cruise emergency management system to establish sound cruise public safety and health emergency response tactics and management standards, ultimately pursuing the elevation of Shanghai’s emergency management standards to national, even Asian standards. The city will make full use of the leading role of Shanghai international cruise home ports to accelerate the construction of a regional cruise home port portfolio and to establish the Yangtze River Delta Cruise Tourism Service Alliance, in an effort to enhance service connectivity.

Shanghai will expand its cruise industry chain by accelerating the independent design and construction of cruise ships and development of local cruise fleet, developing international cruise supporting industry platforms, including the International Cruise Industry Park in Baoshan District and Waigaoqiao Cruise Supporting Industry Park in Pudong District, and intensifying efforts to foster a local cruise shipbuilding and repair industry cluster. Shanghai will fully tap into its cruise home port capacity strength to adopt the international cruise ship supply model characterized by global procurement and centralized distribution, build an international cruise ship supplies distribution center that can reach the rest of Asia, pursue the routine transshipment of international cruise containers, support the effort of local companies to become part of the international cruise ship supply industry chain, and attract international cruise operators to set up international cruise supplies distribution centers in Shanghai. Shanghai will create an international cruise e-commerce display and transaction platform and an international cruise cross-border shopping platform, ultimately pushing the shift of cruise tourism consumption in overseas markets toward the domestic market. The city will advance the construction of an international cruise corporate headquarters base by strengthening, reinventing, studying, and introducing facilitation policies and incentives for international cruise corporate headquarters, so that more global cruise companies and agencies will set up regional headquarters or global operation centers in Shanghai.

*The 14th Five-Year Plan of Shanghai Municipality for Comprehensive Transportation Development* sets forth that Shanghai will strictly follow routine COVID-19 control measures required by national and municipal governments, and pursue the pilot operation of Cruise to Nowhere itineraries in Shanghai.

China's cruise industry chain highly concentrates in Baoshan District, Shanghai. The 14th five-year plan of Baoshan District has set the tone for the cruise industry. Baoshan will build the China cruise tourism development demonstration zone according to high standards, increase the capacity of Shanghai Wusongkou International Cruise Terminal, expand the cluster of businesses within Shanghai International Cruise Industry Park, and improve the functions of the core areas of the Cruise Riverside Belt and the International Cruise City. Baoshan will further improve the management and services for Shanghai Wusongkou International Cruise Terminal, step up the construction of the terminal's supporting infrastructure, shape sound management and service system for international cruise berthing and traffic and customs clearance and mobility of cruise tourists, push the cruise port authority to introduce supporting measures to accelerate the construction of China cruise tourism development demonstration zone, drive innovation in the customs clearance system and model at the international cruise terminal, and establish standard boarding processes for international cruise tourists, ultimately instituting better and standard customs clearance management procedures for such tourists. Baoshan will actively explore to create a national cruise ticket service platform, establish sound, comprehensive COVID-19 control and emergency response systems for cruise ships and home ports, strengthen cruise port operation and support capacity, step up the effort to build a world-leading smart international cruise port and cruise service standardization demonstration port, advance the recovery of normal cruise operations,

and continue to diversify international cruise itineraries. The district will advance the development of Baoshan International Cruise Industry Park by relying on local cruise leaders, including CCTD to form a cruise industry cluster that incorporates cruise ship design and R&D, cruise manufacturing, cruise ship repair, cruise operations, and cruise services over time, finally establish a sound local cruise supporting industry system. Baoshan will make active efforts to establish a special cruise area supervised by the customs house where FTZ institutional innovation can be piloted at the cruise terminal. Baoshan will drive the clustering of domestic and foreign companies associated with the cruise industry, further improve the cruise industry supply chain, and bring core players on the cruise industry chain, foreign or domestic, into Shanghai, thus creating a cruise supporting industry chain and ecosystem covering production and assembly, software support, and auxiliary supporting elements.

### **Tianjin: To Intensively Invest in the Cruise Tourism Industry**

Given its status as a cruise hub in north China, Tianjin sets forth in its 14th five-year plan the following initiatives: The city will facilitate the development of the cruise industry and improve cruise transport to build an international first-class hub port. Tianjin will invest extensively in the provision of cruise supplies and duty-free goods by improving the city's supplies delivery capacity at Dongjiang Cruise Home Port and driving the expansion of its cruise logistics industry. Tianjin will continue to grow its international cruise tourism industry by actively developing international cruise itineraries departing from the city, strengthening international cruise home port integrated services and functions, and creating a better customs clearance environment at the International Cruise Port. The city will strive to receive one million inbound tourist arrivals per year at the International Cruise Port by 2025. Tianjin will advance the construction of an international cultural tourism destination by offering innovative tourist products, diversifying international cruise tourism itineraries, and expanding coastal cruise tourism itineraries, with a view to building an internationally known cruise tourism destination. Tianjin will improve its duty-free shopping capacity by enhancing the competence of duty-free shops at the Cruise Home Port. By capitalizing on the resources at Tianjin International Cruise Home Port, the city will build a national marine recreation and sports center with an increased appeal to tourists.

### **Hainan: To Develop and Grow the Cruise Tourism Industry**

*The 14th Five-Year Plan of Hainan Province on Comprehensive Transportation Development* sets forth that Hainan will accelerate the construction and development of international cruise ports, i.e. Sanya International Cruise Home Port as a home port and Haikou International Cruise Departure Port as a port of departure, as well as push ahead of the construction of Danzhou Cruise Port of Call, with a view to better meeting the needs of receiving international mainstream large cruise ships.



*The 14th Five-Year Plan of Hainan Province on the Development of Marine Economy* sets forth the following initiatives: Hainan will foster a bigger cruise tourism market and advance the construction of China cruise tourism experimental zone, to attract more international cruise ships to register in Hainan. Hainan will accelerate the construction and development of Sanya International Cruise Home Port, along with the supporting cruise commercial services, and build an international cruise onshore distribution center. Hainan will build high-standard, high-level Haikou Cruise Terminal and Danzhou Cruise Terminal, along with international cruise onshore distribution centers. Hainan will boost the domestic circulation of international cruise itineraries by developing cruise itineraries around Hainan Island, offshore itineraries around Beibu Bay, and itineraries from eastern coastal areas to Hainan, particularly cruise itineraries around Xisha Islands. Hainan will actively explore the international cruise itineraries for the international circulation, give full play to the role and influence of international cooperation platforms such as the Asia Cruise Alliance and the China–ASEAN Cruise Tourism Development Alliance, strengthen the cooperation and development programs of cruise tourism Maritime Silk Road, provide jointly quality international cruise itineraries, and gradually build international cruise itineraries around the South China Sea, of the Regional Comprehensive Economic Partnership (RCEP) regions, and of the countries along the Maritime Silk Road. Hainan will develop ocean Getaway itineraries for Sanya cruise ports, and open cruise duty-free shops on international cruise ships and at cruise ports. Hainan will promote the cruise industry chain development elements, such as international cruise ship maintenance, cruise ship supply, cruise ship registration, cruise finance and insurance, and cruise marketing, to be further concentrated in Hainan, thus accelerating the development of the Hainan cruise economy industry chain. Hainan will improve the service for international cruise ports, such as Sanya International Cruise Home Port, Haikou Xiuying Port, and Danzhou Haihua Island Cruise Terminal. Hainan will explore and launch five unique cruise itineraries: around Hainan Island, from coastal cities to Hainan, Cruise to Nowhere, around the South China Sea, and Belt and Road cruise, so as to further innovate and enrich the cruise tourism industry and develop a cruise tourism industry cluster. Hainan will position the International cruise home port as a pilot cruise tourism zone based on Sanya's development goal through the duty-free fuel, the bonded ship supply, financial leasing, and other policies. It is planned that, in 2025, a cruise tourism industry cluster will be initially built with cruise tourism services as the core, covering cruise operations, cruise support, and cruise port operations, thus developing a pan-South China Sea tourism economic circle.

### **Dalian: To Grow the Cruise Economy**

Dalian is the center of cruise tourism in Northeast China. Dalian stated in its 14th Five-Year Plan that its role as an international shipping center of Northeast Asia should be further highlighted, which requires facility construction projects for the international cruise center. Dalian will coordinate the overall development and renovation of the

Dalian port area to grow the cruise economy. Dalian will carry out projects to motivate cruise and yacht consumption, encourage the policies for attracting the registration of international cruises, and develop international cruise and inbound tourism business for foreign tourists. The city will introduce a time-bound visa-free policy for foreign tour groups traveling by cruise ships, expand the cruise lines connecting to more countries and regions, and support the opening of cruise itineraries available around the Bohai Sea, to the Yangtze River Delta, and to Japan and South Korea. Dalian will carry out cooperation in cruise tourism along the Maritime Silk Road and pursue the pilot of High Seas itineraries for cruise ports. Dalian will accelerate the 15-day visa-free policy to facilitate the arriving foreign tour groups from the pilot region's ports by cruise ships and to seek government support for Dalian's 30-day visa-free policy for inbound tourists and business guests from Japan, South Korea, and Russia. Dalian will make innovations in the maintenance and supervision models to provide foreign cruise ships with maintenance business. Dalian will win government support for the inclusion of Dalian as a pilot zone of Chinese "flag of convenience" cruises high seas itineraries, as well as international tourism "multi-destination" itineraries. The city will build the onshore international cruise tourism distribution center, with customs supervision systems adapted to the international cruise distribution business, such as customs inspection, quarantine, and clearance. Dalian will also accelerate the construction of the cruise port and its supporting facilities to increase social and economic benefits in this region.

### **Qingdao: To Make the International Cruise Home Port Bigger and Stronger**

Qingdao stated in its 14th Five-Year Plan that great efforts should be made to develop cruise tourism, thus strengthening and expanding the duty-free business of Qingdao International Cruise Home Port and winning back outbound tourists. Qingdao will further improve the quality and level of marine cultural tourism development, vigorously develop the cruise tourism industry, and accelerate the construction of Qingdao International Cruise Home Port. Qingdao will seek government policies on a 15-day visa-free to facilitate foreign tour groups that enter Qingdao by cruise ships, so as to stimulate the inbound cruise tourism development in Qingdao.

### **Jiangsu: To Support the Development of Cruise and Yacht Tourism**

Lianyungang stated in its 14th Five-Year Plan that the new business forms of cultural tourism should be grown, the development of cruise tourism should be accelerated, the international cruise home port should be built, and the tourism policy on Cruise to Nowhere itineraries should be sought. In addition, coastal resorts, cruise tourism, marine sports tourism, marine cultural tourism, and other marine tourism products should be explored in a faster manner, so as to make the marine tourism industry stronger and promote the coordinated development of the leisure tourism industry

at sea and on land. Nantong stated in its 14th Five-Year Plan that the development of the cruise economy supporting industry chain should be promoted, and Nantong Jianghai Cruise Port should be built.

### **Fujian: To Grow a Distinctive Cruise Tourism Industry**

Fujian Province stated in its 14th Five-Year Plan that richer coastal tourism products in Fujian Province should be required, and a cruise tourism industry with Fujian characteristics should be created. Fujian will leverage the policy advantages of the Free Trade Zone to accelerate the construction of a national pilot zone for cruise tourism development. Fujian will open more cruise itineraries, including those to Taiwan, and promote the regular operation of cruise itineraries from Pingtan to Taipei, Taichung, and Kaohsiung. Fuzhou stated in its 14th Five-Year Plan that the cruise economy should be grown at a faster pace, and new tourism business forms should be expanded, such as coastal tourism and marine leisure tourism and cultural experiences. Quanzhou stated in its 14th Five-Year Plan that the construction of “Maritime Quanzhou” should be promoted, and cruise berths should be increased to enhance the competitiveness of Quanzhou ports. Xiamen stated in its 14th Five-Year Plan that the international shipping center should be improved, the construction of the international cruise home port should be promoted, and cruise itineraries should be expanded with the expectation that the number of cruise tourists received will grow to 600,000 in 2025. Moreover, efforts should be made for the building of a cruise industry supporting system, the international cruise ship material supply base, the international cruise duty-free complex, the world-famous cruise tourism service brands, and the cruise economy industry chain.

### **Guangdong: To Develop the International Cruise Home Port**

Guangdong Province stated in its 14th Five-Year Plan that the marine ship manufacturing industry should be promoted to develop and grow, and the manufacture of mega cruise ships and other high-value-added marine equipment should be accelerated. Quanzhou stated in its 14th Five-Year Plan that cruise tourism development should be promoted, the cruise port clearance system should be improved, the China Merchants Shekou International Cruise Home Port Consumption Circle should be built, the high-quality, high-level China Cruise Tourism Development Pilot Zone should be constructed, and cruise tourism itineraries should be expanded. Guangzhou stated in its 14th Five-Year Plan that with the Maritime Silk Road and other maritime cultural resources, emerging tourism business forms such as cruising and yachting should be promoted, Guangzhou Nansha International Cruise Home Port as an inbound and outbound visitor distribution hub should be strengthened, and cruise tourism inbound and transit consumption should be encouraged. Guangzhou will highlight the coordinated development of cruise ports to build a regional cruise port cluster with Shenzhen and Hong Kong. With the leading role of the Tourism

Federation of Cities in Guangdong-Hong Kong-Macao Greater Bay Area as a platform, Guangzhou will strengthen the sharing of regional tourism resources, build tourism products and service brands with international influence, and accelerate the construction of a national pilot zone for cruise tourism development.

### **Zhejiang: To Promote the Construction of International Cruise Ports with Positive Efforts**

Zhejiang Province stated in its 14th Five-Year Plan that international cruise tourism talent training should be strengthened, cooperation between maritime schools in Zhejiang Province and domestic cruise tourism-related colleges should go further to establish an international cruise tourism talent training base. Zhejiang will promote the development of the cruise shipbuilding and repair industry and encourage Zhoushan to build a world-class cruise shipbuilding and repair base. Zhejiang will advance the development of cruise ports, such as Wenzhou International Cruise Port, Zhoushan Archipelago International Cruise Port, and Taizhou Dachen International Cruise Port, enhance the capacity of the cruise port of departure and the port of call, and seek the pilot operation of Cruise to Nowhere itineraries. Ningbo stated in its 14th Five-Year Plan that cruise tourism development should be promoted and international cruise ports should be planned and built. Wenzhou stated in its 14th Five-Year Plan that the development of the cruise industry should be accelerated, and the policy system supporting the cruise industry should be improved to promote the construction of international cruise ports. Zhoushan stated in its 14th Five-Year Plan that the development of Zhoushan Archipelago International Cruise Port should be promoted to enhance the appeal of cruise tourism.

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# Chapter 3

## G.3 Ten Highlights in the Development of China's Cruise Industry, 2020–2021



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The year 2021 marks the opening year of China's 14th Five-Year Plan, the start year of a new journey to build a modern socialist country, and a key year for China's economy to get back on the right path after the COVID-19 pandemic. Despite the serious impact of the COVID-19 pandemic, China's cruise economy industry continues to move forward, in particular, the design and building of homemade mega cruise ships are on schedule; China Merchants Group, China Communications Construction Group, China State Shipbuilding Corporation, and other major central enterprises is increasing investment in the cruise industry; the domestic cruise fleet continues to grow in scale terms; the first five-star red flag cruise was completed. In the development of China's cruise industry, hot events have drawn widespread attention from the cruise industry and academia at home and abroad. The hot events are significant landmarks and milestones that play an important leading role and have a profound impact on the development of China's cruise industry.

In order to thoroughly analyze the influence and insights brought by the hot events on China's cruise economy, Shanghai International Cruise Business Institute has conducted in-depth research and discussion with the cruise industry and academia based on the new circumstance and trends of cruise industry development and has identified top ten hot events with strong typicality, influence, and far-reaching impact to be analyzed. By analyzing the top ten hot events and studying their insights on the development of the cruise industry, more effective support may be provided in order to give a better impetus to the high-quality development of China's cruise industry.

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## **Hot Event I: The 14th Five-year Plan Defined the Direction of Cruise Industry Development, Leading the High-quality Development of China's Cruise Economy**

### *Events*

China attaches importance to the development of the cruise tourism industry, for which it was stated to further improve the cruise and yacht development policies in China's 14th Five-Year Plan. China stated in the national 14th Five-Year Plan on culture and tourism development that the development of China Cruise Tourism Development Demonstration Zone and China Cruise Tourism Pilot Zone should be promoted. Shanghai stated in its 14th Five-Year Plan that world-class cruise ports should be built, pilot Cruise to Nowhere itineraries should be sought, the comprehensive transportation system of cruise ports should be improved, and the construction to develop Shanghai into a world-renowned tourist city should go further. Baoshan District of Shanghai stated in its 14th Five-Year Plan that Baoshan District should be built into a cruise tourism development model in China according to high standards, the Shanghai Wusongkou International Cruise Terminal should be improved, the Shanghai International Cruise Industry Park should incorporate more companies, and the image of Baoshan District as the core district of cruise riverfront and international cruise town should be underlined. Tianjin stated in its 14th Five-Year Plan that the development of the cruise economy should be promoted, the efforts should be made to take cruise ship materials and duty-free ship supply business as a spearhead to accelerate the expansion of cruise ship materials distribution business in Dongjiang Port and grow the cruise ship logistics industry. Hainan Province stated in its 14th Five-Year Plan that great efforts should be made in building an international cruise port cluster, incorporating Sanya International Cruise Home Port, Haikou International Cruise Port of Departure, and Danzhou Cruise Port of Call. Qingdao stated in its 14th Five-Year Plan that marine cultural tourism should be further developed, marine tourism business forms such as cruise and yachts, marine sports and underwater diving should be grown, and the international cruise ship home port should be constructed. Fujian stated in its 14th Five-Year Plan that richer coastal tourism products in Fujian Province should be required, and a cruise tourism industry with Fujian characteristics should be created. Xiamen stated in its 14th Five-Year Plan that the international shipping center should be developed, the construction of the international cruise home port should be accelerated, and cruise itineraries should be expanded with the expectation that the number of cruise tourists received will grow to 600,000 by 2025. Moreover, efforts should be made for the building of a cruise industry supporting system, the international cruise ship material supply base, the international cruise duty-free complex, the world-famous cruise tourism service brands, and the cruise economy industry chain.

## *Comments*

The 14th Five-Year Plan is a critical five-year period for China's cruise economy to recover from the impact of the COVID-19 pandemic. Both national and local 14th Five-Year Plans suggested clear directions for the development of the cruise industry in the next five years. In short, they stated that efforts should be made to improve the planning of cruise industry development, explore the cruise tourism market, provide featured international cruise itineraries, accelerate the construction of international cruise port infrastructure, provide better management and services for international cruise ports, gradually build a reciprocal and appropriate cruise port system, which covers both the port of departure and the port of call. Moreover, efforts should also be made in order to grow main cruise market players, strengthen international cooperation in the cruise industry, improve the local cruise industry chain, encourage diversified capital to be invested in the cruise industry, and gradually form a new pattern of international cruise industry development.

## *Insights*

China's cruise tourism market size is second only to the U.S., the birthplace of cruise tourism. The market has seen rapid momentum in recent years, and the market size has grown year by year; however, outbound cruise tourism dominates the market, especially as foreign-funded cruise lines draw Chinese tourists to Japan and South Korea through home ports in China, resulting in an exodus of Chinese consumers. The 14th Five-Year Plan period is important for the development of China's cruise industry. In order to win back consumers from foreign cruise lines with more high-quality cruise itineraries at home after the pandemic, what we should do is to: reduce the COVID-19 impact on the cruise industry development effectively; improve COVID-19 control measures in cruise ships and cruise ports; promote the construction of China Cruise Tourism Development Demonstration Zone and China Cruise Tourism Development Experimental Zone; push forward the development of domestic coastal cruise itineraries and Cruise to Nowhere itineraries based on the new "dual circulation" development pattern; scale up the inbound cruise tourism market; improve the quality of outbound cruise tourism products and services; innovate the system of international cruise tourism products; optimize the structure of cruise tourism products; enhance the capability of supplying high-quality cruise tourism products. Moreover, an international inbound cruise tourism revitalization plan should be carried out, international inbound cruise tourism should be promoted, the political support system for inbound cruise tourism should be improved, and inbound cruise tourism should be driven by stronger momentum, so that inbound tourism in China can go farther.

## **Hot Event II: International Cruise Lines Invested Further in the Chinese Market, Boosting Confidence in the Development of China's Cruise Market**

### *Events*

On April 20, 2021, the world-famous cruise brand Royal Caribbean Cruises held a major press conference in Shanghai, announcing that Wonder of the Seas, the latest Oasis-class cruise ship with 237,000 gross tons, which was under construction at the Chantiers de l'Atlantique in Saint-Nazaire, France, would set sail on her maiden voyage from her home port in Shanghai on March 23, 2022 for a high seas voyage. Unfortunately, this schedule was later canceled due to the impact of COVID-19. The Wonder of the Seas measures 237,000 gross tons, 362 m in length, 64 m in width, 18 decks in total height, 2,867 cabins, and a maximum capacity of 6,988 passengers. On January 14, 2021, MSC Cruises announced that it would operate two ships in China for the first time in 2022, with one of the largest cruise ships in Europe, MSC Virtuosa (181,000 gross tons; a maximum capacity of 6,334 passengers), coming to her home port in China in 2022 to serve the Chinese market together with her sister ship and one of the largest cruise ships in Asia, MSC Bellissima (172,000 gross tons; 2,271 cabins; a maximum capacity of 5,686 passengers). This is the first time that a major international cruise line intended to invest "two flagships" in the Chinese market, making MSC Cruises' capacity and business operations in the Chinese market significantly increase.

### *Comments*

In recent years, with the gradual growth in the size of China's cruise tourism market, the international cruise line operators have shown increasing interest in the Chinese market, with 12, 18, 18, 16, and 14 international cruise ships making presence in China in 2015, 2016, 2017, 2018, and 2019, respectively. It is perceptible that international cruise line operators have a clear centralization of their investment in the Chinese market. As the cruise home port that receives the largest number of cruise visitors in Asia, Shanghai Wusongkou International Cruise Terminal is a popular destination for the deployment of major international cruise line operators, with the result that more mega cruise ships are deployed in Shanghai. From 2012 to 2016, the gross tonnage of cruise ships received at Shanghai Wusongkou International Cruise Terminal as a home port was around 100,000 gross tons. From 2017 to 2019, the tonnage data at Shanghai Wusongkou International Cruise Terminal increased significantly, from 104,000 gross tons in 2016 to 147,000 gross tons in 2019, showing an increase of 41% in four years. Driven by the boom of China's tourism industry, China's cruise market size escalated to the first in the Asia Pacific and the second in



the world, and Shanghai cruise home port ranked fourth in the world. The mega ship has become a global trend in cruise ship construction, and the cruise scale economy effects have been enhanced, thus providing strong support for delivering high-level products, boosting the cruise brand effect, and exploring the potential for economic benefits. According to the operation characteristics of the Chinese market and the needs of tourists, it is expected that, in the coming years, more international cruise line operators will put the world's latest and best cruise ships into operation in the Chinese market, and the cruise ships coming to our home ports will be even bigger and newer.

### *Insights*

China's tourism industry has been fully integrated into the national development strategy system to become a strategic pillar for promoting the development of the national economy. China has the most outbound tourism consumers and tourism consumption in the world, and its cooperation with countries and regions and international tourism organizations is increasingly strengthened. One of the key reasons why the major international cruise line operators are optimistic about the Chinese market is that China's sound foundation for cruise tourism development, so they are willing to invest more in China's cruise market and to deliver more quality products. Despite the impact of the COVID-19 pandemic, China's macroeconomic development remains steady, with residents' consumption capacity continuing to rise and their demand for a high-quality lifestyle growing stronger. These factors will help attract more international cruise line operators to the Chinese market and further enhance China's position in the world cruise industry landscape.

## **Hot Event III: The Construction of China's Mega Cruise Ship Was as Scheduled, Accelerating the Extension of China's Cruise Industry Chain**

### *Events*

On January 11, 2021, the construction project of Waigaoqiao Cruise Ship Interior Manufacturing Platform commenced with a total floor area of about 67,000 m<sup>2</sup> and an annual sales revenue of RMB 1 billion in full production. On January 18, 2021, Shanghai Waigaoqiao Shipyard completed the shifting and mounting of the first large extra-wide general section N2 of its mega cruise ship under construction, marking a major breakthrough in the construction of homemade mega cruise ship in terms of large extra-wide general section and laying a good foundation for the continuous loading of the subsequent large extra-wide general sections. On February 26, 2021,

the shifting and mounting of the extra-wide thin section S1 for China's homemade mega cruise ship under construction were completed. This is the second extra-wide thin section completed at the Shanghai Waigaoqiao Shipbuilding platform #8 after the thin section N2, which verifies the full implementation of the assembly line process of platform #8. On April 28, 2021, China's first homemade mega cruise ship saw the completion of the ship production design model balancing and its structural production design drawings, providing strong technical support for the continuous construction of mega cruise ships. China's first homemade mega cruise ship is scheduled to have its hull floated by the end of 2021 for delivery in 2023. The delivery of the second homemade mega cruise ship is expected to be in December 2024.

### *Comments*

The mega cruise ship is the pearl of the shipbuilding industry as its design and construction are extremely complicated, far more than large LNG ships and aircraft carriers in terms of difficulty. It is a large ship product with high technology and high added value, characterized by strong economic benefits and effects on driving industries. In October 2019, Shanghai Waigaoqiao Shipyard commenced the construction of China's first homemade mega cruise ship, leading China's cruise ship construction to a substantial stage. With a cost of nearly USD 800 million, China's first homemade mega cruise ship was built by Shanghai Waigaoqiao Shipyard, certified by China Classification Society and Lloyd's Register of Shipping, backed by AIDA Cruises. The whole cruise ship consists of more than 25 million parts and components, which are outstanding in terms of technology, performance, energy-saving and environmental protection, and intelligence, representing the top level of China's shipbuilding industry.

### *Insights*

The rapid growth of China's cruise tourism market provides a good opportunity for the development of homemade cruise ship construction. The design and construction of mega cruise ships, which are extremely difficult and require extremely high technology, can serve as strong proof of a country's comprehensive capability in advanced manufacturing and its comprehensive industrial technology level. China intends to build itself into a manufacturer of quality and to promote technological breakthroughs in cruise ship design and construction at a faster pace, so as to participate in the systemic division of labor in the global cruise manufacturing and to push forward the extension of China's high-end equipment manufacturing industry to the middle and high ends of the global value chain. Mega luxury cruise ship design and construction are an important means to elevate China's shipbuilding industry and

promote the high-quality development of its manufacturing industry. In particular, by promoting the design and construction of homemade mega cruise ships, China may go further in terms of influence and competitiveness in the global shipbuilding industry pattern, supporting China's cruise industry and the high-quality development of China's cruise economy.

## **Hot Event IV: The Domestic Cruise Ship Supply Chain System Was Being Built at a Faster Pace, Providing Strong Support for the Construction of China's Cruise Ships**

### ***Events***

Established in May 2020, CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd. is a joint venture between CSSC Cruise Technology Development Co., Ltd. and Shanghai Waigaoqiao Free Trade Zone Group Co., Ltd. and operates around the development of cruise ship supply chain and related fields with the following objectives: to establish cruise ship interior R&D center, material certification and testing center, enterprise incubation center, international storage and logistics center, offshore technology and innovation center, exhibition and training center, etc.; to focus on four major functions (i.e. integrated manufacturing, logistics service, service guarantee, and life guarantee); and to promote the industrial practices on cruise ship supply chain. In July 2020, R&M Cruise Interior Technologies (Shanghai) Co., Ltd. was incorporated. In November 2020, CSSC Cruise Industry Development (Shanghai) Co., Ltd. was established and launched its business around cruise ship interior, HVAC, audio and video, lighting and network communication to support the construction of China's homemade cruise ships. On December 30, 2020, the China Merchants Cruise Ship Cabin Unit Final Assembly Center was delivered. In March 2021, CSSC Waigaoqiao Cruise Supply Chain Co., Ltd. acquired Rheinhold & Mahla (R&M), a world-leading supplier of ship interior services and materials based in Germany, becoming the architect and leader of China's cruise industry ecosystem.

### ***Comments***

According to the *Opinions on Promoting the Development of China's Cruise Economy*, the National Development and Reform Commission and other departments clearly stated that the supply chain system, including cruise ship construction, maintenance, and logistics, should be improved at a faster pace, and likewise the construction and development of the Shanghai International Cruise Industrial Park, thus providing better services for China's cruise industry. The establishment of global sourcing and integrated support centers in Shanghai and other regions should also

be embraced to ensure production, processing, warehousing, logistics, and distribution in the cruise ship material supply chain. Cruise ship construction features a high degree of monopoly, and the current cruise ship supporting industry system is mainly concentrated in Italy, Germany, and other countries. As the world's largest emerging market for cruise ships, China has made efforts to accelerate the development of the cruise ship construction industry system, but the lack of a foundation leads to the incapacity to build mega cruise ships independently and gaps in the localized cruise ship construction support system. In the process of promoting cruise ship construction, the independent R&D and supply chain management system of core components has not yet been established, and the concentration of industry chain elements needs to be further improved, which is the only way to attract more influential cruise supporting enterprises at home and abroad to gather and improve the supply chain system.

### *Insights*

The cruise ship supply chain system is characterized by multiple hierarchies, complicated varieties, and collaboration difficulties. In terms of global cruise ship R&D, design, and construction, Europe is a monopoly and a major manufacturer, and what's more, it is an absolute monopoly of global cruise manufacturing in terms of perfecting the cruise ship construction supply chain system. Fincantieri, Meyer Werft, Atlantica, and other shipyards that have mastered the core technology of cruise ship construction are at a high level of localization of support, with a total of 3,000 suppliers and more than 300 core suppliers among them. As an emerging market for international cruise tourism, China has been actively promoting the development of the whole industry chain of the cruise economy, but the weak foundation has led to challenges in building the supply chain system. In this regard, in order to achieve faster and better development of the homemade cruise ship construction industry, China should give full play to the role of leading enterprises, build a sound domestic supply chain system for cruise ships, enhance its competitiveness in the global cruise ship design and construction industry, and equip the homemade mega cruise ships with a good supply chain management and service system.

## **Hot Event V: China Completed Its First Five-Star Red Flag Cruise, Closing the Gap in China's High-End Cruise Operations**

### ***Events***

China Merchants Shekou and Viking Cruises co-founded China Merchants Viking Cruises Limited, a joint venture company. The first cruise ship of the joint venture was Viking Sun, later renamed Yi Dun (47,800 gross tons; 228.2 m in length; 28.8 m in width; 465 cabins; a maximum capacity of 930 passengers; the ship was built by Fincantieri, first sailed in 2017 and debuted in Shanghai in March 2018). The cruise ship switched to the five-star red flag and launched domestic coastal itineraries, thus offering a medium-sized luxury cruise product featuring high-profile Chinese consumers. On April 23, 2021, the Certificate of Registry, the Certificate of Nationality, and the Minimum Safe Manning Certificate were issued to Yi Dun by Shenzhen Maritime Safety Administration. On June 26, 2021, the renaming and maiden voyage ceremony of Yi Dun was held in Shenzhen China Merchants Shekou Cruise Home Port, indicating the birth of China's first five-star red flag cruise ship.

### ***Comments***

The cruise ship Yi Dun is the first one of its kind in the China Merchants Viking Cruises fleet, the first high-end cruise ship flying the Chinese flag, the first high-end cruise ship independently operated and managed by China, and the first luxury cruise ship registered in Shenzhen. Formerly known as "Viking Sun", Zhao Shang Yi Dun was awarded as one of the world's "best small and medium-sized cruise ships" by Berlitz Guide and Cruise Critic, and the Chinese flag is an important milestone in the history of China's cruise industry development, marking a new era for China's cruise industry, and is of great significance in promoting closer cooperation among China's Mainland, Hong Kong, and Macao, expanding new space for cruise tourism development, and strengthening tourism cooperation in the Guangdong-Hong Kong-Macao Greater Bay Area.

### ***Insights***

Having Chinese cruise ships fly the five-star red flag is an important direction for China to promote the development of China's cruise lines, and important support to grow the international influence of China's cruise industry. According to the *Opinions on Promoting the Development of China's Cruise Economy* jointly issued by national

departments, it is clearly stated that the political support system for five-star red flag cruises should be improved and the construction of a fleet of Chinese cruise ships flying the Chinese flag should make progress at a faster pace. China Merchants Viking Cruises had planned to launch a warm-up itinerary for the Yi Dun with four 8-day, 7-night roundtrips between Shenzhen and Sanya from August 22 to September 19, 2021 (prices start at RMB 19,888 per person for a balcony cabin, buy one get one free, that is, RMB 9,944 per person), however, the itinerary was later canceled due to the COVID-19 pandemic. On October 1, the cruise ship Yi Dun launched an 8-day and 7-night “charming South China Sea” cruise. The cruise ship Yi Dun’s active introduction of coastal itineraries helps the recovery of China’s cruise market under the regular COVID-19 control, which leads to the growth of China’s cruise lines’ global competitiveness and influence and the rapid development of China’s cruise economy.

## **Hot Event VI: The Size of China’s Own Cruise Fleet Had Seen a Significant Increase, Enhancing the Global Reach of China’s Cruise Market**

### *Events*

In December 2019, CSSC Carnival Cruise Shipping purchased the Costa Atlantica (85,600 gross tons; a maximum capacity of 2,680 passengers) with delivery in December 2020. In April 2021, the Costa Mediterranea was also delivered to CSSC Carnival Cruise Shipping by Carnival Corporation & Plc. With this second ship, CSSC Carnival Cruise Shipping is now the only company in China with two cruise ships. According to CSSC Carnival Cruise Shipping’s schedule, 8 ~ 10 mega cruise ships will be possessed by 2029, developing into the largest Chinese-funded cruise operating company in China in terms of fleet size. In October 2020, Carnival Corporation & Plc sold the Carnival Fascination to Chongqing Grand Century Cruises Ltd, renaming it the Century Harmony. China Merchants Viking Cruises Ltd. acquired the Viking Sun and renamed it Yi Dun. Sanya International Cruise Development Co., Ltd. registered the brand Foresee Cruises and named the first cruise ship MS Charming (previously known as Sea Princess of Princess Cruises; 77,499 gross tons; 261.31 m in length; 32.25 m in width; with 15 decks; 1,088 cabins; a capacity of 2,222 passengers, and 825 crew members; built by Fincantieri Group in Italy and first sailed in 1998). Shanghai Blue Dream Cruises Co., Ltd. acquired Glory Sea and renamed it Blue Dream Star.

### ***Comments***

With the international cruise market tending to the East in recent years, the Asian market has become a new growth area for the cruise economy. The main international cruise operators in China include Costa Cruises, Royal Caribbean Cruises, Genting Cruises, MSC Cruises, Princess Cruises, and Genting Hong Kong Limited. In a highly competitive market, the cruise lines' fleets vary widely in size and passenger capacity. For China's cruise market to achieve sustainable development, a strong, domestically operated cruise fleet must be built, which is a prerequisite for enhancing the international influence and competitiveness of China's cruise market. China's cruise tourism market has relied on the product supply of foreign cruise lines from the beginning, for which the Chinese market has given strong support to their investment and provided a sound policy political system to support the cruise industry. However, the predominance of outbound cruise travel makes their contribution to China's economic development less than impressive. Therefore, it is necessary to establish a stronger domestic cruise fleet so that China can better compete in the international cruise market and augment the voice of China's cruise market.

### ***Insights***

In recent years, China has increased its investment in the domestic cruise fleet, realizing a shift from mainly private capital to mainly state-owned capital, which shows the increased importance China attaches to its domestic cruise fleet. According to the *Opinions on Promoting the Development of China's Cruise Economy*, it is stated that the bottlenecks should be broken in regard to the independent design and construction of cruise ships, as well as the development of the domestic cruise fleet. China's own cruise ships mainly flew flags of convenience in the early days due to the encouragement of Chinese "flag of convenience" cruises and then five-star red flag cruises. Before the five-star red flag cruise ships were put into operation, initiatives were taken such as promoting Chinese "flag of convenience" cruise ships to explore cruise coastal itineraries and Cruise to Nowhere itineraries, and further considering relaxing the age limit policy for imported cruise ships, and as a result, they created a good development environment for the development of the five-star red flag cruise fleet. The development of China's own cruise ships requires more five-star red flag cruise ships to be put into operation. It is suggested to expand the size of the domestic cruise fleet through approaches, such as self-built and acquisition, and to enhance the international influence and competitiveness of China's cruise market.

## **Hot Event VII: China Was Organizing Its Own Cruise Operation Teams at a Faster Pace, Enhancing Effectively Its Domestic Cruise Operation Capability**

### ***Events***

On April 29, 2021, CSSC Cruise Technology Development Co., Ltd. and Carnival Corporation & Plc the *Blanket Agreement on Cruise Operations* via a video conference, which defined the purchase order and handover of the Costa Mediterranea. As a result, this cooperation laid a good foundation for enhancing the cruise operation capability of CSSC Carnival Cruise Shipping and promoting the development of China's cruise industry ecosystem. The goal of the partnership between CSSC Carnival Cruise Shipping and Carnival Corporation & Plc is to create a flagship Chinese cruise brand. CSSC Carnival Cruise Shipping will operate Costa Atlantica and Costa Mediterranea, as well as the "2 + 4" mega cruise ships being built by Shanghai Waigaoqiao Shipbuilding Co. Ltd. to grow China's own cruise operation capacity. CSSC Carnival Cruise Shipping has set up a complete cruise operation management framework covering itinerary planning, revenue management, marketing, financial control, and shipbuilding management. Sanya International Cruise Development Co., Ltd. and Shanghai Blue Dream International Cruise Development Co., Ltd., and other domestic cruise lines have basically established their complete cruise operation and management teams by recruiting personnel from mature cruise operators at home and abroad.

### ***Comments***

In recent years, foreign cruise lines have dominated China's cruise market, occupying more than 90% of the market share. In contrast, Chinese cruise lines are less competitive in terms of brand awareness, operational capacity, costs, staff deployment, and risk resistance. In short, domestic cruise brands are not yet comparable with international brands. More and more central enterprises are playing the role of cruise industry investors to accelerate the construction of the domestic cruise industry system. With its cruise supply chain system and two cruise ships in operation, and two cruise ships under construction, CSSC Carnival Cruise Shipping is currently the domestic cruise company with the largest fleet in China. It has built a complete organizational structure and management system for cruise operation, which provides strong support for growing domestic cruise operation capacity. Meanwhile, it has acquired Rheinhold & Mahla (R&M), a world-leading supplier of ship interior services and materials based in Germany, leading to an overall improvement in the cruise industry and supporting construction.



## *Insights*

Currently, foreign cruise lines are still the main suppliers of cruise tourism products in China's cruise market. Carnival Corporation & Plc, Royal Caribbean Cruises, and other large international cruise lines have decades of operating experience and operate their fleets on a large scale. Compared with them, China's own cruise lines are weak in an operational capacity. But China's local cruise lines enjoy a good environment at home and abroad for development. China's tourism industry has seen rapid development in recent years, with a significant increase in its influence in terms of passenger export and inbound tourism development, as a result of which tourism has significantly increased its position in national economic development and become a strategic pillar industry. The development of China's own cruise ships requires giving full play to the resource advantages of domestic and international parties, strengthening international cruise industry cooperation, innovating the cruise tourism product system, and creating a good development pattern, so as to provide stronger support for the development of China's own cruise lines.

## **Hot Event VIII: Hainan Had Introduced the Regulations for Cruise to Nowhere, Indicating the Substantial Launch of Ocean Getaway Itineraries**

### *Events*

In order to regulate the pilot Ocean Getaway for Hainan cruise ports and define the responsibilities of all relevant parties, Hainan Province issued the *Administrative Measures on the Pilot Ocean Getaway Itineraries of Chinese "Flag of Convenience" Cruises for Hainan Cruise Ports (Trial)*, which came into effect on August 1, 2021. According to the policy, China's mainland residents can apply for cruise ship boarding permits with their valid resident ID cards; Hong Kong, Macao, and Taiwan residents with their valid Mainland Travel Permits for Hong Kong and Macao Residents, Mainland Travel Permits for Taiwan Residents, or Residence Permits for Hong Kong, Macao, and Taiwan Residents. In the administrative measures, the conditions for Chinese "flag of convenience" cruise operators to apply for pilot Ocean Getaway itineraries and the documents needed for applying for Ocean Getaway itineraries before the operation of five-star red flag cruises are specified. It's required that the Chinese "flag of convenience" cruises, which are going to conduct the pilot Ocean Getaway itinerary operation and management at Hainan cruise ports, shall be subject to these administrative measures. These measures are effective from August 1, 2021 to December 31, 2024.

## ***Comments***

To accelerate the cruise tourism development of Hainan, in April 2018, the Party Central Committee and the State Council enacted the policies to support Hainan to comprehensively deepen reform and opening up. The specific measures for promoting the cruise tourism development are to support Sanya, Hainan to open up open-sea cruise itineraries and boost the development of the Sanya International Cruise Home Port. To implement the relevant policies of the central government, in April 2019, the Ministry of Transport released the policies of spurring Sanya and other Hainan cruise ports to try the Ocean Getaway itinerary operation. The policies required to consider Hainan's development status of and resources for cruise tourism, and allowed the development of Cruise to Nowhere itineraries under the Chinese "flag of convenience" before the operation of Chinese cruises, thus laying a solid foundation for the innovation of Hainan-based international cruise routes. To effectively implement the national policies on Cruise to Nowhere itineraries for Hainan, in July 2019, Hainan Province rolled out the implementation plan of pilot Ocean Getaway itinerary operation, which specified the requirements for operators and routes of such pilot operation, the cruise access management system, the information reporting and disclosure system for managing and improving Ocean Getaway plans, the passenger boarding management and cruise ticketing systems, etc. The implementation plan proposed to drive the development of the Sanya International Cruise Home Port accelerate the Cruise to Nowhere itinerary operation, further the innovation of cruise tourism products to make them more attractive, and stimulate the cruise tourism consumption. It's stated under the *Opinions on Promoting the Development of China's Cruise Economy* that the pilot coastal cruise and Cruise to Nowhere should be strictly kept free of prostitution and gambling.

## ***Insights***

Given the lack of diversity in Chinese cruise itineraries in recent years, developing Cruise to Nowhere is needed as a key supplement. At present, Hainan has been granted the autonomous authority to approve Cruise to Nowhere itineraries, regulate Cruise to Nowhere operators and improve the relevant administrative systems, to ensure this province's stable and orderly Ocean Getaway itinerary operation and workable guidance of Cruise to Nowhere itineraries. On September 23, 2020, Astro Ocean Cruise was granted the first permit for the pilot cruise port-based Ocean Getaway by Hainan. The company obtained the quarantine sign (EPC 2) and the telemedicine auxiliary system additional logo (TAS) from the China Classification Society (CCS) on July 1, 2021. This is the first certificate with such an additional logo granted by the CCS to an international luxury cruise. Hainan's efforts to develop Cruise to Nowhere itineraries are a real test for China's cruise COVID-19 response

system during this very time period and strong support for recovering the Chinese cruise tourism market.

## **Hot Event IX: China Sees Continuous Advancement in Cruise Port Construction, Greatly Improving the Handling Capacity of Cruise Port**

### *Events*

In June 2021, the terminal work of the Guangzhou Nansha International Cruise Home Port was completed and accepted. With a frontage of 770 m, this terminal has a 100,000-ton cruise berth and a 225,000-ton one. It's designed to host 750,000 passengers annually and is capable of receiving the biggest cruises (230,000 tons) worldwide. Backed by Guangzhou Nansha International Cruise Home Port, CCCC Urban Investment Holding Company Limited plans to build the biggest cruise home port complex in China, to further the interconnected development between Guangzhou Nansha International Cruise Home Port and the city. In April 2021, the hydraulic engineering, reclamation, and bank-protection works of the Beihai Cruise Terminal were completed and accepted. The Beihai Cruise Terminal invested and developed by Guangxi Beibu Gulf International Port Group Co., Ltd. runs for 354 m and has two cruise berths. Among them, the outer one is a 50,000-ton cruise berth (the hydraulic structure is reserved for 100,000-ton cruises), and the inner one is a 20,000-ton cruise berth. With a total investment of RMB 723 million, this terminal is designed to receive 1 million passengers annually. The concept planning and design of the service industry cluster of the Beihai Cruise Home Port won the "Urban Space and Infrastructure" silver design award under the 2020 German Design Award. On July 1, 2021, the commencement ceremony for China Merchants Zhanjiang Cruise Terminal was held. It's planned to receive 500,000 passengers and create an economic value of over RMB 6.5 billion annually after being put into operation in 2023, and become a new growth engine for Zhanjiang to achieve an economic boom.

### *Comments*

In recent years, coastal areas of China have expanded investment in cruise port construction. During the course, following the market-oriented and government-guided principles, they give classified instructions on the construction, help to set reasonable business goals, make holistic plans, and advance the construction in an orderly way. Supporting cruise port construction is a key foundation for developing the cruise economy in China. According to China's cruise port construction plan, 2–3 cruise home ports are to be built in the near future, and a development pattern where

home ports, ports of departure, and ports of call supplementing and supporting each other is to be formed. Only in such a way could they be major contributors to the extension of the cruise industry chain and the expansion of the cruise tourism market of China. With the construction of cruise port clusters in coastal areas of China, five major cruise port clusters have been formed in North China, East China, Southeast China, South China, and the South China Sea, respectively. Well-known overseas cruise ports are generally adjacent to downtown areas, enjoying high accessibility and rich tourism resources. By contrast, while outperforming in berthing capacity, Chinese cruise ports need to improve their service systems.

### *Insights*

During the construction and development of global cruise ports, three kinds of cruise ports, home ports, ports of departure, and ports of call, have been formed based on the infrastructure, passenger market size, the soundness of the cruise industry chain, etc., of cruise ports in different regions. Developing cruise home ports has a great demand on the size of cruise passenger market size and supporting industry chains. Sound service industry clusters for cruise home ports are possible on the basis of developing cruise service industry chains. Ports of departure highly rely on the continuous large number of travelers who need to leave the place of departure through the ports. Ports of call are important supporting infrastructure for effectively stimulating the development of inbound cruise tourism and the tourism consumption in cruise port cities, such as consumption at hotels, restaurants, and places of interest. At present, in terms of cruise port construction, China is mainly constructing cruise home ports, and is greatly dependent on cruise tourist sources. There haven't been well-equipped service industry clusters for cruise home ports, and ports of call haven't received adequate tourists yet. There is a need for further improvement of all kinds of cruise port functions and capacities, thus to better develop cruise industry clusters.

## **Hot Event X: China Releases More Preferential Policies to Support the Cruise Industry, Laying a Solid Foundation for Its Further Development**

### *Events*

In March 2021, the CPC Central Committee and the State Council issued the *Outline of the National Comprehensive Three-dimensional Transportation Network Planning*, proposing to accelerate the development of the cruise economy, and improve the tourist service facilities for cruise ships, pleasure boats, and yacht terminals, in

order to realize a constructive interaction and effective connection between transportation and tourism, and build a sound development pattern. In November 2020, the Ministry of Transport enacted the policy to assist Shanghai in the pilot “strengthening the country through transportation” project, proposing to accelerate the development of Shanghai Wusongkou International Cruise Terminal and specify the goal of developing Shanghai Port International Cruise Terminal to be a port of call and high-end cruise service provider. In April 2021, the Ministry of Commerce rolled out the *Comprehensive Pilot Program of Further Opening up the Service Sector of Shanghai*, proposing to delegate the authority to Shanghai municipal transportation authority for granting the maritime transport business permits to Chinese cruise transportation operators operating Chinese non-five-star red flag cruises, and allow Shanghai-based foreign-funded travel agencies to try the outbound tourism business for Chinese citizens (excluding Taiwan residents). On March 4, 2021, Guangzhou Municipal Commerce Bureau issued the *Implementation Plan for Accelerating the Cultivation of Guangzhou Nansha Import Trade Promotion Innovation Demonstration Zone*, requiring to accelerate the development of cruise tourism and economy and advance the construction of the China Cruise Tourism Development Experimental Zone. The 15-day visa-free policy is to be applied to inbound foreign tourist groups by cruises entering Nansha Port. In May 2021, Fujian Provincial People's Government released the *Opinions on Promoting High-Quality Tourism Development*, stating to advance the construction of Xiamen Cruise Home Port and the transformation of Pingtan Jinjing Cruise Terminal, and support Fuzhou to develop the China Cruise Tourism Experimental Zone. In May 2021, Huangpu District, Guangzhou released the implementation rules for the measures to develop the modern shipping service industry, proposing to encourage cruise and pleasure boat operators to operate cruise routes and offer water leisure tourism services.

### ***Comments***

Recently, with continuously stable tourism development, China has imposed increasingly strict requirements on the development of this industry. To further reform and innovation of tourism, more targeted tourism policies are needed as support. As a new form of tourism, cruise tourism has higher demands on the innovation, pertinence, and effectiveness of industrial policies. There is a need for better supporting policies. The national and local governments have released policies to support cruise tourism, especially financial support to attract international cruise companies to enter the Chinese market. Meanwhile, to promote the development of this industry, the relevant administrative measures were issued to regulate the behaviors of operators in and development of this market, better protect the rights and interests of cruise tourists, and build up a positive international image of Chinese cruise tourism.

## ***Insights***

Cruise tourism is a broad and complex sector, which means its development can't rely only on market development. Strong government policy support is needed, thus ensuring a good business environment for the development of this industry and a supportive climate for its players to innovate and develop. To drive innovation and development of cruise tourism in China and enhance its capacity, national and local government agencies have rolled out policies to support and improve the cruise tourism plans, extend the cruise tourism chains, strengthen cruise tourism market training, further the entry-exit innovation at cruise ports, etc., to create more potential for development of this industry. To develop the cruise tourism of China, what we need is to strengthen the top-level design, further improve the nation-wide planning of the industry, ensure more effective implementation of national and local policies on cruise tourism, and take more practical measures to develop the cruise tourism in each of the areas. The national and local cruise industry policies should supplement each other, thus advancing the innovation and development of this industry in a coordinated way. Either national policies or local policies are mainstays for the development of cruise tourism.

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# Special Topics

# Chapter 4

## G.4 A Study on Pandemic Response Mechanisms and Paths at Shanghai Cruise Port



Jianyong Shi

Opened in 2011, Shanghai Wusongkou International Cruise Terminal grew to be the biggest cruise port in Asia in three years and the fourth largest globally within five years. It has received 2,300 international cruises and over 14 million tourists. It's a Shanghai legend in the history of world cruise economic development and a cruise portal of China. Carnival Corporation & Plc, Royal Caribbean Cruises, Norwegian Cruise Line, MSC Cruises, Genting Cruise Lines, and other well-known international cruise companies operate their new-type cruises in the Chinese market, which is strong support for the development of the Shanghai cruise market. Wusongkou International Cruise Terminal is actively promoting the joint emergency response mechanism with other cruise ports. Its new passenger building is equipped with advanced entry–exit temperature measuring equipment, which plays an important role in this pandemic response. During the pandemic prevention and control period, all cruise line operators responded to government calls proactively and timely strengthened the pandemic response measures in their cruises according to the customs requirements, showing a great sense of social responsibility. On January 22, 2020, all cruise line operators issued policies to allow their tourists from risky areas to change or refund tickets to discourage tourists from those areas. On January 24, MSC Cruises was the first to allow all tourists to change or refund their tickets. On January 25, 2020, as required by the Ministry of Culture and Tourism, all cruise line operators lost no time in canceling all voyages after January 29, 2020 and improving the cruise operation regulations during the pandemic response.

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## **Emergency Response Procedures for Pandemic Control of Shanghai Wusongkou International Cruise Terminal**

The emergency response of the Wusongkou International Cruise Terminal is divided into three stages.

### ***Stage I: Timely Launching Risk Warning (January 14–19, 2020)***

On January 9, 2020, the General Administration of Customs released a document requiring strengthening the exit quarantine, keeping strict internally and loose externally, and responding to the pandemic effectively. On January 14, Shanghai Customs rolled out a special plan, under which Baoshan Customs, Shanghai led to lay down the *Guidelines on Entry and Exit Health Quarantine of Cruise Ships*. Baoshan District Health Commission, Baoshan District Center for Disease Control and Prevention, the competent departments of cruise ports, cruise companies, and shipping agencies had a special discussion on how to strengthen the entry and exit health quarantine and coordinate the ports for operation safety. The following measures were taken: demanding that shipping companies collect the tourist information of tour groups from Wuhan travel agencies, and organize centralized arrival, entry and exit, and quarantine of them at the ports; following the instructions of Baoshan District Health Commission and Baoshan District Center for Disease Control and Prevention on further investigation and follow-up treatment of referred patients; revising the *Response Plan for Public Health Emergencies at Wusongkou International Cruise Terminal*; strengthening personnel training with the support of Baoshan Customs and cruise port companies, especially on the treatment procedures and plans and personal protection in public health emergencies; thoroughly checking and daily calibrating and maintaining body temperature measuring equipment, video surveillance equipment, medical screening room equipment, etc., at cruise port terminals; requiring that all agencies and companies concerned to prepare adequate pandemic response supplies; strengthening quarantine and investigation of tourists from Wuhan; making sure that the health notice is signed as required once tourists with fever or respiratory symptom are found, suggesting that they cancel the journey and notifying the cruise companies; demanding that each of cruise companies upgrade the cruise OPRP (pandemic response plan), disinfecting the cruises more frequently, strictly measuring the body temperatures of the inspectors and crew, understanding the entry quarantine of tourists in Japan, and reporting the fever symptoms of passengers onboard. During the period of January 15–19, 2020, five cruise entries and exits were reported, with 31,500 inbound and outbound tourists received. Further efforts were made in the investigation to identify suspected cases.

### ***Stage II: Launching the Response Plan for Public Health Emergencies (January 20–24, 2020)***

After learning about the announcement of the National Health Commission made on January 20, 2020, Wusongkou International Cruise Terminal immediately launched the response plan for public health emergencies. On January 21, Baoshan District convened a special meeting on cruise port pandemic response, demanding that all cruise companies make and implement special work plans to control the COVID-19 pandemic, and each member carefully shoulders the responsibilities and breaks down the treatment, transfer, and discouragement procedures and guarantee mechanisms. It's proposed at the meeting to take various effective measures, such as strengthening the source control, requiring cruise companies to discourage tourists from Wuhan, and releasing the policies for ticket changing or refunding; strictly implementing the "arrival in batches" system and making sure that tourists from risky areas are the last to get onboard and the first to disembark; cooperating with the public security organs and frontier inspection stations at the ports on assisting in screening tourists with Wuhan ID cards or passports; fully upgrading the port quarantine, and lowering the temperature for reporting at entry–exit corridors from 37.3 °C degrees to 37 °C degrees; suspending entry and exit once finding anyone with abnormal body temperature or respiratory symptoms, and letting customs officers to make one-by-one epidemiological screening, close contact screening and site disinfection; arranging ambulances to take the patients needing transfer treatment to the designated hospitals; putting close contacts in centralized medical observation or at-home medical observation, based on their conditions; strengthening cruise quarantine, and demanding that cruise companies measure the body temperature of their crew every day and report to the customs immediately once finding crew members and tourists with fever symptoms; allowing the customs to get onboard for quarantine first upon the arrivals, to look through the medical records of the cruises and screen fever patients; making effective efforts in cruise pandemic response at all ports; ensuring effective ventilation and disinfection at ports, and adequate supply of pandemic response goods; port staff carefully shouldering their respective pandemic response responsibilities; making orderly meal and accommodation arrangement for stranded tourists, and setting 167 rooms and 234 beds aside for tourists from risky areas. During the period of January 20–24, 2020, five cruise entries and exits were reported, with 31,700 inbound and outbound tourists received and 5,300 tourists or 38% of tourists discouraged.

### ***Stage III: Continuously Strengthening the Pandemic Response Measures (January 25–29, 2020)***

On January 24, 2020, Shanghai activated the first-level response mechanism for major public health emergencies, and the Ministry of Culture and Tourism issued an urgent

notice on suspending enterprise operations for controlling the COVID-19 pandemic. All the cruise line operators actively responded by canceling voyages after January 26, 2020. Considering the nature of the pandemic, Baoshan Customs joined forces with Baoshan District Health Commission to make response plans for berth quarantine, port investigation, suspected case diagnosis, epidemiological investigation, case transfer, close contact treatment, quarantine, and disinfection. Detailed measures and requirements were worked out to respond to the COVID-19 pandemic at ports. The pandemic prevention and control measures at cruise ports were strengthened for the second time: The customs required that all inbound tourists report their health conditions, and cruise ports made and used the *Tourist Information Recording Form* to record and screen tourists from or passing Hubei within the previous 14 days. Centralized observation areas were arranged at the Lingdian Square, Wusongkou International Cruise Terminal for the second body temperature measuring of tourists from or passing Hubei, recording their health conditions, and for their centralized medical observation or at-home medical observation. Those tourists were required to sign commitment letters for centralized or at-home medical observation. During the period of January 25–29, 2020, five cruises and 11,000 inbound and outbound tourists were received. The information of 8,462 inbound tourists was recorded. Among them, 29 were with fever symptoms and were examined at the port. The convenient medical cards were issued to those identified as not with COVID-19.

## **Analysis on Pandemic Response Experiences at Shanghai Cruise Port**

### ***Taking the Lead to Implement Joint Cruise Pandemic Response Plans***

During the pandemic response, joint response mechanisms were effectively implemented. The customs, border inspection stations, maritime affairs organs, health commissions, cruise companies, Shanghai Wusongkou International Cruise Terminal Development Co., Ltd., and other institutions concerned made response plans. The *Response Plan for Serious Public Health Emergencies at Wusongkou International Cruise Terminal* was revised and implemented strictly. Thanks to those efforts, efficient operation, close cooperation, and seamless connection were ensured. On January 20, 2020, Shanghai Wusongkou International Cruise Terminal initiated the response plan for public health emergencies. It's the first cruise port to make such a response worldwide. It launched stricter quarantine standards, carried out a thorough investigation and rigid control, and measured the body temperature of all inbound tourists. Any tourists with abnormal body temperature or respiratory symptoms, once found, would be immediately suspended in entry or exit and receive epidemiological investigation. It's also the first cruise port to adopt source control around the world.

### ***Taking the Lead to Enhance the Pandemic Response Capacities***

Wusongkou International Cruise Terminal took the lead to connect the cruise ticketing platform and cruise port “single window,” leaving enough time for collecting tourist information, understanding tourists’ travel path, and timely handling tourists’ affairs. That’s a solid foundation for the targeted and graded pandemic response. Advanced entry–exit body temperature measuring equipment was prepared at this cruise terminal, which helped to measure the body temperature of every inbound and outbound tourist in a quick and accurate way. Hardware facilities were transformed, the standards of body temperature measuring and quarantine at the terminal upgraded, and the entry–exit procedures optimized. The terminal strengthened ventilation and disinfection in public areas, tried every way to source pandemic response supplies, and gave priority to frontline staff members in allocating the protective gears. The Wusongkou International Cruise Terminal cooperated with China Maritime Search and Rescue Center to finish the 2020 maritime emergency medical rescue special drill, effectively improving its emergency response capacities.

### ***Taking the Lead to Specify the Emergency Handling Procedures for COVID-19 Response***

By strictly implementing the “arrival in batches” system, Wusongkou International Cruise Terminal made sure that tourists from risky areas were the last to get on board and the first to disembark. In the later pandemic response, it arranged for Chinese crew members with an employment contract with international cruises terminating to get off the cruises and enter China. It’s the first port to do so. During the course, it adopted cruise-specific plans, numbered and grouped disembarking crew members, arranged epidemiological investigations for them, and collected their information. Every two groups were carried by one coach from the port to the designated centralized quarantine point. The whole process was efficient. During the process, all luggage was disinfected, and all crew members were measured for body temperature twice and received the health card review, epidemiological investigation, nucleic acid testing, and centralized quarantine. Every coach for transferring such crew members was equipped with a recording form to record all relevant information of them. The form was subject to signature by the port staff, persons in charge of the coaches, and persons receiving those members at the quarantine points. When transferring the crew members, the coaches were tracked all the way by police. Wusongkou International Cruise Terminal received six returning cruises and 775 shift-changing crew members.

## **Improving Pandemic Response Mechanisms and Paths at Shanghai Cruise Port**

### ***Strengthening Port Sanitary Management***

Cruise ports should set up special teams for sanitary management during the pandemic, disinfection and ventilation in all port areas, make satisfying disinfection, ventilation, and investigation records, and ensure each of the records are traceable. All port staff should get vaccinated against COVID-19. The cruise ports should take strict disinfection and ventilation measures, especially in their public areas where such work should be done every day. Public facilities like the electronic touch screens and dustbins in port areas should be disinfected daily, and the special dustbins for the used epidemic prevention products equipped. After being used, wheelchairs and other facilities should be disinfected immediately. The tourists should be provided with free disinfectant, disposal tissues, etc., at the ports. Disinfection of the door-knobs, toilets, and wash basins of the rest rooms, van elevators, floor drains, and other most-exposed areas should be more frequent. The air regenerating devices should be turned on often and maintained and cleaned regularly. In port parking lots, vehicles should be put under classified management and guided in separately. Special emergency exits and quarantine areas for a pandemic response should be set aside at the cruise ports. During the handling of marine supplies to domestic ships, the handling equipment and areas should be carefully disinfected and cleaned as required. During the handling of marine supplies to international ships, the packages of the goods, the handling equipment, and the operating areas should be disinfected and cleaned.

### ***Strengthening the Tourist Entry–Exit Management***

Cruise ports should take strict entry–exit quarantine measures and make and improve the cruise tourist information reporting and health reporting systems. Cruise tourists should register according to the requirements of the competent local government agencies and joint inspection institutions of the cruise port. If conditions permit, cruise ports could adopt the “one code for all” and provide other convenient services based on the cruise ticketing systems, allowing tourists to apply once and then are under the management all the way within the ports. Tourists should enter the cruise port wearing face masks and following other pandemic response requirements. Technologies like the internet and big data should be employed to collect the basic information of tourists, so as to timely contact people when necessary. The “booked entry” and “arrival in batches” systems should be strictly followed at cruise ports. All people within the port should keep one meter away from each other. To that end, tourists should be guided to keep one meter or more away from others, and avoid gathering. Tourists entering and exiting the ports should be made sure to wear face masks

and receive health inspections. Van elevators should not be taken if it's not necessary. When necessary, the passenger number should be limited. Anyone violating the pandemic response requirements should be restrained, and those who refuse to correct their wrong behaviors should be put in the credit management system. Signs should be put up in conspicuous places at the entrance and exit to remind tourists of the pandemic response requirements, common senses, and notes. The phone numbers of local centers for disease control and prevention should be announced. Publicity materials on the pandemic response in both Chinese and English should be available at the tourist center for free.

### ***Strengthening Staff Management at Cruise Ports***

Cruise ports should organize their staff for pandemic response training like the use of protective equipment and disinfection supplies. The ports should also keep physical health files for employees, strengthen health monitoring for employees, make daily registrations, and measure and record the body temperature of employees. Employees with fever, cough, or other uncomfortable symptoms should not be allowed to work. Instead, they should receive medical observation or health management as required. Port staff must wear face masks, disposable gloves, and other personal protective equipment during work. Port health quarantine officers should wear personal protective equipment according to the requirements for special posts. People within office areas are suggested to keep over one meter away from each other, and wear face masks correctly. Hand washing and disinfection are necessary before entering those areas. When port staff receives an outsider at the port, both should wear face masks correctly. Office areas should be regularly ventilated and disinfected to offer a safe environment. Congregations and meetings should be reduced. Employees should be grouped for dining in different time periods or separately. The pandemic prevention and control training for all staff members should be strengthened. Frontline workers should well understand all requirements for pandemic response and should be capable of handling emergencies.

### ***Improving the Emergency Response Capacities of the Local Governments of Cruise Ports***

The local governments of cruise ports should have inter-department collaboration mechanisms and joint COVID-19 prevention and control mechanisms and insist on equal treatment of humans and materials and on response to multiple diseases at the same time. Human resources, materials, and sites should be ensured, and efforts should be made to timely diagnose, report, quarantine, and treat the infected persons as soon as possible. The local governments of cruise ports should function

as emergency response commanders and coordinators to enhance the public sanitary management capacity of international cruises. They should make sure that main stakeholders effectively shoulder their responsibilities, implement the infectious disease and pandemic monitoring systems at cruise ports, set up joint review teams to review the pandemic response plans and their implementation on cruises, and provide professional instructions and technical supports to the emergent response teams. Local governments should make effective efforts in guaranteeing medical pandemic response supplies, domestic pandemic prevention, emergent transfer, medical treatment, and information reporting. They are responsible for arranging the centralized medical observation sites, and having the daily needs of entering crew members in the quarantine period met. Efforts should be made to implement nationwide procurement mechanisms, establish emergency response logistics platforms and fast channels for supplying urgently needed materials, strengthen emergency supplies and production capacity of international cruises, and set up public health emergency reservation centers for international cruises. Joint inspection departments are in charge of quarantine and inspection of entering and exiting cruises, personnel, and luggage, processing of the entry and exit formalities, monitoring and early warning of public health emergencies, on-site treatment, control, and handover affairs. More efforts should be devoted to joint law enforcement and dishonest conduct punishment, as well as holding anyone who rejects to abide by the pandemic control regulations, attacks medical workers, or commits any crimes, so as to provide strong support for the pandemic control.

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# Chapter 5

## G.5 A Study on Cruise COVID-19 Response Systems in China



Shiwei Shen

Passengers of international cruises are from all over the world. The 2,660 tourists of the Diamond Princess during the pandemic outbreak were from 56 countries and regions. Besides, there were over 1,200 crew members, which had close contact with the tourists. A single infected person could quickly endanger the whole ship. On a cruise, activities are participated in by many people at the same time, like recreation activities and dining, thus creating favorable conditions for cross-infection and fast spreading of viruses. Air-conditioners onboard is one of the core hardware of modern cruises. For example, in the Spectrum of the Seas, Quantum of the Seas, and Voyager of the Seas that were operated in China, while fresh air enters, all vitiated air is discharged from the ship. The air doesn't circulate among guest rooms. Cruise tourism involves many stakeholders, such as international cruise companies, home ports, ports of call, local government, countries of registration, tourists, and crew members. So international cooperation mechanisms to respond to sudden outbreaks of the pandemic are needed. As the first and only cruise tourism demonstration area in China, Shanghai has been working hard to promote the development of China's cruise economy. Thanks to timely actions in the pandemic response and quarantine, Shanghai reported a response achievement of "zero imported cases, zero exported cases, and zero infections." After cruises suspended shipping services, Shanghai Cruise Port lost no time in improving the COVID-19 prevention and control plans and treatment procedures. They kept optimizing the comprehensive pandemic response systems for the cruises and home ports, laying a good foundation for cruises to resume the voyage. Local governments, cruise ports, and cruise companies should make cruise COVID-19 response systems based on the features of cruise operation and build vertical, full-chain, and closed-loop cruise pandemic prevention and control systems. According to the needs of pandemic control, especially considering the particularity of cruise pandemic control, they should work together to formulate

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the pandemic response plans and contribute to the setting of Chinese standards for international cruise pandemic response.

## **The Establishment of Overseas Cruise COVID-19 Response Systems**

### ***The International Prevention and Control Systems for Public Health Events***

The *International Health Regulations* (2005) is an agreement signed by all 196 members of the WHO for global health security. Drawing from the sanitation standards under EU regulations and best practices, the Directorate-General for Health and Consumer Protection of European Commission issued the *European Manual for Hygiene Standards and Communicable Disease Surveillance on Passenger Ships* in October 2011, which was contributed by the ECDC, WHO, IMO, VSP, ECC, CLIA, and cruise companies. The first part of the manual introduces the standards for sanitation supervision and infectious disease surveillance on ships from existing laws, procedures, and best practices. The contents cover medical facilities, infectious disease surveillance on ships, food safety, drinking water safety, recreational water safety, pest control, household services and facilities, dangerous goods, waste management, ballast water management, etc. The second part offers guidance on infectious disease control on cruises, such as ways to control the ILI, influenza pandemic, bacteriosis, and gastrointestinal diseases. When discovering serious nonconformity, inspectors must consider if the ship could be determined as an “infected vessel” under the *International Health Regulations*. If so, they have the right to reject the vessel’s entering or leaving according to their country’s public health laws or the *International Health Regulations*.

### ***American Cruise COVID-19 Response Systems***

On October 30, 2020, US Centers for Disease Control and Prevention enacted the *Conditional Navigation Framework*, requiring that in the early days after cruises resuming operation, for cruises setting off from the US with a voyage schedule less than seven days, cruise companies should apply for the conditional navigation certificate in the COVID-19 pandemic, organize navigation simulation, and take pandemic response measures. Cruise companies must satisfy the requirements of testing, quarantine, social distancing, etc., and arrange labs for crew and tourist testing. All tourists and crew members are subject to testing before getting onboard. Cruise companies must upgrade their recreational and dining facilities onboard and enter into medical care agreements with medical institutions. Cruise companies should invite volunteers

to act as tourists for trial voyages to test their pandemic response capacities. In order to resume operation, cruises are subject to certification by US Centers for Disease Control and Prevention and effective pandemic response measures. On November 21, 2020, US Centers for Disease Control and Prevention announced to adjust the warning level of cruises up to the fourth level, the highest level, considering the high COVID-19 dissemination risk, and warned against any cruises globally (including inland river cruise ships). On May 5, 2021, US Centers for Disease Control and Prevention released simulated voyage guidelines to cruise companies, requiring that each simulated voyage last for two to seven days. The volunteers joining in such voyages should be at age 18 or above. At least one simulated voyage should be conducted within the waters of the US if cruise companies can't ensure at least 98% of their crew members and 95% of tourists onboard are vaccinated.

## **The Establishment of Domestic Cruise COVID-19 Response Systems**

### ***National Systems for Cruise (Yacht) COVID-19 Response***

On April 22, 2020, the Ministry of Transport, Ministry of Foreign Affairs, National Health Commission, General Administration of Customs, National Immigration Administration, and Civil Aviation Administration of China jointly issued the *Notice on Precise COVID-19 Response to International Ships and Crew*. On August 4, 2021, the Ministry of Transport issued the *Guidelines on Normalized COVID-19 Response for Domestic Cruises (Edition 4)*, demanding that the vaccinated rate of crew and service personnel on cruises sailing along Chinese routes be at least 96%, and forbidding crew members and service personnel of domestic cruises to get onboard if not vaccinated; requiring crew members and service personnel of domestic cruises to receive nucleic acid testing once every 14 days considering the cycle of cruise voyage; requiring to further strengthen the management of tourists during their travel ashore, add group sightseeing activities ashore which are recommended to be in open spaces, and share COVID-19 information with places of interests; adding the management, personal protection, and movement area requirements for people who need to get onboard suddenly, and laying down the pandemic information reporting system; further improving the systems of monitoring, investigating, and reporting the change in pandemic response levels of places where tourists are from and have passed, as well as the emergency treatment measures; requiring to further strengthen the safety management of cruises during floods, typhoons, and other special events; further emphasizing to suspend cruises not satisfying the meteorological and hydrological conditions. On August 4, 2021, the Ministry of Transport released the *COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 7)*, requiring to strengthen the personal protection of port staff, especially the frontline personnel, further the management of personnel at high-risk posts, and strictly

prevent the pandemic from spreading by water. On August 4, 2021, the Maritime Safety Administration promulgated the *Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V6.0)*. By referring to the relevant guidelines of the WHO and IMO on COVID-19 response for ships and considering the practical experiences of shipping companies in the pandemic control, the administration specified the pandemic prevention and control management systems, pandemic response measures for ships, the personal protection requirements for the crew, the emergency operation requirements for suspicious cases, the requirements for reporting suspicious cases, and the normalized pandemic response requirements (Table 5.1).

### ***Local Cruise COVID-19 Response Systems***

To effectively prevent and control the COVID-19 pandemic on cruises, avoid cross infection due to congregations, and guide work staff and tourists in personal protection, on March 2, 2020, the Shanghai Municipal Administration of Culture and Tourism promulgated the *Shanghai Guidelines on COVID-19 Response for Cruise Tourism*. Following the principles of “strengthening the source control, seeing responsibilities are fulfilled by main stakeholders, conducting closed-loop management, and improving collaboration mechanisms,” it specified the response mechanisms, organized internal response management of cruise ports, and worked out the response measures after the recovery from the pandemic, including 34 measures on port services and management, sanitary control for pandemic prevention, cruise management, response measures to suspected cases, etc. Thanks to its efforts, a complete pandemic response system covering cruise ports, cruise companies, emergency response, logistical support, etc., was formed. Shanghai Customs laid down the *Guidelines on Entry and Exit Health Quarantine of Cruise Ships*, and the Shanghai Municipal Transportation Commission made the *COVID-19 Prevention and Control Guidelines for International Cruise Ships* and the *Shanghai Guidelines on COVID-19 Response for International Cruises* (Table 5.2).

## **Suggestions for Improvement of Cruise COVID-19 Response Systems**

### ***Improving Port Sanitary Control Systems for Pandemic Prevention***

Cruise ports should specify the pandemic response requirements for port staff based on the conditions of ports and posts of their employees. The preparation requirements for cruises before they are back to operation should be announced, including

**Table 5.1** The COVID-19 prevention and control systems for Chinese cruises (and pleasure boats)

| Date              | COVID-19 response documents  |
|-------------------|--|
| July 23, 2020     | <i>The Normalized COVID-19 Response Guidelines for Chinese Cruises (Edition 1)</i>                           |
| January 8, 2021   | <i>The Normalized COVID-19 Response Guidelines for Chinese Cruises (Edition 2)</i>                           |
| May 20, 2021      | <i>The Normalized COVID-19 Response Guidelines for Chinese Cruises (Edition 3)</i>                           |
| August 4, 2021    | <i>The Normalized COVID-19 Response Guidelines for Chinese Cruises (Edition 4)</i>                           |
| April 10, 2020    | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 1)</i>    |
| June 30, 2020     | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 2)</i>    |
| July 22, 2020     | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 3)</i>    |
| November 25, 2020 | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 4)</i>    |
| January 28, 2021  | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 5)</i>    |
| May 25, 2021      | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 6)</i>    |
| August 4, 2021    | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel (Edition 7)</i>    |
| March 3, 2020     | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V1.0)</i> |
| March 27, 2020    | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V2.0)</i> |
| June 16, 2020     | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V3.0)</i> |
| August 14, 2020   | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V4.0)</i> |
| February 2, 2021  | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V5.0)</i> |
| June 10, 2021     | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V6.0)</i> |
| August 4, 2021    | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V7.0)</i> |

Sources Ministry of Transport; Maritime Safety Administration

**Table 5.2** Shanghai guidelines on COVID-19 response for cruise tourism

| Main contents                        | Description   |
|--------------------------------------|---|
| I. Prevention and Control Mechanisms | <p>1. Great attention should be paid to COVID-19 prevention and control, and COVID-19 response leading groups should be set up. Under the support of relevant district government agencies, port inspection authorities, port police, and enterprises concerned, the port authorities under the district governments of cruise ports are responsible for the overall pandemic response according to the response plans and pandemic evolution</p> <p>2. The <i>Emergency Plan for COVID-19 Prevention</i> should be made based on the actual situation and should be effectively implemented. The pandemic prevention and control mechanism should be made, and the mechanisms on collaboration, monitoring, and information reporting strengthened. The responsibilities of each of the departments concerned should be specified</p> <p>3. The resumption of cruise tourist activities should be based on the municipal pandemic response progress and should be made gradually and orderly under the unified plan of the municipal pandemic response leading group</p> <p>4. All stakeholders should actively support the local pandemic response leading group and make effective efforts in daily pandemic response. Temporary quarantine points should be arranged. Emergency response plans should be immediately launched once an outbreak is detected. All stakeholders should be ready to respond to the pandemic at any time</p> |

(continued)

**Table 5.2** (continued)

| Main contents   | Description  |
|---|--|
| <p>II. Internal Response Management at Cruise Ports</p> | <p>5. Before the cruise tourist activities are resumed, face masks, gloves, ethyl alcohol, disinfectant, and other pandemic response materials should be adequately supplied to meet the pandemic response needs at any time</p>   |
|   | <p>6. Cruise ports should set up pandemic response health working groups for disinfection and ventilation in all port areas. Such working groups should maintain disinfection, ventilation, and investigation records to ensure the traceability of their work</p>   |
|   | <p>7. Cruise ports should keep the physical health condition files of employees to better trace their physical conditions and measure and record the body temperatures of employees before they enter the ports every day. Employees with fever, cough, or other uncomfortable symptoms should not be allowed to work and should timely seek medical treatment</p> |
|   | <p>8. People within the office area should keep over one meter away from each other and wear face masks properly. Hand washing and disinfection are necessary before entering those areas. As for the reception of external personnel in the office areas, both the staff members and visitors should wear face masks</p>  |
|   | <p>9. The office area should be regularly ventilated and disinfected to offer a safe environment. Congregations and meetings should be reduced. Employees should be grouped for dining in different time periods or separately</p>   |
|   |  |
|   |  |
|   |  |
|   |  |

(continued)

Table 5.2 (continued)

| Main contents   | Description  |
|---|--|
| <p data-bbox="216 1178 436 1566">III. Pandemic Prevention and Control Measures after the Work Resumption</p> <p data-bbox="385 813 409 1178">(I) Port Services and Management</p> | <p data-bbox="216 165 373 804">10. Attention should be paid to the psychological health of employees to help them with psychological adjustment and adaptation. Work time and load should be reasonable, and employees should be guided to work out moderately and live healthily. During the business suspension, cruise ports could arrange employee training online to better prepare them for work in days to come</p> <p data-bbox="385 165 491 804">11. Before the operation of cruises is resumed, cruise ports should organize training on COVID-19 response for all of their employees. Frontline employees should well understand all pandemic control requirements and should be capable of handling emergencies</p> <p data-bbox="503 165 656 804">12. The “booked entry” and “arrival in batches” systems should be strictly followed at the cruise ports. The number of tourists received daily shouldn’t be more than 50% of the maximum capacity of the port, and the instant flow shouldn’t exceed 50% of the maximum instant flow. During the pandemic control period, the maximum tourist reception capacity should be announced</p> <p data-bbox="667 165 832 804">13. Passengers should be required to report their contact information and physical conditions. Only tourists with the green Shanghai QR Code in the GOVERNMENT ONLINE-OFFLINE SHANGHAI are allowed to enter the port. Technologies like the internet and big data are applied to collecting tourist information for the purpose of timely contacting them when necessary</p> <p data-bbox="844 165 997 804">14. Signs should be put up in conspicuous places at the main entrance to remind tourists of the pandemic response requirements, common senses, and notes. The phone numbers of local centers for disease control and prevention should be announced. Publicity materials on the pandemic response in both Chinese and English should be available at the tourist centers for free</p> |

(continued)

**Table 5.2** (continued)

| Main contents | Description  |
|---------------|--|
|               | <p>15. The exit quarantine at the port should be rigorous, and tourists from risky areas or whose body temperatures are higher than 37.3 °C should be discouraged</p> <p>16. Indoor ventilation and disinfection should be carefully carried out at the port</p> <p>17. Within the port, marketing campaigns that might attract a large number of onlookers should be avoided. In principle, cruise visiting or study activities should be suspended</p> <p>18. Frontline port employees should wear gloves and face masks correctly and frequently wash their hands when serving tourists. They should be careful about personal hygiene and avoid coughing or sneezing in front of others. Employees at key posts could wear protective clothing and take other protective measures</p> <p>19. Ports should designate employees to instruct tourists to stay over one meter away from each other and avoid congregation, and such employees should also be over one meter away from tourists</p> |

(continued)



**Table 5.2** (continued)

| Main contents  | Description  |
|--|--|
|  | <p>20. Efforts should be made to strengthen the all-participating pandemic response and cooperation with the local pandemic response, police, culture, and tourism administrations and other authorities. Tourists rejecting the body temperature measurement, spitting, littering, or having other uncivilized behaviors should be restrained. Tourists obviously violating the pandemic response regulations should be immediately reported to local pandemic response authorities for disposal</p>  |
| <p>(II) Sanitary Control for Pandemic Prevention</p> | <p>21. Public facilities and electronic touch screens in the tourist centers within the ports should be disinfected twice every day. After being used, wheelchairs should be disinfected immediately. Disinfectants should be available at the ports to tourists for free. All luggage should be disinfected before being put on ships. All goods and materials supplied to cruise ships must meet the pandemic response requirements and be traceable</p> <p>22. Pandemic control and disinfection in parking lots of cruise ports must be strengthened. Vehicles of tour groups and individual tourists must park separately, and at least one gap is ensured between vehicles. Tourists should enter in a decentralized way</p> <p>23. The dustbins within the ports must be disinfected twice every day, and the port areas should be kept clean and tidy. Special dustbins for used pandemic response goods should be added</p> <p>24. Rest rooms within the ports should be well ventilated and equipped with adequate sanitary equipment and goods, such as liquid soap and disposable paper towels. Cruise ports should make sure water is available, and hand drying machines work well in their rest rooms. Toilets, wash basins, door knobs, and other most-touched parts should be disinfected every two hours. The floor drains should be flushed with disinfectant water every day</p> |

(continued)

**Table 5.2** (continued)

| Main contents   | Description  |
|---|--|
| <p>III. Pandemic Prevention and Control Measures after the Work Resumption</p> <p>(III) Cruise Management</p> | <p>25. Before resuming the operation of cruises, cruise companies should organize training on COVID-19 response for all of their employees. Employees on board cruises should well understand all pandemic control requirements, and should be capable of handling emergencies</p> <p>26. Cruise companies should keep the physical health condition files of employees to better trace their physical conditions, and measure and record the body temperatures of employees before they enter the port every day. Employees with fever, cough, or other uncomfortable symptoms should not be allowed to work and should timely seek medical treatment</p> <p>27. Cruise companies should adjust the response levels of their OPRP according to the customs requirements. They should provide necessary medical workers and pandemic response goods onboard and be rigorous in the implementation of the relevant management measures</p> <p>28. Announcements should be in various ways onboard to remind tourists of the relevant pandemic response requirements, common senses, and notes. The phone numbers of medical centers should be announced. Publicity materials on the pandemic response in both Chinese and English should be available on cruises for free</p> <p>29. During the voyage, free body temperature measurement services should be available to tourists. When conditions permit, the contact-less temperature measuring equipment should be installed at the main corridors onboard, to effectively trace the body temperatures of tourists. Those with body temperatures above 37.3 °C should be timely quarantined and treated</p> |

(continued)

Table 5.2 (continued)

| Main contents                               | Description  |
|---|--|
|   | <p>30. Cruise companies should take effective measures to manage their tourists' travel at ports of call, and make necessary records of tour group information and their travel routes</p> <p>31. Service personnel on board the cruises should wear gloves and face masks properly and wash hands frequently when serving tourists. They should be careful about personal hygiene, and avoid coughing or sneezing in front of others. Employees at risky posts could wear protective clothing and take other protective measures</p>  |
| (IV) Measures to Treat Suspected Infections | <p>32. After arriving at cruise ports and obtaining quarantine permits from the customs, cruises are thus ready for tourists' and crew's disembarkation or boarding, luggage handling, and other operations. Anyone with fever or suspected of being with COVID-19 should get off first</p> <p>33. Whenever suspected infections are found, the ports should report to the local disease control departments as soon as possible, provide them with the relevant information, and arrange special quarantine sites or channels before the arrival of disease control personnel. If tourists are suspected of being with COVID-19 during the voyage, they should be timely quarantined, treated, and reported to the customs. At the same time, places they've been to should be disinfected by personnel wearing protective clothing, masks, rubber gloves, goggles, rubber shoes, etc., to protect themselves from COVID-19</p> <p>34. After the suspected infected persons at ports or cruises are tested positive, any port or cruise employees and tourists that had close contact with them should receive a home quarantine or a centralized quarantine, to minimize the chance of cross-infection</p> |

Source Shanghai Municipal Administration of Culture and Tourism

making pandemic prevention and control plans, setting aside special areas for emergency response, providing professional body temperature measuring equipment and adequate pandemic response goods essential to the pandemic control, and organizing training on pandemic control. Tourists entering the ports should be required to report their contact information and health conditions, and receive body temperature measurements and medical inspections. The “booked entry” and “arrival in batches” systems should be strictly followed at cruise ports. Cruise ports should keep the physical health condition files of employees to better trace their physical conditions. Staff handling the goods and materials supplied to cruise ships and crew members should be carefully managed. In accordance with the sanitary management requirements for port facilities, efforts should be made to improve the pandemic response standards, involving the cruise air-conditioning systems, the disinfection scope and frequency in public areas of ports, the waste management, the parking lot management, and the promotion of pandemic response. For cruise facilities, it’s required that when the ventilation system is set to the all-air system, the all-fresh-air mode is adopted to ensure that the fresh air is directly ventilated from outside. The exhaust system should function well. After being used, wheelchairs and other facilities should be disinfected immediately. Compartments, balconies, toilets and other areas should be cleaned and disinfected twice, in the morning and evening, respectively, with specialized cleaning solutions and disinfectants.

### ***Improving Cruise Companies’ Sanitary Control Systems for Pandemic Prevention***

As the market operators, cruise companies are responsible for setting work standards meeting COVID-19 response requirements based on the features of their cruises and their sanitation and pandemic prevention status. They should specify the preparation requirements before their cruises sail, such as making sailing resumption plans, setting aside quarantine areas and rooms, preparing adequate and necessary pandemic response goods, allocating medical workers based on rated capacity, obtaining quarantine certificates, and regulating ticking activities. For tourist sanitary control, cruise companies should take pandemic response measures, make emergency response plans, popularize knowledge on safety and health among tourists, dissuade them from gathering, and monitor the health conditions of tourists. For crew management, it’s required to keep the health files of crew members for better monitoring their health conditions, and organize crew training and health education activities. As we know, cruises would sail from one country to another, and different countries have different sanitary requirements, which might cause competent authorities and cruise companies trouble in responding to pandemics on cruises. The US has published the *Vessel Sanitation Program Operations Manual*, while the EU has issued the *European Manual for Hygiene Standards and Communicable Diseases on Passenger Ships*. As the number of China-bound international cruises and Chinese

cruises grows, it's necessary for China to set sanitary standards for cruises to offer them proper instructions on infectious diseases.

### ***The Establishment of Cruise COVID-19 Response Systems***

Cruise companies and ports have set up emergency response working groups that are responsible for the pandemic response. Once an infection or suspected infection is found during the voyage, it should be reported to the inspection authority of the port of departure and the port of call immediately, and relevant records should be kept for later review. Whenever suspected infections, confirmed cases, or clustered cases are found, all public areas (except medical centers) should be closed, and cruise-wide measures should be taken. Collective activities should be suspended, and tourist activity areas should be limited. People quarantined should follow the quarantine requirement, and cruise companies should take management measures to them, such as video surveillance and card tapping warnings on the doors of those quarantined. Cruise companies should pay close attention to the psychological conditions of tourists quarantined and offer psychological adjustment services. When cruises arrive at the port, without permission, anyone or goods are not allowed to get on board. Instead, emergency response measures should be taken immediately to treat the suspected infection and confirmed cases (if any) and disinfect operation areas and goods on board according to the joint port response mechanism. After all of those preparation efforts are made, cruises are thus ready for tourists' and crew's disembarkation or boarding, luggage handling, and other operations. The entry and exit should be immediately suspended if any suspected infection confirmed case is found and could be resumed after emergency response measures are taken.

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# Chapter 6

## G.6 Analysis on and Countermeasures to the Hindrance to Resume Cruise Tourism in China



Ling Qiu

In the face of the sudden outbreak of the COVID-19 pandemic, Wusongkou International Cruise Terminal promptly activated response plans for public health emergencies. It's the first port to adopt source control worldwide. The terminal implemented detailed treatment, transfer, and discouraging procedures, as well as mechanisms to protect all stakeholders. It revised the *Response Plan for Public Health Emergencies at Wusongkou International Cruise Terminal*, required shipping agencies to collect information of tour groups from Wuhan, and adopted the centralized arrival, entry–exit, and quarantine. It demanded that all cruise companies upgrade their cruise OPRP. More efforts were devoted to staff training, especially response procedures and plans for public health emergencies and personal protection requirements. Cruise companies began to implement their special work plans for pandemic response. The customs, border inspection stations, etc., assumed their responsibilities by taking pandemic response measures and working out joint response mechanisms. The terminal persuaded cruise companies to cancel voyages and organize insurance companies to compensate them for doing so. It offered favorable treatment for this special time period and cooperated with cruise companies and travel agencies to refund or change tickets for tourists. Thanks to the prompt and effective efforts of Shanghai Wusongkou International Cruise Terminal and Tianjin International Cruise Home Port, people's confidence in the pandemic response increased and a solid foundation for recovering the Chinese cruise market laid.

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## **Significance and Foundation of Operation Resumption of the Chinese Cruise Market**

### ***Consolidating the International Position of the Chinese Cruise Market***

With the accelerated upgrading of residents' consumption in China, the focus of tourism consumption has shifted from sightseeing to both sightseeing and leisure & vacation activities, resulting in increasing demand for high-quality tourism, which has promoted the expansion of cruise tourism. Before COVID-19 struck, the Chinese cruise market was in a stable development stage. In 2019, Chinese cruise ports received 804 cruises and 4,135,000 inbound and outbound tourists, including 728 home-port cruises and 3,956,000 home-port tourists. This market experienced a decade of the golden age. After the previous two years of market adjustment, it's at a critical point of marching toward high-quality development. Unfortunately, it came to a standstill due to the pandemic. Despite the impact of the pandemic, China, as the largest emerging cruise market and largest cruise tourist source worldwide, is still the biggest and most promising consumer market, on the basis of its population of 1.4 billion and over 400 million middle-income citizens. The per capita GDP has exceeded USD 10,000. It is seeing a better consumption structure and a recovering economy, indicating a great growth potential. However, for now, we should be aware that the asset-intensive cruise industry might shift their capacity to other markets, and cruise companies might cut pay or jobs in Asian markets or even cease operations here due to the overlong recovery period (Table 6.1).

### ***Continuously Simulating the Steady Development of the Chinese Cruise Industry***

Cruise manufacturing is new in China and is in a critical period of developing the whole industry chain of the cruise economy. The accelerated resumption of the voyage could contribute to the formation of industrial ecosystems covering independent design, manufacturing, operation, maintenance, and services of cruises. The recovery of cruise operations could bring more opportunities for the development of the Chinese cruise industry. Steady progress is being made in the manufacturing of large domestic cruises. On April 28, 2021, the production design, model balance, and structural production design drawings for the whole ship of the H1508, the first mega cruise ship of China, were completed, offering strong technological support for building more mega cruises. On August 20, 2021, the 0-deck sample area of the non-machinery space and the zone F of the machinery space of the mega cruise ship H1508 were powered on, a major breakthrough of the "Three Connections and One Drainage" program of the company. These achievements created favorable conditions

**Table 6.1** Developments of the Chinese cruise market in 2019

| S/N | Ports  | Cruises received |      |                         | Cruise tourists received |               |                         |
|-----|--|------------------|------|-------------------------|--------------------------|---------------|-------------------------|
|     |  | 2018             | 2019 | Year-on-year growth (%) | 2018 (10,000)            | 2019 (10,000) | Year-on-year growth (%) |
| 1   | Shanghai Wusongkou International Cruise Terminal   | 375              | 240  | -36.0                   | 271.5                    | 187.14        | -31.0                   |
| 2   | Tianjin International Cruise Home Port             | 116              | 121  | 4.3                     | 68.3                     | 72.55         | 6.0                     |
| 3   | Guangzhou Nansha International Cruise Home Port    | 0                | 4    | -                       | 0                        | 0.748         | -                       |
| 4   | Guangzhou International Cruise Home Port           | 97               | 89   | -8.2                    | 48.12                    | 43.44         | -10.0                   |
| 5   | Shenzhen Merchants Shekou Cruise Home Port         | 89               | 97   | 9.0                     | 36.46                    | 37.30         | 2.0                     |
| 6   | Xiamen International Cruise Center                 | 96               | 136  | 41.7                    | 32.48                    | 41.37         | 27.0                    |
| 7   | Qingdao Cruise Home Port                           | 44               | 51   | 16.0                    | 10.99                    | 17.62         | 60.0                    |
| 8   | Dalian International Cruise Terminal               | 37               | 39   | 5.0                     | 8.44                     | 8.85          | 5.0                     |
| 9   | Haikou Xiuying Port                                | 0                | 0    | -                       | 0                        | 0             | -                       |
| 10  | Shanghai Port International Cruise Terminal        | 28               | 18   | -36.0                   | 3.72                     | 2.20          | -41.0                   |
| 11  | Sanya Phoenix Island International Cruise Terminal | 20               | 4    | -80.0                   | 2                        | 0.64          | -68.0                   |
| 12  | Wenzhou International Cruise Port                  | 5                | 0    | -                       | 1.4                      | 0             | -                       |

(continued)



**Table 6.1** (continued)

| S/N   | Ports  | Cruises received |      |                         | Cruise tourists received |               |                         |
|-------|--|------------------|------|-------------------------|--------------------------|---------------|-------------------------|
|       |  | 2018             | 2019 | Year-on-year growth (%) | 2018 (10,000)            | 2019 (10,000) | Year-on-year growth (%) |
| 13    | Lianyungang International Cruise Terminal      | 20               | 0    | –                       | 1.3                      | 0             | –                       |
| 14    | Zhoushan Archipelago International Cruise Port | 0                | 5    | –                       | 0                        | 1.60          | –                       |
| Total |  | 927              | 804  | –12.5                   | 484.71                   | 413.46        | –14.5                   |

Source China Cruise & Yacht Industry Association (CCYIA)

for the follow-up work and the floating of the cruise. Meanwhile, the fire fighting water for the whole cruise, the ventilation systems of the machinery space, and the drainage systems were also advanced as scheduled.

### ***Notable Progress Made in Cruise COVID-19 Response***

The pandemic came as a surprise. As the biggest and busiest cruise port in the Asia-Pacific, Shanghai Wusongkou International Cruise Terminal was the first to make a work plan on joint pandemic response with port investigation authorities, other cruise ports, cruise companies, travel agencies, and competent government agencies. It made an emergency COVID-19 response procedure, which specified the way to identify people having close contact with tourists onboard that were suspected of being COVID-19 positive. Inbound and outbound tourists were separated. During January 20–29, this terminal received ten large international cruises, 42,700 inbound tourists, and 21,800 crew members. A great job was done in prompt pandemic response, and “zero imported cases, zero exported cases, and zero infections” were ensured. A major victory was won in the initial stage of the fight against COVID-19. The successful response to the pandemic by Shanghai Wusongkou International Cruise Terminal was highly appreciated by cruise companies. Shanghai is experienced in managing inbound personnel through airports during pandemic outbreaks through the whole process closed-loop management. Such experience was adopted by the cruise port. It organized Chinese crew members with employment contracts terminating to enter, made rigorous joint response mechanisms, and arranged strict tests and centralized quarantines for those entering crew members. After they entered and got off, they would be transferred to the designated places after two body measurements, health condition reporting, epidemiological survey, nucleic acid testing, and luggage disinfection in a special area. Rigorous efforts were made in quarantine and test, and none was found with fever or suspected of being with COVID-19. The

closed transfer and 14-day centralized quarantine helped to stem the spread of the virus. The whole terminal was put under rigorous management and was divided into non-operation areas, work zones, ship supplies handling areas and crew entry operation areas. Ship auxiliary operations and ship supplies handling were carried out in contact-less ways. Operators onboard were not allowed to disembark, and those ashore were forbidden to get onboard. Staff members working within the port area were all required to wear adequate personal protective equipment. They were traced for health conditions, which were required to be reported daily. All work zones were disinfected by specialized institutions according to the regulations.

### ***Initial Establishment of Cruise COVID-19 Response Systems***

Five ministries, including the Ministry of Transport and Ministry of Foreign Affairs, jointly laid down the *Guidelines on Emergency Rescue and Treatment of Sick and Injured Crew during the Pandemic Prevention and Control*. After cruises suspended shipping services, Shanghai Cruise Port lost no time in improving the COVID-19 prevention and control plans and treatment procedures, laying a good foundation for cruises to resume the voyage. Baoshan Customs of Shanghai led to promulgated the *Guidelines on Entry and Exit Health Quarantine of Cruise Ships*, which drew from the *Operation Guidelines on Health Quarantine for COVID-19 Response at Ports* of the General Administration of Customs and has been specified as the internal operation guidelines. The port summarized the practical experiences in the COVID-19 response in a timely manner, assessed its performances in the response, and revised the *Response Plan for Serious Public Health Emergencies at Wusongkou International Cruise Terminal*. Hardware facilities were transformed, the standards of body temperature measuring and quarantine at the terminal upgraded, and the entry–exit procedures optimized. The *Shanghai Guidelines on COVID-19 Response for Cruise Tourism* were released according to the cruise voyage resumption requirements, which came up with 34 measures for port service and management, sanitary control for the pandemic response, cruise management, etc., so as to ensure the effect of pandemic response. The cruise companies followed the *Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew of the Maritime Safety Administration* and the *Notice on Further Strengthening the Shift Change Management of Chinese Crew Members of Ships at Domestic Ports of Shanghai Pandemic Prevention and Control Office*. They upgraded the public hygiene management measures on their cruises and strengthened employee health monitoring and management. On their ships are quarantine areas arranged for epidemiological investigation, sampling, and nucleic acid testing. All played essential roles in this pandemic response (Table 6.2).

**Table 6.2** the establishment of Chinese cruise COVID-19 response systems (partial)

| Level    | Issuers  | COVID-19 response documents  |
|----------|--|--|
| State    | The General Administration of Customs  | <i>Regulations on the Urgent Handling of the Entry–Exit Inspection and Quarantine of Frontier and Port Public Health Emergencies</i>       |
|          | The Ministry of Transport  | <i>The Normalized COVID-19 Response Guidelines for Chinese Cruises</i>   |
|          | The Ministry of Transport  | <i>The COVID-19 Prevention and Control Guidelines for Ports and Their Frontline Personnel</i>  |
|          | The Ministry of Transport  | <i>Notice on Zone- and Grade-Specific Guarantee of Waterway Transport Services</i>   |
|          | The Maritime Safety Administration   | <i>The Guidelines for the Prevention and Control of New Coronary Pneumonia Epidemic for Ship Crew (V1.0)</i>                               |
|          | The General Administration of Customs of the People’s Republic of China, etc.                                  | <i>Notice on Improving the Mechanism of Entry–Exit COVID-19 Prevention and Control</i>   |
|          | The National Health Commission   | <i>The COVID-19 Prevention and Control Plan</i>  |
|          | The Ministry of Transport, etc.  | <i>The Notice on Precise COVID-19 Response to International Ships and Crew</i>   |
| Shanghai | Shanghai Municipal Administration of Culture and Tourism   | <i>Shanghai Guidelines on COVID-19 Response for Cruise Tourism</i>   |
|          | Shanghai Pandemic Prevention and Control Office  | <i>The Notice on Further Strengthening the Management of Shift Change at Domestic Ports by Chinese Crew of International Sailing Ships</i> |
|          | Shanghai COVID-19 Response Leading Group   | <i>Requirements on Further Strengthening the Health Management of Crew of Overseas Ships Coming to Shanghai</i>                            |
|          | Shanghai Municipal Transportation Commission, Shanghai Maritime Safety Administration, Shanghai Finance Bureau | <i>The Notice on Adjusting COVID-19 Prevention and Control at Ports and Navigable Waters under the Jurisdiction of the City</i>            |

Sources Ministry of Transport, Maritime Safety Administration, etc.

## **Hindrance to Operation Resumption of the Chinese Cruise Market**

### ***Pandemic Factors***

The repeated outbreaks of COVID-19 led to uncertainties in domestic and international markets and changed the development course, mode, and evolution logic of the Chinese cruise market. Since the novel coronavirus does not have to be in a human host to survive, it is unlikely that they will be completely exterminated from the entire natural world. With strategic achievements attained in the COVID-19 response in China and effective progress made in global vaccination, cruise markets in North America, Europe, and Asia were gradually reopened. As the second largest cruise tourist source only next to the US, China should gradually resume its cruise business while taking pandemic control measures. Yet this resumption has not been put on the agenda. Considering the impact of COVID-19, China determines not to resume the inbound and outbound group tours and “air ticket + hotel” business of travel agencies and online travel companies. Such determination led to the prolonged suspension of cruise tourism product booking, and cruise companies couldn’t sell cruise tickets. In China, social stability is the cornerstone, and development is the top priority. Many internal contradictions have been solved during the course of development. China is a densely populated country, especially its eastern parts, where the economy is relatively developed. Further, the novel coronavirus is strongly infectious. Therefore, it’s a must to achieve safe co-existence with the virus in this country, not to fight it endlessly. Before the development and universal vaccination of highly effective vaccines (which might need three to five years or longer), the normal condition in China is to continuously fight the virus. The normalization of COVID-19 and the lack of absolutely effective control measures bring great pressure on the development of the Chinese cruise market.

### ***Market Factors***

At present, China is faced with serve internal and external contradictions. The pandemic is still rampant, which has sharpened the contradictions. One could tell from the recent national policies on housing, education, internet platforms, and population, the 14th Five-Year Plan and other long-term national plans that now is the time for the re-adjustment of the weights of the planned economic system and the market-oriented economic system. Therefore, China will focus on solving internal and external conditions at present and for some time to come, and shift from making the pie bigger to growing pie while sharing it fairly. If the “new three mountains” and the “involution” caused by them couldn’t be effectively dealt with, the dual-circulation development pattern of this country would be negatively impacted.

What impacts the Cruise to Nowhere the most is the market reaction. Despite the potential market needs, considering the repeated pandemic outbreaks, possible pressure from public opinion, and many other factors, tourists won't go for a Cruise to Nowhere even if they want to. Seen from the fact that the Chinese cruise market mainly relies on incremental customers, one could also know that Chinese tourists pay much attention to ports of call along the cruise tourism journey. Good advertising only wins customers once. It can't keep them. Only good cruise tourism products can do so. This is also the reason behind the protest by passengers when cruises couldn't pull in to shore in the past, and why Chinese cruise market size shrank seriously after the cancellation of China–South Korea itineraries in March 2017. In addition to the pandemic factors, from the perspective of tourists' awareness and cruises' attraction to tourists, Cruises to Nowhere are valuable chances to see if they are the destinations or luxurious vehicles in the eyes of tourists. If they are viewed as destinations, it might make the promotion of "Cruise to Nowhere" logically wrong. The acceptance of the cruise ship itself as the tourism destination could be reflected by the sales of Cruise to Nowhere tickets at present. If the Cruise to Nowhere market remains and keeps expanding in the post-pandemic era, it means the concept of "cruises themselves are destinations" is well established in China.

### ***Policy Factors***

In the guiding opinions of the CPC Central Committee and the State Council on supporting Hainan to deepen reform and opening up in an all-round way, it is proposed to give support for Sanya and other Hainan cruise ports to open transnational cruise tourism routes and for Sanya to develop the home port. The Ministry of Transport issued the opinions on promoting the pilot Ocean Getaway itineraries in Sanya and other Hainan cruise ports, approving that before the five-star red flag cruises are put into operation, the pilot Ocean Getaway itineraries of Chinese "flag of convenience" cruises could be launched at Sanya and Haikou cruise ports. In July 2019, Hainan Province released the implementation plan for the pilot program of Ocean Getaway itineraries based at Hainan cruise ports. Under the impact of COVID-19, Cruises to Nowhere are an important method for resuming cruise tourism, but the Ministry of Transport allowed only Chinese companies of non-five-star red flag cruises to operate Ocean Getaway business. The Piano Land of Astro Ocean Cruise co-invested by COSCO SHIPPING and China Tourism Group, and the MV Charming of China Communications Construction are waiting for the final approval by the competent authority. After the voyage resumption of Sanya is approved, the Hainan mode would be adopted in Shanghai.

## Recommendations

### *Resuming Booking of Cruise Products as Soon as Possible*

Cruise products need to be booked for two to three months due to their special nature, so the prerequisite for voyage resumption is the permission for cruise product booking. On January 24, 2020, the Ministry of Culture and Tourism General Office issued the *Emergency Notice on the Suspension of Business Activities of Tourism Enterprises for COVID-19 Prevention and Control*, demanding that Chinese travel agencies and online tourism companies suspend group tours and “air ticket + hotel” tourism business. Yet cruise tourism products are mostly sold to tour groups through travel agencies, and the booking of all such products has been suspended for now. Given the uncertainty of the pandemic, cruise companies need to announce that all tickets booked for future voyages which can’t be commenced as scheduled due to the pandemic could be refunded or changed.

### *Promoting and Launching Cruises to Nowhere*

Despite that cross-border cruise itineraries are being reopened globally, it’s prudent and feasible to resume Cruises to Nowhere in the Chinese cruise market. The *Notice on Permitting Foreign Cruises to Carry out Multi-Port Attached Business in China* (2009 No. 44) of the Ministry of Transport specifies that, foreign cruises could be attached to many Chinese ports for business operation, subject to the specific approval and only applicable to international itineraries. The Ministry of Transport issued the *Opinions on Promoting the Pilot Ocean Getaway Itineraries in Sanya and Other Hainan Cruise Ports* ([JSH 2019] No. 212), specifying that the pilot Cruise to Nowhere operation only applies to Chinese “flag of convenience” cruises at Hainan cruise ports. Given the pandemic, the original approval process for multi-port attached business has been simplified, and it’s supported to register the multi-port attached itineraries in China Cruise Tourism Development Experimental Zone, so as to diversify cruise itineraries as the COVID-19 response is normalized. Risks related to international cruises are mainly from inbound passengers or crew members. Tourists of Ocean Getaway itineraries are all from low-risk areas of China. Before getting on board, all tourists and crew members have been vaccinated. All ship supplies are locally sourced. The proportion of domestic crew members is maximized, and overseas members are subject to strict quarantine and health screening before being allowed on board, which helps to effectively lower the risk of infections from aboard. Following the basic pandemic response principle of “preventing the coronavirus from re-entering the country to cause a new epidemic,” the Ministry of Transport should establish a national COVID-19 response system for the resumption of cruise operation as soon as possible, to guide all the cruise companies in improving their own pandemic response systems. The pilot operation of Cruise to Nowhere itineraries

by Chinese cruises should be launched quickly for now and widely promoted when everything is ready.

### ***Resuming Cruise Itineraries to South Korean as Soon as Possible***

Cruise itineraries to Japanese and South Korean have dominated 95% of the Chinese cruise market for a long time. They are mature and standardized products. On March 3, 2017, the Ministry of Culture and Tourism issued the *Tips for Traveling to South Korea*. On March 15, all cruise itineraries to South Korea were suspended. Such suspension worsened the “lack of diversity” problem of Chinese cruise itineraries. Subsequently, the main Japanese ports where Chinese home-port cruise ships call are Fukuoka, Nagasaki, Kagoshima, Kumamoto, Kitakyushu, Okinawa, and Hiroshima. The lack of diversity and novelty of ports of call directly led to the shrinkage of the Chinese cruise market size. In 2017, China received 1,181 cruises, with 4.95 million inbound and outbound tourists. The figures dropped to 808 and 4.14 million, respectively, in 2019. It’s suggested to re-open the itineraries to South Korea in the early days of operation resumption and to keep such itineraries after the market is back to normal condition.

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# Chapter 7

## G.7 A Study on the Public Health Emergency Response Mechanisms of Chinese Cruise Ports



Fangyuan Lyu

Public health emergencies refer to natural disasters, accidents, public health events, and social security events that take place all out of a sudden and do or are likely to do serious harm to society, and thus need emergency responses. As a key point on the cruise service chain, the cruise port is easy to see all kinds of emergencies (such as natural disasters, accidents, public health emergencies, and social security events). Cruise port emergencies are events that take place within the operational areas of cruise ports, lead to or are likely to lead to personal injury, property damage, or inability to maintain normal operation of the ports, and call for emergency treatment, personnel evacuation, or rescue and emergency transport support. Cruise port emergencies are featured with latency, burstiness, destructiveness, continuity, and complexity. Probing into the reasons and solutions to cruise port emergencies is key for controlling the emergency risk and lowering the loss. After the National Health Commission announced to include COVID-19 on the list of category B infectious diseases and took the response measures for category A infectious diseases on January 20, 2020, the pandemic became a public health emergency that impacted the operation of cruise ports.

### Overview of Theories on Public Health Emergency at Cruise Ports

#### *Types of Public Health Emergencies*

Public health emergencies mainly include the discovery of quarantinable diseases or category A infectious diseases, the large-scale outbreak and spread of categories B

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and C infectious diseases, the occurrence or spread of emerging infectious diseases in or to China, or the coming back of infectious diseases once announced to be eradicated by the nation; foodborne infections reported in cruise port areas; nuclear, biological, and chemical emergencies at home or abroad that might endanger cruise port areas; other public health emergencies identified by the National Health Commission that demand response.

### ***Levels of Public Health Emergencies***

Public health emergencies fall into serious (first-level), relatively serious (second-level), and general (third-level) public health emergencies by nature, the extent of harm, and coverage. Serious (first-level) public health emergencies: Tourists and port staff are infected with quarantinable diseases or infectious diseases announced by the General Administration of Quality Supervision, Inspection and Quarantine for close attention and have led to death; food poisoning events at the ports where more than ten people are poisoned or some people are poisoned to death; nuclear, biological, and chemical emergencies where terrorism cannot be ruled out; other serious public health emergencies identified by the National Health Commission.

Relatively serious (second-level) public health emergencies: Tourists and port staff are infected with quarantinable diseases or infectious diseases announced by the General Administration of Quality Supervision, Inspection and Quarantine for close attention but haven't led to death; posts, public areas, transportation, goods, containers, luggage, parcels, etc., are infected with quarantinable diseases or infectious diseases announced by the General Administration of Quality Supervision, Inspection and Quarantine for close attention; food poisoning events at the ports where 5–9 people are poisoned; medical vectors are intercepted and tested positive for the pathogen; other public health events that could cause serious impact.

General (third-level) public health emergencies: Posts, public areas, and inbound and outbound personnel, transportation, goods, containers, luggage, parcels, etc., are contaminated with other pathogens; food poisoning events where less than five people are poisoned; nuclear, biological, and chemical emergencies where terrorism can be ruled out; other public health events that could cause relatively serious impact.

Reporting of foreign-related and sensitive events and events that might deteriorate should be strengthened, and their response level should be lifted.

## **Response Procedures for Public Health Emergencies at Cruise Ports**

### ***Management of Inbound and Outbound Personnel at Cruise Ports***

When the State Council, the General Administration of Customs, the health administrative departments, and other government agencies issue the relevant announcements or notices, efforts should be made to identify the countries or regions needing close attention according to the announcements or notices, and manage inbound and outbound personnel, especially those from or passing the countries or regions needing close attention during the specific period (including medium- and high-risk domestic areas) and those with the relevant symptoms. During the COVID-19 response period, if staff members of cruise companies and port operators need to get on board or off their ships, such companies and operators should make work plans and submit them to the office of the COVID-19 response leading group for approval and going through the necessary formalities. Cruise companies and travel agencies are responsible for collecting and screening information of tourists from the countries or regions needing close attention (including ID number and the information of tour group members whose passports are obtained from the places needing close attention, who join tour groups in such places and who set off or need to pass such places), and identify and discourage people needing close attention from going abroad. During the ticket selling or boarding formality processing, cruise operators should suspend such selling or processing if they find the outbound personnel with the infectious disease symptoms needing close attention or from the medium- or high-risk domestic areas. Cruise companies should take effective measures to stem the spread of the pandemic. During the COVID-19 response, only tourists with the valid nucleic acid test certificate (within seven days), green health code, green big data card, or effective health certificate for international travel and with normal body temperature could get on board cruise ships with their tickets. If port operators, border inspection stations, and other competent departments find the outbound personnel with infectious disease symptoms needing close attention or from domestic areas with medium or high risk of COVID-19 during the exit formality processing, they should discourage such personnel from getting on board and report to the superior immediately.

Where it is found through cruise companies' screening or tourists' reporting that someone on the inbound personnel list is from or has passed the areas needing close attention or is with fever, diarrhea, vomiting, and other infectious disease symptoms, the cruise companies should immediately notice such person and his or her close contacts (expanding to the secondary close contacts for suspected infections) to wait in the specific area on board and report to the emergency response command. The customs office is to conduct the quarantine and screening according to the control order. According to the relevant pandemic control regulations, to get off the ship

and enter Shanghai, crew members should pass the customs quarantine and be tested negative for COVID-19. And the customs office should notify the border inspection department on this, and the latter is to process the disembarkation and entry formalities to allow such members to disembark and enter Shanghai. Crew members found with the relevant symptoms or conditions needing close attention should be immediately reported to the emergency response command and rejected for disembarkation or entry. To tourists, the latest regulations should apply.

### ***Detection and Reporting***

Port operators or staff (including work staff, cruise companies, shipping agencies, etc., of cruise ports) finding or knowing from reporting personnel with infectious disease symptoms (such as fever, cough, expectoration, chest pain, anhelation, and breathing difficulties) should lose no time in notifying the nearest customs officer and take emergency response measures that they are capable of (including but not limited to wearing disposable surgery masks, quarantining the suspected infections and setting alert limits). After receiving such reporting, customs officers should immediately organize screening to identify people with infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic carriers and their close contacts, and report to local customs leaders for further reporting to the emergency response command. The command is to notify the relevant agencies and departments for a joint response.

### ***Treatment of Suspected Infections of Major Infectious Diseases and Their Close Contacts***

Efforts should be made to identify suspected infections according to the national standards and screen their close contacts based on the types of infectious diseases. People identified by the customs departments as with symptoms, suspected infections, confirmed infections, or asymptomatic carriers of infectious diseases needing close attention should be rejected for entry and reported to the emergency response command and should be transferred by a special ambulance of the local health committee (negative pressure ambulances should be used for respiratory infections) to a designated hospital. Close contacts are subject to information reporting and centralized quarantine and medical observation organized by the local health committee. The handover process should be recorded in a detailed way. People from areas with medium and high COVID-19 risks should be rejected for entry, reported to the emergency response command, and handed over to the local health committee for management according to the response requirements. If tourists with infectious

disease symptoms not under enforcement insist on boarding despite the discouragement, they should be required to sign a notification and reported by the customs to their cruise operators for treatment.

Cruise operators should strengthen the inspection during the voyage and monitor all people onboard for infectious disease symptoms. They should timely report people with fever, diarrhea, vomiting, and other infectious disease symptoms (if any). Medical centers onboard should conduct a classified diagnosis to patients and wear masks and other protective equipment when treating patients with fever and other infectious disease symptoms. When finding people with the symptoms, suspected infections, confirmed infections, or asymptomatic carriers of infectious diseases, they should immediately take quarantine measures, identify the contaminated areas, strictly limit people from entering such areas, and promptly report to local customs. Entering cruises are subject to quarantine by the customs according to the response order. If a public health emergency is identified, it should be immediately reported to the emergency response command. The command is to determine the treatment plans, screen out the close contacts, and issue the orders on whether the people planning to get off could now disembark and where to go for quarantine, considering the specific condition. If finding people with the symptoms, suspected infections, confirmed infections, or asymptomatic carriers of infectious diseases at the entry corridor, the local customs should promptly notify cruise ports and companies to suspend the boarding, disembarkation, and luggage handling, and report to the emergency response command. Anyone identified as with diseases and forbidden to enter should be quarantined according to the relevant regulations. For people with other diseases, the local customs should contact the local health committee to arrange a special ambulance to transfer them to the designated hospital. Before being transferred, the patients should be reported by the local customs to the border inspection station for entry formality processing. Those judged as forbidden to enter should be escorted by the customs back to the ship. The ship operator should ensure their quarantine. Those judged by the border inspection station as allowed to enter should enter after their entry formalities are done and through the specified transfer route.

### ***Cruise Ports and Cruise Quarantine***

People with infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic carriers and their close contacts should be quarantined strictly following the response requirements, and the port areas, environment, and luggage contaminated should be disinfected. People with infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic carriers and their close contacts, if quarantined on board, should be quarantined individually, and the medical center, compartment, and public area should be disinfected regularly. For the transfer of those with infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic carriers and their close contacts, special ambulances should be used (negative pressure ambulances should be used for respiratory

infections), and their companions should be sent separately for accompanying. The ambulance and areas that might be contaminated should be disinfected by the local health committee. Local customs department is responsible for the disinfection of the medical screening room, fast testing room, negative pressure quarantine area, and goods within the customs site. Cruise ports are responsible for the disinfection of the public area of cruise ports and the luggage of confirmed infections and their close contacts under the instruction of the customs, and timely dispose of the medical waste. The technical training for the relevant staff should be strengthened to ensure a prompt, efficient, and scientific response to public health emergencies.

## **Establishing Joint Public Health Emergency Response Mechanisms for Cruise Ports**

### ***Setting up the Port Emergency Response Command***

The emergency response command serves as a coordinating agency for unified command of the emergency response to public health emergencies at cruise ports. It's responsible for launching and terminating the emergency response plans, organizing, coordinating, and mobilizing each of the departments concerned to participate in the public health emergency response, establishing joint response mechanisms, organizing the specialized experts for technical and strategic supports, ensuring the supply of the goods for such response, closing and controlling the contaminated area according to law, managing the food and water source, unifying the information reporting, timely releasing the relevant information, offering positive guidance on public opinions, announcing to close or re-open the port, etc. It's necessary to set up the office of emergency response command for communication between the superior and the subordinate, coordinate the departments concerned, maintain effective communication, realize effective cooperation, organize the materials and human resources needed for public health emergency response, and coordinate to prepare the centralized medical observation site.

### ***Specifying Responsibilities of All Departments of Cruise Ports***

The customs department is mainly responsible for the quarantine and inspection of coming and leaving cruises, persons, and luggage; monitoring and warning, and site treatment, control, and handover of public health emergencies; guiding cruise ports on the disinfection of port areas, other environment, and luggage that might be contaminated (Table 7.1).

The information of people identified during the quarantine as with the infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic

**Table 7.1** Responsibilities of the public health emergency response command of cruise ports

| S/N | Responsibilities  |
|-----|---|
| 1   | Announcing to launch and terminate the emergency response plans   |
| 2   | Organizing, coordinating, and mobilizing each of the departments concerned to participate in the public health emergency response, and establishing joint response mechanisms |
| 3   | Organizing the specialized experts for technical and strategic supports   |
| 4   | Ensuring the supply of the goods for the public health emergency response   |
| 5   | Closing and controlling the contaminated area according to law and managing the food and water source   |
| 6   | Unifying the information reporting, timely releasing the relevant information, and offering positive guidance on public opinions  |
| 7   | Announcing to close or re-open the port   |

carriers and their close contacts, and people from areas with medium COVID-19 risk (including name, ID number, etc.) should be reported to the emergency response command, which is to organize the local health committee and other relevant departments for tracing and screening. The border inspection station is responsible for processing the entry formalities for tourists and crew members; inquiring and providing the entry–exit information of tourists and crew members according to the requirements of the emergency response command and the approval of the superior; sharing the identity information (including name, gender, date of birth, nationality, entry–exit certificate number), and time and ports of entry and exit of tourists who have traveled to high-risk countries (regions), to support the competent departments to trace and screen inbound and outbound personnel. The maritime department is responsible for maintaining the order of cruises berthing at and leaving the terminal and the order of shipping lanes; accepting the rescue application from crew members needing urgent rescue, timely reporting to the health, customs, and border inspection agencies, and organizing the rescue based on the conditions; carrying out the distant inspection of cruise auxiliary operation boats allowed by the health quarantine department and urging them to take response measures; coordinating port companies and cruise operators to take measures to ensure the shipping lane safety during the berthing of cruises (Table 7.2).

### ***Specifying the Responsibilities of the Local Governments of Cruise Ports***

Local health departments of cruise ports should make effective efforts in guaranteeing medical pandemic response supplies, domestic pandemic prevention, emergent transfer, and medical treatment; supporting the health information reporting and sharing; offering on-site first aid and medical aid to people getting sick due to public health emergencies; arranging special ambulances to transfer patients in urgent need

**Table 7.2** Concerned departments of cruise port public health emergencies and their responsibilities

| S/N | Departments                            | Related responsibilities   |
|-----|--|--|
| 1   | Emergency Response Command             | Coordinating and establishing a joint response mechanism   |
| 2   | News Department                        | Instructing and organizing the collection and study of public opinions, media communication, caliber coordination, and information release                                   |
| 3   | Customs Department                     | Quarantine and inspection of inbound and outbound cruises, personnel and luggage, monitoring and warning of public health emergencies, site treatment, control, and handover |
| 4   | Border Inspection Station              | Processing entry–exit formalities for tourists and crew members  |
| 5   | Maritime Department                    | Maintaining the order of cruises berthing at and leaving the terminal and the order of shipping lanes  |
| 6   | Health Department                      | Guaranteeing medical pandemic response supplies, domestic pandemic prevention, emergent transfer, medical treatment, etc.  |
| 7   | Police Department                      | Identifying and controlling people needing close attention through identify screening, etc.  |
| 8   | Commerce Department                    | Coordinating to ensure the general pandemic response goods for public health emergencies   |
| 9   | Transport Department                   | Deploying the vehicles for transferring tourists and crew members  |
| 10  | Emergency Management Department        | Assisting the emergency response command in command of emergency rescue and coordinating the professional emergency response team for rescue if necessary                    |
| 11  | Culture and Tourism Department         | Educating and pacifying travel agencies and tourists, settling tourist disputes, and cooperating with the establishment of the centralized medical observation sites         |
|     | The ecological environment department  | Monitoring the possible environmental contamination on the site and offering advice on contaminant treatment   |
| 12  | Cruise Port                            | Ensuring facilities and equipment on the site and their normal operation   |
| 13  | Cruise Companies and Shipping Agencies | Making the cruise OPRP (pandemic response plan) and ensuring the effective implementation  |

of such transfer to the designated hospital; arranging a further medical screening, epidemiological investigation, and quarantine for people with the infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic carriers and their close contacts; timely reporting the test results, diagnosis results, and quarantine tracing results to the emergency response command. Through identity screening, the police department is responsible for identifying and controlling the focused groups, and inquiring and providing personal data of tourists and crew members as required by the emergency response command; keeping the site in good order, directing traffic and providing police services; assisting in the enforcement of entities or individuals that reject to cooperate in public health emergencies; assisting in the lockdown of pandemic source areas and infection source forced quarantine based on the certificate information provided by the competent department and the identity information of people who have traveled to countries (regions) with high pandemic risk; opening up “green channels” timely for urgent rescue to ensure smooth passing of vehicles and personnel for responding public health emergencies. Other relevant departments should work together to ensure the supply of general pandemic response goods for public health emergencies, arrange vehicles to transfer tourists and crew members, assist the emergency response command in urgent rescue, and coordinate professional rescue teams for rescue if necessary.

### ***Specifying the Responsibilities of Market Players***

Cruise ports are responsible for the normal operation of their port equipment and facilities; the management of and pandemic response requirement promotion to people entering and exiting the ports, getting on and off the cruise ships, and the port staff; assistance in organizing the on-site treatment and control, port order maintenance, and entrance and exit closure or opening. Cruise ports should deploy human resources and materials for the site, support to transfer and quarantine people with infectious disease symptoms, suspected infections, confirmed infections, or asymptomatic carriers and their close contacts, and cooperate with the customs by providing medical aid; disinfect the port areas, environment, and luggage that might be contaminated; provide personal data to the competent departments, arrange accommodation and meals for people quarantined, etc. Cruise companies and shipping agencies should lay down the cruise OPRP complying with Chinese pandemic response requirements and ensure its effective implementation; take public health emergency response measures strictly following the requirements of the Chinese government; instruct tourists to correctly fill in their personal health information in the previous 24 h before entering on the mobile reporting app of the customs; provide tourists and crew members with the real-time locating equipment for close contact identification, and timely and accurately report the information and treatment results of people with the infectious disease symptoms, suspected infections, confirmed infections or asymptomatic carriers and their close contacts, as well as those from medium- and high-risk areas onboard. Cruise companies should timely and accurately report the information of tourists



and crew members in full and in the specified format. Those companies should keep their tourists and staff on board and getting on and off in good order.

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**Part III**  
**Industry Reports**

# Chapter 8

## G.8 A Study on Itinerary Planning and Design of Chinese Cruise Companies in the “Dual Circulation” Development Pattern



Danying Song

China's efforts in opening up the internal circulation of domestic cruise tourism to prepare for the full resumption of cruise tourism in the post-COVID-19 days contribute to effectively activating the inventory market, lowering loss to the industry, stimulating the development of domestic cruise-related industries, creating more jobs, better promoting the social reproduction and supporting the establishment of the new development pattern with the domestic market as the mainstay. Cruise itineraries are the core of cruise tourism products. At present, Chinese cruise itineraries lack of diversity. Cruises based at home ports in North China are most frequently called Fukuoka, Shimonoseki and Kagoshima, cruises based at home ports in East China are most frequently called Osaka and Nagasaki, and those based at home ports in South China are most frequently called Naha of Okinawa and Miyakojima. Asian cruise tourists often prefer 2–3-night and 4–6-night short voyages. Short itineraries remain the dominant part of the Chinese cruise market. The number of tourists choosing 7-night voyages grew between 2013 and 2019, but still accounts for a small part. Cruise companies have been working on cruise itinerary innovation and optimizing itinerary combinations. The Royal Caribbean Cruises has launched long itineraries of more than eight days, and the Superstar Virgo of Star Cruises (now the Explorer Dream of Dream Cruises) once operated an 8-day and 7-night fixed multi-home port itinerary calling Shanghai, Osaka and Tokyo. Domestic cruises could also try long itineraries of more than eight days to port cities not frequently called by other cruises or unable to berthing mega cruises. Chinese cruise companies must make full use of their advantages to innovate cruise itineraries and further enhance international competence.

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## Development Trend of Chinese Cruise Companies

### *Significant Expansion of Domestic Cruise Fleets*

The existing Chinese cruises include the Chinese Taishan, Blue Dream Star, Costa Atlantica, Costa Mediterranea, Piano Land, MV Charming, Century Harmony and Zhao Shang Yi Dun. China Tourism Group and COSCO SHIPPING co-invested Astro Ocean Cruise, which purchased the Piano Land (tonnage: 69,800 tons; 260 m long and 32.2 m wide; maximum speed: 24 knots; 13 layers of decks and 941 guest rooms; passenger capacity: 1,880 tourists). CSSC Carnival Cruise Shipping is the only Chinese cruise company owning two cruises: Costa Atlantica bought in December 2019 (delivered in December 2020), and Costa Mediterranea purchased in April 2021. In February 2020, Shanghai-based Blue Dream Cruises acquired the 25,000-ton Glory Sea and renamed it Blue Dream Star (tonnage: 25,000 tons; 7 layers of decks; 181.4 m long and 25.52 m wide; 418 guest rooms, passenger capacity: 1,275; crew: 325; average speed: 24 knots). In October 2020, Chongqing-based Century Cruises bought the Carnival Fascination from Carnival Cruises and renamed it Century Harmony (finishing maiden voyage in 1994; tonnage: 70,367 tons; passenger capacity: 2,056; crew: 920). China Merchants Shekou Holdings and Viking Cruises co-founded China Merchants Viking Cruise, which bought the first cruise Zhao Shang Yi Dun at USD 400 million (tonnage: 47,800 tons; 228.2 m long and 28.8 m wide; 465 rooms; passenger capacity 930; finishing maiden voyage in 2017). This cruise is the first high-end five-star red flag cruise and the first high-end cruise independently operated by a Chinese operator. Sanya International Cruise Development Co., Ltd. registered the Fuxi Yongle cruise brand, under which the first cruise is the MV Charming (tonnage: 77,499 tons; 261.31 m long and 32.25 m wide; 15 layers of decks; 1,088 guest rooms; passenger capacity: 2,222; crew: 825; finishing maiden voyage in 1998) (Table 8.1).

### *China Devotes Major Efforts to the Development of the Domestic Cruise Industry*

It's explicitly proposed in the *Opinions on Promoting the Development of China's Cruise Economy* to vigorously invest in the independent design and building of cruises and the development of domestic cruise fleets, advance technological and policy innovation and make major efforts to support the design, manufacturing and operation of cruises and develop the cruise tourism and its related industries, to consolidate the cruise industry chain; develop Chinese cruise market into one of the most active ones globally, and make breakthroughs in independent design and building of cruises and cruise fleet operation, to initially form a complete cruise industry chain; provide strong support for local cruise development, especially the five-star red flag cruises and improve the supporting policies for the cruise industry.

**Table 8.1** Chinese cruise fleets in service (Unit: 10,000 tons, person)

| Ship name          | Brand              | Tonnage | Passenger capacity | Launching time | Flag state |
|--------------------|--------------------|---------|--------------------|----------------|------------|
| Chinese Taishan    | Bohai Cruises      | 2.45    | 927                | 2000           | Liberia    |
| Blue Dream Star    | Blue Dream Cruises | 2.45    | 1275               | 2001           | Bahamas    |
| Costa Atlantica    | Carnival China     | 8.56    | 2680               | 2000           | Italy      |
| Costa Mediterranea |                    | 8.56    | 2680               | 2003           | Italy      |
| Piano Land         | Astro Ocean        | 6.98    | 1880               | 1995           | Bermuda    |
| Charming           | Fuxi Yongle        | 7.75    | 2222               | 1998           | Bermuda    |
| Century Harmony    | Cunard             | 7.04    | 2056               | 1994           | Panama     |
| Yi Dun             | Merchants Viking   | 4.78    | 930                | 2017           | China      |

Source Cruise companies

Shanghai Municipal People's Government released *Opinions on Promoting Further Development of the Cruise Economy in Shanghai*, calling for optimizing the strategic layout of the whole industry chain of the cruise economy, supporting the manufacturing of large Chinese cruises and further improving the industry chain systems of the cruise economy.

## **Domestic Cruise Companies Are Well Positioned for Itinerary Innovation**

### ***China Advances the Formation of the "Duel Circulation" Development Pattern***

China is now advancing the formation of the "Duel Circulation" development pattern and influencing the development of international tourism with its achievements and experiences in building domestic tourism circulation. The Chinese market maintains good development potential and market opportunities. The emerging Chinese cruise industry is driven by external circulation, which also fuels the internal circulation of the cruise industrial development. The domestic cruise tourism industry is a new direction for the transformation and upgrading of Chinese cultural tourism and the innovation of the Chinese marine economy, good for optimizing and improving our product structures, industrial structures and economic structures, and for social and economic development. Having a correct understanding of the Duel Circulation, seizing the relevant opportunities, making endeavors on the supply and demand sides

and striving for balanced development are the keys to the stable development of the cruise industry during the 14th Five-Year Plan period. Doing so could also create development opportunities for the domestic cruise industry.

### ***Initial Formation of Coastal Cruise Port Layout***

It's explicitly proposed in the national coastal cruise port plan that, by 2030, there will be two to three international cruise home ports in China, which are to complement the ports of departure and ports of call. A better cruise port development pattern would be formed. The opinions on promoting the development of the Chinese cruise economy jointly released by several national departments call for enhancing cruise ports' service capacities, building more cruise terminals, improving container collection and distribution systems and building up the comprehensive service functions of cruise ports. At present, the layout of Chinese cruise ports is being optimized, and their service capacities are much improved. The existing cruise ports of China cover Shanghai Wusongkou International Cruise Terminal, Shanghai Port International Cruise Terminal, Tianjin International Cruise Home Port, Qingdao International Cruise Home Port, Shenzhen International Cruise Home Port, Sanya International Cruise Home Port, Zhoushan International Cruise Port, Xiamen International Cruise Terminal, Guangzhou Nansha International Cruise Home Port, etc. Five cruise port clusters with itineraries reaching North Asia, Southeast Asia and more areas have been formed, and the service capacities are much higher, offering strong support for the development of local coastal cruise tourism.

### ***Supporting the Innovation of Domestic Cruise Itineraries with Government Policies***

It's advocated in the *Opinions on Promoting the Development of China's Cruise Economy* that we should innovate cruise tourism products, diversify the itineraries of cruise companies based on the rich coastal tourism resources of our country, and develop inbound cruise itineraries and cruise tourism destinations with explicit and featured themes. In July 2019, Hainan rolled out the implementation plan for the pilot program of Ocean Getaway itineraries based at Hainan cruise ports to try the Ocean Getaway itineraries for Chinese non-five-star red flag cruises, accelerate the development of Sanya International Cruise Home Port and diversify the cruise itineraries based at Hainan ports. In July 2021, Hainan enacted the *Administrative Measures on the Pilot Ocean Getaway Itineraries of Chinese "Flag of Convenience" Cruises for Hainan Cruise Ports (Trial)*, allowing residents of the Chinese mainland to get on board cruise ships with a valid identity certificate, and permitting residents of Hong Kong, Macao and Taiwan (China) to do so with their valid permits to Chinese

mainland or residence permits of Hong Kong, Macao and Taiwan. The measures are valid from August 1, 2021, to December 31, 2024.

## **Supporting Domestic Cruise Companies to Innovate Cruise Itineraries**

### *Cruise to Nowhere Itineraries*

Under the impact of the pandemic, people have to pin hope on the Cruise to Nowhere itineraries. Astro Ocean Cruise is the first cruise company that's granted the pilot operation permit for the Ocean Getaway itineraries based at Hainan cruise ports. Presently, the most potential places for opening Cruise to Nowhere itineraries are Hainan and Shanghai. In order to expand the pilot program, Chinese cruises need to strengthen the pandemic response efforts and product design, to minimize the risk of Ocean Getaway services. China could treat the Ocean Getaway on Chinese cruises as domestic tourism, and allow tourists to board with ID cards and settle with the renminbi.

In April 2021, the Ministry of Commerce issued the *Comprehensive Pilot Program of Further Opening up the Service Sector of Shanghai*, which stated that gradual measures should be made in promoting the Chinese-funded cruise transportation operators to carry out the Chinese-funded Ocean Getaway without the five-star red flag cruises, based on the pilot operation experiences of Hainan Ocean Getaway before the five-star red flag cruises are put into operation. The Overall Plan also proposes to delegate the powers of licensing Chinese cruise operators to engage in Chinese-funded non-five-star red flag cruise getaways to the competent transportation authority in Shanghai. As the first demonstration zone of cruise tourism development, Shanghai should cooperate with Hainan in Cruise to Nowhere itineraries. During the course to resume cruise operation, we should first deal with the easier issues and then harder ones, and attain smaller achievements and then bigger ones. We should resume step by step following the "one cruise, one plan", "one cruise, one assessment" and "one cruise, one approval" operation procedures. The relevant pandemic prevention and control plans and vertical, full-chain and closed-loop cruise COVID-19 response system should be made based on the features of cruise operation, such as the "Shanghai-South Korea/Japan (no disembarkation)-Shanghai" closed-loop itinerary. During the progressive resumption of Shanghai Cruise Port, passengers are allowed to enter and exit with passports, but only those from low-risk domestic areas. And at the ports of call, they won't disembark but are under closed-loop management. Such a pilot operation should be carried out by Chinese cruises and could be promoted when conditions permit. During the operation resumption, the overall operation performances should be assessed by stage, and operation plans should be timely adjusted based on the assessment results, to ensure the stability of

the operation. Only tourists from low-risk domestic areas and with Chinese passports, valid vaccination certificates, or other certificates for health travel are allowed to get on board cruises.

### ***Itineraries of Five-Star Red Flag Cruises along Rivers and Coasts***

Cruise companies have been actively applying for the multi-port attached itineraries. The *Notice on Permitting Foreign Cruises to Carry out Multi-Port Attached Business in China* (2009 No. 44) of the Ministry of Transport specifies that foreign cruises could be attached to many Chinese ports for business operation, subject to the specific approval and only applicable for international itineraries. Learning from the development experiences of developed countries in cruise tourism along rivers and coasts, China should actively promote domestic five-star red flag cruises for the Yangtze River-Coast cruises. Although the Yangtze River cruises started much earlier than China's Ocean Getaway, they are mostly within the river. In terms of itinerary design, few of them go beyond the river for coastal tourism, with Shanghai as the transfer station. Both banks of the Yangtze River are featured with picturesque scenery and rich cultural and historical resources. Plus the diversified coastal islands, it's a makeshift to develop domestic cruise tourism along the Yangtze River and the coast during the normalized COVID-19 response. To this end, when designing the domestic itineraries of five-star red flag cruise tourism along the Yangtze River and the coast in the following five to ten years, cruise companies should fully consider the mental needs of tourists and the resource features of the Yangtze River and the coastal islands, for making scientific layout and avoiding excessive resource development and disconnection with the market, because that could lead to waste of those resources. Meanwhile, the Yangtze River-coastal cruise tourism could be a pilot project for the open-loop and closed-loop multi-home port operation of domestic five-star red flag cruises. Itineraries connecting Tianjin, Qingdao, Xiamen, Sanya and other cities doing well in cruise tourism, such as the Shanghai-Qingdao-Tianjin-Shanghai, Shanghai-Qingdao-Dalian-Shanghai, Shanghai-Dalian-Shanghai, Shanghai-Tianjin-Dalian-Shanghai, Shanghai-Xiamen-Shanghai and Xiamen-Pingtan itineraries.

### ***Cruise Itineraries in the Bohai Rim and Guangdong-Hong Kong-Macao Greater Bay Area***

Weekends are short, so it's impossible to go for a long-distance trip at weekends. When there isn't a better tourism product to meet people's need for weekend travel and more and more families have bought cars, short-distance weekend self-driving tours to nearby places are increasingly popular. However, self-driving tours are hard



to meet people's need for long-distance travel at weekends. In such a context, cruise tourism in the Bohai Rim could well satisfy their long-restrained tourism desire, and this journey is comfortable and relaxing. Weekend cruise tourism along coastal port cities is bound to be a hot product. The Bohai Rim is not large, which helps to lower the operation costs for cruise companies and leaves room for ticket price control. Cruise tourism in the Bohai Rim is a good way to simulate the potential needs for weekend tours. The cruise tourism market in the Guangdong-Hong Kong-Macao Greater Bay Area is maturer. The 1–2-day short itineraries with Guangzhou, Shenzhen, Hong Kong, etc., as mutual home ports could be opened. For one, short itineraries could stimulate the needs of the elderly for travel. Elderly tourists are mostly those born in the 1950s and 1960s, who experienced tough times and thus are thrifty. The 1–2-day cruise products are much cheaper than those lasting for five days or so, therefore easier for them to accept. For another, young people born in the 1980s and 1990s have become the backbone of society. Given their limited vacations, short cruise itineraries at a fair price could be good choices for such groups of people and their families. This is a Blue Ocean Market for the domestic cruise industry.

### ***Around-Hainan Itineraries and the South China Sea Itineraries***

Presently, among Hainan ports, Sanya Port and Xiuying Port, Haikou could berth cruises. Besides, on the artificial island of South Sea Pearl, a cruise port is under construction. The Li'an Port (Linghui), Wuchang Port (Wanning), Longwan Port (Qionghai), Qinglan Peninsula (Wenchang), Eman Port (Danzhou), Basuo Port (Dongfang), Yingge Port (Ledong) and Huaguang Reef (Sansha) are potential cruise ports to chose from. Hainan is advancing the construction of five ports (Haikou, Yangpu, Basuo, Sayan and Qinglan) in four directions to develop cruise and yacht tourism around the island starting from Sanya or Haikou. The South China Sea is featured with unique natural scenery like magnificent rising sun views, mirages, sunsets and sea fires. South China Sea itineraries are the featured domestic tourism routes. The core is to develop high-quality South China Sea itineraries of domestic cruise tourism, such as the Sanya-Yongle Islands (Yinyu, Yagong and Quanfu islands)-Sanya, Sanya-Yongle Islands-Nansha Islands, Haikou/Sanya-Xuande Islands (Zhaoshu Island, Nansha Island and Beidao Island)-Haikou/Sanya itineraries, open up Cruise to Nowhere itineraries and operate cruises with the five-star red flag with special approval.

### ***Developing Itineraries along the Belt and Road***

The Belt and Road Initiative is proposed for the interconnection and common development of countries along the Belt and Road. The west part of the twenty-first century Maritime Silk Road is aimed at connecting the Pacific, Indian Ocean, Red Sea and the Mediterranean and linking China, Southeast Asia, South Asia, West Asia, North Africa and Europe. The south part of the twenty-first century Maritime Silk Road is to connect China, Southeast Asia and Oceania. The “going global” development of Chinese cruise tourism is highly consistent with the purpose of the twenty-first century Maritime Silk Road. Cruises serve as a maritime mobile culture bridge to promote the economic and trade development of countries and regions along the itinerary. Therefore, developing cruise itineraries along the Maritime Silk Road and relevant products in the following five to ten years and forming the Pan-South China Sea tourism circle could share the benefits of cruise industry development with more countries along the Maritime Silk Road. Cruise tourism is an important economic and trade carrier and cultural bridge to build the maritime community with a shared future. And it’s quick to see returns to make endeavors in this field. To advocate cruise tourism cooperation along the twenty-first century Maritime Silk Road could further consolidate and highlight the main principle of the regional economic cooperation, increase political trust, make China’s interests more consistent with those of countries along the Maritime Silk Road and create a beneficial environment. The proposal of the “twenty-first Century Maritime Silk Road” strategic vision is of great significance for China to build peaceful and stable surroundings, drive reforms through opening-up, expand economic development space and promote common prosperity of countries along the Belt and Road. It’s a national strategy of China and is a solid foundation and a guarantee of the design and operation of the Pan-South China Sea cruise tourism circle for Chinese cruise fleets. The operation of domestic cruise fleets could be based on the west and south parts of the twenty-first century Maritime Silk Road, to develop the domestic cruise itineraries into a workable channel along the maritime silk road other than the traditional free trade route.

### ***International Mutual-Home Port Cruise Itineraries***

Cruise tourism consumption products rely on the integrated design of cruise ports and itineraries. The integrated design of cruise ports and itineraries is an important part of cruise tourism consumption products and the embodiment of the value and perceived value of cruise services. Scientific and reasonable design of attractive cruise ports and itineraries could win cruise companies larger market shares and higher investment returns and stimulate the shoreside tourism consumption around the ports, contributing to the local economic development. Cooperation with overseas port cities is important for developing the mutual-home port and multi-home port itineraries, to channel more guests to the ports of call. Multi-home port cruise

itineraries are characterized by: Ports on the same itinerary are mutual home ports of each other, tourists of the same cruise come from various sources, it's convenient for tourists to board and disembark, the shoreside tourist destinations are more diverse, and the attraction to both inbound and outbound tourists is increased. The key to the success of multi-home port itineraries is that the tourist source market is big enough, and the guests are mostly individual tourists, which facilitates compartment control and compartment marginal revenue management, and helps to maintain profitability.

During the development of cruise tourism in the Asia-Pacific in the previous decade, about 80% of Chinese cruise tourists would choose Japan and South Korea as their destinations. The massive Chinese cruise tourists created fat tourist profits for those Japanese and South Korean cruise ports, bringing the two countries high economic returns. By contrast, China and Southeast Asian countries barely benefited from the development of cruise tourism. To that end, in the following five to ten years, China should learn from the experiences of developed countries in the cruise industry, and join forces with ports of Japan, South Korea, Australia, New Zealand and the ASEAN to launch the innovative mutual-home port cruise itineraries. In doing so, while getting our cruise tourists aboard, we could attract more international tourists to stimulate the development of shoreside tourism development around our coastal cruise ports. Thus, we could promote joint operation among our cruise ports and cities and better enhance the service capacity. Such mutual-home port cruise itineraries could be both closed-loop and open-loop ones. They are very flexible because they allow the home port tourists to choose the full itinerary or one section of it based on their different needs.

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# Chapter 9

## G.9 A Study on the Path of Chinese Cruise Companies to Better International Competitiveness



Yanying Chen

COVID-19 has dealt a huge blow to social and economic development worldwide. Since it is highly sensitive to the environment, the cruise industry has been hit hard. It's among the industries suffering the most serious and direct losses in this pandemic. With market value shrinking by RMB 600 billion, Carnival Corporation & Plc, Royal Caribbean Cruises and Norwegian Cruise Line have to raise funds, cut jobs and pay, sell retired ships and cancel or delay new ship orders. As the global pandemic response made notable progress and mass vaccination programs were underway, cruise companies made efforts to push for faster reopening of sailings by reducing passenger capacity, improving the itinerary design and tightening health and safety protocols. In the second half of 2020, cruise companies tried to resume the operation of part of their cruises. The Explorer Dream cruise ship of Dream Cruises first resumed sailings at the Port of Keelung, Taiwan, China in July 2020. The World Dream of Dream Cruises reopened its itineraries in Singapore in November 2020. In December 2020, the Quantum of the Seas of Royal Caribbean Cruises commenced operation in Singapore. The Genting Dream cruise ship of Dream Cruises resumed sailings in Hong Kong, China on July 30, 2021. Since the position of the Chinese market in the global cruise market is improving, we should support building industrial ecosystems covering independent cruise design, building, operation, management, maintenance and services, to create more opportunities for the development of Chinese cruise companies.

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## Situations of Chinese Cruise Companies

### *While Global Cruise Market Resumption Speeds Up, the Chinese Cruise Market Remains Closed*

Recently, European and North American cruise markets have been opened. In August 2021, there had been 190 cruises under 65 brands back on voyages. Carnival Corporation & Plc announced the resumption of sailings of seven cruise brands, including AIDA Cruises, Costa Cruises and Princess Cruises, in Europe and the Caribbean. According to Carnival's plan, 63 ships will resume operations by the end of 2021, accounting for approximately 75% of its total capacity. Royal Caribbean Cruises announced that all its 25 cruises would be back on voyages by the spring of 2022. Yet as the second cruise tourist source and largest emerging cruise market globally, the Chinese cruise market is still suspended, and the Shenzhen-Sanyan coastal itinerary for Cruise to Nowhere and China Merchants Yidun, the first five-star red flag cruise of China, has to prolong the suspension due to the change of the pandemic situation. The Chinese market is the first to suspend cruise operations due to COVID-19. It attained the "zero imported cases, zero exported cases, and zero infections" achievement, offering a pandemic response benchmark for the global cruise industry. Since April 2020, all stakeholders have been making active efforts to resume the Chinese cruise market. But in contrast to global cruise markets that are being resumed, the Chinese cruise market is still at a standstill (Table 9.1).

### *The Development of Cruise Industry Supported by the 14th Five-year Plan*

The *Outline of the 14th Five-Year Plan (2021–2025) for National Economic and Social Development and Vision 2035 of the People's Republic of China* sets forth the requirement to adopt better policies for the development of cruises. In the *14th Five-Year Plan for the Development of Cultural and Tourism Sectors*, the Ministry of Culture and Tourism calls for an integrated multimodal transportation pattern covering railways, cruises, RV campgrounds and self-driving tours, for the development of marine and coastal tourism, and for the construction of cruise tourism demonstration (experimental) areas of China.

The 14th Five-Year Plan of Shanghai, the *Plan of Shanghai on Deepening the Construction of A World Famous Tourist City during the 14th Five-Year Plan Period*, the *14th Five-Year Plan for Developing Shanghai into an International Shipping Center*, the *14th Five-Year Plan of Shanghai for Comprehensive Transportation Development* propose to accelerate the building of cruise industry chains, construct international first-class cruise ports, establish sound management systems for cruise berthing and cruise tourist passing, improve the strategies and standards for cruise

**Table 9.1** Resumption plans of cruise companies

| Ship name             | Resumption date   | Itineraries resumed  |
|-----------------------|-------------------|--|
| AIDAperla             | March 20, 2021    | Resumed operations around the Canary Islands                                 |
| Costa Luminosa        | May 16, 2021      | Resumed operations in Trieste, Italy   |
| Carnival Miracle      | July 27, 2021     | Resumed operation from Seattle, U.S. for a 7-day voyage                      |
| Majestic Princess     | July 25, 2021     | Resumed operations from Alaska   |
| Regal Princess        | July 31, 2021     | Set sail again from Southampton  |
| Queen Elizabeth       | July 19, 2021     | Set sail from Southampton, England for British itineraries                   |
| RMS Queen Mary 2      | November 14, 2021 | Resumed the transatlantic itineraries  |
| Seabourn Ovation      | July 3, 2021      | Set sail from Athens to resume sailings around the Greek Islands             |
| Seabourn Odyssey      | July 18, 2021     | Set sail from Bridgetown, Barbados for its operations in the South Caribbean |
| Seabourn Quest        | November 7, 2021  | Set sail from Miami for the Antarctica sailing season                        |
| Seabourn Sojourn      | January 11, 2022  | Departed from Los Angeles for its world cruises                              |
| Seabourn Encore       | April 17, 2022    | Resumed operations in Athens, Greece   |
| Quantum of the Seas   | December 2020     | Operated Ocean Getaways from Singapore                                       |
| Adventure of the Seas | June 12, 2021     | Set off from the Bahamas for CocoCay   |
| Freedom of the Seas   | July 2, 2021      | Set sail from Miami for Bahamas and CocoCay                                  |
| Anthem of the Seas    | July 7, 2021      | Departed from Southampton for Liverpool                                      |
| Jewel of the Seas     | July 10, 2021     | Set sail from Cyprus for the Greek Islands                                   |
| Serenade of the Seas  | July 19, 2021     | Set sail from Seattle, U.S. for a 7-night cruise to Alaska                   |
|                       | October 16, 2021  | Set sail from Tampa, U.S. for the Western Caribbean                          |
|                       | December 2021     | Launched 7-night cruises in the Caribbean                                    |
| Odyssey of the Seas   | July 31, 2021     | Departed from Fort Lauderdale, U.S. for the Caribbean                        |
| Allure of the Seas    | August 8, 2021    | Set off from Port Canaveral, U.S. for the Caribbean                          |
| Ovation of the Seas   | August 13, 2021   | Set sail from Seattle, U.S. for a 7-night cruise to Alaska                   |
|                       | December 13, 2021 | Departed from Australia for a 2–10-night cruise                              |
| Symphony of the Seas  | August 14, 2021   | Launched 7-night cruises to the Eastern Caribbean and Western Caribbean      |

(continued)

**Table 9.1** (continued)

| Ship name                | Resumption date   | Itineraries resumed  |
|--------------------------|-------------------|--|
| Independence of the Seas | August 15, 2021   | Launched 7-night cruises to the Western Caribbean  |
| Harmony of the Seas      | August 15, 2021   | Launched 7-night cruises to the Western Mediterranean                                      |
| Mariner of the Seas      | August 23, 2021   | Launched 3–4-night cruises to Bahamas and CocoCay  |
| Oasis of the Seas        | September 5, 2021 | Set sail from Cape Liberty, U.S. for a 7-night cruise getaway to the Bahamas               |
|                          | November 2021     | Set sail from Miami, U.S. for the Caribbean  |
| Liberty of the Seas      | October 3, 2021   | Set sail from Canaveral, U.S. to start a 7-night cruise to the Western Caribbean           |
| Spectrum of the Seas     | October 5, 2021   | Set sail from Hong Kong, China for 2-night to 4-night cruises to nowhere                   |
| Explorer of the Seas     | November 7, 2021  | Set sail from San Juan, Puerto Rico for a 7-night cruise getaway to the Southern Caribbean |
| Navigator of the Seas    | November 19, 2021 | Resumed operation from Los Angeles, U.S. for 3–5-night voyages                             |
| Grandeur of the Seas     | December 5, 2021  | Launched 7-night and 14-night voyages to the Southern Caribbean                            |
| Brilliance of the Seas   | December 16, 2021 | Launched 4-night and 5-night voyages to the Bahamas and the Western Caribbean              |
| Enchantment of the Seas  | December 23, 2021 | Launched 8-night and 12-night voyages to the Bahamas and the Caribbean                     |
| Vision of the Seas       | January 24, 2022  | Depart from Fort Lauderdale, U.S. for the Southern Caribbean                               |
| Voyager of the Seas      | April 15, 2022    | Set sail from Copenhagen, Denmark for 7-night and 9-night cruises to Northern Europe       |
| Radiance of the Seas     | April 29, 2022    | Set sail from Vancouver, Canada for a 7-night cruise to Alaska                             |
| Rhapsody of the Seas     | May 23, 2022      | Set sail from Rome, Italy for the Mediterranean and the Greek Islands                      |
| Celebrity Millennium     | July 23, 2021     | Reopened its Alaska itineraries  |
| Celebrity Apex           | June 19, 2021     | Set sail from Athens to resume sailings  |
| Celebrity Silhouette     | July 3, 2021      | Set sail from Southampton, U.K. to resume operations                                       |
| Celebrity Summit         | July 2021         | Set sail from St. Maarten to resume operations   |
| Celebrity Flora          | July 4, 2021      | Set sail from the Galapagos to resume operations   |

(continued)

**Table 9.1** (continued)

| Ship name           | Resumption date   | Itineraries resumed                              |
|---------------------|-------------------|--|
| Celebrity Xpedition | July 24, 2021     | Set sail from the Galapagos to resume operations |
| Silver Moon         | June 18, 2021     | Set sail from Athens to resume sailings          |
| Silver Origin       | June 19, 2021     | Resumed operations from Ecuador                  |
| Silver Muse         | July 29, 2021     | Resumed operations from Alaska                   |
| Silver Shadow       | July 30, 2021     | Resumed operations from Iceland                  |
| Silver Spirit       | September 3, 2021 | Resumed operations from Southampton              |
| Silver Dawn         | November 9, 2021  | Resumed operations from Barcelona                |
| Silver Cloud        | November 14, 2021 | Resumed operations from South America            |
| Silver Whisper      | November 17, 2021 | Resumed operations from San Juan                 |
| Silver Wind         | November 20, 2021 | Resumed operations from Buenos Aires             |

*Source* Cruise companies

public health emergency response, actively apply for the pilot operation of Cruise to Nowhere itineraries, optimize the comprehensive transportation system of cruise ports, further develop into a world-famous tourist city, and advance the construction of Baoshan Cruise Tourist Resort. Plans of other provinces and cities: Tianjin: To Intensively Invest in the Cruise Tourism Industry; Hainan: To Develop and Grow the Cruise Tourism Industry; Dalian: To Grow the Cruise Economy; Qingdao: To Make the International Cruise Home Port Bigger and Stronger; Jiangsu: To Support the Development of Cruise & Yacht Tourism; Fujian: To Grow a Distinctive Cruise Tourism Industry; Guangdong: To Develop the International Cruise Home Port; Zhejiang: To Promote the Construction of International Cruise Ports with Positive Efforts.

### ***Significant Expansion of Fleets of Chinese Cruise Companies***

Recently, major SOEs like the CSSC, China Merchants Group, China Tourism Group, COSCO SHIPPING and China Communications Construction have been accelerating business development in the cruise industry by building domestic cruise fleets and furthering the business at cruise ports. The development of domestic cruise brands is of strategic significance to the development of the Chinese cruise industry. More support should be given to domestic cruise brands and building domestic cruise fleets is the foundation of taking the lead in the future development of the cruise industry. China Merchants Shekou Holdings and Viking Cruises cooperate on offering medium-sized luxury cruises serving higher-class Chinese guests through a joint venture, which is the first cruise operator to own the five-star red flag cruise fleet. China Merchants Viking Cruises Co., Ltd. was incorporated in December 2020.



The existing Chinese cruises include the Chinese Taishan, Blue Dream Star, Costa Atlantica, Costa Mediterranea, Piano Land, MV Charming, Century Harmony and Zhao Shang Yi Dun. It's anticipated that there will be one mega home-made cruise entering service each year from 2023 to 2025, a total of three. Moreover, four to five more cruises are anticipated to be bought by China Communications Construction, China Merchants Group and COSCO SHIPPING, and there would be about 15 Chinese cruises by 2025. The first mega home-made cruise was designed and built by CSSC Cruise Technology Development Co., Ltd. and Shanghai Waigaoqiao Shipbuilding Co., Ltd, with a tonnage of 135,000 tons. The first cruise is estimated to be delivered on September 30, 2023, and the second in December 2024.

## **Analysis on International Competitiveness of Chinese Cruise Companies**

### ***Globalized Competition of International Cruise Companies Intensified***

North America is the largest cruise tourist source, cruise consumer and cruise tourist destination globally and is one of the maturest cruise markets. It takes up more than half of the global market. In terms of cruise tourism consumption in North America, Carnival Corporation & Plc, Royal Caribbean Cruises, and Norwegian Cruise Line dominated 89.1% of the market shares together, almost monopolizing this market. Among them, Carnival Corporation & Plc takes up 50% and is in a monopoly position. It was followed by Royal Caribbean Cruises with a market share of 30.9%. The third largest player in this region is the Norwegian Cruise Line, with a market share of 15.8%. Europe is the second cruise tourist destination and consumer market next to North America. Presently, the three leaders in this market are Carnival Corporation & Plc, MSC Cruises and Germany based TUI AG, jointly taking up more than 80% of the market shares. Plus their long-term shipbuilding plans, the "Rule of Three" situation of the European cruise tourist market has been stable. Itinerary globalization is the main feature of cruise markets. The Princess Cruises sails along the Caribbean, Alaska, the Panama Canal, Europe, Mexico, South America, Australia/New Zealand, the South Pacific, Hawaii, Tahiti/French Polynesia, Asia, India, Africa, Canada/the New England Region and world cruise.

### ***Globalization Strategy Advantages of Chinese Cruise Companies***

Economic globalization is still considered an inevitable trend in the future. Countries will need to cooperate for mutual benefits in the long run. We should stay committed

to opening up to promote reform, development and innovation, and maintain a high-level opening-up. In the last two decades, China invested in or undertook 101 overseas ports, covering 55 constructed, 14 acquired, 21 invested, six aided and five rented. These ports are distributed on all continents and regions of the world.

For example, Piraeus Port, acquired by COSCO SHIPPING, serves as a critical hub on the twenty-first century Maritime Silk Road. In 2016, after the consolidation and restructuring, COSCO SHIPPING acquired 67% stakes in Piraeus Port Authority, becoming the holding shareholder of the authority. It's the first time a Chinese enterprise to take over a whole overseas port. COSCO SHIPPING commenced the operation of the port in August of the same year. In February 2020, the cruise terminal expansion project within Piraeus Port began. It's planned to build two deep-water cruise berths, which could berth the 360-m and 6,000-passenger cruise, the largest cruise in the world now. Seen from regions along the twenty-first century Maritime Silk Road, Southeast Asia is densely populated and rich in coastal resources, so it is well-positioned to develop international maritime trade. Given the infrastructure investment capacities and port management and operation measures, and capacities of different countries, Southeast Asia is hopefully a hot region of cruise port investment for Chinese enterprises.

### ***Bottlenecks Facing Chinese Cruise Companies in Implementing Globalized Strategies***

Chinese cruise companies are doing well in financing by cooperating with foreign cruise companies and financial capital service providers, but lag behind international cruise companies in management. Besides, it's an important development path for Chinese cruises to set up cruise operation companies with their shipping or tourism resources, such as HNA Cruises backed by the tourism resources of HNA Tourism Group, Astro Ocean Cruise supported by the tourism resources of China Tourism Group and the shipping experiences of COSCO SHIPPING, and Bohai Cruises enjoying the shipping experiences of Bohai Ferry Group. Most Chinese cruise companies buy cruises with their own funds. Despite their absolute operation control, they lack operation experience and face high market risks.

When it comes to brand positioning, Chinese cruise companies highlight local features. Chinese cruise brands cannot compete with international cruise companies in marketing due to the age of their cruise, the ordinariness of cruise equipment and the lack of international service personnel and product innovation. But they offer favorable prices and cooperate with traditional local travel agencies. For instance, SkySea Cruise Line distributes on ctrip.com and Diamond Cruise does so on szthly.com.

## **Strategic Path of Chinese Cruise Companies toward Globalization**

### ***Promoting the Global Operation of Themed Cruise Ships***

For different target consumer markets, the themes of cruise design and building are different. To design and build differentiated and featured cruises to meet the varied needs of cruise tourists on the basis of the target consumer markets is a major development direction for Chinese players to independently design and build cruises in the following five to ten years. First, they need to design theme cruises that meet the needs of young consumers. Through subtle combinations of unconventional entertainment facilities, entertainment activities and art and by highlighting the features and differences, they could stimulate young people to spend and develop special and featured consumer markets for young people. Second, they need to design theme cruises that meet the needs of child consumers. When designing and building cruises, they should well consider the psychological development stages of children and their needs for entertainment facilities, as well as the consumption needs of their guardians. By adopting a children-focused strategy, they could win family guests. Third, they need to design theme cruises that meet the needs of senior consumers. The elderly are the main consumer of global cruise tourism and is the main consumer market to be developed in China in the coming five to ten years. China would remain the largest cruise tourist source in the Asia-Pacific in the following decade. Therefore, when designing and building cruises, Chinese companies should fully consider the psychological consumption needs of the elderly. Their focus should be on creating a tranquil, serene and peaceful interior environment for cruise ships. Besides, it would be more considerate to decorate guest rooms with things manifesting the elderly's happy memories after obtaining approval from their families. Such a heart-warming act could help to attract tourists back in the future. Fourth, they need to design and build other theme cruises that meet the needs of other consumers.

### ***Globalized Operation of Cruise Tourist Destinations***

Many overseas cruise companies have acquired private islands for developing new-type tourist destinations, such as Royal Caribbean Cruises. Cruise companies often directly buy or rent private islands for their operations. Through the integration of cruise tourism resources for Asian-Pacific cruise tourism regions, plus the abundant featured international cruise tourism resources, they are building tourism regions both sharing common characteristics and having uniqueness. The innovative cruise tourism cooperation mechanisms of Asian countries provide them with both the opportunities to cooperate on building cruise tourist destinations with international influence and promote the outbound cruise tourism market based on the featured tourism resources of each other, and the chances to stimulate their inbound tourism

markets, increase the contribution of cruise tourism to the local economy and create cruise tourist destinations attractive for global tourists. By establishing sound mechanisms to manage the cooperation of cruise tourist brands and enhance the attractiveness and influence of the Asian cruise tourism markets, we could better boost the development of the world cruise tourism market, expand the market and raise the economic output and employment contribution of the market.

### ***Accelerating the Building of the Northeast Asian Cruise Tourism Circle***

Northeast Asia is an early region where China develops cruise tourism. China, Japan and South Korea are close geographically and culturally, and have frequent economic and trade exchanges, thus making Northeast Asia a hot region for China and even other Asian countries to develop cruise tourism. To this end, it's suggested to set up major transnational cruise groups, innovate the marketing modes of cruise tourism, integrate and build cruise brands and adopt market transactions as the basic transaction form. During the course of developing the Northeast Asian cruise tourism circle, we should keep enhancing the attractiveness of popular cruise destinations in Japan and South Korea, launch differentiated cruise tourist destinations based on the unique coastal tourism resources of both countries, actively persuade the DPRK to open coastal ports for cruises and develop cruise ports of call, and increase itineraries to these ports. Moreover, coastal port cities in North China should make active efforts to prepare scenic coastal areas around the port, develop attractive shoreside tourism products, and further invest in marketing in Japan and South Korea to attract inbound tourists. In such a way, we could eventually develop Dalian, Tianjin and Qingdao into hot cruise tourist destinations in Northeast Asia and win our cruise tourists back.

### ***Supporting the Building of the Pan-South China Sea Cruise Tourism Circle***

In the early stage of building the tourism circle, the government should play a dominant role, and the cooperation mechanism "led by government, participated by enterprises, supported by people, and driven by tourists" should be adopted, thus advancing the development of this circle effectively. Such a mechanism highlights the labor division among the stakeholders, complementary resource advantage and the coexistence of markets. For instance, the governments of countries within the Pan-South China Sea cruise tourism circle could make long-term cruise tourism development plans, policies on the development of the cruise industry, financial insurance systems for cruise tourism and regional management and emergency collaboration mechanisms. Cruise tourism companies could establish mutual tourist recommendation, talent

training and fund guarantee mechanisms. The folk society could adopt information and resource-sharing mechanisms.

The conclusion of RCEP offers an implementation path for the development of the FTAAP and works for further lifting the position of the Asia–Pacific in the world. Based on RCEP, it's hopeful for the region accounting for one-third of the global economy to form a giant integrated market. RCEP also ensures Chinese cruises precious chances and a broad market to “go global” to participate in international markets. To this end, in the coming five to ten years, domestic cruise companies should make the best of tourism, using it as the forerunner industry for the integration of regional markets. They should take the initiative to develop cruise tourism into mobile cultural bonds among RCEP member countries, drive domestic to “go global” with RCEP as the backup force and carry out cruise industry construction projects.

### ***Participating in the Operation of Overseas Cruise Ports***

Chinese cruise enterprises need close cooperation with domestic port operators on “going global” to participate in the integration of free trade, on the construction of cruise ports in the Pan-South China Sea cruise tourism circle, and on operation in the Asian-Pacific cruise tourism market. It's suggested to cooperate with the cruise ports of countries in the Pan-South China Sea region. To be specific, Chinese players could build, operate, manage cruises and develop shoreside destinations based on the transfer of land ownership and land use rights, port leasing and port concession. Cruise itineraries with Chinese ports and cruise ports of countries in the Pan-South China Sea region as mutual home ports could be launched, and the itineraries could be differentiated given the different market needs. The investment could be made in ports along the Belt and Road and globally, to prepare both the Belt and Road cruise itineraries and Chinese-funded ports of call or home ports for global operation for Chinese cruises, such as Piraeus Port invested by COSCO SHIPPING, Genoa and Venice ports, Italy by China Communications Construction, the Port of Newcastle by China Merchants Group, the Port of Moresby by CSCEC and the Port of Melbourne by CIC Capital.

### ***Building Domestic Cruise Tourism Brands with Global Influence***

Efforts should be made to integrate cruise tourism resources to form the Asian-Pacific cruise travel region, drive to establish a harmonious and symbiotic area for cruise tourism based on the cruise tourism resources of each of those countries with some similarities and distinct features, increase the complementarity of cruise tourism

development and build more harmonious development spaces. Establishing effective cooperation mechanisms in the Asian cruise tourism market helps to highlight the advantages and differentiated advantages of each of those areas, innovate Asian cruise tourism, open up better and innovative cooperation paths and create resource advantages for the development of the Asian cruise tourism market. In such a way, we could not only offer a solid development foundation for enhancing the attractiveness of Asian cruise tourist destinations but also build golden destination brands with global influence. And in the long run, doing so could attract tourists from European and American and other developed regions to Asian-Pacific cruise tourist destinations, and eventually create the brand effect of the “One Road and Two Circles” cruise tourist destinations. Domestic cruise brands should strengthen brand management and aim higher in brand management positioning. Instead of paying excessive attention to cost performance and localization, they should be more internationalized, and invest more in brand management to raise brand awareness.

### ***Cultivating the Differentiated Competitiveness of Domestic Cruises***

Domestic enterprises win over foreign competitors in their good understanding of oriental cultures. In particular, Star Cruises have introduced the luxury cruise brand Dream Cruises of Asia, especially for Chinese tourists. It’s a good model for domestic cruise companies to learn from. Meanwhile, the competition strategies of some other regional cruise companies also are useful references for domestic cruise companies to try high-quality cruise brands in different market segments. Certainly, there isn’t much overlap between the potential tourists of domestic companies and international tourists, and outbound cruise tourism has its particularity. Even itineraries to Japan and South Korea take about five days, and that’s the reason why most Chinese cruise tourists are elderly. Young people don’t have much time for outbound cruise tourism. And it’s very convenient to have a lovely journey along the coast on domestic cruises. Without the need to apply for passports, it’s as convenient as taking a high-speed train, and tourists could choose to buy tickets for a certain section. Cruise companies could cooperate with shoreside hotels, scenic areas, taxis to offer one-stop services, which hold much appeal for young people.

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# Chapter 10

## G.10 A Study on the Development Path of China's Cruise Ship Building and Repair Industry Chain



Guodong Yan, Xia Li, and Qianfeng Wang

Cruise ship building originates from the US, which is large because this country is the biggest cruise market in the world. Yet as the American shipbuilding industry declined from the 1960s, the second cruise market, Europe, soon took up the lion's part of the global cruise shipbuilding market with its shipbuilding advantages and heavy investment in cruise shipbuilding. Its market share further expanded in the 1990s. Cruise shipbuilding is a highly systematic and integrated business. Thus it's harder to set foot in this sector compared with that other shipbuilding fields. As the cruise market needs changes and upgradings of shipbuilding technologies, the requirements for cruise shipbuilding are increasingly particular. With both core cruise shipbuilding technologies and systematic supply chains, Europe enjoys monopoly advantages in the global cruise-building market. Cruise shipbuilding is costly work, thus needing the support of mature financial systems. China has secured a leading position in the global shipbuilding industry, so now it's time to make effective endeavors in developing large luxury cruise-building technologies. Efforts are needed to improve the domestic cruise building supply chains, and stimulate the development of cruise repair business for complementation, so as to form sound cruise economic industry chains.

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## **Progress in Cruise Ship Building in China**

### ***Progress in Mega Cruise Ship Building in China***

#### **Planning of Mega Cruise Ship Building in China**

In September 2013, the CSSC launched a domestic cruise ship design and building project. In October 2014, Carnival Corporation & Plc and the CSSC signed an MOU on setting up a joint venture to build luxury cruise ships in China. In November 2014, the CSSC and Fincantieri entered into a strategic MOU and initiated the negotiation on co-founding a cruise shipbuilding company in China. In December 2014, the CSSC and Lloyd's Register of Shipping signed an MOU. In August 2015, the CSSC and the CIC concluded a cruise ship investment agreement. In October 2015, Baoshan District, the CSSC, the CIC, Carnival Corporation & Plc, Fincantieri and Lloyd's Register of Shipping released a statement on six-party cruise cooperation. In October 2015, the CSSC, the CIC and Carnival Corporation & Plc signed a third-party cruise cooperation agreement in the presence of the heads of state of China and the UK. In December 2015, Shanghai Waigaoqiao Shipbuilding Co., Ltd. set up a cruise project division and initiated the shipyard assessment and technological transformation. In April 2016, Shanghai Waigaoqiao Shipbuilding Co., Ltd. planned to join forces with Guangzhou Shipyard International Company Limited, Marine Design & Research Institute of China, and Shanghai Merchant Ship Design and Research Institute and CSSC Cruise Industrial Development Co., Ltd. In July 2016, CSSC Cruise Technology Development Co., Ltd. and Fincantieri entered into a cruise shipbuilding cooperation agreement. In September 2016, the CSSC, the CIC, Carnival Corporation & Plc and Fincantieri entered into an LOI on building large luxurious cruises with a total tonnage of 133,500 tons. In December 2016, the CSSC, Wusongkou International Cruise Terminal Development Co., Ltd. and other stakeholders co-founded the first cruise industry fund of China, but it was not eventually issued. In February 2017, the CSSC, Carnival Corporation & Plc and Fincantieri entered into the MOA on building the first mega cruise ship in China. The building plan has been finalized, and the first home-made cruise is to be delivered in 2023 according to plan (Table 10.1).

#### **Progress in Building Mega Cruise Ships of China**

In August 2018, Shanghai Waigaoqiao Shipbuilding Co., Ltd. entered into a cruise EPC contract with China Shipbuilding NDRI Engineering Co., Ltd. In November 2018, the CSSC, Carnival Corporation & Plc and Fincantieri officially signed the contract on building 2 + 4 Vista-class cruises with a total tonnage of 135,000 tons, indicating that the design and building of China's first mega cruise ship and the construction of its supporting industrial cluster began. In October 2019, the steel

**Table 10.1** Progress of the CSSC in building mega cruise ships

| Date           | Specific progress   |
|----------------|---|
| September 2013 | The CSSC officially commenced the localized cruise design and building project  |
| October 2014   | The CSSC signed an MOU with Carnival Corporation & Plc  |
| November 2014  | Signed an MOU with Fincantieri  |
| December 2014  | Signed an MOU with Lloyd's Register of Shipping   |
| August 2015    | Entered into a cruise investment agreement with the CIC   |
| October 2015   | The CSSC initiated a six-party cruise cooperation alliance  |
| October 2015   | Signed a joint cruise operation agreement in the presence of the heads of state of China and the UK   |
| July 2016      | The CSSC entered into a joint cruise shipbuilding agreement with Fincantieri  |
| September 2016 | The CSSC, Carnival Corporation & Plc, Fincantieri, etc., signed an LOI on new cruise shipbuilding   |
| October 2016   | The opening of Shanghai CSSC International Cruise Industrial Park   |
| December 2016  | CSSC-Fincantieri Cruise Industry Development Limited was officially handed over in Hong Kong  |
| February 2017  | Signed the MOA on building the first mega cruise ship of China with Carnival Corporation & Plc and Fincantieri in the presence of the heads of state of China and Italy                 |
| March 2018     | CSSC Carnival Cruise Shipping was founded in Hong Kong  |
| July 2018      | The meeting of the cruise industry development leading group was held, at which it's advocated that mega cruise ship projects are priorities of the CSSC for high-quality development   |
| August 2018    | Signed a comprehensive strategic cooperation memorandum with Fincantieri  |
| September 2018 | Released the <i>CSSC High-Quality Development Strategy Outline (2018–2050)</i> and proposed to build mega cruise ship industry chains   |
| November 2018  | Signed a contract on building 2–4 Vista-class cruises with a total tonnage of 135,000 tons with Carnival Corporation & Plc and Fincantieri at the first China International Import Expo |

Source Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS)

plate cutting operation was carried out, marking the first home-made mega cruise ship entering the building stage.

The first mega cruise ship is jointly built by CSSC Cruise Technology Development Co., Ltd. and Shanghai Waigaoqiao Shipbuilding Co., Ltd., owned by CSSC Carnival Cruise Shipping and designed by CSSC-Fincantieri Cruise Industry Development Limited. With a tonnage of 135,500 tons, it's 323.6 m long and 37.2 m wide. The maximum depth of immersion is 8.5 m, and the maximum speed is 22.6 nautical miles per hour. It's equipped with 2,125 guest rooms, among which 47.7% are with balconies. The passenger capacity is 5,260. This cruise has two 16.8 MW and three 9.6 MW diesel generator engines, and two 16.8 MW podded propellers. It's registered with the CCS and the LR and under the brand AIDA. It's planned to

**Table 10.2** Basic Parameters of the first home-made cruise of China

| Program                    | Parameters   | Program                | Parameters                            |
|----------------------------|--|------------------------|---------------------------------------|
| Tonnage                    | 135,500 tons   | Class                  | Vista-class                           |
| Length                     | 323.6 m  | Classification society | Lloyd's Register of Shipping          |
| Width                      | 37.2 m   |                        | CCS                                   |
| Design depth of immersion  | 8.5 m  | Shipowner              | CSSC Carnival Cruise Shipping Limited |
| Max. speed                 | 22.8 knots   | Total number of beds   | 3,921                                 |
| Number of cabins           | 2,125  | Size of crew           | 1,500 crew members                    |
| Maximum passenger capacity | 5,260  | Crew rooms             | 773                                   |
| Number of cabins           | 1,977  | Propulsion systems     | Podded electric propulsion systems    |
| Generators                 | Two 16.8 MW and three 9.6 MW diesel generator engines, with an aggregate capacity of 62.4 MW |                        |                                       |
| Propeller                  | Two 16.8 MW podded propellers  |                        |                                       |

Source Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS)

be delivered on September 30, 2023. The second mega home-made cruise is to be delivered in December 2024 according to plan (Table 10.2).

At the 2020 Shanghai Conference on Advancing Intelligent Manufacturing convened on December 22, 2020, Shanghai Waigaoqiao Shipbuilding Co., Ltd. was named one of the first “Shanghai Smart Factories” for its Smart Veneer Workshop that supports the construction of home-made mega cruise ships, as the only Shanghai shipbuilder named so. On January 18, 2021, the shifting and mounting of the first large extra-wide general section N2 of the first mega cruise ship H1508 was completed, marking a major breakthrough in the construction of home-made mega cruise ship in terms of large extra-wide general sections and laying a good foundation for the continuous mounting of the subsequent large extra-wide general sections (Table 10.3).

## ***Building of Chinese Polar Adventure Cruise Ships***

### **Orders of Chinese Polar Adventure Cruise Ships**

China Merchants Cruise Manufacturing Co., Ltd. is the first entity that's named cruise ship manufacturing company. It's committed to developing into a world-top cruise manufacturer and service provider. It plans to add river pleasure boats, polar adventure cruises, medium cruises, small cruises and mega cruise ships to its supply list gradually. Mainly targeting polar adventurers, polar adventure cruise ships have a

**Table 10.3** Progress of the CSSC in cruise ship building

| Date           | Specific progress  |
|----------------|--|
| October 2019   | Commencement of steel cutting for China's first domestically built large cruise ship (LCS) at Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS) |
| June 2020      | Commencement of the L3 Mock-up Interior II work of the LCS project   |
| June 2020      | Commencement of the first block outfitting work for the first domestically built LCS   |
| June 2020      | China's first LCS veneer processing center plant delivered at Shanghai Waigaoqiao Shipbuilding Co., Ltd  |
| June 2020      | Completion of the Organic Waste Gas Treatment Plant revamping project for Coating Phase III AB/CD Span of the LCS project                      |
| July 2020      | Commencement of the block outfitting work for home-made LCSs   |
| August 2020    | Commencement of the section assembly for the LCS project H1508   |
| September 2020 | Roof capping completed for the matching capital project supplier service building under the LCS Master Plan                                    |
| October 2020   | Rollover operations were completed for the first large-span veneer block of China's first LCS at #4 assembly platform                          |
| November 2020  | The transfer of China's first domestically built LCS into the dock for continuous mounting   |
| December 2020  | SWS honored as one of the first "Shanghai Smart Factory"   |
| December 2020  | The inaugural ceremony for "Shanghai Smart Factory" was held in the Veneer Center at SWS   |
| January 2021   | The CSSC Meeting for the Appraisal of Execution Plans for the Safe Return to Port (SRtP) of Cruise Ships held at SWS                           |
| January 2021   | Completion of shifting and mounting for N2, the first large extra-wide general section of the mega cruise ship H1508                           |
| January 2021   | Completion of hoisting of power generators for China's first LCS at SWS  |
| February 2021  | Delivery of the Cruise Supplies Stacking Platform  |
| March 2021     | The launch ceremony for the Cruise Project EPC Management Platform   |
| March 2021     | Inauguration of Waigaoqiao Cruise Outfitting Technicians Studio  |
| April 2021     | Completion of ship production design model balancing and the structural production design drawings for the H1508 project                       |
| July 2021      | Completion of block outfitting of the first home-made mega cruise ship   |
| August 2021    | Completion of mounting of general section T1b of the first mega cruise ship H1508  |

Source Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS)

strong icebreaking capacity and well-equipped tourism facilities. On April 27, 2017, China Merchants Industry Holdings entered with American shipowner Sunstone Ships a contract on building 4 + 6 polar adventure cruises, marking that China Merchants Industry Holdings officially set foot in the cruise shipbuilding field. At present, the Haimen Base of China Merchants Industry Holdings is advancing China's polar adventure cruise manufacturing and the pleasure boat manufacturing of the

**Table 10.4** Basic information of polar adventure cruises of China merchants industry holdings

| Number       | Name           | Length (m) | Year of delivery | Width (m) | Tonnage (t) | Designed speed           |
|--------------|----------------|------------|------------------|-----------|-------------|--------------------------|
| Cruise No. 1 | Greg Mortimer  | 104.4      | 2019             | 18.4      | 8035        | Not less than 15.5 knots |
| Cruise No. 2 | Sylvia Earle   | 104.4      | 2021             | 18.4      | 8035        | Not less than 15.5 knots |
| Cruise No. 3 | Ocean Victory  | 104.4      | –                | 18.4      | 8035        | Not less than 15.5 knots |
| Cruise No. 4 | Ocean Explorer | 104.4      | 2021             | 18.4      | 8035        | Not less than 15.5 knots |
| Cruise No. 5 | Ocean Odyssey  | 104.4      | –                | 18.4      | 8035        | Not less than 15.5 knots |
| Cruise No. 6 | MS Albatros    | 104.4      | –                | 18.4      | 8035        | Not less than 15.5 knots |

Source China Merchants Cruise Manufacturing Co., Ltd

Guangdong-Hong Kong-Macao Greater Bay Area. Plus the order of the first medium-sized domestic cruise, it now has the orders of nearly ten cruises and ranks top worldwide in terms of the orders of cruises of the same type (Table 10.4).

### Progress in Building Chinese Polar Adventure Cruises

Polar adventure cruises are a critical project of China Merchants Group to transform and upgrade industries. On September 6, 2019, the first polar adventure cruise made in China was officially delivered, a pioneer of cruises made in China. It's named GREG MORTIMER and leased by its owner Sunstone Ships to Australian polar adventure company Aurora Expeditions. It's registered in the Bahamas. The shipbuilding work began on March 16, 2018. The ship is 104.4 m long and 18.4 m wide, with a draft of 5.1 m, a tonnage of 8,035 tons, a speed of over 15.5 knots and a maximum speed of 16.3 knots. With 135 cabins, it can carry 254 passengers at the same time. In August 2020, Ocean Explorer, the No.4 polar adventure cruise of China Merchants Industry Holdings, successfully entered service at the Haimen Base.

## **Progress in Construction of Cruise Supporting Facilities in China**

### ***Construction of Supporting Facilities for Mega Home-Made Cruises***

Shanghai CSSC International Cruise Industrial Park, the first cruise industrial park in China, was founded in October 2016. It's a park within the Baoshan Industrial Park. With the planned area of Phase I being 2 square kilometers, this cruise park is a strong foundation for improving China's cruise-supporting facilities. In March 2017, CSSC G-art Cruise Sci-Tech Development (Shanghai) Co., Ltd. entered Shanghai CSSC International Cruise Industrial Park. It's the first company in this industrial park. In June 2017, Baoshan District Government, the CSSC and Fincantieri entered into an LOI of strategic cooperation on building Chinese cruises, to advance the construction of Shanghai CSSC International Cruise Industrial Park and improve the cruise supporting industries. In April 2019, Baoshan District, Italy-based Fincantieri, and the CSSC jointly organized the Cruise Supplier's Day-cruise shipbuilding Forum in Italy, which was attended by 123 core suppliers of Fincantieri. In September 2019, CSSC Cruise Technology Development Co., Ltd. and Baoshan District Government concluded a cooperation agreement on the project of CSSC cruise operation and supporting industry base to build influential cruise headquarters.

Gaodong Town, Pudong New Area, Shanghai set up a cruise industry project office, which is responsible for the overall advancement of the development of the cruise industry and the relevant industrial projects. The Gaodong industrial park, with supporting facilities of about 500,000 square meters, offers cruise industries in Pudong New Area office services, personnel training, catering, entertainment, recreation and accommodation services. On May 9, 2020, CSSC Cruise Technology Development Co., Ltd. and Shanghai Waigaoqiao Free Trade Zone Group co-founded CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd. The joint venture is responsible for integrating domestic resources to build cruise industry supply chains, gathering global high-quality interior decoration products, and providing logistics, certification, training, living materials, financing, factoring, leasing and other supply chain derivative services. The manufacturing base of cruise interior decoration materials of CSSC Cruise Industry Development (Shanghai) Co., Ltd. was launched in Waigaoqiao. It's aimed at being an industrial agglomeration platform for cruise interior decoration.

## ***Construction of Supporting Facilities of Polar Adventure Cruises***

In October 2018, China Merchants Group and Haimen, Jiangsu entered into agreements on the joint development of a cruise manufacturing base, an industrial park of cruise supporting facilities and an international cruise city (Table 10.5).

With a total investment of RMB 5 billion, a floor area of 2,000 *mu*, and a total construction area of 750,000 square meters, the international cruise industrial park of China Merchants Group consists of a state-level material and technology testing center, a cruise R&D service platform, a cruise bonded warehouse and a cruise demonstration center. Cruise-related enterprises majored in the manufacturing of glass products, furniture, modular compartment units, air-conditioning equipment, propellers, aluminium products, kitchen equipment, entertainment equipment, electrical control equipment, etc., would be attracted in. The No.2 shipyard of the Haimen Base of China Merchants Industry Holdings is to be the first indoor dry dock in China and a world-class dock. This shipyard, which is equipped with whole-process section-based veneer processing workshops and industry-leading laser veneer welding assembly lines, could build one 100,000-ton cruise and two polar adventure cruises annually.

## **Developments of the Cruise Ship Refurbishment Market in China**

### ***Chinese Cruise Ship Refurbishment Enterprises***

Shanghai Huarun Dadong Dockyard Co., Ltd. took the lead to enter the cruise ship refurbishment field, having accumulated rich experiences in ship repair and modification. 98% of its orders come from foreign shipowners. Boasting abundant technical reserves, it repairs about 300 ships per year. COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd. has accumulated much technical experience in the security risk control of cruise docking, upgrading of compartment facilities, refurbishment of exterior panels, etc. It has developed a professional management team and has made a professional adjustment from production management to the equipment of equipment and facilities. In November 2017, CSSC G-art Cruise Sci-Tech Development (Shanghai) Co., Ltd. and SkySea Cruise Line signed a general contract for the refurbishment of the cruise ship Golden Era. In September 2019, after being sold, the Golden Era of SkySea Cruise Line received refurbishment at COSCO (Zhoushan) Shipyard Co., Ltd. CSSC G-art Cruise Sci-Tech Development (Shanghai) Co., Ltd. is engaged in interior decoration of cruise ships and high-tech ships, and building cruise interior decoration engineering and technological R&D centers, incubation platforms of local cruise supply chains and bases of cruise interior decoration engineering

**Table 10.5** Cruise manufacturing in Shanghai and the relevant enterprises

| Company   | Date of incorporation | Registered capital |
|---|-----------------------|--------------------|
| CSSC Cruise Technology Development Co., Ltd                         | December 2018         | RMB 1.32 billion   |
| CSSC-Fincantieri (Shanghai) Cruise Design Co., Ltd                  | December 2017         | RMB 1 million      |
| Shanghai Waigaoqiao Shipbuilding Co., Ltd                           | May 1999              | RMB 4,487 million  |
| China Merchants Cruise Research Institute (Shanghai) Co., Ltd       | December 2019         | RMB 10 million     |
| Shanghai Zhaoxiang Cruise Technology Group Co., Ltd                 | August 1996           | RMB 31.2 million   |
| CSSC Wartsila Electrical & Automation (Shanghai) Co., Ltd           | November 2017         | RMB 21 million     |
| CSSC G-art Cruise Sci-Tech Development (Shanghai) Co., Ltd          | March 2017            | RMB 15 million     |
| Shanghai Jiangnan Shipyard  | March 1996            | RMB 239 million    |
| Shanghai Wendi Ship Supplies Co., Ltd                               | September 2011        | RMB 3.8 million    |
| Shanghai Shanda Marine Machinery Co., Ltd                           | June 2020             | RMB 5 million      |
| Danyouni (Shanghai) Marine Equipment Manufacturing Co., Ltd         | September 2011        | USD 1.02 million   |
| Shanghai Chuanyong Ship Repair and Installation Co., Ltd            | March 2017            | RMB 2 million      |
| Shanghai Huayi Ocean Engineering Technologies Co., Ltd              | January 2015          | RMB 6 million      |
| Shanghai Fujiang Shipping Engineering Co., Ltd                      | July 2020             | RMB 500,000        |
| Shanghai Zhaohong Cruise Technologies Co., Ltd                      | October 2018          | RMB 1 million      |
| Shanghai G-Art Cruise Development Co., Ltd                          | October 2016          | RMB 10 million     |
| Shanghai Rongmei Cruise Development Co., Ltd                        | January 2017          | RMB 10 million     |
| Shanghai Bo'ao Marine Technologies Co., Ltd                         | April 2019            | RMB 20 million     |
| Shanghai Youyue Cruise Services Co., Ltd                            | June 2017             | RMB 10 million     |
| Shanghai Fuyang Marine Services Co., Ltd                            | May 2011              | RMB 100,000        |
| Shanghai Fanda Cruise Technologies Co., Ltd                         | July 2019             | RMB 5 million      |
| CSSC Cruise Industry Development (Shanghai) Co., Ltd                | November 2020         | RMB 700 million    |
| Shanghai Renhai Marine Technologies Co., Ltd                        | August 2013           | RMB 5 million      |
| Shanghai Zhou Xiaoqin Ship Repair Co., Ltd                          | May 2017              | RMB 500,000        |
| R&M Cruise Technology Development (Shanghai) Co., Ltd               | December 2017         | RMB 10 million     |
| Amengsen Cruise (Shanghai) Co., Ltd                                 | March 2019            | RMB 80 million     |
| Maidi Cruise Testing & Certification Technology (Shanghai) Co., Ltd | June 2019             | RMB 1 million      |

(continued)



**Table 10.5** (continued)

| Company   | Date of incorporation | Registered capital |
|---|-----------------------|--------------------|
| CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd | May 2020              | RMB 500 million    |
| Huangjia Aihua International Cruise Co., Ltd            | March 2018            | RMB 50 million     |
| Shanghai Wanbang Cruise Co., Ltd                        | August 2003           | RMB 10 million     |
| R&M Cruise Interior Technologies (Shanghai) Co., Ltd    | July 2020             | RMB 50 million     |
| R&M (Shanghai) Engineering Co., Ltd                     | June 2020             | RMB 400 million    |

*Source* Data collected by the author

management and operator training. The company cooperated with Germany-based R&M on setting up R&M Cruise Technology Development (Shanghai) Co., Ltd., to enhance its comprehensive technological capacities in the design, construction and supply chain management of cruise interior decoration.

### ***Progress of Cruise Refurbishment in China***

On April 3, 2020, the Piano Land of Astro Ocean Cruise sailed to Zhoushan for maintenance, and the dry-dock transformation was completed on April 24. After the transformation, its duty-free shops are expanded from 250 square meters to 650 square meters, arranged on the sixth and seventh decks. Fitness rooms are reasonably designed and adopt specialized shock absorption flooring. Audio and stage equipment in the theater is upgraded for better performance effects. Premium sports mats are used to pave the track on the 13th floor, so tourists can enjoy their morning exercise. The floor of balconies on the 10th floor has been completely replaced. The bar counters, chairs and armrests of the bar on the 12th floor are polished and re-painted. In addition, VIP services like early boarding and leaving, private shopping guides, exclusive butlers, free Wi-Fi, private dining rooms, etc., are added. The Blue Dream Star arrived at COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd. on June 1, 2020 for transformation and upgrading. It's the seventh luxury repair project undertaken by the company. The repair covers mainly the maintenance of the main and auxiliary engines, whole-ship painting, public area upgrading, etc. (Table 10.6).

**Table 10.6** Leading Chinese cruise refurbishment enterprises

| Refurbishment enterprises                                  | Location            | Case                        |
|--|---------------------|-----------------------------|
| Shanghai Huarun Dadong Dockyard Co., Ltd                   | Chongming, Shanghai | Costa Atlantica, Serena etc |
| COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd          | Zhoushan, Zhejiang  | Ovation of the Seas etc     |
| Youlian Shipyard (Shekou) Co., Ltd                         | Shekou, Shenzhen    | Star Pisces                 |
| CSSC G-art Cruise Sci-Tech Development (Shanghai) Co., Ltd | Baoshan, Shanghai   | SkySea Golden Era           |

Source Data collected by the author

## Paths of Chinese Cruise Ship Building and Repair Industries to High-Quality Development

### *Paying More Attention to Cruise Ship Building and Repair*

Cruise and marine equipment manufacturing is a highly systematic and integrated “giant-system work”, and a manifestation of a country’s industrial and technological strengths. In particular, cruise manufacturing is hailed as the “most shining pearl on the crown of shipbuilding”. At present, China is in the opening stage in terms of mega cruise ship design and building technologies. As technological problems are being solved, it’s hopeful to see the rapid development of mega cruise ship-building technologies and markets in China in the following 10 to 15 years. In *Made in China 2025*, marine equipment and high-tech ships are included among the ten major development fields. It clearly proposes to make a breakthrough in luxury cruise design and building, and master core technologies of integrated, intelligent, modular design and manufacturing of supporting equipment. In the *Implementation Opinions on Promoting the Development of Tourism Equipment Manufacturing Industry*, the Ministry of Industry and Information Technology points that China should master the design, building and repair technologies of large and medium cruises after five to ten years of development, develop a number of mega cruise ship general assembly enterprises and professional companies providing cruise ship fittings and interior decoration services, and gradually expand to international mainstream cruise ship-building markets. The global cruise development business is monopolized by a few foreign shipyards. As the global shipbuilding industry enters a period of dramatic changes, China should march from a large shipbuilding country to a shipbuilding power. Cruise development is a field we must conquer to break foreign monopolies and ascend on the marine shipbuilding industry value chain. Investment should be furthered in domestic cruise shipbuilding, and support should be given to the independent design and building of large luxury cruise ships to achieve breakthroughs and development in home-made cruises.

### ***Training Domestic Cruise Ship Building and Repair Talents***

The design and building of mega cruise ships is a highly systematic and integrated “giant-system work”, and is special in the nature of design and building. It’s a manifestation of a country’s industrial, technological and management strengths. The design and manufacturing of complex structures inside cruise ships can’t only be enabled with the best technologies and cultural deposits. As a big shipbuilding country, China is experienced in building mega ships and propulsion systems, but Chinese shipyards lag much behind international peers in cruise ship propulsion technologies. Currently, China has neither experience in mega cruise shipbuilding nor technologies or core technical teams of cruise propulsion equipment design or making. As Chinese cruise enterprises are working on independent cruise design and building, they should learn from experiences and lessons of Japanese cruise building and fully understand the problems and challenges in such process, and thus be ready for the building and trial operation, to ensure a successful result of the first mega cruise ship of China. China has made some efforts in the core competitiveness, design capacity, shipbuilding, interior decoration, guest compartment making and project management of cruise ships, but hasn’t mastered the common and key technologies of cruise design and building. Further, China is still to advance in technologies like efficient and environmental propulsion equipment and cutting-edge welding equipment. It’s urgent for Chinese players to recruit technical and management talents to assembly teams mastering core cruise ship design and building technologies.

### ***Increasing the Localization Rate of the Cruise Ship Building and Repair Supply Chain***

Cruise shipbuilding is a giant-system work, demanding a sound supply chain as support. It’s not just to lower cruise building costs and improve efficiency, but also to ensure the building progress. The massive materials and systems needed for cruise shipbuilding are to be provided by suppliers. Generally, 20 million or so pieces of parts and components are needed to build a 100,000-ton luxury cruise ship, including skeleton construction systems, power transmission systems, fire safety systems, pipework systems, electrical systems and onboard entertainment equipment. These systems and equipment are to be supplied by hundreds of core suppliers and even more other suppliers. However, the domestic cruise shipbuilding supply chain is not mature, and stable and reliable suppliers are in need, all leading to uncertainties of the work progress, funds and cruise quality. By contrast with the high localization rate in Europe, there hasn’t been a mature cruise-building supply chain in China, and many cruise parts have to be imported. Such a situation is not supportive of China to raise the localization rate of luxury cruise shipbuilding. In order to improve the situation, international cruise procurement and domestic supply platforms should be built, and more Chinese enterprises should be supported in the procurement system

of international cruise companies to learn their experiences. At the same time, effective efforts should be ensured for controlling logistics costs during procurement and production, developing domestic cruise part suppliers, establishing the supervision mechanisms for cruise building materials supply, and accelerating the independent supply chain system.

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# Chapter 11

## G.11 A Study on Enhancing the International Trade in Cruise Tourism Service Capacity in Shanghai



Ruihong Sun

Seen from international experiences, during the development course of cruise tourism, mutually dependent industry chains could be formed naturally. This is a highly complex emerging industry, an industrial group composed of a variety of industries, featuring diversity and complexity. The trade-in cruise services covers cruise R&D and design, cruise repair, cruise financial leasing, cruise tourism consumption, cruise enterprise headquarters economy, cruise duty-free commercial services, cruise supply services, cruise cultural services, cruise insurances and the relevant extended services. It's an important part of the cruise economy and a new driving force for stimulating high-quality economic development. As the cruise industry in Shanghai extends, the trade in cruise services has seen initial achievements. Cruise R&D and design, cruise ship repair and building, cruise supplies, cruise financial leasing, cross-border cruise e-commerce, cruise duty-free shop business, cruise exhibitions and other trades are flourishing. Related industries are also gradually developing and expanding, all contributing to the rapid development of trade in cruise services in this city. Shanghai continues to encourage cooperation with port cities that are well developed in the trade in cruise services. By further developing the trade in cruise services, innovating trade in services, and promoting new businesses and modes of trade in cruise tourism services, Shanghai has gradually cultivated trade in international cruise tourism services into a new growth engine for its international trade in services. With substantial progress made in domestic mega cruise ship design and building in Shanghai, the industry chain of the cruise economy of this city keeps extending, its ability to attract cruise industry players is significantly increased, and the new business and modes of trade in cruise services are flourishing, creating a big development potential for Shanghai's trade in cruise services (Table 11.1).

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**Table 11.1** Service industry types in the whole industry chain of the cruise industry

| S/N | Type of industry                            | Services  | Entire industry chain of the cruise economy                                       |
|-----|---|---|---|
| 1   | Computer and information services           | Hardware consulting services                            | Procurement of cruise hardware and software, cruise system safety management, etc |
|     |   | Software consulting services                            | Development of cruise software and adaptation of existing software                |
|     |   | Integration of information systems                      | Testing, monitoring and fault location and removal of cruise and port systems     |
|     |   | Data services   | Value-added cruise data services  |
| 2   | R&D and technical services                  | R&D and industrial design                               | Cruise design and R&D   |
|     |   | Inspection, testing and technical analysis              | Testing of cruise systems and cruise parts  |
|     |   | Weather forecasting and meteorological services         | Needs of cruise operation for meteorological products                             |
|     |   | Technology trading and technology intermediary services | Purchase of cruise ship design and R&D drawings                                   |
| 3   | Entertainment, cultural and sports services | Performing arts and related services                    | Cruise ship entertainment services  |
|     |   | Creative design   | Creative design of cruise entertainment products                                  |
|     |   | Translation of cultural works into foreign languages    | Export of cruise cultural products  |
| 4   | Publishing and printing services            | Publishing of traditional publications abroad           | Publishing of the GREEN BOOK OF CRUISE INDUSTRY abroad                            |
|     |   | Copyright export agency                                 | Cooperation with foreign publishing houses  |
| 5   | Advertising services                        | Design, manufacturing and release of ads                | Promotion of cruise products  |
|     |   | Advertising agency and release                          | Promotion of cruise products  |
|     |   | Internet advertising                                    | Promotion of cruise products  |
| 6   | Insurance services                          | Personal insurance                                      | Cruise tourism insurance  |
|     |   | Contract guarantee insurance                            | Cruise contract insurance   |

(continued)

**Table 11.1** (continued)

| S/N | Type of industry                     | Services  | Entire industry chain of the cruise economy   |
|-----|--------------------------------------|---|---|
|     |                                      | Insurance support services                                    | Cruise insurance brokerage and agency services  |
| 7   | Financial services                   | All payments and currency transfers                           | Cruise travelers' checks and bank draft service   |
|     |                                      | Participate in the issuance of various securities             | Issuance of securities of cruise enterprises  |
|     |                                      | Asset management  | Cash or securities management services for cruise enterprises   |
|     |                                      | Settlement and liquidation of financial assets                | Settlement and liquidation of financial assets for cruise enterprises   |
|     |                                      | Consultation and other auxiliary financial services           | Research and consulting services, credit research and analysis, etc., of investment and assets portfolios of cruise enterprises   |
| 8   | Transportation and relevant services | Shipping services   | Transportation of cruise supplies, cruise shipping agency services, ship management services, cruise ship technological testing, and cruise crew member deployment services |
|     |                                      | Air transport services  | Transportation of tourists and materials for international cruises  |
|     |                                      | International freight forwarding and logistics transportation | Warehousing and logistics of supplies to international cruises  |
| 9   | Tourism services                     | Travel agencies and tour guides                               | Travel agency services and tour guide services  |
|     |                                      | Tourism information   | Tourism information, consultation and travel route planning provided by tourism service providers   |
|     |                                      | Tourism & recreation  | Tourism performing arts, scenic areas featuring creative culture and services related to tourism and recreation   |
|     |                                      | Tourism promotion   | Tourism information release and tourism promotion services on new media   |

(continued)

**Table 11.1** (continued)

| S/N | Type of industry                                 | Services   | Entire industry chain of the cruise economy   |
|-----|--|--|---|
|     |  | Tourism shopping   | Tax rebate services for tourism shopping, tax refund agency services, duty-free shops, etc  |
|     |  | Tourist attractions  | Services offered by tourist attractions to meet the needs of tourists for sightseeing, recreation, fitness, etc   |
|     |  | Chartered vehicles for tourists                                | Vehicles services rented by individuals, entities or groups of people for tourism, charged by the hour or day   |
| 10  | Construction and engineering services            | Planning and design consulting services for construction works | Feasibility study, engineering planning, survey and design of cruise port construction projects   |
|     |  | Construction and engineering management services               | Planning, investment and cost consultation, bidding agency, project supervision and project management services for cruise ports and their supporting projects  |
|     |  | Planning services  | Spacial layout planning; site selection, control and utilization planning; road system planning; planning, design, construction and maintenance of landscaping  |
|     |  | Medium-end and high-end architectures and projects             | Communication and information network engineering projects for cruises and ports; waterway and navigation construction works; port complex engineering services |
| 11  | Market survey and management consulting services | Market survey services   | Market analysis (market size and other features) and analysis of consumers' attitudes and preferences   |
|     |  | Management consulting services                                 | General enterprise management consulting, enterprise risk control, industrial development and other consulting services, and supply chain management services   |

(continued)



**Table 11.1** (continued)

| S/N | Type of industry                                    | Services                                  | Entire industry chain of the cruise economy   |
|-----|---|---|---|
| 12  | Legal and accounting services                       | Legal services                            | Legal consulting (legal counsel) and related services, international arbitration and mediation services   |
|     |   | Accounting and audit services             | Preparation and review of financial statements, audit services, other attestation services, and accounting services related to bankruptcy, due diligence and valuation                  |
|     |   | Taxation services                         | Including tax planning and consulting services for intracorporate transfer pricing, and preparation of tax return forms and forms of all kinds of taxes and fees returned (such as VAT) |
| 13  | Rental services                                     | Financial leasing services                | Financial leasing for cruise ship purchase  |
| 14  | Human resources and security investigation services | HR services                               | Providing organizations with HR sources outsourcing, training and assessment services   |
|     |   | Labor dispatching                         | Providing cruise companies with crew member deployment services   |
|     |   | Providing professional personnel services | Providing tour guides, Chinese chefs, Wushu coaches, models, Chinese translators and other professional talents   |
| 15  | Security and the relevant services                  | Security services                         | Cruise port patrol and inspection services, security services, bodyguard services, doorkeeper services, parking control and access control services                                     |
|     |   | Security consulting services              | Consultation services on system security of cruises and ports   |
|     |   | Alarming and monitoring services          | Cruise and port surveillance and security defense system equipment maintenance  |
| 16  | Distribution services                               | Cross-border wholesale services           | Distribution of foreign cruise itinerary products   |

(continued)

**Table 11.1** (continued)

| S/N | Type of industry                  | Services   | Entire industry chain of the cruise economy   |
|-----|-----------------------------------|--|---|
|     |                                   | E-commerce services                              | Cross-border e-commerce platform services   |
| 17  | Environmental services            | Waste treatment and pollution removal services   | Cruise sewage and waste treatment   |
|     |                                   | Ecosystem and landscape protection services      | Ecosystem consultation and assessment services  |
| 18  | Services related to manufacturing | Services derived from manufacturing              | Cruise part manufacturing and processing services, installation services, recycling services, technical support services, etc |
| 19  | Other services                    | Accommodation services                           | Accommodation and relevant services provided by hotels  |
|     |                                   | Catering services                                | Featured catering services  |
|     |                                   | Auction services                                 | Cruise auction services   |
|     |                                   | International translation services               | Translation and interpretation services for foreign-related activities and foreign-funded enterprises                         |
|     |                                   | International convention and exhibition services | Exhibitions, conventions and forums organized overseas  |

## Situation of Shanghai's Trade in Cruise Tourism and Services

### *Shanghai Is the National Leader in Cruise Tourism Market*

In recent years, the cruise tourism market of Shanghai has been expanding gradually, which lays a foundation for improving the international position of the Chinese cruise market and developing the cruise tourist source market. From 2008 to 2020, Shanghai received 3,028 cruises, including 2,617 home port cruises, accounting for 86.42% of the total, and 411 port-of-call cruises, sharing 13.58%. In the same period, Shanghai served 15,406,600 inbound and outbound tourists, including 14,536,700 by home port cruises, accounting for 94.35% of the total, and 869,900 by port-of-call cruises, sharing 5.65%. Under the impact of COVID-19, Shanghai Cruise Home Port suspended operation in late January 2020. In 2020, Shanghai Wusongkou International Cruise Terminal received 24 cruises, accounting for 42.1% of the national total, and served 114,800 inbound and outbound tourists, sharing 46.91% of the national total. All of those cruises were home port cruises, still accounting for half of the national cruise market. Wusongkou International Cruise Terminal is the largest specialized cruise port equipped with the best facilities in China (Table 11.2).

**Table 11.2** Cruise market in Shanghai, 2008–2020

| Year  | Total number of cruises in Shanghai | Total number of cruises in China | Share of Shanghai in national total (%) | Total number of tourists in Shanghai (10,000) | Total number of tourists in China (10,000) | Share of Shanghai in national total (%) |
|-------|-------------------------------------|----------------------------------|---|---|--|---|
| 2008  | 63                                  | 346                              | 18.2                                    | 10.72   | 48.70                                      | 22.0                                    |
| 2009  | 80                                  | 259                              | 30.9                                    | 16.56   | 34.38                                      | 48.2                                    |
| 2010  | 109                                 | 294                              | 37.1                                    | 26.67   | 48.08                                      | 55.5                                    |
| 2011  | 105                                 | 272                              | 38.6                                    | 21.43   | 47.85                                      | 44.8                                    |
| 2012  | 121                                 | 275                              | 44.0                                    | 35.74   | 65.69                                      | 54.4                                    |
| 2013  | 198                                 | 406                              | 48.8                                    | 75.64   | 120.15                                     | 63.0                                    |
| 2014  | 272                                 | 466                              | 58.4                                    | 121.80  | 172.37                                     | 70.7                                    |
| 2015  | 344                                 | 629                              | 54.7                                    | 164.51  | 248.00                                     | 66.3                                    |
| 2016  | 509                                 | 1010                             | 50.4                                    | 294.46  | 456.66                                     | 64.5                                    |
| 2017  | 512                                 | 1181                             | 43.4                                    | 297.73  | 495.42                                     | 60.1                                    |
| 2018  | 432                                 | 924                              | 46.8                                    | 274.56  | 484.71                                     | 56.6                                    |
| 2019  | 258                                 | 808                              | 31.9                                    | 189.26  | 414.30                                     | 45.7                                    |
| 2020  | 25                                  | 57                               | 43.8                                    | 11.58   | 24.47                                      | 47.3                                    |
| Total | 3028                                | 6927                             | 43.7                                    | 1540.66                                       | 2660.78                                    | 57.9                                    |

Source China Cruise & Yacht Industry Association (CCYIA)

### *Shanghai Cruise Industry Attracting More Players*

Shanghai cruise industry develops at high speed and is attracting domestic and overseas cruise companies more than other places of China, such as Royal Caribbean Cruises, Costa Cruises and other foreign enterprises, CSSC Carnival Cruise Shipping, Blue Dream Cruises and other Chinese cruise operators, and CSSC Cruise Technology Development Co., Ltd., CSSC-Fincantieri (Shanghai) Cruise Design Co., Ltd., CSSC G-art Cruise Sci-Tech Development (Shanghai) Co., Ltd. and other cruise design and building companies. CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd. and CSSC Cruise Industry Development (Shanghai) Co., Ltd. are improving the cruise building supporting systems in Shanghai. The first home-made mega cruise ship was jointly designed and built by CSSC Cruise Technology Development Co., Ltd. and Shanghai Waigaoqiao Shipbuilding Co., Ltd. In January 2021, the first large extra-wide general section N2 of the first home-made mega cruise ship H1508 was successfully shifted and mounted, marking a key breakthrough in the construction of large extra-wide general sections for the H1508. In April 2021, the H1508, China's first domestically built LCS, saw the completion of ship production design model balancing and the structural production design drawings, providing strong technical support for the continuous construction of LCSs (Table 11.3).

**Table 11.3** Part of the cruise enterprises in Shanghai

| Part                           | Company name  | Time of establishment | Registered place  | Registered capital |
|--------------------------------|---|-----------------------|-------------------|--------------------|
| Cruise shipbuilding and repair | Shanghai Zhaoxiang Cruise Technology Group Co., Ltd                 | August 1996           | Baoshan, Shanghai | RMB 31.2 million   |
|                                | CSSC Cruise Technology Development Co., Ltd                         | May 2016              | Baoshan, Shanghai | RMB 2,350 million  |
|                                | Shanghai G-Art Cruise Development Co., Ltd                          | October 2016          | Baoshan, Shanghai | RMB 10 million     |
|                                | CSSC-Fincantieri (Shanghai) Cruise Design Co., Ltd                  | December 2017         | Pudong, Shanghai  | RMB 1 million      |
|                                | CSSC G-Art Cruise Sci-Tech Development (Shanghai) Co., Ltd          | March 2017            | Baoshan, Shanghai | RMB 15 million     |
|                                | CSSC Wartsila Electrical & Automation (Shanghai) Co., Ltd           | November 2017         | Baoshan, Shanghai | RMB 21 million     |
|                                | R&M Cruise Technology Development (Shanghai) Co., Ltd               | December 2017         | Baoshan, Shanghai | RMB 10 million     |
|                                | Shanghai Zhaohong Cruise Technologies Co., Ltd                      | October 2018          | Baoshan, Shanghai | RMB 1 million      |
|                                | Amensen Cruise (Shanghai) Co., Ltd                                  | March 2019            | Baoshan, Shanghai | RMB 80 million     |
|                                | Maidi Cruise Testing & Certification Technology (Shanghai) Co., Ltd | June 2019             | Baoshan, Shanghai | RMB 1 million      |
|                                | Shanghai Fanda Cruise Technologies Co., Ltd                         | July 2019             | Baoshan, Shanghai | RMB 5 million      |
|                                | China Merchants Cruise Research Institute (Shanghai) Co., Ltd       | December 2019         | Lingang, Shanghai | RMB 10 million     |

(continued)

**Table 11.3** (continued)

| Part             | Company name  | Time of establishment | Registered place  | Registered capital |
|------------------|---|-----------------------|-------------------|--------------------|
| Cruise operation | Costa Cruises Shipping (Shanghai) Co., Ltd              | November 2011         | Hongkou, Shanghai | USD 1.48 million   |
|                  | Royal Caribbean Cruise Shipping (China) Ltd             | June 2013             | Hongkou, Shanghai | RMB 50 million     |
|                  | Global Shipping (Shanghai) Co., Ltd                     | July 2014             | Hongkou, Shanghai | USD 1 million      |
|                  | Shanghai Blue Dream International Cruise Co., Ltd       | August 2016           | Hongkou, Shanghai | RMB 30 million     |
|                  | Eurosoft Cruise Line (Shanghai) Co., Ltd                | February 2017         | Hongkou, Shanghai | USD 1 million      |
|                  | Genting Travel Agency (Shanghai) Co., Ltd               | August 2004           | Hongkou, Shanghai | USD 2 million      |
|                  | SkySea Holding International Ltd                        | March 2014            | Baoshan, Shanghai | RMB 10 million     |
|                  | Celebrity Diamond Cruise Management (Shanghai) Co., Ltd | January 2015          | Baoshan, Shanghai | RMB 50 million     |
|                  | World Leading Cruise Management (Shanghai) Co., Ltd     | February 2016         | Baoshan, Shanghai | USD 0.15 million   |
|                  | MSC Cruises Ship Management (Shanghai) Co., Ltd         | July 2016             | Baoshan, Shanghai | USD 2 million      |
|                  | MSC Cruises Shipping (Shanghai) Co., Ltd                | March 2017            | Baoshan, Shanghai | USD 2 million      |
|                  | CSSC Carnival (Shanghai) Cruise Shipping Limited        | August 2019           | Baoshan, Shanghai | RMB 2 million      |
|                  | Shanghai Shitian Cruise Industry Development Co., Ltd   | April 2017            | Baoshan, Shanghai | RMB 100 million    |
|                  | Kusen Cruise Management (Shanghai) Co., Ltd             | July 2019             | Baoshan, Shanghai | RMB 1 million      |

(continued)

**Table 11.3** (continued)

| Part                | Company name  | Time of establishment | Registered place  | Registered capital |
|---------------------|---|-----------------------|-------------------|--------------------|
|                     | CSSC Cruise International Tourism Development (Shanghai) Co., Ltd | November 2019         | Baoshan, Shanghai | RMB 10 million     |
| Cruise distribution | Royal Caribbean Cruise Travel Agency (Shanghai) Co., Ltd          | December 2016         | Pudong, Shanghai  | RMB 1.5 million    |
|                     | MSC Cruises Travel Agency (Shanghai) Co., Ltd                     | December 2009         | Pudong, Shanghai  | RMB 5 million      |
|                     | Shanghai Datang Cruise Ticketing Agency Co., Ltd                  | July 2011             | Hongkou, Shanghai | RMB 3 million      |
|                     | Shanghai Xingwan Cruise International Travel Agency Co., Ltd      | October 2012          | Hongkou, Shanghai | RMB 5 million      |
|                     | Shanghai Port International Cruise Travel Agency Co., Ltd         | August 2010           | Hongkou, Shanghai | RMB 10 million     |
|                     | Costa Cruises Travel Agency (Shanghai) Co., Ltd                   | October 2014          | Hongkou, Shanghai | USD 60,000         |
|                     | Shanghai Tengyang International Travel Service Co., Ltd           | July 2003             | Baoshan, Shanghai | RMB 20 million     |
|                     | Shanghai Wusongkou Water Travel Agency Co., Ltd                   | June 2010             | Baoshan, Shanghai | RMB 300,000        |
|                     | CSSC Cruise International Tourism Development (Shanghai) Co., Ltd | November 2019         | Baoshan, Shanghai | RMB 10 million     |
|                     | Shanghai Wusongkou International Travel Agency Co., Ltd           | November 2011         | Baoshan, Shanghai | RMB 300,000        |

(continued)

**Table 11.3** (continued)

| Part                      | Company name  | Time of establishment | Registered place  | Registered capital |
|---------------------------|---|-----------------------|-------------------|--------------------|
|                           | Cruise Sea (Shanghai) International Travel Service Co., Ltd           | December 2014         | Baoshan, Shanghai | RMB 10 million     |
|                           | Shanghai Yinpu Travel Agency Co., Ltd                                 | March 2016            | Baoshan, Shanghai | RMB 300,000        |
| Cruise port               | Shanghai Wusongkou International Cruise Terminal Development Co., Ltd | November 2008         | Baoshan, Shanghai | RMB 300 million    |
|                           | Shanghai Port International Cruise Terminal Development Co., Ltd      | January 2002          | Hongkou, Shanghai | RMB 1.5 billion    |
| Cruise hotels             | Shanghai Linjiang International Cruise Hotel Management Co., Ltd      | March 2012            | Baoshan, Shanghai | RMB 500,000        |
|                           | Shanghai Wusongkou International Cruise Hotel Management Co., Ltd     | January 2018          | Baoshan, Shanghai | RMB 5 million      |
|                           | Shanghai Baolin Cruise Hotel Management Co., Ltd                      | March 2018            | Baoshan, Shanghai | RMB 5 million      |
| Cruise supplies companies | Shanghai Cuixin Agricultural Technology Development Co., Ltd          | April 2013            | Baoshan, Shanghai | RMB 1 million      |
|                           | Shanghai Jiayouhong Shipping Service Co., Ltd                         | March 2017            | Baoshan, Shanghai | RMB 5 million      |

(continued)

**Table 11.3** (continued)

| Part                                | Company name   | Time of establishment | Registered place  | Registered capital |
|-------------------------------------|--|-----------------------|-------------------|--------------------|
|                                     | Shanghai Wusongkou International Cruise Distribution Service Co., Ltd          | December 2013         | Baoshan, Shanghai | RMB 1 million      |
|                                     | Fuyang (Shanghai) Cruise Supplies Co., Ltd                                     | January 2019          | Baoshan, Shanghai | USD 1 million      |
|                                     | Shanghai Xinxiang International Cruise Logistics Operation Management Co., Ltd | January 2018          | Baoshan, Shanghai | RMB 30 million     |
| Cruise duty-free shopping           | Shanghai Port CDF Duty-Free Goods Co., Ltd                                     | August 2012           | Baoshan, Shanghai | RMB 3 million      |
|                                     | Shanghai Wusongkou SDF Duty-Free Goods Co., Ltd                                | August 2019           | Baoshan, Shanghai | RMB 25 million     |
| Cruise supporting service providers | Shanghai Fandao Cruise Investment Co., Ltd                                     | December 2014         | Qingpu, Shanghai  | RMB 10 million     |
|                                     | Shanghai Andian Energy Technologies Co., Ltd                                   | October 2010          | Baoshan, Shanghai | RMB 36 million     |
|                                     | Shanghai International Cruise Business Institute                               | January 2015          | Baoshan, Shanghai | RMB150,000         |
|                                     | Shanghai Wusongkou International Cruise Service Co., Ltd                       | March 2016            | Baoshan, Shanghai | RMB 1 million      |
|                                     | Shanghai International Cruise Tourism Service Center Co., Ltd                  | April 2016            | Baoshan, Shanghai | RMB 10 million     |
|                                     | Shanghai Wusongkou International Cruise Training Co., Ltd                      | December 2016         | Baoshan, Shanghai | RMB 2 million      |

(continued)



**Table 11.3** (continued)

| Part | Company name  | Time of establishment | Registered place  | Registered capital |
|------|---|-----------------------|-------------------|--------------------|
|      | Shanghai Haijue International Cruise Development Co., Ltd   | February 2015         | Baoshan, Shanghai | RMB 10 million     |
|      | Shanghai Bingang Cruise Information Technologies Co., Ltd   | March 2018            | Baoshan, Shanghai | RMB 500,000        |
|      | Shanghai Xinlikai International Freight Forwarding Co., Ltd | February 2020         | Baoshan, Shanghai | RMB 5 million      |

Source Data collected by the author

### ***Supporting Commercial Facilities for Cruise Ports in Shanghai Improved Rapidly***

As active progress is made in cruise home port construction in Shanghai, supporting commercial facilities for cruise ports are improved gradually. The Lingdian Square, Wusongkou International Cruise Terminal has a total construction area of about 40,000 square meters. Its phase II project is the Linjiang International Cruise Hotel. Shanghai Wusongkou International Cruise Terminal has the largest cruise port-based entry duty-free shop domestically, which covers 1,700 square meters. The Wusongkou International Cruise Terminal Entry Duty-Free Shop was officially opened at the 2nd CIIE International Cruise Service Trade Summit Forum. Shanghai Wusongkou SDF Duty-Free Goods Co., Ltd., a cruise port-based entry duty-free shop operator, was registered in August 2019 with RMB 25 million co-funded by Shenzhen Duty-Free Group and Shanghai Wusongkou International Cruise Terminal Development Co., Ltd. Its duty-free shops covers 850 square meters in two terminals. The following three years are to see two more five-star hotels and a 500,000m<sup>2</sup> commercial facility opened along the cruise riverside belt of Baoshan. Shanghai has been promoting the trade in cruise tourism services. In January 2012, Shanghai Municipal People's Government issued the *Notice on Carrying out the First Batch of Pilot Comprehensive Reform of Service Industry (HFF [2012] No.2)*, announcing the development of the pilot area of the international cruise industry in Shanghai. In December 2016, the Shanghai Cruise Tourism Cluster of Baoshan was rated as a Shanghai demonstration base for trade in services. In January 2020, the Shanghai Demonstration Zone for Innovative Development of Cruise Services was founded.

## ***Shanghai Policies on Trade in Cruise Services Getting More Supportive***

The *Opinions on Promoting Further Development of the Cruise Economy in Shanghai* identifies the development direction and strategic goals of the Shanghai cruise economy, specifies 22 key assignments and 50 measures in four fields, and propose to build a Shanghai demonstration base of trade in cruise tourism services to attract enterprises providing auxiliary cruise services and parts for centralized development. To give play to Wusongkou International Cruise Terminal and the relevant industry resource advantages, and expand the size of foreign trade in cruise services in Baoshan, in February 2019, the Shanghai Municipal Commission of Commerce promulgated the *Several Measures for Supporting Baoshan District to Develop Trade in Cruise Services (HSFM [2019] No.39)*, including 14 measures like supporting to designate a cruise supervision area in Baoshan District, opening a special zone for cruise services within China (Shanghai) International Trade Single Window and advancing the application of electronic cruise tickets and certification of cruise enterprise headquarters, so as to boost the development of cruise services in this district. In April 2021, to effectively advance the comprehensive pilot program of further opening up the service industry in Shanghai, the Ministry of Commerce issued the *Comprehensive Pilot Program of Further Opening up the Service Sector of Shanghai*, which stated that gradual measures should be made in promoting the Chinese-funded cruise transportation operators to carry out the Chinese-funded Ocean Getaway without the five-star red flag cruises, based on the pilot operation experiences of Hainan Ocean Getaway before the five-star red flag cruises are put into operation. The plan also allows wholly foreign-funded travel agencies incorporated in Shanghai to engage in outbound tourism operations targeting Chinese citizens (except for trips to Taiwan) under a pilot program. The Overall Plan also proposes to delegate the powers of licensing Chinese cruise operators to engage in Chinese-funded non-five-star red flag cruise getaways to the competent transportation authority in Shanghai (Table 11.4).

## **Bottlenecks of Shanghai's Trade in Cruise Services**

### ***Cruise Resumption Affected by COVID-19 Pandemic***

The cruise resumption is affected by global and regional pandemic response efforts. The global cruise market hasn't been fully resumed yet. The cruise market in China has not resumed by far since the suspension in February 2020, which is still subject to great uncertainty about the resumption time. Wusongkou International Cruise Terminal is the first port worldwide to carry out source control against the pandemic, with the achievement of "zero imported cases, zero exported cases, and zero infections" made. Voyage resumption of cruises is a complex assignment. We must ensure

**Table 11.4** Policies and measures to support cruise economic development in Shanghai

| Time           | Policy  | Issuer  |
|----------------|---|---|
| June 2009      | <i>Implementation Suggestions of Shanghai Municipal People's Government on Carrying out the Guiding Opinions of the State Council on Promoting the Modern Service Industry and Advanced Manufacturing and Building International Financial Center and International Shipping Center in Shanghai</i> | Shanghai Municipal People's Government  |
| June 2009      | <i>Implementation Suggestions on Accelerating the Development of the Shanghai International Shipping Center</i>   | Shanghai Municipal People's Government  |
| August 2009    | <i>Implementation Suggestions of Shanghai Municipal People's Government on Carrying out the Guiding Opinions of State Council on Further Pushing ahead with the Reform and Opening-up and Economic and Social Development in the Yangtze River Delta Region</i>                                     | Shanghai Municipal People's Government  |
| September 2013 | <i>Implementation Suggestions on Carrying out the General Plan for China (Shanghai) Pilot Free Trade Zone and Accelerating the Construction of Shanghai International Shipping Center</i>   | The Ministry of Transport; Shanghai Municipal People's Government   |
| January 2014   | <i>Several Opinions on Accelerating the Construction of China Cruise Tourism Development Experimental Zone in Shanghai</i>  | Shanghai Municipal Administration of Culture and Tourism, Shanghai Municipal Transport and Port Authority             |
| July 2015      | <i>Provisions on the Administration of Inspection and Quarantine of Food Supply Chain for Transit Cruise Ships (Trial)</i>  | Shanghai Entry-Exit Inspection and Quarantine Bureau  |
| August 2015    | <i>Model Text of Shanghai Cruise Tourism Contract (2015 Edition)</i>  | Shanghai Municipal Administration for Industry and Commerce, Shanghai Municipal Administration of Culture and Tourism |
| June 2015      | <i>Announcement on the Opinions of Shanghai Entry-Exit Inspection and Quarantine Bureau for Supporting the Development of Shanghai Cruise Industry</i>  | Shanghai Entry-Exit Inspection and Quarantine Bureau  |

(continued)

**Table 11.4** (continued)

| Time           | Policy   | Issuer   |
|----------------|--|--|
| July 2015      | <i>Implementation Suggestions on Carrying out the Guiding Opinions of the State Council on Promoting the Development of Yangtze River Economic Belt Based on the Golden Waterway</i> | Shanghai Municipal People's Government   |
| September 2015 | <i>Implementation Plan of Shanghai for Carrying out the Opinions of the State Council on Promoting the Healthy Development of Shipping Industry</i>                                  | Shanghai Municipal People's Government   |
| December 2015  | <i>Several Measures of Shanghai on Promoting Transformation, Upgrading and Continuous Stable Growth of Foreign Trade</i>   | Shanghai Municipal People's Government   |
| March 2016     | <i>Operation Scope of Cruise Tourism in Shanghai</i>   | Shanghai Municipal Administration of Culture and Tourism, Shanghai Municipal Transportation Commission   |
| September 2016 | <i>Implementation Plan of Shanghai on Pilot Projects to Comprehensively Deepen Innovative Development of Trade in Services</i>   | Shanghai Municipal People's Government   |
| December 2017  | <i>Notice on the Pilot Cruise Ticket System of Shanghai</i>  | Shanghai Municipal Transportation Commission, Shanghai Municipal Administration of Culture and Tourism, Shanghai General Station of Immigration Inspection |
| December 2017  | <i>Opinions on Supporting the Development of Cruise Industry in Baoshan District</i>   | Shanghai Municipal Administration for Industry and Commerce  |
| August 2018    | <i>Several Opinions on Promoting the High-Quality Development of Tourism in Shanghai and Accelerating the Development of Shanghai into a World-Famous Tourism City</i>               | Shanghai Municipal People's Government   |
| October 2018   | <i>Notice on the Opinions for Promoting the Development of Inbound Tourism in Shanghai</i>   | Shanghai Municipal People's Government   |
| September 2018 | <i>Implementation Plan of Shanghai on Pilot Projects to Comprehensively Deepen Innovative Development of Trade in Services</i>   | Shanghai Municipal People's Government   |

(continued)

**Table 11.4** (continued)

| Time          | Policy   | Issuer  |
|---------------|--|---|
| October 2018  | <i>Opinions on Promoting Further Development of the Cruise Economy in Shanghai</i>                                   | Shanghai Municipal People's Government  |
| February 2018 | <i>Implementation Opinions on Accelerating the Cruise Economy Development of Baoshan District</i>                    | Baoshan District, Shanghai  |
| January 2019  | <i>Opinions of Hongkou District on Accelerating the Development of Shipping Service Industry</i>                     | Hongkou District, Shanghai  |
| February 2019 | <i>Several Measures to Support the Development of Baoshan Cruise Service Trade</i>                                   | Shanghai Municipal Commission of Commerce   |
| April 2019    | <i>Notice on Specifying Job Responsibilities and Operation Process of "International Cruise Priority"</i>            | Shanghai Maritime Safety Administration   |
| March 2020    | <i>Implementation Rules of the Administrative Measures of Shanghai on Shore Power Management for Ports and Ships</i> | Shanghai Municipal Transportation Commission, Shanghai Maritime Safety Administration |
| April 2021    | <i>Comprehensive Pilot Program of Further Opening up the Service Sector of Shanghai</i>                              | The Ministry of Commerce  |

it's absolutely safe. So all the relevant pandemic response measures must be carefully taken, and the public health emergency response plans for cruises and cruise ports must be improved based on the response results. However, there hasn't been national pandemic response guidelines specific to cruises. And despite that cruise companies have implemented their own pandemic control plans, there isn't a systematic cruise pandemic response standard, and the inspection efforts are not adequate enough. The pandemic is still rampant in the world, and sporadic infections would be reported from time to time domestically, making it difficult for cruises to resume the voyage. Voyage resumption of cruises is the precondition and foundation of recovering the cruise market. The development of cruise tourism is fundamental for extending cruise industry chains. The continuous delay of the voyage resumption of cruises would impact the development of many cruise service businesses like docking and berthing at cruise ports, cruise ship supply service, cruise duty-free shops and cruise shipping agencies.

### ***Cruise Ship Supply Service Still to Be Developed***

Cruise ship supply is an important function of cruise home ports, involving a great variety of supplies large in amount, broad in source and complex in nature. International ship supply is usually in the form of “global procurement and global distribution”. The development of the ship supply business will promote a large number of Chinese products into the global procurement system of international cruise companies, so as to create greater value. At present, supplies at Shanghai Cruise Port are mainly in two categories: Domestic supplies and imported supplies. The COVID-19 pandemic has seriously restricted the amount of cruise ship supplies. In terms of domestic supply, in 2020, Wusong International Cruise Terminal reported 33 cruise ship supplies, valuing RMB 20.49 million altogether. Domestic goods for cruise ships, which are declared to get onboard in accordance with the material-adding method of the means of transport, cannot enjoy the general trade export tax rebate policy, and cannot be counted into the export trade data.

### ***Cruise Duty-Free Shops Limited in Appeal to Customers***

Shopping is a major need for cruise tourists. At present, the domestic practice is to organize centralized shopping activities at the tourist destination to meet the shopping needs of tourists, which not only takes up the time of tourists for sightseeing, but also compromises the cruise tourism quality, and is not helpful for keeping tourists' spending at home. In terms of the shopping amount in inbound duty-free shops, in addition to the RMB 5,000 duty-free limit for personal imports of resident passengers, they are allowed to enjoy a certain duty-free shopping amount in port inbound duty-free shops, which together with the overseas duty-free shopping amount shall not exceed RMB 8,000. But presently, the sales of outbound and inbound duty-free shops are still small. There is a need to diversify the product varieties to attract tourists. The operator of outbound duty-free shops is different from that of inbound duty-free shops at Shanghai Cruise Port, which are China Duty-Free Group and Shenzhen Duty-Free Group, respectively. Some products are large and thus not convenient to carry. It's not allowed to take alcohol on cruises, and duty-free shops are forbidden by the customs to provide deposit services, all being negative impacts on the sales of duty-free shops. Duty-free shops at cruise ports don't provide the service of “booking online and taking at the port”. All domestic duty-free shops adopt the B2C model (selling directly to the end customers), so it's hard for them to enter the global supplier list of international cruises. Cruise duty-free shops enjoy great development potential, but presently the duty-free cruise business in Shanghai is limited both in size and appeal to tourists.

### ***Low Localization Rate of Cruise Construction Supply Chain***

At present, there are more than 3,000 cruise shipbuilding suppliers in Europe and over 300 core suppliers among them. European cruise shipbuilding plants primarily source services and parts from local markets. For example, Fincantieri, Meyer Werft, Chantiers del' Atlantique and Finland shipyards buy 84%, 80% and 81% of services and parts from local suppliers, respectively. The mega cruise ship project of Shanghai Waigaoqiao Shipbuilding Co., Ltd. is being built smoothly. Unlike general shipbuilding, 30% of the work of building mega cruise ships takes place inside the ship, and the rest 70% is prefabricated outside the shipyard.

At present, the cruise-supporting industrial clusters are mainly distributed in Europe. Although China is making active efforts in advancing the building of domestic mega cruise ships, Chinese players haven't mastered the IIPR of cruise shipbuilding and repair. China is in need of a local functional platform for cruise building, as well as capacities of independent R&D and supply chain management of cruise parts. Leading cruise enterprises still need to enhance their element integration abilities, and are limited in regional coverage and leading effect. In terms of shipyard supply chain construction and management, cruise equipment and materials are highly demanding. At present, the ratio of localized equipment is less than 9%, and shipyards are dependent on core equipment that is imported at high prices. Shanghai International Cruise Industrial Park is the first industrial park in China featuring a cruise economy, and an important manufacturing project of the Shanghai cruise economy. However, the development speed is slow because it's far away from the downtown areas and cruise ports, and it's weak in the ability to gather domestic and foreign cruise associations, scientific research institutes, testing and certification platforms, trading service institutions and other functional platforms. There is an urgent need to accelerate its development and enhance its ability to attract enterprises.

### ***Policies on Trade in Cruise Services in Urgent Need of Innovation***

Shanghai has more types and more customs special supervision zones than any other place in China. As a typical port economy, the cruise economy has global and externally oriented characteristics. International cruise industries generally distribute in port cities with high economic freedom. Shanghai takes the initiative to participate in the design and building of domestic luxury cruise ships and has incorporated the cruise industry among the important development fields. Thus Shanghai has an urgent need to set up customs special supervision zones. Chinese cruise shipbuilding and repair relies on imported technologies and equipment. And after being assembled, the cruise would be sold to shipowners, involving complex trading steps and subject to an import tariff. Those transactions could be settled with foreign currencies, bringing

about exchange rate fluctuation risk. After the import/export (warehouse) declaration at ship bonded warehouses, equipment, tools and the relevant supporting materials for dock repair of cruises would be transported to cruises for the repair. But the paints, adhesives, sealants and other hazardous goods needed for dock repair, which must be imported, can't be declared at the ship bonded warehouse, thus having an impact on the progress and quality of dock repair. In the practical operation of adding supplies to cruise ships, if the supplies are found by cruise companies to be wrong after the operation, like incorrect specification which leads to the inability to use, they can't be changed according to the present regulatory requirements, because they are taken out of the country. As five-star hotels on the move, cruise ships offer many shops for tourists to go shopping. At present, almost all Chinese cruise shops replenish stocks in South Korea or Japan. Products they sell are often valuable and expensive. In addition, all tourists' luggage is subject to clearance, which would limit evacuation efficiency in special scenarios like foggy and windy days.

## **Suggestions for Developing Shanghai's Trade in Cruise Tourism Services**

### ***Cruise Companies Active in Improving Operation Resumption Plans for Cruises***

Accelerating safe voyage resumption is central to promoting the development of the cruise industry. As the global vaccination process speeds up and the crowd immune barrier is being formed, cruise ports and companies should strictly follow the pandemic response requirements to stem the spread of the pandemic through both humans and goods. They should summarize the pandemic response experiences of Shanghai Cruise Port and consider the special situation of cruise pandemic response to make and improve pandemic response plans and contribute to setting Chinese standards for international cruise pandemic response. During the course to resume cruise operation, we should first deal with the easier issues and then harder ones, and attain smaller achievements and then bigger ones. We should resume step by step following the "one cruise, one plan", "one cruise, one assessment" and "one cruise, one approval" operation procedures. Besides, cruise companies should design appealing cruise tourism products, especially those for the resumed voyage. Without appealing products available, even if the voyage resumption is approved, it would be hard to attract plenty of tourists. Further efforts should be made to promote cruise products, so as to get their products known to more tourists and be well prepared for voyage resumption. It's necessary to boost tourists' confidence. To the extent allowed under pandemic response requirements, it's suggested to organize tourists for one-day experience activities on cruise ships berthing at the terminal, thus getting them to better understand the pandemic response procedures and measures.



### ***Chinese Enterprises Participating in the Construction of Asian Cruise Supply Center***

Cruise supplies are diverse in variety and large in quantity, enjoying huge market development potential. Chinese cruise tourism market develops fast, having attracted more cruise companies and home port cruises into its home port itineraries. Well-equipped Chinese home ports ensure the normal operation of the ships, facilitate itinerary planning and help cruise lines to adopt overall logistics plans and lower costs. If Shanghai receives 1,000 cruises annually, cruise supplies worth RMB 5 billion could be sold.

If an international cruise supply distribution center featuring “global procurement and distribution” is opened in Shanghai, it could enhance the international transfer and consolidation capacities of Shanghai and improve its influence as an international shipping center. Cruise supplies are different from traditional cargo ship supplies. There haven’t been any regulatory requirements specific to cruise supplies. It’s necessary to strive for support from the customs to treat cruise supplies as a new form of trade, enact regulatory measures suitable for the industrial features and development needs of cruise supplies, streamline the approval and trading formalities and put cruise supplies in the export rebate scope, so as to raise the proportion of local sourcing of cruise supplies. For imported cruise supplies, it’s necessary to optimize and fix the clearance procedures for the direct supply for international transit containers, and expand and maintain the direct supply services for such containers. It’s suggested to set up supply and distribution centers offering supplies to international ships, to make centralized warehousing and batch-wise distribution possible, and to form more convenient and efficient import and provision systems of cruise supplies. A positive list should be striven for, so as to obtain the permit to get hazardous, special medicines and other special materials onboard. Regulatory rules on the disembarkation clearance of goods onboard are needed, and ship supplies should be allowed to change through special channels.

### ***Cruise Duty-Free Shops Getting More Appealing***

Chinese duty-free shops mainly fall into port and city duty-free shops, offshore duty-free shops and duty-free foreign-currency malls. Diversifying the duty-free shop forms has been a new direction to upgrade cruise shopping and consumption. Duty-free shops are protected by high policy barriers against e-commerce, and enjoy a price advantage over cross-border e-commerce. And they have strong tourism shopping attributes. With the upgrading of cruise tourism consumption, Chinese tourists have a higher demand for high-quality goods, bringing better potential to duty-free shops selling high-end products.

Cruise duty-free consumption is a major contribution to the economic performance of cruise ships. Entry duty-free shops at cruise ports could adopt the “buying

when exiting and taking delivery when entering” shopping mode to raise the duty-free entry amount of cruise tourists. Bonded product demonstration and trading platforms facing cruise tourists could be set up at core areas of Wusongkou International Cruise Terminal, and a cross-border trading center for cruise tourism could be established to make it convenient for tourists to do shopping at the bonded product counters. Tourists could pay and take delivery outside the country, which significantly raises shopping efficiency, expands the operation scope of duty-free shops, and is good to build cruise shopping brands. At the same time, drawing from the offshore duty-free policy of Hainan, we could operate duty-free shops only serving cruise tourists around cruise ports. We could try the departure tax rebate to overseas tourists at Wusongkou International Cruise Terminal, to attract overseas tourists to spend in China. We could expand exit duty-free shops within the passenger terminal of cruise ports, arrange duty-free goods experience zones, and operate internet + duty-free shops to improve tourists’ shopping experiences.

### ***Chinese Enterprises Active in the Construction of Cruise Industrial Parks***

Shanghai International Cruise Industrial Park serves as a key platform and carrier for Shanghai’s cruise industry to extend upwards. Its active efforts to create cruise shipbuilding supporting systems win praise from the national government. The *Opinions on Promoting the Development of China’s Cruise Economy*, jointly issued by ten ministries including the Ministry of Commerce, proposed to improve the cruise shipbuilding, maintenance and logistics chains and advance the construction of Shanghai International Cruise Industrial Park, to better serve the cruise industry. Moreover, the special cruise economy policy of the Shanghai Municipal People’s Government has clearly stated that we should support the development of the cruise-supporting industrial park in Baoshan, attract domestic and foreign enterprises providing various supporting products and services for cruise manufacturing to settle down, and build multi-layer and diversified industrial ecosystems.

We should focus on the research and development, design, standard-setting, inspection, testing, training and other work of luxury cruise shipbuilding, encourage the gathering of functional cruise platforms at home and abroad, such as cruise associations, scientific research institutes, testing and certification platforms and trading service institutions, accelerate the localization of cruise supporting industry chains, introduce and implement a number of cruise supporting projects, improve the comprehensive supporting service capacity to support to carry out cruise shipbuilding and relevant projects and build Shanghai International Cruise Industrial Park into a main clustering area of domestic cruise supporting industry.

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# Chapter 12

## G.12 A Study on Ways to Improve the Resilience of the Shanghai Cruise Tourism Market



Shengjun Gan

In the COVID-19 pandemic, the global cruise industry has suffered from the longest-ever, broadest-ever and most serious crisis. China is the second biggest cruise tourist source and the biggest emerging market worldwide. This country is hit hard by the pandemic. Cruise operation was completely suspended since January 27, 2020, and direct & derivative losses of RMB 200 billion have been reported. In 2021, as the global vaccination rate rose, the number of infections declined, and great achievements were made in pandemic control the “Duel Circulation” new development pattern was formed, and recreation, tourism and other service industries would gradually recover. The tourism market bottomed out, and the tourist economy has been inevitably recovering. In early 2021, Mr. Zhang Wenhong, Head of the Shanghai Expert Group on Clinical Treatment of COVID-19, estimated, “Given the global vaccination, it’s hopeful to see global travel re-opened in the spring of 2022”. By estimate, the cruise industry could substantially be back to where it was before the pandemic in two to three years. There is a 1:10 multiplier effect in the cruise industry. The resumption of cruise tourism is contributive to reducing risks in all parts of the cruise industry chain and makes this industry a driving force for the innovative development of the national economy. Increasing resilience and innovating governance systems are of great significance to the transformation, upgrading and high-quality development Chinese cruise industry. How could the cruise industry make use of the critical three years to recover and transform and upgrade has been a new and urgent issue to solve. In the complex globalization network, the COVID-19 pandemic has brought challenges to the development and governance of the cruise industry. It’s a common challenge for the global cruise industry to reasonably respond to external risks and market law of the cruise industry, lower the externalities and environmental risks of the cruise industry, and establish a sustainable industrial form. The resilience theory provides a new and valuable perspective to reflect on the sustainability of social

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and economic systems. Innovation in cruise industry governance could enhance the capacity to effectively respond to disturbance and lower the industrial vulnerability risk. The existing study achievements of resilience theory provide theoretical and method references for this paper. Studies on tourism resilience could help us understand the resilience of the cruise industry. However, the study on the resilience of the cruise industry hasn't attracted much attention, and it's urgent to further study how to enhance the resilience and upgrade the governance of the cruise industry. The insufficiency of the previous studies: First, sources, evolution process and influential factors of the resilience of the cruise industry are not explicit. Second, the cruise industry is an emerging industry. Further efforts are needed to study how to innovate the governance of the cruise industry.

## **Study on the Resilience of Domestic and International Cruise Industries**

### *Organization of the Academic History of Cruise Studies*

Although modern cruise tourism originated in the 1960s and grew the fastest among all tourism industries, the study on cruise tourism commenced relatively late. In 1985, Mescon and Vozikis assessed the contribution of cruise tourism to the local place of the Port of Miami with the input-output method. They were the first scholars to do such a study. Later, despite some increase in such studies, the cruise industry didn't catch enough attention from academic circles until 2008. And the study achievements were very limited and mostly on the economic contribution of cruise tourism.

After 2009, studies on cruise tourism worldwide grew rapidly, and the study themes extended to the economy, society, ecological environment, etc., and have been a new hot topic of cruise studies. Overseas studies of cruise tourism are mainly in three fields: The operation rules of cruise markets and their economic impact; the distribution of cross-border cruise itineraries and their environmental impact; the social interaction and cultural inclusion between the cruise industry with community residents and tourists. Domestic studies on cruise tourism emerged basically in the same period as the development of Chinese home port cruise tourism. Domestic scholars first paid attention to the consumption features, economic contribution and industrial clusters of cruise tourism. Since 2014, the number of relevant studies has increased rapidly. Cruise tourism became an emerging study field, and the study themes extended to the perception of tourists and residents, carbon emissions and environmental impact of cruise ships, risk prevention and control of cruise ships, etc.

In a word, the previous decade was a period seeing rapid development of cruise tourism in China, and more diverse in study contents and more fruitful in study achievements in this field. But limited by available research findings, there were only individual studies on the crises and risks, vulnerability and resilience of the cruise industry, without a systematic theoretical study.

## ***Study on the Resilience of Domestic and International Cruise Industries***

The cruise industry is an environmentally sensitive and resource-reliant industry. It's vulnerable internally. It's a complex industry highly connected to other industries and has an extensive impact. It's a typical global value chain with a long industry chain, high economic contribution and wide coverage. But as the industry chain extends and the key points increase, the interdependence among industries gets stronger, which results in higher risks and vulnerability in the case of failure of one key point on the chain. Moreover, with the global expansion and rapid development in the trend of ships getting bigger and bigger, the characteristics of mass tourism featuring high frequency, large scale, and multiple dimensions are increasingly pronounced. Given the ill-ventilated and crowded cruise spaces, high tourist traffic, cross-border and trans-regional movement and the impact on the destination, cruise tourism is faced with both external environment change and internal management challenges and would have an impact on home ports and ports of call.

Resilience is the opposite to vulnerability, meaning the ability of systems or individuals to bounce back and even rapidly adapt and evolve after being shocked or disturbed. Resilience was first introduced by Holling into the ecological and socio-economic fields and has been an important tool to study economic recovery and sustainable development. The resilience theory has caught the attention of tourism scholars and has been mentioned in studies on the sustainable development of the social and ecological system of tourist destinations. Reviewing the development course of the concept of resilience, one could see that the resilience theory has gone beyond the old opinions of disturbance resistance and functional recovery. Instead, it highlights the active adaptation evolution of systems or individuals to environmental change, the ability of systems or individuals to adapt to external shocks and open up new development paths, as well as the transfer from enhancing the ability to respond to external disasters to pursuing the anti-vulnerability capacity for long-term sustainable development. Cruise tourism is a new way to travel. Stefanidaki proposed to study the resilience of the cruise industry to respond to challenges from climate change and other external environmental factors. However, the application of resilience in tourism study is still just a concept introduction and theoretical exploration. Scholars primarily build the resilience indicator systems from perspectives of vulnerability and coping capacity and often adopt the analytic hierarchy process and comprehensive resilience measurement method to establish the resilience study framework from the perspective of internal–external interaction.

The COVID-19 pandemic has brought uncertainties to development paths, risks, income and market confidence in the cruise industry. Accordingly, new difficulties are faced in goal setting, and content determination for the governance of this industry, and the making and application of traditional regulatory policies are challenged. Given the characteristics of the development of emerging industries, for industry governance, we need to reconsider the legal assumption, risk study and judgment and interest balancing, and establish a responsive governance framework. As we

understand more the nature of tourism more, we need to move toward global tourism governance from traditional economic governance. The core of tourism governance is fairness and efficiency. From the perspective of tourism governing subjects, Zhang Hui argued that the governance of tourism should be in line with the cross-industry and cross-sector development of the “big tourism”, and turn from sector governance to public social governance. Zhang Yanqing discussed the innovation paths of tourism systems, and highlighted the need to build efficient tourism system innovation systems. Singidunum found during his survey that there hasn't been a crisis management system in the cruise industry or an emergency response plan for external crises. He called for a cruise industry governance framework capable of crisis management to support medium and small enterprises and the relevant persons to survive the tough time.

## **Developments of Shanghai Cruise Tourism Market**

### ***Change in the Size of the Shanghai Cruise Market***

In recent years, the cruise tourism market of Shanghai has been expanding gradually, which lays a foundation for improving the international position of the Chinese cruise market and developing the cruise tourist source market. From 2008 to 2020, Shanghai received 3,028 cruises, including 2,617 home port cruises, accounting for 86.42% of the total, and 411 port-of-call cruises, sharing 13.57%. In the same period, Shanghai served 15,406,600 inbound and outbound tourists, including 14,536,700 by home port cruises, accounting for 94.35% of the total, and 869,900 by port-of-call cruises, sharing 5.65%. Under the impact of COVID-19, Shanghai Cruise Home Port suspended operation in late January 2020. In 2020, Shanghai Wusongkou International Cruise Terminal received 25 cruises, accounting for 42.1% of the national total, and served 115,800 inbound and outbound tourists, sharing 46.91% of the national total. All of those cruises were home port cruises, still accounting for half of the national cruise market. From 2011 to 2020, Shanghai Wusongkou International Cruise Terminal received 2,266 cruise ships and served 14,014,900 inbound and outbound tourists. Shanghai Port International Cruise Terminal received one cruise (calling this terminal home port) and 1,046 inbound and outbound cruise tourists (Table 12.1, Figs. 12.1 and 12.2).

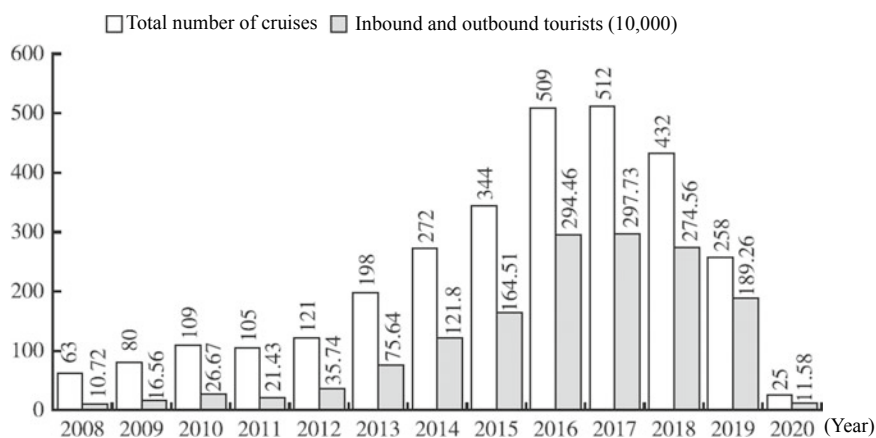
### ***Share of Shanghai Cruise Market in National Total***

Recently, Shanghai has been a leader in the Chinese cruise market. From 2008 to 2020, Shanghai received 3,028 cruise ships, accounting for 43.7% of the national total. A slightly declining trend was observed. Only 25 were received in 2020 but

**Table 12.1** Developments of cruise market in Shanghai, 2008–2020

| Year  | Total number of cruises | Total number of cruises | Number of port-of-call cruises | Number of tourists (10,000) | Home port tourists (10,000) | Port of call tourists (10,000) |
|-------|-------------------------|-------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------------|
| 2008  | 63                      | 23                      | 40                             | 10.72                       | 4.82                        | 5.90                           |
| 2009  | 80                      | 33                      | 47                             | 16.56                       | 8.43                        | 8.13                           |
| 2010  | 109                     | 61                      | 48                             | 26.67                       | 17.02                       | 9.65                           |
| 2011  | 105                     | 75                      | 30                             | 21.43                       | 14.54                       | 6.89                           |
| 2012  | 121                     | 80                      | 41                             | 35.74                       | 26.4                        | 9.34                           |
| 2013  | 198                     | 167                     | 31                             | 75.64                       | 69.77                       | 5.87                           |
| 2014  | 272                     | 243                     | 29                             | 121.80                      | 115.35                      | 6.45                           |
| 2015  | 344                     | 320                     | 24                             | 164.51                      | 159.79                      | 4.72                           |
| 2016  | 509                     | 481                     | 28                             | 294.46                      | 285.9                       | 8.56                           |
| 2017  | 512                     | 481                     | 31                             | 297.73                      | 291.20                      | 6.53                           |
| 2018  | 432                     | 403                     | 29                             | 274.56                      | 267.87                      | 6.69                           |
| 2019  | 258                     | 225                     | 33                             | 189.26                      | 181.00                      | 8.26                           |
| 2020  | 25                      | 25                      | 0                              | 11.58                       | 11.58                       | 0                              |
| Total | 3028                    | 2617                    | 411                            | 1540.66                     | 1453.67                     | 86.99                          |

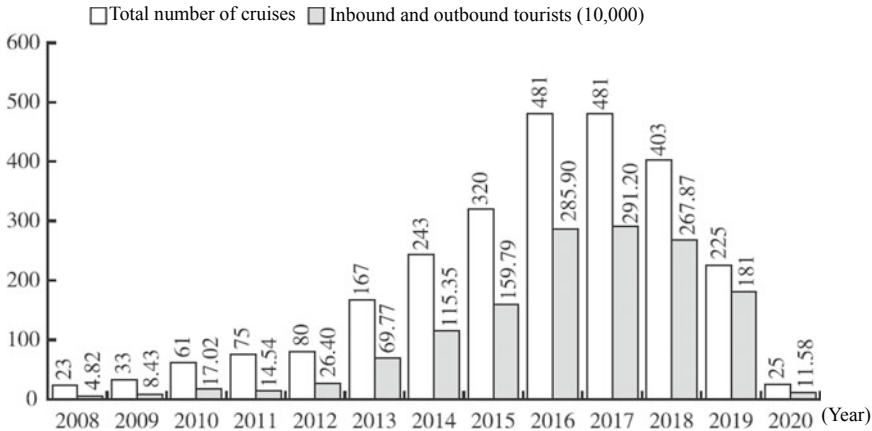
Source China Cruise & Yacht Industry Association (CCYIA)



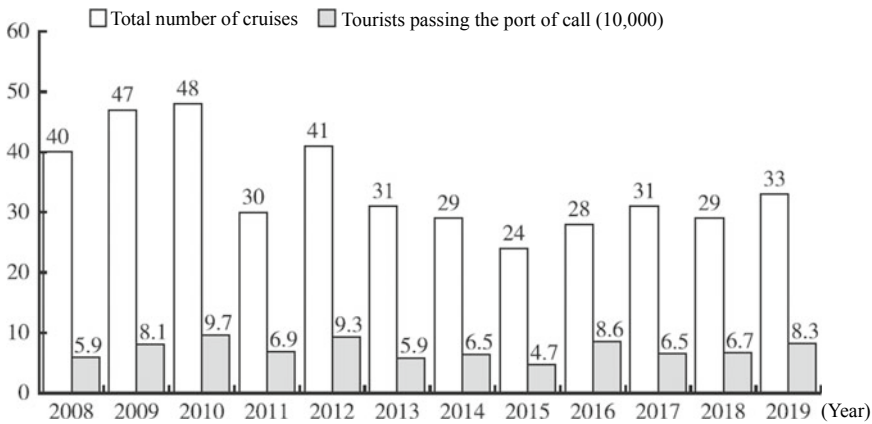
**Fig. 12.1** Cruise ships and inbound and outbound tourists received by Shanghai, 2008–2020 (Source China Cruise & Yacht Industry Association [CCYIA])

shared 43.8% of the national total. From 2008 to 2020, Shanghai served 15,406,600 inbound and outbound cruise tourists, occupying 57.9% of the national total. Despite an declining trend, this city still took up half of the Chinese cruise market, and the share in 2020 was 47.4% (Figs. 12.3 and 12.4, Table 12.2).





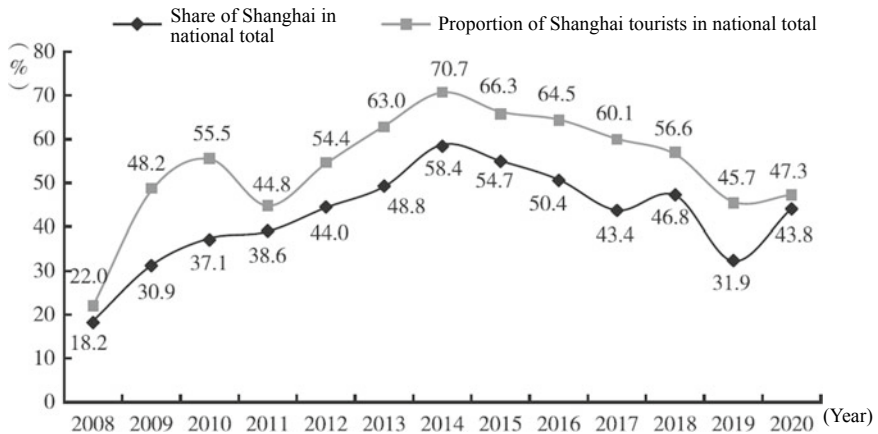
**Fig. 12.2** (Home Port) Cruise ships and inbound and outbound tourists received by Shanghai, 2008–2020 (Source China Cruise & Yacht Industry Association [CCYIA])



**Fig. 12.3** (Port-of-Call) Cruise ships and inbound and outbound tourists received by Shanghai, 2008–2020 (Source China Cruise & Yacht Industry Association [CCYIA])

Home port cruises are the most important part of the Shanghai cruise market. From 2008 to 2020, Shanghai received 2,617 home port cruises, accounting for 49.1% of the national total, and served 14,536,700 inbound and outbound tourists, a share of 61.5%. But generally, the shares were declining (Table 12.3, Fig. 12.5).

The port of call is an emerging force for promoting the development of inbound tourism in Shanghai. From 2008 to 2020, Shanghai received 411 port-of-call cruises, contributing 25.7% to the national total, and served 869,900 inbound tourists, accounting for 29.5% of the national total. Despite small numbers of tourists, the shares of Shanghai in the national total were large and in a rising trend (Table 12.4, Fig. 12.6).



**Fig. 12.4** Cruise ships and inbound and outbound tourists received by Shanghai, 2008–2020 (Source China Cruise & Yacht Industry Association [CCYIA])

**Table 12.2** Share of Shanghai cruise market in national total in the relevant indicators, 2008–2020

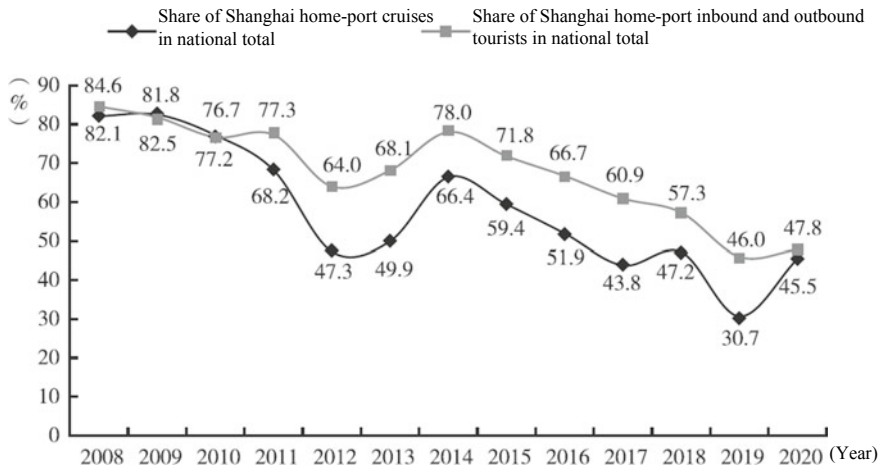
| Year  | Total number of cruises in Shanghai | Total number of cruises in China | Share of Shanghai in national total (%) | Total number of tourists in Shanghai (10,000) | Total number of tourists in China (10,000) | Share of Shanghai in national total (%) |
|-------|-------------------------------------|----------------------------------|---|---|--|---|
| 2008  | 63                                  | 346                              | 18.2                                    | 10.72   | 48.70                                      | 22.0                                    |
| 2009  | 80                                  | 259                              | 30.9                                    | 16.56   | 34.38                                      | 48.2                                    |
| 2010  | 109                                 | 294                              | 37.1                                    | 26.67   | 48.08                                      | 55.5                                    |
| 2011  | 105                                 | 272                              | 38.6                                    | 21.43   | 47.85                                      | 44.8                                    |
| 2012  | 121                                 | 275                              | 44.0                                    | 35.74   | 65.69                                      | 54.4                                    |
| 2013  | 198                                 | 406                              | 48.8                                    | 75.64   | 120.15                                     | 63.0                                    |
| 2014  | 272                                 | 466                              | 58.4                                    | 121.8   | 172.37                                     | 70.7                                    |
| 2015  | 344                                 | 629                              | 54.7                                    | 164.51  | 248.00                                     | 66.3                                    |
| 2016  | 509                                 | 1010                             | 50.4                                    | 294.46  | 456.66                                     | 64.5                                    |
| 2017  | 512                                 | 1181                             | 43.4                                    | 297.73  | 495.42                                     | 60.1                                    |
| 2018  | 432                                 | 924                              | 46.8                                    | 274.56  | 484.71                                     | 56.6                                    |
| 2019  | 258                                 | 808                              | 31.9                                    | 189.26  | 414.3                                      | 45.7                                    |
| 2020  | 25                                  | 57                               | 43.8                                    | 11.58   | 24.47                                      | 47.4                                    |
| Total | 3028                                | 6927                             | 43.7                                    | 1540.66                                       | 2660.78                                    | 57.9                                    |

### Supply of Shanghai Cruise Market

In 2012, the Voyager of the Seas, the first 100,000-ton cruise of China, commenced its maiden voyage from Wusongkou International Cruise Terminal, ushering China

**Table 12.3** Share of Shanghai (Home port) cruise market in national total in the relevant indicators, 2008–2020

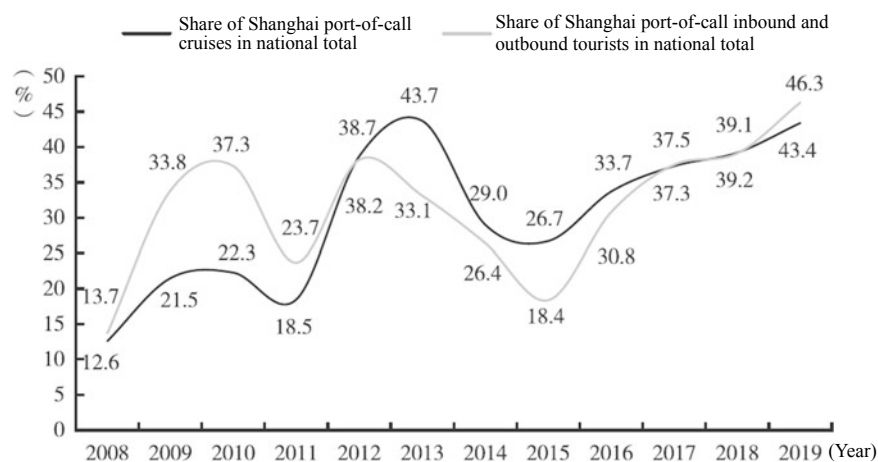
| Year  | Number of home port cruises in Shanghai (Ships) | Number of home port cruises in China (ships) | Share of Shanghai in national total (%) | Number of home port tourists in Shanghai (10,000) | Number of home port tourists in China (10,000) | Share of Shanghai in national total (%) |
|-------|---|--|---|---|--|---|
| 2008  | 23  | 28   | 82.1                                    | 4.82  | 5.7  | 84.6                                    |
| 2009  | 33  | 40   | 82.5                                    | 8.43  | 10.3   | 81.8                                    |
| 2010  | 61  | 79   | 77.2                                    | 17.02   | 22.2   | 76.7                                    |
| 2011  | 75  | 110  | 68.2                                    | 14.54   | 18.8   | 77.3                                    |
| 2012  | 80  | 169  | 47.3                                    | 26.40   | 41.2   | 64.0                                    |
| 2013  | 167   | 335  | 49.9                                    | 69.77   | 102.4  | 68.1                                    |
| 2014  | 243   | 366  | 66.4                                    | 115.35  | 147.9  | 78.0                                    |
| 2015  | 320   | 539  | 59.4                                    | 159.79  | 222.4  | 71.8                                    |
| 2016  | 481   | 927  | 51.9                                    | 285.90  | 428.9  | 66.7                                    |
| 2017  | 481   | 1098   | 43.8                                    | 291.20  | 478.0  | 60.9                                    |
| 2018  | 403   | 853  | 47.2                                    | 267.87  | 467.7  | 57.3                                    |
| 2019  | 225   | 733  | 30.7                                    | 181.00  | 393.9  | 46.0                                    |
| 2020  | 25  | 55   | 45.5                                    | 11.58   | 24.2   | 47.8                                    |
| Total | 2617  | 5332   | 49.1                                    | 1453.67   | 2363.6   | 61.5                                    |



**Fig. 12.5** Share of (Home Port) cruise ships and tourists received by Shanghai in national total, 2008–2020 (Source China Cruise & Yacht Industry Association [CCYIA])

**Table 12.4** Share of Shanghai (Port-of-Call) cruise market in national total in the relevant indicators, 2008–2020

| Year  | Total number of cruises in Shanghai | Total number of cruises in China | Share of Shanghai in national total (%) | Total number of tourists in Shanghai (10,000) | Total number of tourists in China (10,000) | Share of Shanghai in national total (%) |
|-------|-------------------------------------|----------------------------------|---|---|--|---|
| 2008  | 40                                  | 318                              | 12.6                                    | 5.90  | 43.00                                      | 13.7                                    |
| 2009  | 47                                  | 219                              | 21.5                                    | 8.13  | 24.08                                      | 33.8                                    |
| 2010  | 48                                  | 215                              | 22.3                                    | 9.65  | 25.88                                      | 37.3                                    |
| 2011  | 30                                  | 162                              | 18.5                                    | 6.89  | 29.05                                      | 23.7                                    |
| 2012  | 41                                  | 106                              | 38.7                                    | 9.34  | 24.47                                      | 38.2                                    |
| 2013  | 31                                  | 71                               | 43.7                                    | 5.87  | 17.75                                      | 33.1                                    |
| 2014  | 29                                  | 100                              | 29.0                                    | 6.45  | 24.47                                      | 26.4                                    |
| 2015  | 24                                  | 90                               | 26.7                                    | 4.72  | 25.60                                      | 18.4                                    |
| 2016  | 28                                  | 83                               | 33.7                                    | 8.56  | 27.76                                      | 30.8                                    |
| 2017  | 31                                  | 83                               | 37.3                                    | 6.53  | 17.42                                      | 37.5                                    |
| 2018  | 29                                  | 74                               | 39.2                                    | 6.69  | 17.10                                      | 39.1                                    |
| 2019  | 33                                  | 76                               | 43.4                                    | 8.26  | 17.83                                      | 46.3                                    |
| 2020  | 0                                   | 2                                | –                                       | 0   | 0.25                                       | –                                       |
| Total | 411                                 | 1599                             | 25.7                                    | 86.99   | 294.66                                     | 29.5                                    |

**Fig. 12.6** Share of Shanghai of (Port-of-Call) cruises and tourists in national total, 2008–2019 (Source China Cruise & Yacht Industry Association [CCYIA])

into a “mega cruise tourism era”. The average tonnage of cruise ships berthed in Shanghai Wusongkou International Cruise Terminal was about 100,000 tons from 2012 to 2016, 113,000 tons in 2017, 125,000 tons in 2018 and 147,000 tons in 2019. Moreover, the rated passenger capacity has also increased. From 2012 to 2016, the average rated passenger capacity of berthing cruise ships was about 2,500. Since 2017, the average rated passenger capacity of berthing cruise ships has increased rapidly, which was 2,546 in 2016, 2,783 in 2017, 3,118 in 2018 and 3,794 in 2019. The ship age has become shorter, and the average ship age has decreased from 14.5 years in 2012 to 4.43 years in 2019. In terms of the average ship age of berthing cruise ships, it was about 13 years from 2012 to 2016, 10.91 years in 2017, 9.71 years in 2018 and 4.43 years in 2019, and China has been driven into the “big-ship era” and “new-ship era” (Table 12.5).

## **Shanghai Cruise Tourism Market Resilience Improvement Path**

### ***Improvement in the Cruise Tourism Quality***

Shanghai has enriched the supply of cruise tourism products. By following the development pattern of dual circulation with mainly relying on the internal cycle, and based on the positioning of Shanghai as “central node” and “strategic link”, Shanghai has vigorously developed and expanded cruise tourism covering coastal cities, islands and the Yangtze River. By building attractive international cruise tourism destinations, Shanghai has promoted the integrated development of port and urban landscape, and improved the service level of scenic spots, catering and accommodation, shopping and entertainment and other places using multiple languages. Shanghai has improved the commercial supporting facilities and leisure facilities of WuSongKou International Cruise Terminal, promoted the construction of Baoshan cruise tourism resort, and expanded the global influence of cultural tourism services. In order to bring the effect of “144-h” and “15-day” cruise visa-free policies into full play, and promote the development of cruise tourism and all-for-one tourism in a coordinated manner, Shanghai has developed a number of tourism routes, destinations, tourism performing arts and specialty goods to meet the demands of inbound cruise tourists, so as to make cruise tourism interact with high-quality tourism resources in Shanghai. Furthermore, Shanghai has promoted the healthy development of the cruise tourism market and the measures have included cooperating with the Ministry of Transport to promote the cruise ticketing system, building a national unified cruise ticketing distribution platform, performing market supervision and service, standardizing the operation of the cruise market, and guiding enterprises to compete orderly, improving the credit records for the main players and employees of the cruise tourism market, and gradually integrating them into the national credit information sharing platform

**Table 12.5** Summary of the cruise ships on maiden voyage at WuSongKou international cruise terminal

| S/N | Ship name            | Country of registration | Gross tonnage (10,000 gross tons) | Maximum passenger capacity (person) | Launching time | Time of maiden voyage at Wusongkou |
|-----|----------------------|-------------------------|-----------------------------------|-------------------------------------|----------------|------------------------------------|
| 1   | Legend of the Seas   | Bahamas                 | 7.00                              | 2000                                | 1995           | March 2011                         |
| 2   | Costa Victoria       | Italy                   | 7.50                              | 2394                                | 1996           | May 2012                           |
| 3   | Voyager of the Seas  | Bahamas                 | 13.70                             | 3840                                | 1999           | June 2012                          |
| 4   | Mariner of the Seas  | Bahamas                 | 13.70                             | 3840                                | 2003           | June 2013                          |
| 5   | Costa Atlantica      | Italy                   | 8.60                              | 2680                                | 2000           | July 2013                          |
| 6   | Sapphire Princess    | United Kingdom          | 11.60                             | 3168                                | 2004           | May 2014                           |
| 7   | Henna                | Malta                   | 4.70                              | 1965                                | 1985           | May 2014                           |
| 8   | Serena               | Italy                   | 11.40                             | 3780                                | 2007           | Apr-2015                           |
| 9   | SkySea Golden Era    | Malta                   | 7.20                              | 2119                                | 1995           | May 2015                           |
| 10  | Quantum of the Seas  | Bahamas                 | 16.78                             | 4985                                | 2014           | June 2015                          |
| 11  | Fortuna              | Italy                   | 10.30                             | 3470                                | 2003           | April 2016                         |
| 12  | Lirica               | Panama                  | 6.60                              | 2370                                | 2002           | May 2016                           |
| 13  | Joy                  | Bahamas                 | 16.77                             | 4992                                | 2017           | June 2017                          |
| 14  | SuperStar Virgo      | Bahamas                 | 7.50                              | 2475                                | 1999           | July 2017                          |
| 15  | Majestic Princess    | United Kingdom          | 14.40                             | 4250                                | 2017           | September 2017                     |
| 16  | MSC Splendida        | Panama                  | 13.35                             | 3900                                | 2009           | May 2018                           |
| 17  | Explorer Dream       | Bahamas                 | 7.50                              | 1852                                | 1999           | April 2019                         |
| 18  | Venezia              | Italy                   | 13.55                             | 5260                                | 2019           | May 2019                           |
| 19  | Spectrum of the Seas | Bahamas                 | 16.86                             | 4905                                | 2019           | June 2019                          |

Source Wusongkou International Cruise Terminal

and the national enterprise credit information publicity system, promoting the optimization of visa policies related to cruise inbound tourism, striving to expand the application scope of 144-h transit without visa policy to other domestic tourist destinations, and vigorously publicizing the *Convention of Chinese Citizen's Civilized Behavior in Traveling*, and guiding tourists to consciously perform cruise tourism contracts, abide by Cruise etiquette, advocate civilized tourism and protect their rights according to law.

### ***Improvement in the Operation Capacity of Cruise Terminals***

Shanghai has accelerated the construction of commercial and business-supporting facilities around the cruise terminals, which will interact with the surrounding area and integrate commerce, tourism and culture. The management system suitable for cruise berthing, passing and passengers traveling through customs has been established and improved, to improve the service capacity of cruise terminals. The cruise terminal departments have been encouraged to formulate and issue supporting measures to support the construction of demonstration areas, promote the innovation of forms in port customs clearance, fully implement the “friction-free entry plan”, establish a standardized boarding process system, and standardize and optimize procedures for tourist customs clearance. By combining with the cruise ticketing system, Shanghai has comprehensively integrated multiple codes into one code, integrated the ticket verification code and port customs clearance verification code, which have been effectively linked with the baggage code, so as to improve the verification and traceability of tourist and baggage check-in for customs, ports and cruise ships. The pilotage service and system of terminal departments verifying dispatch have been improved and established, so as to meet the cruise operating support requirements, which has resulted in the improvement of the safety and on-time performance of cruise berthing. Shanghai has established and improved the cruise emergency management system, strengthened the construction of cruise operating support capacity, improved the emergency response plan of the emergency management department of Wusongkou International Cruise Terminal, upgraded the *Emergency Response Plan for Major Public Health Emergencies of Wusongkou International Cruise Terminal*, and further improved the capability in monitoring, forecasting and early warning of disastrous weather and public health emergencies such as heavy fog and strong wind.

### ***Establishment of Cruise Industry Clusters***

Shanghai has enhanced the output value of cruise services by vigorously developing trade in services, supporting cruise ports to expand service scope, developing an emerging cruise service industry, and enhancing the output value of port services.

Shanghai has actively attracted the world's top cruise professional service institutions to set up and expand business in the demonstration area, promoted the integration of domestic and foreign cruise-related associations, scientific research institutes, testing and certification platforms, trading service institutions and other functional platforms, improved the comprehensive supporting service capacity and improved the output value of professional services. By bringing the role of the Shanghai Cruise Supply Association into full play, Shanghai has built a procurement and distribution platform for cruise ship supply materials, increased the proportion of local materials and commodities purchased by international cruise companies, and improved the output value of cruise ship supply. In order to strengthen the cruise ship manufacturing industry, Shanghai has supported the China State Shipbuilding Corporation Limited, China Merchants Group and other central enterprises to implement the strategic measures of R & D, design and construction of domestic cruise ships, and improve the localization capacity of cruise ship manufacturing. By expanding and strengthening outbound and inbound duty-free shops at cruise ports, Shanghai has optimized product categories and met the consumption needs of tourists. The construction of cruise port and surrounding commercial carriers has been accelerated, with creative commercial supporting facilities, and consumption gathering places in various formats such as cultural and creative stores, characteristic bookstores, small theatres and cultural and entertainment places, so as to develop the nighttime economy and form a new development pattern of new consumption led by new supply.

Shanghai has developed the cultural cruise industry by meeting the cultural operation demands of Baoshan riverside cruise. By actively advocating the new lifestyle based on the cruise "as a good choice for tourism, shopping and entertainment", Shanghai has accelerated the introduction of cultural and creative projects, created new landmarks for Baoshan riverside cruise cultural tourism, and formed a new distribution pattern and cultural innovation space of cultural cruise industry. Support has been given to various exhibitions and forums with the cruise as the theme, so as to give play to the role of exhibitions in stimulating cultural and tourism consumption, and cultural enterprises and tourism enterprises have gained support to display products and promote information through exhibitions. Shanghai has increased the efforts in investment attraction and brought the roles of various cruise exhibition forums into play, so as to promote relevant industries to actively connect cruise manufacturing and support services, expand the business scope, and introduce relevant subjects into the demonstration area. "Cruise Ship Manufacturing Supplier Day" has been held. The front-line marketing personnel has increased professional ability and service awareness through intensive training on the knowledge of cruise industry development, and they are encouraged to take the initiative and invite investment with greater efforts. Focus has been given to the key regions, key fields and major projects, so as to promote greater investment in the cruise field.



### ***Increasing the Interaction of the Port Area***

Shanghai has optimized and enhanced the planning of the interaction of the port area. Based on the planning of “Huangpu River and the Suzhou Creek” and the positioning of the collaborative innovation belt along the coast and river, and by combining with the construction of a cruise city with international first-class, Shanghai has optimized and improved the planning on the interaction of the port area, and created urban landscape highlights and more living shorelines, ecological shorelines and landscape shorelines for public recreation in accordance with the construction standards and requirements of public space on both sides of the Huangpu River. By promoting the overall management of public space in the demonstration area, Shanghai has improved the riverside public space of Wusongkou International Cruise Terminal for public use, public space quality maintenance and urban fine management mechanism, striving to build the coastal area into a national leading urban management demonstration area. The aboveground and underground connection of the port area has been realized by the transformation of environmental facilities in the cruise city. By accelerating the construction of the cruise port area as tourism characteristics demonstration area as a whole, Shanghai has created tourism products with unique urban characteristics of Shanghai on the basis of the waterfront resources of the cruise port area and studied the feasibility of introducing international high-quality waterfront related tourism projects. Shanghai has strengthened the publicity of high-quality waterfront tourism products, encouraged organizations such as offices of scenic spots and travel agencies to cooperate with various public platforms, so as to actively promote and publicize to citizens and tourists at home and abroad. In terms of promoting economic development of the port area through “three projects (i.e., yacht, cruise ship and sailboat)”, Shanghai has made more efforts in the feasibility study on the comprehensive development of the waters around the cruise port, and by giving full play to the basic advantages of cruise port development, it has actively developed three projects, i.e., yacht, cruise ship and sailboat, and explored the construction of a sailing wharf at the cruise port.

### ***Promotion of Openness and Cooperation***

In order to improve and enhance the international influence of cruise tourism, Shanghai has actively participated in global cruise conferences and exhibitions, promoting Baoshan to the world in terms of cruise development opportunities and market space. Moreover, ceaseless efforts have been given to enhance the international influence of the Seatrade Cruise Asia–Pacific, the Asia–Pacific Cruise economy 50-Expert Summit Forum, the International Cruise Service Trade Forum of China International Import Expo and the Shanghai Cruise Culture and Tourism Festival, and actively promote the holding of the China Cruise City Alliance Summit. With regard to building a highland of cruise scientific research and innovation, Support

has been given to the development of local cruise fleet and independent construction of luxury cruise ships, with scientific research and innovation of various cruise ships. Shanghai has encouraged research on the development of the cruise industry in the world and China, and increased support for research achievements in the cruise industry such as the Chinese and English versions of GREEN BOOK OF CRUISE INDUSTRY: ANNUAL REPORT ON CHINA'S CRUISE INDUSTRY and the special subject of cruise economy. Moreover, a scientific statistical index system of the cruise industry has been studied and built. Shanghai has strengthened the international marketing of cruise destinations by developing more high-quality inbound tourism products with cultural connotations and historical details, which has met the needs of foreign cruise tourists. By strengthening the external publicity of visa policies related to inbound cruise tourism, Shanghai has improved the level of cruise service for foreign tourists and created a cruise inbound service brand demonstration area. Shanghai has strengthened the support of the cruise professional talents system by encouraging the in-depth integration of industry and education and strengthening cooperation between the cruise industry and universities, such as cruise professional talents training base and practice base jointly established by cruise enterprises and universities, so as to improve the quality of professional talent training. Furthermore, Shanghai Cruise Association has been established for self-regulation, mutual assistance and cooperation, strengthening information sharing, exchange and cooperation of cruise industry, and coordinating and solving disputes related to cruise tourism in accordance with laws and regulations.

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**Part IV**  
**Planning and Development Reports**

# Chapter 13

## G.13 A Study on the Development Strategy of China's Cruise Industry During the "14th Five-Year Plan"



Hong Wang

In recent years, China's social and economic development has made a qualitative leap, with significant improvement in the level of economic development and people's consumption ability, leading to a growing demand for higher-level products, which can be solved by cruise tourism. China has maintained its position as the world's largest source of outbound tourists for consecutive years and has shown a steady development trend, which provides a good source basis for the development of the cruise industry in China. In China, governments at the central and local levels have paid increasing attention to the development of the cruise economy, and have issued more supporting policies focusing on the development of the cruise industry, such as the *Several Opinions on Promoting the Development of Cruise Economy in China*, the *Implementation Plan on Promoting the Development of Cruise Economy* issued by the Fujian Provincial Government, the *Several Measures on Accelerating the Development of International Cruise Industry in Guangzhou* issued by the Guangzhou Municipal Government, and cruise industry support policies formulated by Shanghai Municipal People's Government, which has significantly improved the policy environment and market environment for cruise economic development. With the implementation of various cruise industry policies, China's cruise industry will develop with higher quality. In March 2021, the CPC Central Committee and the State Council issued the *Outline of the National Comprehensive Three-dimensional Transportation Network Planning*, which proposed that China should accelerate the development of the cruise economy, improve the functions of terminals for the cruise ship, yacht, and other tourism service facilities, enrich cruise tourism services, and form a good interactive pattern based on mutual driving of transportation and tourism. In the 14th Five-Year Plan of Shanghai, it is proposed that Shanghai shall improve the response strategies and standard system for cruise public health events. During the 14th Five-Year Plan period, Shanghai has deepened the planning for the construction of a world-famous tourism city and proposed the construction of international cruise health risk

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prevention and control system. In the 14th Five-Year Plan of Baoshan District, it is proposed that Baoshan shall improve the comprehensive epidemic prevention and emergency management system of cruise ships and home ports.

## **Development Foundation of Cruise Industry of China During the “14th Five-Year Plan”**

### ***The Scale of China’s Cruise Tourism Market Has Expanded Significantly***

In recent years, China’s tourism industry has developed rapidly. China ranks second in the global cruise market in terms of passenger volume and has become the most dynamic and potential regional emerging market in the world. In 2019, China’s cruise terminal received 804 cruise ships, with a year-on-year decrease of 11%, including the reception of 728 cruise ships at the home ports, 4.13 million inbound and outbound tourists, including 3.95 million inbound and outbound person-times at the home ports (Table 13.1).

### ***A New Pattern of Cruise Tourism Development Formed in China***

In September 2019, the first cruise tourism development demonstration zone in China was established in Shanghai, with the purpose of creating a national demonstration model for the high-quality economic development of cruise tourism. Subsequently, Tianjin, Shenzhen, Qingdao, Fuzhou and Dalian have successively set up experimental zones for cruise tourism development in China. Through the construction of development experimental areas and demonstration areas in China, China has promoted innovative exploration in the cruise field, learnt from the advanced experience at home and abroad, and constantly created and accumulated experience for the development of cruise tourism in China (Table 13.2).

### ***Significant Improvement in the Quality of Cruise Products Supplied by China’s Home Port***

The scale of the cruise tourism market in China has continued to expand, attracting more large cruise ships to enter the Chinese market. In 2019, there were 15 cruise ships at the home ports of China, mainly including Spectrum of the Seas, Voyager

**Table 13.1** Cruise companies operating in the Chinese market

| Company   | Cruise ships brand          | Time of establishment | Type                       | Place of registration    |
|---|-----------------------------|-----------------------|----------------------------|--------------------------|
| Genting Travel Agency (Shanghai) Co., Ltd               | Star Cruises, Dream Cruises | August 2004           | Foreign-funded enterprise  | Hongkou, Shanghai        |
| Costa Cruises Shipping (Shanghai) Co., Ltd              | Costa Cruises               | November 2011         | Foreign-funded enterprise  | Hongkou, Shanghai        |
| HNA Cruises Co., Ltd                                    | HNA Cruise (closed)         | August 2012           | Foreign-funded enterprise  | Tianjin Dongjiang Cruise |
| Royal Caribbean Cruise Shipping (China) Ltd             | Royal Caribbean Cruises     | June 2013             | Foreign-funded enterprise  | Hongkou, Shanghai        |
| SkySea Holding International Ltd                        | Skysea Cruise Line (closed) | March 2014            | Sino-foreign joint venture | Baoshan, Shanghai        |
| Bohai Cruise Management Co., Ltd                        | Bohai Cruises               | May 2014              | Chinese-funded enterprise  | Yantai, Shandong         |
| Global Shipping (Shanghai) Co., Ltd                     | Princess Cruises            | July 2014             | Foreign-funded enterprise  | Hongkou, Shanghai        |
| Celebrity Diamond Cruise Management (Shanghai) Co., Ltd | Diamond Cruise              | January 2015          | Chinese-funded enterprise  | Baoshan, Shanghai        |
| Sanya International Cruise Development Co., Ltd         | Fuxi Yongle                 | December 2015         | Chinese-funded enterprise  | Sanya, Hainan            |
| Shanghai Blue Dream International Cruise Co., Ltd       | Blue Dream Cruises          | August 2016           | Chinese-funded enterprise  | Hongkou, Shanghai        |
| Eurosoft Cruise Line (Shanghai) Co., Ltd                | Norwegian Cruise Line       | February 2017         | Foreign-funded enterprise  | Hongkou, Shanghai        |
| MSC Cruises Shipping (Shanghai) Co., Ltd                | MSC Cruises                 | March 2017            | Foreign-funded enterprise  | Baoshan, Shanghai        |
| Astro Ocean Cruise International (Xiamen) Co., Ltd      | Astro Ocean Cruise          | June 2019             | Chinese-funded enterprise  | Xiamen, Fujian           |

(continued)

**Table 13.1** (continued)

| Company  | Cruise ships brand                    | Time of establishment | Type                      | Place of registration |
|--|---------------------------------------|-----------------------|---------------------------|-----------------------|
| CSSC Carnival (Shanghai) Cruise Shipping Limited | CSSC Carnival Cruise Shipping Limited | August 2019           | Chinese-funded enterprise | Baoshan, Shanghai     |

Source Cruise companies

**Table 13.2** Demonstration area and experimental area for cruise tourism development in China

| S/N | Ports    | Time of approval | Region   |
|-----|----------|------------------|--|
| 1   | Shanghai | September 2012   | Centered on Wusongkou and North Bund   |
| 2   | Tianjin  | April 2013       | Tianjin Binhai New Area  |
| 3   | Shenzhen | May 2016         | It is planned to cover an area of 9.4 square kilometers, reaching Houhai Avenue-Jinhai Road-Airong Road-Zhaoshang Road-Shuiwan Road in the east, Shenzhen in the south, Danan Mountain Ridge in the west, Dongbin Road and the foot of Danan Mountain in the north |
| 4   | Qingdao  | May 2016         | Qingdao International Cruise Home Port   |
| 5   | Fuzhou   | July 2017        | It is located in Songxia Port of Changle, with a total planned area of 5.5 square kilometers   |
| 6   | Dalian   | August 2017      | Dalian Port International Cruise Center  |
| 7   | Shanghai | September 2019   | China Cruise Tourism Development Demonstration Zone  |

Source The Ministry of Culture and Tourism

of the Seas, Quantum of the Seas, Costa Serena, MSC Splendida, Majestic Princess, Costa Atlantica, Costa Venezia, Norwegian Joy, World Dream, Explorer Dream, SuperStar Aquarius, Glory Of The Seas, Tai Shan, Piano Land, and other cruise ships. The “Spectrum of the Seas”, the cruise ship of Quantum Ultra Class from Royal Caribbean Cruises, was the first one deployed in the Chinese market in 2019, bringing the latest technology of the cruise industry into the Chinese market and becoming the largest and most expensive cruise ship in Asia. In the same year, another cruise ship also entered the Chinese market-Costa Venezia, which was a cruise ship of Vista Class especially designed for China by Costa Cruises Royal Caribbean Cruises planned to deploy the “Wonder of the Seas” in the market of China on March 23, 2022, which was temporarily canceled due to the impact of COVID-19 prevention and control. It is the fifth Oasis-class ship built by Royal Caribbean Cruises at Chantiers de l’Atlantique in Saint-Nazaire, France, with 237,000 gross tons, 362 M long and 64 M wide, 18 decks high, 2,867 rooms and a maximum capacity of 6,988 passengers. “MSC Virtuosa” of MSC Cruises will enter the home port of China in 2022, and it will serve the Chinese cruise market together with its sister cruise ship “MSC Bellissima”, which is also one of the largest cruise ships in Asia.

## ***Development of the Whole Industry Chain of the Cruise Economy in China***

In recent years, China's cruise market has developed rapidly and has become the world's second-largest cruise market after Germany and the largest cruise source market in Asia. The extension of the cruise industry chain is an important basis for the development of the cruise economy. It must focus on cruise construction and cruise operation, attracting more headquarters of international cruise companies, improve the operation level of cruise terminals, and improve the service-supporting industry chain of the cruise industry, so as to drive the continuous improvement of the cruise industry contributing to China's economy in a better way, and striving for obtaining greater policy support and capital investment. At present, with the expansion of the scale of China's cruise tourism market, good development achievements have been made in attracting international cruise ships, promoting the manufacturing of domestic cruise ships, establishing local cruise companies and building the cruise supply chain supporting system, which has provided good support for the construction of the whole industry chain of cruise economy (Table 13.3).

## **Planning and Layout of China's Cruise Industry During the 14th Five-Year Plan**

### ***Focusing on the Innovation of Cruise Industry Policy***

The national "14th Five-Year Plan" has clearly stated the improvement of development policies for cruise ships and yachts. In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, cruise enterprises are encouraged to expand routes around cities. In addition, Shanghai will improve the overall policy design for inbound tourism, and work actively to scale up the 144-h transit visa-free policy and issue individual tourism visas at Shanghai ports. The 15-day visa-free policy for foreign tourist groups to enter China by cruise should be fully utilized, and the multi-point connection of domestic cruise terminals should be strengthened. The "14th Five-Year Plan" of Baoshan district has proposed that active efforts shall be made in applying for the establishment of a special customs supervision area, with the functions of the system innovation of the free trade zone and pilot projects. The "14th Five-Year Plan" of Dalian has proposed that the visa-free policy within a time limit for foreign tourist groups to enter China by cruise shall be implemented, and efforts shall be made in carrying out pilot cruise routes on the open sea. It is planned to implement a 15-day visa-free policy for foreign tourist groups entering China by cruise, and a 30-day visa-free policy for inbound tourism and business guests from Japan, South Korea and Russia. The maintenance supervision pattern shall be developed in an innovative way, and the repair



**Table 13.3** Representative enterprises of the cruise industry chain in China

| Type                                      | Representative enterprise                                  | Location             |
|---|--|----------------------|
| Cruise industry chain platform enterprise | CSSC Cruise Technology Development Co., Ltd                | Baoshan, Shanghai    |
| Cruise operation enterprise               | CSSC Carnival Cruise Shipping (Shanghai) Limited           | Baoshan, Shanghai    |
|   | Bohai Cruise Management Co., Ltd                           | Yantai, Shandong     |
|   | Astro Ocean Cruise International (Xiamen) Co., Ltd         | Xiamen, Fujian       |
|   | Shanghai Blue Dream International Cruise Co., Ltd          | Hongkou, Shanghai    |
|   | Sanya International Cruise Development Co., Ltd            | Sanya, Hainan        |
|   | China Merchants Viking Cruises Co., Ltd                    | Shenzhen, Guangdong  |
|   | Hainan Shitian Cruise Group Co., Ltd                       | Sanya, Hainan        |
| Cruise construction enterprise            | Shanghai Waigaoqiao Shipbuilding Co., Ltd                  | Pudong, Shanghai     |
|   | China Merchants Cruise Manufacturing Co., Ltd              | Haimen, Jiangsu      |
|   | Guangzhou Shipyard International Company Limited           | Guangzhou, Guangdong |
| Cruise R&D                                | CSSC-Fincantieri (Shanghai) Cruise Design Co., Ltd         | Pudong, Shanghai     |
|   | Marine Design and Research Institute of China              | Huangpu, Shanghai    |
|   | Shanghai Merchant Ship Design and Research Institute       | Pudong, Shanghai     |
| Cruise ship refurbishment enterprise      | Shanghai Huarun Dadong Dockyard Co., Ltd                   | Chongming, Shanghai  |
|   | COSCO Shipping Heavy Industry (Zhoushan) Co., Ltd          | Zhoushan, Zhejiang   |
|   | Youlian Shipyard (Shekou) Co., Ltd                         | Shekou, Shenzhen     |
|   | CSSC G-Art Cruise Sci-Tech Development (Shanghai) Co., Ltd | Baoshan, Shanghai    |
| Cruise supply chain enterprise            | CSSC Waigaoqiao Cruise Supply Chain (Shanghai) Co., Ltd    | Pudong, Shanghai     |

(continued)

**Table 13.3** (continued)

| Type                       | Representative enterprise   | Location          |
|----------------------------|---|-------------------|
|                            | CSSC Cruise Industry Development (Shanghai) Co., Ltd                  | Baoshan, Shanghai |
|                            | R&M (Shanghai) Engineering Co., Ltd                                   | Pudong, Shanghai  |
| Cruise terminal enterprise | Shanghai Wusongkou International Cruise Terminal Development Co., Ltd | Baoshan, Shanghai |

and maintenance business shall be provided for foreign cruise ships. Efforts shall be made in carrying out Chinese “flag of convenience” cruises on the open sea. Customs supervision systems such as inspection, quarantine, examination, and release suitable for international distribution business shall be built, and the goal is to develop as an onshore international distribution center of international cruise tourism. The “14th Five-Year Plan” of Qingdao has proposed that efforts shall be made in implementing a 15-day visa-free policy for foreign tourist groups to enter China by Cruise. In April 2021, the Ministry of Commerce issued the *Overall Plan for the Comprehensive Pilot of the Expansion and Opening up of Service Industry in Shanghai*, which stated that gradual measures should be made in promoting the Chinese-funded cruise transportation operators to carry out the Chinese-funded Ocean Getaway without the five-star red flag cruises before the five-star red flag cruises put into operation. It also proposed that the authority of granting the permit to the Chinese-funded cruise transportation operators performing the Chinese-funded Ocean Getaway without the five-star red flag cruises should be delegated to the municipal transportation competent of Shanghai, and the foreign-funded travel agencies established in Shanghai should be allowed to pilot the outbound tourism business for Chinese citizens (except for to the Taiwan region).

### ***Focusing on the Construction of an International Cruise Terminal***

The “14th Five-Year Plan” of Shanghai has stated that efforts should be made in constructing a world-class cruise terminal, establishing and improving a management system suitable for cruise berthing and passenger clearance, and improving the comprehensive transportation system of the cruise terminal. During the “14th Five-Year Plan” period, Shanghai deepened its planning for developing Shanghai as a world-famous tourism city by building an international first-class cruise home port with global competitiveness and an international cruise tourism center. Moreover, Shanghai has improved the cruise tourism supporting services such as the comprehensive tourism and transportation system of the cruise terminal, improved

the functions of cruise financing, insurance, and duty-free shopping, and accelerated the construction of the Wusongkou international cruise tourists resort. The “14th Five-Year Plan” of Baoshan District has proposed that efforts shall be made comprehensively in improving the service level of the international cruise terminal, improving supporting infrastructure, promoting the cruise port department to formulate supporting policies and measures for the construction of demonstration area, promoting the innovation of port customs clearance pattern, establishing a standardized boarding process system, and standardizing and optimizing tourist customs clearance procedures. Moreover, Baoshan District has strengthened the construction of cruise operation support capacity, and it has basically completed a world-leading smart cruise port and an international cruise service standardization demonstration port. The “14th Five-Year Plan” of Tianjin has stated that Tianjin should actively develop roll-roll shipment, cruise shipment, and other transportation functions, focusing on building an international hub port, so as to improve the comprehensive service function of the cruise terminal and port customs clearance environment. The comprehensive transportation plan of Hainan Province in the “14th Five-Year Plan” has stated that great efforts should be made in building an international cruise home port in Sanya, an international cruise departure port in Haikou and a cruise port of call in Danzhou. Qingdao stated in its 14th Five-Year Plan that marine cultural tourism should be further developed, marine tourism business forms such as cruise and yachts, marine sports, and underwater diving should be grown, and the international cruise ship home port should be constructed. The “14th Five-Year Plan” of Xiamen has stated that Xiamen should build an international shipping center and accelerate the construction of an international cruise home port. The “14th Five-Year Plan” of Wenzhou has stated that efforts should be actively made in gaining policy support for the development of the cruise industry and actively promoting the construction of international cruise port.

### ***Focusing on the Innovation of Cruise Tourism Products***

*The “14th Five-Year Plan” for Cultural and Tourism Development* has stated that efforts should be made in promoting the construction of cruise tourism development demonstration area and cruise tourism development experimental area in China. In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that efforts should be made in promoting the normalization of “multiple ports of call” of cruise ships along the coast, exploring product innovation such as “Yangtze River Tour by cruise” and “Yangtze River Delta Tour by cruise”, and supporting cruise enterprises to expand international routes. The “14th Five-Year Plan” of Tianjin has stated that Tianjin should build itself as an international cultural tourism consumption destination, accelerate tourism product innovation, launch marine yacht and cruise ship projects, enrich cruise tourism routes, develop coastal tourism routes, and develop Tianjin as an internationally famous cruise tourism destination. The “14th Five-Year

Plan” of Lianyungang has stated that Lianyungang should accelerate the development of marine tourism products such as coastal vacation, cruise tourism, marine sports tourism and marine cultural tourism, promote the development and growth of the marine tourism industry, and realize the development of tourism leisure industry connected by the water and land. The “14th Five-Year Plan” of Fuzhou has stated that Fuzhou should promote the normal operation of routes from Pingtan to Taipei, Taichung, and Kaohsiung, develop cross-strait intermodal transport by sea and air, and open up cruise routes to Taiwan. The “14th Five-Year Plan” of Xiamen has stated that Xiamen should enrich products of cruise tourism, develop coastal tourism products such as yachts, cruise ships, sailboats, and leisure fisheries, and enhance the influence of exhibitions and events such as the Strait Travel Fair, the International Boat Show, and the Strait Cup Yacht Competition.

### ***Focusing on the Extension of Cruise Industry Chain***

In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that Shanghai should attract international cruise enterprises to settle in Shanghai and develop Shanghai as a global base for cruise enterprise headquarters. Shanghai will shape a whole cruise industry chain with priorities on cruise equipment manufacturing, cruise services, itinerary customization, route planning, and cultural and creative design. The “14th Five-Year Plan” of Baoshan District has stated that Baoshan should promote the construction of the Shanghai International Cruise Industry Park. By relying on domestic cruise leading enterprises, Baoshan should accelerate the formation of cruise R & D and design, cruise shipbuilding and repair, cruise operation, cruise service and other industrial clusters, and cultivate and improve the local cruise supporting system. By promoting the agglomeration of cruise-supporting industries at home and abroad, and introducing a perfect cruise industry supply chain, Baoshan should promote the core enterprises of the cruise industry at home and abroad to settle in the district, and create a strong ecosystem of cruise-supporting industry integrating production and assembly functions, software support functions and auxiliary supporting functions. The “14th Five-Year Plan” of Nantong has stated that Nantong should promote the whole industry chain by supporting the development of luxury cruise ships and cruise ships. The “14th Five-Year Plan” of Xiamen has stated that Xiamen should build a comprehensive supporting service system such as a cruise material supply base, develop the cruise economy, build a cruise duty-free complex, and develop world well-known cruise service brand and cruise industry chain.

## **Recommendations**

### ***Accelerating the Development and Dissemination of Cruise Culture***

The widespread cruise culture is an important basis for promoting the development of cruise tourism and expanding the scale of the cruise tourism market. China has received 2.4 million cruise tourists during the peak season, but the development of cruise culture has still remained at a low level. It is necessary for us to strengthen the publicity and promotion of cruise culture to let people understand the substantive connotation of cruise tourism, so as to have a deeper understanding of cruise tourism. In order to promote the widespread cruise culture, we should strengthen the publicity and promotion of the cruise market in China and use the form of all-media to make more tourists have a deeper understanding of cruise tourism, so as to improve the market penetration and repurchase rate of cruise tourism. Moreover, we should further deepen the connotation of “cruise + culture” and guide the development of cruise tourism culture through various types of publicity and promotion channels. In recent years, China has formed a cruise culture promotion platform with global influence by holding major events such as Seatrade Cruise Asia Pacific, China Cruise Shipping Conference, Cruise Service and Trade Summit Forum, and Cruise Tourism Festival. China will continue to hold various cruise festival activities to make ceaseless efforts in improving the penetration rate and repurchase rate of domestic and foreign markets. Furthermore, we should also focus on the development of foreign inbound tourism, strengthen the publicity and display of China’s cruise tourism and tourism destinations, and promote the development of inbound tourism in a better way.

### ***Accelerating the Development of the Whole Industry Chain of the Local Cruise Economy***

In accordance with the “Belt and Road” Initiative and the Maritime Power Strategy, and by seizing the important strategic opportunities brought about by the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta integration development, we should strengthen the international cooperation, promote the layout of cruise whole industry chain, create new highland of the cruise industry in China, promote the supporting development of cruise shipbuilding and repair, promote the design and construction of domestic large cruise ships, build an international cruise shipbuilding and repair industry cluster, and promote the continuous extension of the industrial chain. We should vigorously develop cruise inbound tourism, integrate China’s rich tourism resources, develop cruise tourism characteristic products, expand high-end cruise theme products, and improve the development effects of

cruise tourism. By building a comprehensive functional platform for international cruise ships, we should promote the gathering of various types of functional platforms such as cruise association organizations, scientific research institutes, testing and certification platforms, and trading service institutions at home and abroad, and improve the comprehensive supporting service capacity. We should expand the cruise headquarters economy, and attract cruise companies, cruise organizations and industry associations, so as to form industrial clusters, build a perfect whole cruise industry chain system, and enhance the attraction of cruise enterprises at home and abroad.

### ***Further Deepening the Innovation of Cruise Tourism Products***

We should strengthen cooperation with global cruise port cities, promote the development of cruise routes that are mutual home ports and multiple home ports, attract more cruise tourists from the port of call, and promote the development of inbound cruise tourism. By strengthening the connectivity among the airplane, high-speed rail, Yangtze River inland cruise ships, and international cruise ships, we should expand cruise tourism products related to transportation by sea and air, transportation by sea and land and transportation by sea and river. We should promote the policy innovation of the cruise tourism product system, promote the normalized development of cruise routes with “multiple ports of call”, increase coastal cruise routes along the river, and promote the development of Cruise to Nowhere tourism routes. By making use of various island resources, we should expand island cruise routes, build more attractive island cruise tourism destinations, and enhance the attraction to cruise tourists.

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# Chapter 14

## G.14 A Study on the Development Path of the Cruise Industry in Shanghai During the “14th Five-Year Plan” Period



Xinliang Ye

In recent years, as the first cruise tourism development experimental zone and the first cruise tourism development demonstration zone in China, Shanghai has given full play to its advantages in the region, passenger source, home port and policy, promoted the development of the whole cruise industry chain, extended the cruise industry chain in the upstream, middle and downstream, and took the lead in establishing a relatively perfect cruise industry development system, which enables Shanghai to be an important model for the development of China’s cruise industry. The scale of the Shanghai cruise tourism market has continued to expand. From 2011 to 2020, Shanghai Wusongkou International Cruise Terminal received 2,266 cruise ships and 14.0149 million inbound and outbound tourists. More than 20 cruise ships, including Carnival, Royal Caribbean, MSC, Norwegian Cruise Line, Genting Cruises, and other companies, have opened their first voyage in Asia at Wusongkou International Cruise Terminal, making it a cruise portal in China ranking the top in Asia in three years and the top four in the world in five years. Shanghai has driven the great leap forward development of China’s cruise industry, making China the second-largest cruise source country and the largest emerging cruise market in the world. Shanghai has provided a solid foundation for the development of China’s cruise industry, and its role is reflected in actively leading the cruise industry to develop toward the high end of the value chain, highlighting the position of the Chinese market in the global cruise economy, and enhancing the competitiveness, influence, and appeal of China’s cruise economy. As a result, it has set a good example for other cruise port cities in China to learn and experience and promote the development of the cruise economy. On September 30, 2019, the Ministry of Culture and Tourism officially approved the establishment of the first cruise tourism development demonstration zone in China. In September 2020, the *3-Year Action Plan for China Cruise Tourism Development*

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*Demonstration Zone* was jointly issued by eight departments, including the municipal bureau of culture and tourism and the municipal transportation commission. The *Pilot Implementation Plan for Comprehensively Deepening the Innovative Development of Trade in Services of Shanghai* has proposed that in order to expand the global influence of cultural tourism services, we should “build a cruise tourism development demonstration zone in China, and deepen the function of Wusongkou International Cruise Terminal”. It is stated in the 14th Five-Year Plan of Baoshan District that we should build the cruise tourism development demonstration zone of China with high standards by focusing on Wusongkou International Cruise Terminal, Shanghai International Cruise Industry Park, cruise riverside belt, and the core area of international cruise city.

## **Planning and Layout of Cruise Industry in Shanghai During the “14th Five-Year Plan” Period**

### ***Building a World-Class Cruise Terminal***

The “14th Five-Year Plan” of Shanghai has clearly stated that efforts should be made in constructing a world-class cruise terminal, establishing and improving a management system suitable for cruise berthing and passenger clearance, and improving the comprehensive transportation system of the cruise terminal. In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan Period*, it has clearly stated that by relying on the Wusongkou International Cruise Terminal, Shanghai should accelerate the construction of cruise home port with global competitiveness and improve the capacity in cruise berthing and passenger clearance. In the *14th Five-Year Plan for the Construction of Shanghai as an International Shipping Center*, it has stated that Shanghai should build a world-class cruise terminal to coordinate the functional arrangement of Wusongkou International Cruise Terminal, Shanghai Port International Cruise Terminal, and Waigaoqiao cruise standby terminal, and accelerate the construction of China’s cruise tourism development demonstration zone. By referring to the world-class cruise terminal, Shanghai should comprehensively improve the service management level, and establish and improve the management system suitable for cruise berthing and passenger clearance. By improving the transportation infrastructure around Wusongkou International Cruise Terminal, Shanghai would realize the convenient connection between cruise port and rail transit, airport, railway, and other public transportation. Shanghai should give full play to the leading role of the Shanghai cruise home port, explore the construction of regional cruise home port, and promote the establishment of cruise tourism service alliance in the Yangtze River Delta. In the *14th Five-Year Plan for National Economic and Social Development of Baoshan District and the Outline Plan of Long-Range Objectives Through the Year 2035*, it is stated that Baoshan District should comprehensively improve the service level of the international cruise



**Table 14.1** Developments of cruise market in Shanghai, 2008–2020

| Year  | Total number of ships in Shanghai (ships) | Total number of ships in China (ships) | Proportion of total ships in Shanghai in that of China (%) | Total number of tourists in Shanghai (10,000 person times) | Total number of tourists in China (10,000 person times) | Proportion of total number of tourists in Shanghai in that of China (%) |
|-------|---|--|--|--|---|---|
| 2008  | 63  | 346                                    | 18.2   | 10.72  | 48.7  | 22.0  |
| 2009  | 80  | 259                                    | 30.9   | 16.56  | 34.38   | 48.2  |
| 2010  | 109                                       | 294                                    | 37.1   | 26.67  | 48.08   | 55.5  |
| 2011  | 105                                       | 272                                    | 38.6   | 21.43  | 47.85   | 44.8  |
| 2012  | 121                                       | 275                                    | 44.0   | 35.74  | 65.69   | 54.4  |
| 2013  | 198                                       | 406                                    | 48.8   | 75.64  | 120.15  | 63.0  |
| 2014  | 272                                       | 466                                    | 58.4   | 121.80   | 172.37  | 70.7  |
| 2015  | 344                                       | 629                                    | 54.7   | 164.51   | 248.00  | 66.3  |
| 2016  | 509                                       | 1010                                   | 50.4   | 294.46   | 456.66  | 64.5  |
| 2017  | 512                                       | 1181                                   | 43.4   | 297.73   | 495.42  | 60.1  |
| 2018  | 432                                       | 924                                    | 46.8   | 274.56   | 484.71  | 56.6  |
| 2019  | 258                                       | 808                                    | 31.9   | 189.26   | 414.30  | 45.7  |
| 2020  | 25  | 57                                     | 43.8   | 11.58  | 24.47   | 47.3  |
| Total | 3028                                      | 6927                                   | 43.7   | 1540.66  | 2660.78   | 57.9  |

Source China Cruise & Yacht Industry Association (CCYIA)

port, improve the supporting infrastructure, establish, and improve the management system suitable for cruise berthing and passenger clearance, encourage the cruise port department to formulate and issue supporting measures to support the construction of the demonstration zone, promote the innovation of port clearance pattern, establish a standardized boarding process system, and standardize and optimize tourist clearance procedures. Moreover, it should explore the establishment of a national cruise ticketing service platform, strengthen the construction of cruise operation support capacity, basically build a world-leading smart cruise port and an international cruise service standard port, facilitate cruise operation in returning to normal and increase cruise routes (Table 14.1).

### *Promote Policy Innovation of Cruise Industry*

During the period of COVID-19 prevention and control, Shanghai has innovated and implemented the pilot cruise routes of Ocean Getaway, designed short-range cruise tourism routes, created cruise tourism products and cruise destinations that meet different consumption requirements, further expanded the development space of cruise tourism consumption, and cultivated new business forms of cruise tourism,

which has great significance in promoting the comprehensive recovery and industrial development of cruise tourism in China. The “14th Five-Year Plan” of Shanghai has clearly stated that proactive efforts should be made in the pilot routes for Cruise to Nowhere. In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that Shanghai should promote the normalization of “multiple ports of call” of cruise ships along the coast, strengthen the overall policy design of inbound tourism, and make proactive efforts in expanding the scope of 144-h visa-free transit and issuing personal tourist visa at the ports of Shanghai. The 15-day visa-free policy for foreign tourist groups to enter China by cruise should be fully utilized, and the multi-point connection of domestic cruise terminals should be strengthened. Shanghai should explore innovation in products such as “Yangtze River tour by cruise” and “Yangtze River Delta tour by cruise”, support cruise enterprises to expand international routes, and encourage cruise enterprises to expand lines around cities along the route. In the *14th Five-Year Plan for the Construction of Shanghai as an International Shipping Center*, it has stated that Shanghai should increase the supply of cruise tourism products, under the premise of a controllable epidemic situation, Shanghai should strengthen cooperation with overseas ports, encourage the development of routes for multiple ports of call, and attract cruise ships from the international port of call to transfer (Table 14.2).

### ***Expanding the Industry Chain of Cruise Economy***

In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that Shanghai should improve the cruise tourism supporting services such as the comprehensive tourism and transportation system of the cruise port, improve the functions of cruise financing, insurance, and duty-free shopping, attract international cruise enterprises to settle in Shanghai, build a global cruise enterprise headquarters base, and form a cruise economy integrating the whole industry chain by focusing on cruise equipment manufacturing, cruise service, itinerary customization, route planning and cultural and creative design. In the *14th Five-Year Plan for the Construction of Shanghai as an International Shipping Center*, it has stated that Shanghai should deepen the pilot of cruise ticketing system, build the cruise public information service platform, and form experience that can be replicated and popularized throughout the country. By actively expanding the cruise industry chain, focusing on the independent design and construction of cruise ships and the development of the local cruise fleet, Shanghai should support Baoshan International Cruise Industry Park and Waigaoqiao Shipbuilding Base, so as to build cruise supporting industry platform and develop an industrial cluster of local cruise shipbuilding and repair. Shanghai should build a distribution center for cruise ship supply materials, promote the normalization of international container transportation, develop the cruise ship supply pattern based on “global procurement and centralized distribution”, support local enterprises to

**Table 14.2** Summary of policies and measures to support cruise economic development in Shanghai

| Time           | Policy  | Issuer  |
|----------------|---|---|
| June 2009      | <i>Implementation Suggestions of Shanghai Municipal People's Government on Carrying out the Guiding Opinions of the State Council on Promoting the Modern Service Industry and Advanced Manufacturing and Building International Financial Center and International Shipping Center in Shanghai</i> | Shanghai Municipal People's Government  |
| June 2009      | <i>Implementation Suggestions on Accelerating the Development of Shanghai International Shipping Center</i>   | Shanghai Municipal People's Government  |
| August 2009    | <i>Implementation Suggestions of Shanghai Municipal People's Government on Carrying out the Guiding Opinions of State Council on Further Pushing ahead with the Reform and Opening-up and Economic and Social Development in the Yangtze River Delta Region</i>                                     | Shanghai Municipal People's Government  |
| September 2013 | <i>Implementation Suggestions on Carrying out the General Plan for China (Shanghai) Pilot Free Trade Zone and Accelerating the Construction of Shanghai International Shipping Center</i>   | The Ministry of Transport; Shanghai Municipal People's Government   |
| January 2014   | <i>Several Opinions on Accelerating the Construction of China Cruise Tourism Development Experimental Zone in Shanghai</i>  | Shanghai Municipal Administration of Culture and Tourism, Shanghai Municipal Transport and Port Authority             |
| July 2015      | <i>Provisions on the Administration of Inspection and Quarantine of Food Supply Chain for Transit Cruise Ships (Trial)</i>  | Shanghai Entry-Exit Inspection and Quarantine Bureau  |
| August 2015    | <i>Model Text of Shanghai Cruise Tourism Contract (2015 Edition)</i>  | Shanghai Municipal Administration for Industry and Commerce, Shanghai Municipal Administration of Culture and Tourism |
| June 2015      | <i>Announcement on the Opinions of Shanghai Entry-Exit Inspection and Quarantine Bureau for Supporting the Development of Shanghai Cruise Industry</i>  | Shanghai Entry-Exit Inspection and Quarantine Bureau  |

(continued)

**Table 14.2** (continued)

| Time           | Policy   | Issuer   |
|----------------|--|--|
| July 2015      | <i>Implementation Suggestions on Carrying out the Guiding Opinions of the State Council on Promoting the Development of Yangtze River Economic Belt Based on the Golden Waterway</i> | Shanghai Municipal People's Government   |
| September 2015 | <i>Implementation Plan of Shanghai for Carrying out the Opinions of the State Council on Promoting the Healthy Development of Shipping Industry</i>                                  | Shanghai Municipal People's Government   |
| December 2015  | <i>Several Measures of Shanghai on Promoting Transformation, Upgrading and Continuous Stable Growth of Foreign Trade</i>   | Shanghai Municipal People's Government   |
| March 2016     | <i>Operation Scope of Cruise Tourism in Shanghai</i>   | Shanghai Municipal Administration of Culture and Tourism, Shanghai Municipal Transportation Commission   |
| September 2016 | <i>Implementation Plan of Shanghai on Pilot Projects to Comprehensively Deepen Innovative Development of Trade in Services</i>   | Shanghai Municipal People's Government   |
| December 2017  | <i>Notice on the Pilot Cruise Ticket System of Shanghai</i>  | Shanghai Municipal Transportation Commission, Shanghai Municipal Administration of Culture and Tourism, Shanghai General Station of Immigration Inspection |
| December 2017  | <i>Opinions on Supporting the Development of Cruise Industry in Baoshan District</i>   | Shanghai Municipal Administration for Industry and Commerce  |
| August 2018    | <i>Several Opinions on Promoting the High-Quality Development of Tourism in Shanghai and Accelerating the Development of Shanghai into a World-Famous Tourism City</i>               | Shanghai Municipal People's Government   |
| October 2018   | <i>Notice on the Opinions for Promoting the Development of Inbound Tourism in Shanghai</i>   | Shanghai Municipal People's Government   |
| September 2018 | <i>Implementation Plan of Shanghai on Pilot Projects to Comprehensively Deepen Innovative Development of Trade in Services</i>   | Shanghai Municipal People's Government   |

(continued)

**Table 14.2** (continued)

| Time          | Policy   | Issuer  |
|---------------|--|---|
| October 2018  | <i>Opinions on Promoting Further Development of the Cruise Economy in Shanghai</i>                                   | Shanghai Municipal People's Government  |
| February 2018 | <i>Implementation Opinions on Accelerating the Cruise Economy Development of Baoshan District</i>                    | Baoshan District, Shanghai  |
| January 2019  | <i>Opinions of Hongkou District on Accelerating the Development of Shipping Service Industry</i>                     | Hongkou District, Shanghai  |
| February 2019 | <i>Several Measures to Support the Development of Baoshan Cruise Service Trade</i>                                   | Shanghai Municipal Commission of Commerce   |
| April 2019    | <i>Notice on Specifying Job Responsibilities and Operation Process of "International Cruise Priority"</i>            | Shanghai Maritime Safety Administration   |
| March 2020    | <i>Implementation Rules of the Administrative Measures of Shanghai on Shore Power Management for Ports and Ships</i> | Shanghai Municipal Transportation Commission, Shanghai Maritime Safety Administration |
| April 2021    | <i>Comprehensive Pilot Program of Further Opening up the Service Sector of Shanghai</i>                              | The Ministry of Commerce  |

Source *Shanghai Cruise Tourism Trade in Services Guidelines (2020)*

participate in cruise ship supply in an active and orderly manner, and attract cruise companies to establish international cruise material distribution centers in Shanghai. The establishment of national online cruise commercial display and trade platforms should be supported, and cruise cross-border shopping platforms should be built, so as to accelerate guiding the shift from overseas consumption to domestic consumption. Shanghai should build a cruise enterprise headquarters base, study the facilitation policies and incentives for the introduction of cruise enterprise headquarters, and attract more regional headquarters and global operation centers of global cruise enterprises to settle down. In the *14th Five-Year Plan for National Economic and Social Development of Baoshan District and the Outline Plan of Long-Range Objectives Through the Year 2035*, it is stated that efforts should be made in promoting the construction of Shanghai International Cruise Industry Park. By relying on domestic cruise leading enterprises, Baoshan should accelerate the formation of cruise R & D and design, cruise shipbuilding and repair, cruise operation, cruise service, and other industrial clusters, and cultivate and improve the local cruise supporting system. Baoshan should actively apply for the establishment of a special customs supervision area, with the functions of the system innovation of the free trade zone and pilot projects. By promoting the agglomeration of cruise-supporting industries at home

and abroad and introducing a perfect cruise industry supply chain, Baoshan should promote the core enterprises of the cruise industry at home and abroad to settle in the district, and create a strong ecosystem of cruise-supporting industry integrating production and assembly functions, software support functions and auxiliary supporting functions (Table 14.3).

**Table 14.3** Shanghai's progress in advancing the construction of domestically built large cruise ships

| Date           | Specific progress  |
|----------------|--|
| October 2019   | Commencement of steel cutting for China's first domestically built large cruise ship (LCS) at Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS) |
| June 2020      | Commencement of the L3 Mock-up Interior II work of the LCS project   |
| June 2020      | Commencement of the first block outfitting work for the first domestically built LCS   |
| June 2020      | China's first LCS veneer processing center plant delivered at Shanghai Waigaoqiao Shipbuilding Co., Ltd  |
| June 2020      | Completion of the Organic Waste Gas Treatment Plant revamping project for Coating Phase III AB/CD Span of the LCS project                      |
| July 2020      | Commencement of the block outfitting work for home-made LCSs   |
| August 2020    | Commencement of the section assembly for the LCS project H1508   |
| September 2020 | Roof capping completed for the matching capital project supplier service building under the LCS Master Plan                                    |
| October 2020   | Rollover operations completed for the first large-span veneer block of China's first LCS at #4 assembly platform                               |
| November 2020  | The transfer of China's first domestically built LCS into the dock for continuous mounting   |
| December 2020  | SWS honored as one of the first "Shanghai Smart Factory"   |
| December 2020  | Inaugural ceremony for "Shanghai Smart Factory" held in the Veneer Center at SWS   |
| January 2021   | Completion of shifting and mounting for N2, the first large super-wide section of large cruise ship H1508                                      |
| January 2021   | The CSSC Meeting for the Appraisal of Execution Plans for the Safe Return to Port (SRtP) of Cruise Ships held at SWS                           |
| January 2021   | Completion of hoisting of power generators for China's first LCS at SWS  |
| February 2021  | Delivery of the Cruise Supplies Stacking Platform  |
| March 2021     | The launch ceremony for the Cruise Project EPC Management Platform   |
| March 2021     | Inauguration of Waigaoqiao Cruise Outfitting Technicians Studio  |
| April 2021     | Completion of ship production design model balancing and the structural production design drawings for the H1508 project                       |
| August 2021    | Completion of mounting of general section T1b of the first mega cruise ship H1508  |

Source Shanghai Waigaoqiao Shipbuilding Co., Ltd. (SWS)

## ***Improving the Cruise COVID-19 Response System***

As the largest and busiest terminal in the Asia Pacific region, Shanghai Wusongkou International Cruise Terminal has made COVID-19 prevention and control achievements based on the principle of “zero imported cases, zero exported cases, and zero infections” and has taken the lead in allowing the Chinese crew to disembark and entry into China after the expiration of international cruise contract. In the *14th Five-Year Plan for National Economic and Social Development of Shanghai and the Outline Plan of Long-Range Objectives Through the Year 2035*, it is stated that efforts should be made in improving the response strategy and standard system for cruise public health events. In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that efforts should be made in building a health risk prevention and control system for international cruise ships. In the *14th Five-Year Plan for the Construction of Shanghai as an International Shipping Center*, it has stated that COVID-19 prevention and control measures must be strictly implemented on a regular basis, and proactive efforts should be made in carrying out pilot routes for Cruise to Nowhere, so as to create conditions and accumulate experience for the gradual recovery of cruise business by areas. Shanghai should improve the cruise emergency management system, establish a response strategy and standard system for cruise public safety and health events, and promote the standard of Shanghai to become the standard in China and Asia. In the *14th Five-Year Plan for Comprehensive Transportation Development of Shanghai*, it has stated that COVID-19 prevention and control measures must be strictly implemented on a regular basis, and proactive efforts should be made in carrying out pilot lines for Cruise to Nowhere. In the *14th Five-Year Plan for National Economic and Social Development of Baoshan District and the Outline Plan of Long-Range Objectives Through the Year 2035*, it is stated that efforts should be made in improving the comprehensive COVID-19 prevention and emergency management system for cruise ships and home ports.

## **Bottlenecks and Difficulties**

### ***Cruise Resumption Affected by COVID-19 Pandemic***

The cruise market in China has not resumed far since the suspension in February 2020, which is still subject to great uncertainty about the resumption time. Wusongkou International Cruise Terminal is the first port worldwide to carry out source control against the pandemic, with the achievement of “zero imported cases, zero exported cases, and zero infections” made. Voyage resumption of cruises is a complex assignment. We must ensure it’s absolutely safe. So all the relevant pandemic response measures must be carefully taken, and the public health emergency response plans for cruises and cruise ports must be improved based on the response results. However,

there hasn't been national pandemic response guidelines specific to cruises. And despite that cruise companies have implemented their own pandemic control plans, there isn't a systematic cruise pandemic response standard, and the inspection efforts are not adequate enough. The pandemic is still rampant in the world, and sporadic infections would be reported from time to time domestically, making it difficult for cruises to resume the voyage. Voyage resumption of cruises is the precondition and foundation of recovering the cruise market. The development of cruise tourism is fundamental for extending cruise industry chains. The continuous delay of the voyage resumption of cruises would impact the development of many cruise service businesses like docking and berthing at cruise ports, cruise ship supply service, cruise duty-free shops, and cruise shipping agencies. Failure to resume has seriously affected the operation of the cruise ports and cruise-related industries. Recently, the *Normalized COVID-19 Response Guidelines for Chinese Cruises (Edition 4)* has been issued by the Ministry of Transport, which requires that cruise ships should only accept tourists from low-risk areas, without travel history in medium and high-risk areas within 14 days. Enterprises engaging in cruise ship transportation should scientifically control the passenger-carrying rate, which should be no more than 50% of the passenger quota at the initial stage of resumption.

### ***The Capacity of Cruise Trade in Services Needs to Be Improved***

For the ship supply of domestic goods, the declaration is made in accordance with the requirements of the customs and with reference to the addition (unloading) of means of transport. For the ship supply of imported goods, the declaration is made in two steps: first, it enters into the ship bonded warehouse with reference to the general import bonded declaration, and second, it boards the ship with the completion of the bonded outbound declaration. Domestic goods for cruise ships, which are declared to get onboard in accordance with the material-adding method of the means of transport, cannot enjoy the general trade export tax rebate policy, and cannot be counted in the export trade data. If cruise lines locally purchase materials for ships, suppliers cannot enjoy the export tax rebate policy, leading to the lack of price competitiveness between goods directly purchased in China and those purchased through "global procurement and distribution". Special goods, such as medicines in the sick bay and tools for the shipboard gambling business, cannot be declared to go aboard so far. In terms of the shopping amount in inbound duty-free shops, in addition to the RMB 5,000 duty-free limit for personal imports of resident passengers, they are allowed to enjoy a certain duty-free shopping amount in port inbound duty-free shops, which together with the overseas duty-free shopping amount shall not exceed RMB 8,000. But presently, the sales of outbound and inbound duty-free shops is still small. There is a need to diversify the product varieties to attract tourists. The outbound duty-free shops in Shanghai Cruise Port are different from the market players of inbound duty-free, and they are China Duty-Free Group and Shenzhen Duty-Free Group.



### ***Low Localization Rate of Cruise Construction Supply Chain***

In Europe, the Italian shipbuilding group Fincantieri, French shipbuilding group Chantiers de l'Atlantique and German shipbuilding group Meyer Werft have undertaken about 90% of the global orders. They have possessed the core technology of luxury cruise ship construction with rich construction experience, taking the absolute dominant position in the world in terms of the cruise ship construction technology level. As a result, they have formed a mature and complete supply chain of cruise shipbuilding and repair and developed as the world luxury cruise ship construction base. The mega cruise ship project of Shanghai Waigaoqiao Shipbuilding Co., Ltd. is being built smoothly. Unlike general shipbuilding, 30% of the work of building mega cruise ships takes place inside the ship, and the rest 70% is prefabricated outside the shipyard. The cruise ship construction industry is a highly capital-intensive and technology-intensive industry, and the design and construction require strong financial support. Because the element agglomeration effect of the cruise industry is relatively low, the element integration ability of cruise-leading enterprises needs to be further strengthened for expanding their regional radiation and driving the effect. In terms of shipyard supply chain construction and management, cruise equipment and materials are highly demanding. At present, the ratio of localized equipment is less than 9%, and shipyards are dependent on core equipment that are imported at high prices.

## **Recommendations**

### ***Resuming Cruise Terminal Operation with Active Efforts***

The pilot routes for Cruise to Nowhere shall be carried out as soon as possible. According to the *Comprehensive Pilot Program of Further Opening up the Service Sector of Shanghai* issued by the Ministry of Commerce, it is stated that before the five-star red flag cruises are put into operation, gradual measures should be made in promoting the Chinese-funded cruise transportation operators to carry out the Chinese-funded Ocean Getaway without the five-star red flag cruises, based on the pilot operation experiences of Hainan Ocean Getaway. Efforts should be made in carrying out pilot routes for Cruise to Nowhere of the "Costa Atlantica" and "Costa Mediterranea" cruise ships of CSSC. The pilot of coastal travel routes has been planned for "Eaton" of China Merchants Viking Cruises Limited, and efforts can be made in making Shanghai its home port. Cooperation has been made in the pilot of inland cruising routes by Yangtze River, such as the new route named "A Land So Rich In Beauty", which is a 15-day cruising tour. The tourists will enjoy a comprehensive view of the Yangtze River, spanning seven provinces and cities in China (Shanghai, Jiangsu, Anhui, Jiangxi, Hunan, Hubei, and Chongqing). The commercial business of the cruise port has been expanded. Wusongkou International Cruise Terminal is a

world-class cruise home port with a good brand effect, which can be used to carry out business exhibitions, auto exhibitions, new product launches, and other activities. The source of tourists has increased. Based on the brand of Shanghai International Cruise Tourist Resort, and by cooperating with travel agencies to design riverside tourism routes, we can attract more tourists to visit Wusongkou Paotaiwan Forest Wetland Park, Cruise Terminal, and so on.

### ***Building International Cruise Tourism Resorts***

In the *14th Five-Year Plan for National Economic and Social Development of Shanghai and the Outline Plan of Long-Range Objectives Through the Year 2035*, it is stated that we should deepen the construction of Shanghai as a world-famous tourism city and promote the construction of Baoshan cruise tourism resort. In the *Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that we should accelerate the construction of the Wusongkou international cruise tourism resort, and build a shipping tourism and ecological experience area by relying on Wusongkou international cruise tourism leisure area, Wusongkou Paotaiwan Forest Wetland Park, Riverside Forest Park, etc. We should speed up the feasibility study on the comprehensive development of the waters around the cruise terminal, give full play to the basic advantages of the cruise terminal, actively develop projects related to the yacht, cruise ship, and sailing, and explore the establishment of the sailing wharf at the cruise terminal. Based on the construction of a water tourism portal and international waterfront complex in Shanghai, with international cruise tourism, coastal water tourism along the river, and modern sailing as the core, and supplemented by century-old Wusongkou cultural tour and Yangtze River estuary ecological tour, we can build a multi-port cluster, high-grade hotel cluster, large and small-scale amusement projects cluster, and a waterfront tourist resort with one-stop service integrating scenic area and blocks. Moreover, by connecting with industrial tourism, red tourism, ecological tourism, sports tourism, research tourism, sea fishing tourism, and other projects in the surrounding area, we can promote the formation of a broader waterfront and near Sea tourist destination covering North Shanghai and the Yangtze River Estuary, and build a waterfront tourist resort with the theme of water holidays, so as to realize the transformation of purposeful experience from “cruise vacation” to “cruise + water tourism” and “cruise + vacation lifestyle”, and build a world-class waterfront cruise tourism resort landmark. We will create a high-standard reception hall in the resort, add a cruise cultural experience hall, and set up a cruise home port sightseeing line, so as to enhance the function of attracting passengers. Furthermore, it is necessary to further improve the management and operation system and mechanism of international cruise tourism resorts and build a first-class environmental quality and management and operation system and mechanism suitable for the positioning of an international resort.

### ***Enhancing the Capacity of Cruise Trade in Services***

Ship supply is an important function of cruise home port, which is characterized by goods with rich varieties, large total amounts, wide sources, and complex nature. International cruise ship supply usually adopts the pattern based on “global procurement and global distribution”. The development of the ship supply business will promote a large number of Chinese products to enter the global procurement system of international cruise companies, so as to create greater value. At present, supplies at Shanghai Cruise Port are mainly in two categories: Domestic supplies and imported supplies. It’s necessary to strive for support from the customs to treat cruise supplies as a new form of trade, enact regulatory measures suitable for the industrial features and development needs of cruise supplies, streamline the approval and trading formalities, and put cruise supplies in the export rebate scope, so as to raise the proportion of local sourcing of cruise supplies. For imported cruise supplies, it’s necessary to optimize and fix the clearance procedures for the direct supply of international transit containers and expand and maintain the direct supply services for such containers. It’s suggested to set up supply and distribution centers offering supplies to international ships, to make centralized warehousing and batch-wise distribution possible, and to form more convenient and efficient import and provision systems of cruise supplies. A positive list should be striven for, so as to obtain the permit to get hazardous, special medicines, and other special materials onboard. Regulatory rules on the disembarkation clearance of goods onboard are needed, and ship supplies should be allowed to change through special channels.

### ***Accelerating the Construction of the Cruise Supply Chain System***

Shanghai International Cruise Industry Park has focused on building a supporting industrial system for cruise construction. *The Opinions on Promoting the Development of China’s Cruise Economy* has clearly stated that we should improve and optimize the supply chain systems such as cruise construction, maintenance and repair and logistics, promote the construction of Shanghai International Cruise Industry Park, and serve the cruise industry in a better way. Moreover, the special cruise economy policy of the Shanghai Municipal People’s Government has clearly stated that we should support the development of Baoshan cruise support the industrial park, attract domestic and foreign enterprises providing various supporting products and services for cruise manufacturing to settle down, and build a multi-layer and diversified industrial ecology. We should focus on the research and development, design, calibration, inspection, testing, training, and other stages of luxury cruise construction, promote the integration of functional cruise platforms at home and abroad, accelerate the localization of cruise supporting industry chain, introduce and implement a number of cruise supporting projects, improve the comprehensive

supporting service capacity, and build Shanghai International Cruise Industrial Park into a main clustering area of domestic cruise supporting industry.

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# Chapter 15

## G.15 A Study on Planning Ideas of Shanghai International Cruise Tourist Resort



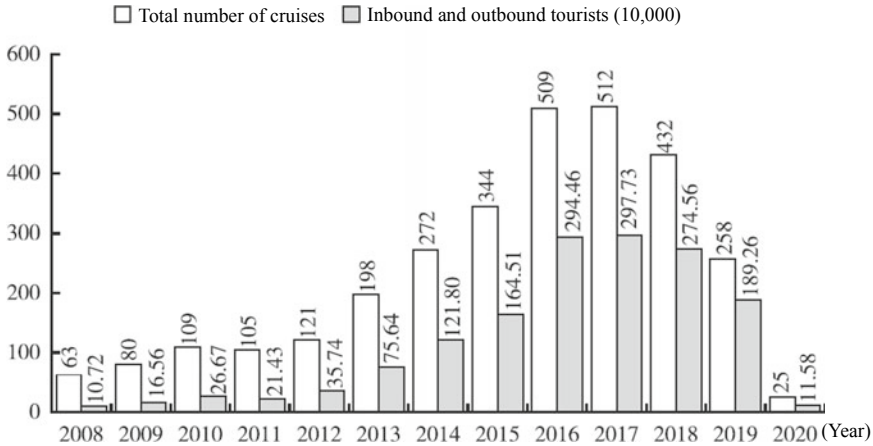
Junqing Mei

In recent years, the cruise tourism market of Shanghai has been expanding gradually, which lays a foundation for improving the international position of the Chinese cruise market and developing the cruise tourist source market. From 2008 to 2020, Shanghai received 3,028 cruises, including 2,617 home-port cruises, accounting for 86.42% of the total, and 411 port-of-call cruises, sharing 13.57%. In the same period, Shanghai served 15,406,600 inbound and outbound tourists, including 14,536,700 by home-port cruises, accounting for 94.35% of the total, and 869,900 by port-of-call cruises, sharing 5.65%. Under the impact of COVID-19, Shanghai Cruise Home Port suspended operation in late January 2020. In 2020, Shanghai Wusongkou International Cruise Terminal received 25 cruises, accounting for 42.1% of the national total, and served 115,800 inbound and outbound tourists, sharing 46.91% of the national total. All of those cruises were home-port cruises, still accounting for half of the national cruise market. Wusongkou International Cruise Terminal has become an important hub of Asia Pacific cruise tourism routes. World-famous cruise companies such as Carnival Corporation & Plc, Royal Caribbean Cruises, Princess Cruises, Norwegian Cruise Line and MSC Cruises have successively launched their first voyage in Asia at Wusongkou International Cruise Terminal. By giving full play to the water location and transportation advantages of the intersection of the three rivers, the “three projects (i.e., yacht, cruise ship, and sailboat)” industrial integration advantages based on cruise ships, the riverside and waterfront environment advantages after waterfront governance and connection, as well as the ecological and cultural resources advantages of the Wanli Yangtze River Estuary and the century-old Wusong Estuary, Shanghai has planned to form a development layout of “one center, two areas, three parks, four ports, and five clusters”, played a greater regional central role in serving the integration of the Yangtze River Delta, the protection of the Yangtze River, development of the Yangtze River Economic Belt and “the Huangpu River and the Suzhou Creek” in Shanghai, and promoted the connotation

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**Fig. 15.1** Cruise ships and inbound and outbound passengers accepted by Shanghai, 2008–2020

construction of smart growth, cultural interconnection, ecological resilience, and other aspects (Fig. 15.1).

## Foundations for Constructing Shanghai International Cruise Tourist Resort

### *The Construction of the Cruise Tourist Resort is included in the 14th Five-Year Plan of Shanghai*

*The 14th Five-Year Plan for Cultural and Tourism Development* issued by the Ministry of Culture and Tourism has stated that we should develop marine and coastal tourism and promote the construction of China’s cruise tourism development demonstration area. *The Several Opinions on Promoting the High-quality Development of Tourism in Shanghai and Accelerating the Construction of Shanghai into a World-Famous Tourism City* has clearly stated that efforts should be made in building Shanghai as a world-class cruise tourism city. The “14th Five-Year Plan” of Shanghai has clearly stated that “we should deepen the construction of Shanghai into a world-famous tourism city and promote the construction of a number of tourist resorts such as Baoshan cruise tourism resort”. In *the Planning of Deepening the Construction of Shanghai into a World Famous Tourism City during the 14th Five-Year Plan*, it has stated that “we should accelerate the construction of Wusongkou international cruise tourism resort, and build a shipping tourism and ecological experience area by relying on Wusongkou international cruise tourism leisure area, Wusongkou Paotaiwan Forest Wetland Park, Riverside Forest Park, etc.” It is stated in the 14th

Five-Year Plan of Baoshan District that we should build the cruise tourism development demonstration zone of China with high standards by focusing on Wusongkou International Cruise Terminal, Shanghai International Cruise Industry Park and cruise riverside belt.

### ***High Impetus of the Development Platform in the Baoshan Riverside Area***

On September 30, 2019, the Ministry of Culture and Tourism officially approved the establishment of China's first cruise tourism development demonstration zone in Shanghai, and it required that "we should give full play to the advantages of China's cruise tourism development demonstration zone, promote the innovation of cruise industry policies, lead the high-quality development of China's cruise economy, enhance the ability to serve the national strategic development, create a national model for the high-quality development of cruise economy, and provide an experience that can be replicated and popularized by all regions". In January 2012, the "Shanghai International Cruise Industry Development Comprehensive Reform Pilot Area" applied by Baoshan District of Shanghai was officially listed as the first batch of comprehensive reform pilot areas of service industry in Shanghai. In December 2016, the "Shanghai cruise tourism cluster" of Baoshan District was recognized as the demonstration base of trade in services of Shanghai, and Baoshan District was the first pilot of the "trade in services characteristic area of Shanghai". In January 2019, Baoshan District was awarded as "Trade in Services Innovation Demonstration Zone of Shanghai (cruise service)", which was required to improve the capacity level on an ongoing basis. On April 26, 2020, the Shanghai Municipal Administration of Culture and Tourism recognized the Wusongkou international cruise tourism and leisure area as one of the first batch of demonstration areas with global tourism characteristics in Shanghai. On January 13, 2020, Shanghai Municipal Development and Reform Commission agreed to establish the innovation and development demonstration zone of the cruise service industry in Shanghai, which was the third batch of service industry innovation and development demonstration zones in Shanghai. It covers an area of 7.802 square kilometers (0.147 square kilometers of cruise terminal platform area, 5.155 square kilometers of cruise riverside belt area, and 2.5 square kilometers of Shanghai International Cruise Industry Park) (Table 15.1).

### ***Unique Cruise and Riverside Tourism Resources in Baoshan***

In 2016, Wusongkou Paotaiwan Forest Wetland Park was officially awarded a "National Wetland Park". Wusongkou international cruise home port entered the first tier of cruise home ports in the world, and Baoshan was preferred by the newest

**Table 15.1** List of the first batch of pilot areas for comprehensive reform of service industry in Shanghai

| S/N | Region             | Name   |
|-----|--------------------|--|
| 1   | Pudong New Area    | Jinqiao Export Processing Zone of Pudong New Area          |
| 2   | Huangpu District   | Huangpu District   |
| 3   | Xuhui District     | Xuhui District   |
| 4   | Changning District | Changning District   |
| 5   | Putuo District     | Changfeng Ecological Business District, Putuo District     |
| 6   | Hongkou District   | North Bund Shipping Service Cluster of Hongkou District    |
| 7   | Yangpu District    | Yangpu District  |
| 8   | Baoshan District   | Cruise Industry Development Pilot Area of Baoshan District |
| 9   | Qingpu District    | Zhaoxiang Business Park in Qingpu District                 |
| 10  | Fengxian District  | Fengxian District  |

and largest cruise ships in Asia as the port of sailing. Shanghai Cruise Culture Tourism Festival was held for seven consecutive years. It is the first tourism festival with the cruise as the theme in China and even in the world. With the implementation of the Wusong riverside demonstration section connection and opening project, Shanghai realized the connection of three lines covering 4 km, the opening of the riverside coastline, and the greening improvement of 2000 mu of landscape, including Wusongkou Paotaiwan Forest Wetland Park (free of charge), Riverside Park, and Songhu Anti-Japanese War Memorial Park. Paotaiwan Forest Wetland Park was opened to the public for free. Along the riverside, 5.75 km of blue running track, 10,000 square meters of plastic wood walking track, 18,000 square meters of the waterborne platform, and 12,500 square meters of landscape greening were added. Songhu Anti-Japanese War Memorial Park was completed and put into operation, the landscape lights of the cruise terminal and Wusongkou Paotaiwan Forest Wetland Park were completed and put into use, the construction of Changtan Concert Hall was started, and 180,000 square meters of landscape green belt covering Changtan riverside, Waterfall Park, and Slope Park were basically completed. The riverside area of Baoshan district formed the largest cruise port in Asia, with two five-star hotels (under construction), five venues, six ecological parks, 500,000 square meters of commercial and business area, 1.5 million square meters of exploitable water area, and more than 2,000 mu of ecological landscape greening. The Shanghai Cruise Port International Regatta was successfully held in 2019 and 2021, and the economic development of “three projects (i.e., yacht, cruise ship, and sailboat)” was promoted.



## **Planning Ideas of Shanghai International Cruise Tourist Resort**

### ***Planning Ideas***

By giving full play to the water location and transportation advantages of the intersection of the three rivers, the “three projects (i.e. yacht, cruise ship, and sailboat)” industrial integration advantages based on cruise ships, the riverside and waterfront environment advantages after waterfront governance and connection, as well as the ecological and cultural resources advantages of the Wanli Yangtze River Estuary and the century-old Wusong Estuary, Shanghai will realize the transformation from the traditional port area, landscape area and tourism area to tourist resort area aiming for a better life with the integration of local service, overnight stay, and residence. The construction of Shanghai International Cruise Tourist Resort is for the purpose of gathering water tourism functions, forming a big gateway of world-class waterfront in Shanghai and a reception service center for the integrated development of the Yangtze River Estuary and water tourism destination. In the future, as a reception service center for the world-class waterfront area of Shanghai, Yangtze River Estuary, and Asia Pacific water tourism, cruise tourist resorts will further gather more functions of waterfront vacation and waterfront life, and activate regional market demand and stimulate domestic demand in a better way. By following the construction of a world-class waterfront tourist resort, we will strengthen urban planning and design, scientifically optimize functions and layout, accelerate the implementation of a number of key projects, and create an international metropolis characteristic leisure tourist resort destination with more comprehensive functions that will meet the market demand and requirements of regional development in a better way.

### ***Development Direction: Waterfront Tourist Resort Themed by Water Holiday***

Based on the construction of Shanghai into a water tourism portal and international waterfront complex, with international cruise tourism, water tourism along the coastal waters and river, and modern sailing as the core, and supported by a century-old Wusongkou cultural tour and Yangtze River Estuary ecological tour, we will focus on the demands of tourism distribution, residence and overnight stay in the Yangtze River Estuary, and take water holiday as the theme. In doing so, we will transform the era of cruise distribution and leisure tourism of surrounding residents into the era of holiday tourism highlighting international waterfront slow travel, slow enjoyment, and slow life. By building a waterfront tourist resort with a multi-ports cluster, high-grade hotels cluster, large and small amusement projects cluster, and one-stop service based on scenic area and block complex, we will develop with the surrounding

industrial tourism, red tourism, ecological tourism, sports tourism, research tourism, sea fishing tourism, and other projects, so as to promote the formation of a broader coastal tourism destination covering North Shanghai and the Yangtze River Estuary.

### ***Spatial Arrangement: One Center, Two Belts, Three Parks, Four Ports, and Five Clusters***

#### **One Cruise Tourism Central Area**

With “cruise” tourism as the key, Shanghai should focus on the reconstruction of resort resources and core attractions, realize the transformation of the purposeful experience of resort tourists from “visiting” to “staying”, from “cruise vacation” to “cruise + water tourism”, and “cruise + vacation lifestyle”, and build a world-class waterfront cruise tourism resort landmark and a high standard resort reception hall. The construction of the Sea One complex should be accelerated, with the supporting functions including five-star business and leisure hotels, Outlets shopping center and food clusters, and the facilities for tourists’ resting, consumption, and overnight staying should be enhanced. Moreover, upstream and downstream enterprises and institutions of the cruise industry should be encouraged to settle in, so as to become an incubation base for the cruise industry in the resort (Table 15.2).

#### **Two Scenic Riverside Belts**

The main landscape corridor of the resort includes a leisure and sightseeing area of the Yangtze River Estuary in the north and a culture-experiencing area of the Wusong River Estuary in the south. In terms of the leisure and sightseeing area of Yangtze River Estuary in the north, we will build the Yangtze River Estuary scenic road in the north starting from the central area and going to the north along the Yangtze River embankment and south along the Yangtze River wetland coastline, which will connect the Paotaiwan Wetland Park coastline, Baoyang Road Terminal, Riverside Park, Songhu Memorial Park, Changtan Waterfall Park, Changtan Slope Park, and other tourism blocks. With the theme of the Yangtze River Estuary, we will tell a good story of the great protection of the Yangtze River and the historical and cultural stories of the Yangtze River Estuary. In terms of the Wusongkou cultural experience area in the South, we will build the Wusongkou scenic road in the south of the resort area starting from the central area to the south along the Tanghou Road, Songbao Road, Mudanjiang Road, and Songxing Road, so as to connect the southern part of Paotaiwan Wetland Park, Centennial military port, Xingyue Plaza, Wusong Terminal, Hefeng Old Street, Kaibu Square, Peninsula 1919 and other tourism blocks. By taking the century-old Wusongkou as the theme, we will tell a good story of the history and culture of Kaibu and Baoshan.

**Table 15.2.** Spatial structure of Shanghai international cruise tourist resort

|                                     |   |
|-------------------------------------|---|
| One cruise tourism central area     | With “cruise” tourism as the key, Shanghai should focus on the reconstruction of resort resources and core attraction, realize the transformation of the purposeful experience of resort tourists from “visiting” to “staying”, from “cruise vacation” to “cruise + water tourism” and “cruise + vacation lifestyle”, and build a world-class waterfront cruise tourism resort landmark and a high standard resort reception hall |
| Two scenic riverside belts          | The main landscape corridor of the resort includes a leisure and sightseeing area of the Yangtze River Estuary in the north and a culture-experiencing area of the Wusong River Estuary in the south  |
| Three theme parks for tourism       | Three public landscape spaces in the resort include the Yangtze River Estuary Cultural Park, Paotaiwan Wetland Park, and a military port exposition park  |
| Four cultural and tourism terminals | Four core product lines of the resort include the international cruise terminal, Yangtze River Estuary Upstream Terminal at Baoyang Road, Wusong Shanghai Old Terminal, and Changtan Yacht Terminal   |
| Five characteristic service groups  | Five supporting service complexes in the resort: Wusong Memory Service Group, Tanghou Old Street Service Group, Fashion Changtan Service, Science and Technology Innovation Baosteel Service Group, and Peninsula 1919 Service Group  |

### Three Theme Parks for Tourism

Three public landscape spaces in the resort include the Yangtze River Estuary Cultural Park, Paotaiwan Wetland Park and a military port exposition park. In terms of the Yangtze River Estuary Cultural Park, by relying on the Songhu Anti-Japanese War Memorial Park, Riverside Park, Changtan Slope Park, and Changtan Waterfall Park, we will integrate the coastline green space and venue space between the Baoyang Road Terminal and Changtan Terminal, cooperate with the transformation of old urban blocks in the future, use the integration of “four parks and one area” to build the Yangtze River Estuary Cultural Park, so as to tap the historical and cultural resources of the Yangtze River Estuary, tell a good story about the history and culture of the Yangtze River and build a new cultural and leisure space along the Yangtze River port line. In terms of the Paotaiwan Wetland Park, we will optimize the positioning and management of the park, integrate and utilize the landscape space of mountain forest and lawn, select the available areas to create a new night scene, night tour, and night accommodation projects on the premise of protecting the wetland ecology, make comprehensive use of the riverside water surface, and launch more all-weather scenic spot brands with tourist attraction products, and items for secondary consumption. In terms of the centennial military port expo park, the report of the 19th National Congress of the Communist Party of China has pointed out that we should “adhere

to the overall planning of land and sea and speed up the construction of a maritime power". By relying on the naval cultural resources with the Shanghai Naval Museum as the core, the military and local government will join hands to build an expo park that represents the achievements of the Chinese Navy in ship culture and historical development, showing the style of this century-old military port, with the functions of Party construction, military training, league construction, and patriotic education, so as to strive to become a window to show the Chinese Navy to the outside world in China and let the people fully understand and support the growth road of the Chinese Navy.

#### **Four Cultural and Tourism Terminals**

Four core product lines of the resort include the international cruise terminal, Yangtze River Estuary Upstream Terminal at Baoyang Road, Wusong Shanghai Old Terminal, and Changtan Yacht Terminal. In terms of the international cruise terminal, as the home port of cruise tourism in the Asia Pacific, we will focus on building cruise routes from Shanghai to major tourist resorts/cities in the Asia Pacific, making it a cruise tourism service center in the Yangtze River Delta, and including a variety of cultural and tourism projects to improve tourists' sense of experience. In terms of the Yangtze River Estuary Upstream Terminal at Baoyang Road, we will make it a customized water tourism service center of the Yangtze River Estuary, and by taking "customized service" as the key of product design, we will connect with tourism destinations such as Chongming, Changxing Island, Hengsha Island, Suzhou riverside area (such as Taicang Liuhe River), Nantong coastline area (such as Langshan), Pudong coastline area (such as Dishui Lake), Hangzhou Bay coastline area, and Zhoushan Shengsi islands, so as to develop the terminal into a tourism hub and customized service center of the Yangtze River Estuary in the future. Furthermore, by combining with the reconstruction of the terminal building, we will build a permanent venue for the Yangtze River Estuary Forum. Four small terminals will be comprehensively transformed and upgraded for the Wusong Shanghai Old Terminal. Among them, the original Wusong Passenger Transport Central Terminal will be upgraded to be a water tourism terminal based on "the Huangpu River and the Suzhou Creek", and a water tourism customized service center. It will become a terminal of the world-class waterfront area of Shanghai, and from here, tourists can visit the North Bund, Lujiazui, Expo Park, Suzhou Creek, and other landscape sections. By cooperating with the old terminal of the film shooting base, we will integrate the passenger center building and the peripheral coastline, and upgrade and transform it into a "Fisherman Terminal" with a unique style. It is suggested to merge and upgrade the high-speed ship terminal and ferry terminal, so as to build a regular route terminal at the junction of three rivers. As the largest marina for yachts and sailboats in Shanghai, Changtan Yacht Terminal mainly serves yacht and sailboat tourism along the river and offshore, and creates a customized yacht (sailboat) tourism service center. Moreover, a water sports training base will be built.

## Five Characteristic Service Groups

Five supporting service complexes in the resort are the Wusong Memory Service Group, Tanghou Old Street Service Group, Fashion Changtan Service Group, Science and Technology Innovation Baosteel Service Group, and Peninsula 1919 Service Group.

In terms of the Wusong Memory Service Group, it will integrate the surrounding blocks such as Wusong Old Street, Wusong Huochetou Square, Kaibu Memory Square, Wusong Terminal, Office Building, Film Shooting Base, Bus Station, and Water Plant at Huacheng Road. By referring to the renovation pattern of famous blocks in the cities such as Chengdu Jinli and Fuzhou Sanfang Qixiang, we will do overall planning around the theme of Shanghai Kaibu and century-old Wusong, so as to create a new look of theme leisure town displaying modern and contemporary Wusongkou culture, and develop it into a new highlight of resort tourism in the future.

In terms of the Tanghou Old Street Service Group, based on Songbao Road (Shuishui Road to Xingyue Square), Shuichan Road, Jiangbo Road, Tanghou Road, plot at Bean Products Factory, plot 818 on Tanghou Branch Road and Dengta Road, and in accordance with the food and entertainment consumption demands of tourists for resort and wetland in the future, we suggest that overall planning shall be done by referring to Hefei Fujie street and other popular streets of street food in China, so as to construct a food gathering area featuring the river and seafood with old street style and uniqueness. Moreover, night tours and nightlife commercial activities and a number of experience sites from the social media influencer will be provided as supplements.

In terms of the Fashion Changtan Service Group, we will integrate the Changtan Sightseeing Tower, Concert Hall, five-star hotel, hotel apartment cluster, and Changtan commercial complex under planning and construction. By connecting with the tourism functions such as the Changtan yacht (sailboat) terminal, we will comprehensively build a number of landmark and experiential tourism projects, and construct a youth water sports training base. Moreover, by cooperating with the science and technology innovation center of Baoshan, we will build Baoshan science and technology innovation professional talent apartment, so as to develop a fashionable vacation service group as a whole, and become the northern service center of the whole resort area.

In terms of the Science and Technology Innovation Baosteel Service Group, by focusing on the transformation and renewal of the park area at No.1900 of Mudanjiang Road, and combining with the surrounding blocks such as Baosteel Sports Center, we make an overall plan to create a cultural experience and leisure sports area reflecting the culture, creativity, and spirit of Baosteel. The constructions include four parts, and they are the advanced manufacturing cultural and creative park of Baosteel, the first landmark since the “reform and opening up” and the related cultural wall landscape, and a nostalgic theme resort, and a sports and leisure center.

In terms of the Peninsula 1919 Service Group, we will further improve the functional positioning and cultural tourism service content of Peninsula 1919 Creative

Park (such as the Creative Life Gallery, Visual Art Gallery, Film and Television Experience Gallery). Moreover, we will integrate the old market space between Songxing Road and Songpu Road, and plan to introduce new forms of cultural and creative tourism services that can grow (such as e-sports industry, indoor recreation, and other commercial activities), with integrated transformation and upgrade to the waterfront leisure corridor belt at Songpu Road, so as to develop it as a demonstration area of cultural tourism and innovation where history and reality, nostalgia and fashion, industry and art coexist harmoniously.

## **Innovative Measures to Promote the Development of Shanghai International Cruise Tourist Resort**

### ***Expanding the Function of Water Area and Stimulating the Vitality of Water Leisure Tourism***

By relying on the water resource endowment of about 1.5 million square meters around Wusongkou International Cruise Terminal and Changtan, we will upgrade the water leisure function. In order to expand the event brand influence of Shanghai Cruise Port International Regatta, we will build a sailing center in the waters of the cruise terminal. In phase I, we will develop the downstream waters, a standard event venue, and a professional sports training base, and In phase II, we will develop the upstream waters, and construct terminals for yachts and sailboats. By making full use of the good shelter characteristics of the Changtan terminal, we will introduce water sports and build a training base near the shore, carry out training projects such as sailing, kayaking, and motorboat, create water sports experience for teenagers and adult tourists respectively, and promote the gathering and incubation of water leisure and entertainment industry in Baoshan Riverside.

### ***Improving the Terminal Function and Building the Industry System Around “Three Projects (I.E. Yacht, Cruise Ship and Sailboat)”***

We will integrate the existing core carrier resources in international cruise tourism, Yangtze River Estuary cruise tourism, Huangpu River cruise tourism and modern yacht and sailing sports, and build international cruise terminal, Yangtze River Estuary upstream terminal at Baoyang Road, Wusong Shanghai Old Terminal and Changtan Yacht Terminal, so as to give better play to the waterfront resource endowment and improve the utilization efficiency of waterfront, promote the development of Wusongkou International Cruise Terminal into a cruise tourism service center in

the Yangtze River Delta, adjust the functions of Chongming Terminal at Baoyang Road into a tourism hub and customized service center on the Yangtze River Estuary, upgrade the terminal of Wusong Passenger Transport Center into a water tourism terminal of “Huangpu River and the Suzhou Creek” and water tourism customized service center, and develop the Changtan terminal into a yacht (sailboat) tourism customized service center, so as to comprehensively build the industry development system around “three projects” and form a characteristic waterfront line that supports the functions of international cruise tourism resort.

### ***Shaping the “City Expression” and Improving the Riverside Space Environmental Quality***

We will strengthen the planning, design, and guidance of riverside cities, and shape a “city expression” that pays attention to human interest, reflects a high taste of beauty, with full of closeness and cultural taste, so as to make Baoshan riverside more warming, elegant, and charming. Comprehensive efforts will be made in improving the image of the riverside city, and the goal is to provide the riverside public space with both the necessary functions and artistic style, and make Baoshan riverside full of a sense of design, fashion, and art. Based on the work promotion team led by the government, we will build a joint governance mechanism under the joint efforts by university experts, venues, associations, shopping malls, merchants, and communities, give advice and suggestions for the promotion of the project, strengthen the service function at home, build a co-governance and self-rule platform of the riverside, and let everyone participate in governance in an orderly manner and present the achievements of practice to be seen everywhere in the riverside.

### ***Improving the Riverside Supporting Facilities and Building the Brand of Cruise Riverside City***

We will accelerate the construction and operation of cruise business carriers such as Shanghai Changtan and Sea One, promote the characteristic businesses such as Outlets to be realized as early as possible and the completion and operation of high-grade hotels. The improvement of the functions of the Yangtze River Estuary Science and Technology Museum, Baoshan Planning Exhibition Hall, Shanghai Navy Museum, Changtan Concert Hall, and other characteristic venues will be accelerated. The transformation and upgrading of the Yangtze River Estuary Cultural Park, Riverside Park, and Paotaiwan Park will be accelerated. With “the Yangtze Estuary” and cruise lines as the core, we will build Baoshan riverside strategic brand, refine the riverside image visual symbol system reflecting unique connotation, highlight the uniqueness and important value of Baoshan riverside, and build a phenomenal

brand IP. By fully developing the riverside red culture, Shanghai-style culture, South-China culture, and other resources, we will present the unique cultural connotation of Baoshan riverside through diversified and personalized ways. Through professional operation, and by focusing on event marketing, we will strengthen brand promotion and enhance influence in an all-round way.

### ***Improving the System and Mechanism and Strengthening the Organization, Construction, and Management of Resort Area***

According to the development requirements of the future tourist resort as the main functional area of the city and the tourist resort industry cluster, with reference to the general management requirements of the national tourist resort, in view of the current situation of land resources and management ownership in the riverside area, and in combination with the existing development and construction management structure and functional operation characteristics of the riverside area, it is recommended that we should adopt a top-level design and establish an organization with high standards that can comprehensively manage the development, construction and operation of the whole cruise home port, the passenger port, street community and green land and park along the coast, so as to form organizational structure composed of “management committee + investment company + transportation management center or tourism company”. In the medium and long term, with the requirements of expansion and reconstruction of the urban area and industrial development, a tourist resort management committee with a separate administrative system should be established to coordinate the development, construction, management, and operation of resort resources.

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