Mediterranean Cruises as Drivers of Investment and Relations between Ports and Cities

Vittorio Torbianelli
Department of Civil Engineering and Architecture (DICAR)
University of Trieste

Cruises in the Mediterranean in 2010: Crisis-Free Tourism

With an increase of 163% in the number of passengers, the European cruise industry has registered significant growth in the last 10 years and emerged virtually unscathed from the 2008-2009 economic crisis. This situation is testament, above all, to the potential of cruise tourism in the Mediterranean region, which experts from the sector have baptised "the New Caribbean."

According to data from MedCruise, the Mediterranean's share of the global cruise offer (calculated in bed days) rose from 11.65% in 2000 to 18.25% in 2009, the largest market share gain (6.56%) in the world. In contrast, in the actual Caribbean, capacity fell by 7.80% in the same period.

In 2009, Mediterranean ports handled some 26 million passengers. Moreover, between 2000 and 2009, the average number of passengers per port call climbed from 830 to 1,715, a difference that can be attributed to the increase in the average size of the ships.

According to recent forecasts, 2011 is expected to bring further growth. Thus, the Royal Caribbean group should see a stunning 45% boost in its presence in the Mediterranean compared to 2010, with a total of 23 ships, 2.5 million passengers and 865 port calls. Likewise, the Carnival group should see a 17% increase in its presence compared to 2010, with a total of 51 ships, 4.3 million passengers and 1,724 port calls. Moreover, in 2011, for the first time ever, no fewer than 17 ships with capacity for more than 3,000 passengers are scheduled to sail the Mediterranean.

Thanks to growth in tourism flows and in the average size of the ships, the cruise industry has been sparking numerous urban and architectural infrastructure projects based on the construction of new cruise-ship terminals.

Clearly, the extensive issue of the relationship between Mediterranean ports and cities is hardly limited to this industry. However, given the degree of "novelty" and sheer size of the phenomenon, it is worth paying special attention to cruise ports, as, under certain conditions, an urban and port policy alert to the opportunities offered by cruises can use them to trigger significant "urban regeneration" in general (CTUR, 2010). It is moreover necessary to take this "industry" approach in order to understand some of the events of 2010 that had a significant impact on the relationship between Mediterranean ports and cities.

The Current Mediterranean Cruise Port Geography

In 2010, the Mediterranean country to register the highest passenger throughput was Italy, with 7.6 million passengers (31.8% of the total). It was followed by Greece (6 million passengers, or approximately 25% of the total) and the Spanish Mediterranean, with some 5 million passengers, equal to 70% of all Spanish cruise passengers (7.1 million). To give an idea of the importance of this type of tourism, in 2010, in Spain, cruise passengers accounted for approximately 12% of all foreign tourists to the country (52.6 million).

In order to analyse the phenomenon from the point of view of ports, this article will focus on the statistics for the ports belonging to the MedCruise net-

TABLE 17 Passengers at the Main MedCruise Ports (Home Ports and Transit Ports)

TABLE 17/A Home Ports

Region	Port	Arrivals/Departures (passengers)	Share of total port traffic
Western Med.	Barcelona	1,180,239	54.9%
Adriatic	Venice	1,170,298	82.4%
Western Med.	Civitavecchia	720,451	40.0%
Western Med.	Balearic Islands	447,853	36.2%
Western Med.	Genoa	436,385	65.0%
Adriatic	Bari	228,259	40.2%
Western Med.	Marseilles	175,000	27.7%
Western Med.	Naples	145,258	11.2%
Western Med.	Valencia	97,189	52.6%
Eastern Med.	Cypriot Ports	95,720	29.9%
Western Med.	Lisbon	83,873	20.2%
Western Med.	Malaga	78,020	16.0%
Western Med.	Palermo	66,449	13.9%
Western Med.	Livorno	40,348	5.1%
Western Med.	French Riviera	36,980	5.0%
Western Med.	La Valletta	28,324	6.4%
Western Med.	Monaco	24,283	10.3%
Eastern Med.	Latakia	16,912	100.0%
Adriatic	Rijeka	14,500	100.0%
Western Med.	Toulon	14,253	12.0%

Source: MedCruise 2010.

TABLE 17/B Transit Ports

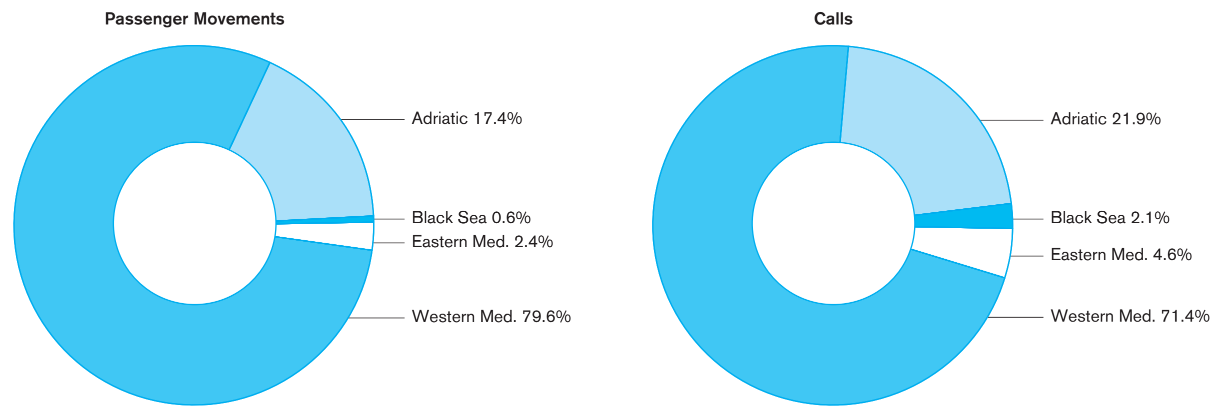
Region	Port	Transit (passengers)	Share of total port traffic
Western Med.	Naples	1,154,742	88.8%
Western Med.	Civitavecchia	1,082,487	60.0%
Western Med.	Barcelona	971,226	45.1%
Adriatic	Dubrovnik/Korcula	901,389	100.0%
Western Med.	Balearic Islands	789,509	63.8%
Western Med.	Livorno	754,965	94.9%
Western Med.	Tunisian Ports	752,246	100.0%
Western Med.	French Riviera	707,929	95.0%
Western Med.	Marseilles	456,000	72.3%
Western Med.	Port of Madeira	425,433	97.6%
Western Med.	La Valletta	413,589	93.6%
Western Med.	Palermo	412,451	86.1%
Western Med.	Malaga	409,935	84.0%
Western Med.	Gibraltar	348,199	100.0%
Adriatic	Bari	339,626	59.8%
Western Med.	Lisbon	331,885	79.8%
Adriatic	Venice	250,682	17.6%
Western Med.	Messina	243,378	96.1%
Western Med.	Genoa	235,083	35.0%
Western Med.	Ports of North Sardinia	234,923	100.0%

Source: MedCruise 2010.

work, an association with 67 members, representing 98 cruise ports in the Mediterranean Sea and its neighbouring regions (the Black Sea, the Red Sea and the near Atlantic). The MedCruise data are believed to encompass approximately 70% of all Mediterranean flows.

Table 17 shows the top port cities, i.e. "home ports" (points of embarkation and disembarkation for cruises) and "transit ports" (tourist visits).
Home ports (also called "turnaround ports" (see Table 17/a) include a small number of highly specialised cities that are major tourism hubs offering

CHART 30 **MedCruise Ports: Breakdown of Cruise Ship Activities by Geographical Area of the Mediterranean in 2009**



Source: MedCruise 2010.

strong centralisation of the population flows that might generate demand, optimal transport infrastructure (airports and motorways) and major terminals able to handle the complex organisational tasks required at the start and end of cruises. The top home-port cities are Barcelona and Venice, with flows of over one million passengers each, followed by Civitavecchia, the cruise port in Rome. Obviously, this ranking does not include home-port cities on the southern shore of the Mediterranean.

A rather less concentrated breakdown can be seen in the group of transit ports (Table 17/b), headed up by Naples and Civitavecchia/Rome (major artistic and cultural attractions), followed by Barcelona and Dubrovnik. The ranking of transit ports also includes some ports from the southern shore. Specifically, the Tunisian ports appear in seventh place. This is indicative of the so-called South's potential, which will no doubt continue to grow in coming years, providing the necessary conditions for political stability exist.

Generally speaking, in many major tourism destinations, cruise tourism has grown much more, proportionally, than "conventional" tourism over the last ten years. Thus, between 2000 and 2009, in Venice, cruise passenger movements grew by a factor of 4.1 compared to 1.4 for hotel reservations. These figures were 2.9 versus 1.1 in Naples, 3.6 versus 2.1 in Barcelona, 1.8 versus 1.3 in Genoa, no less than 13.3 versus 2.2 in Valencia, and 6.5 versus 2.4 in Dubrovnik.

An analysis of the MedCruise flows by geographical area shows the Western Mediterranean in a clearly dominant position, accounting for 79.6% of passengers and 71.4% of port calls, thanks to the size of the region and the number of ports to which it is home. The Adriatic, which is based above all out of Venice, is the second most important area (accounting for 17.5% and 21.9%, respectively), followed by the Eastern Mediterranean (2.4% and 4.6%).

Notwithstanding the above, it is worth noting that between 2000 and 2009, the Adriatic was by far the most dynamic area in the Mediterranean cruise industry in relative terms. In contrast, the Eastern Mediterranean continues to occupy only a marginal position.

The Development of "Structures": A Selection of Regional Hubs

An Introduction to Terminal Policy

Before analysing recent developments in cruise infrastructure, it should be noted that building expensive terminal infrastructure in transit destinations (that is, in destinations that do not meet the necessary conditions to become true home ports, despite the hopes of the local authorities) is not actually essential to attract cruise companies, as what matters to them, above all, is a city's attitude. This may be reflected by professional associations in the industry, such as Cruise Copenhagen, that organise and propose tourism services of interest for both passengers and crew or in the capacity of the cities in a given cruise area to put together committees (as done by the Cruise Baltic association, for example), build networks and agree on common standards that offer greater value, from a cooperative-competitive perspective, to a system of destinations than to individual destinations regarded competitively.

Nevertheless, port organisations and local authorities have often built infrastructure and terminals even in cities with no or virtually no potential to become home ports, undertaking them as prestige projects or to underscore a city's interest for the cruise market.

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Some port authorities and city councils have even decided to build new terminals in cities that are quite close together. Not only does such proliferation run the risk of creating intense competition between the cities, it also, and above all, entails a virtually useless economic outlay for which taxpayers will ultimately have to foot the bill.

Separately, it is worth noting that cruise companies are investing increasingly more private capital in destinations that truly aspire to become home ports in which terminals play an essential role. This capital is used to manage the terminals, to ensure maximum service efficiency and quality, and to take as much commercial advantage as possible of these facilities (as witnessed, for example by the fact that these companies often try to expand their functions to include other user categories, too).

Development in the Adriatic Region

The development of the Adriatic as a cruise region is linked, above all, to the development of Venice, a global urban tourism capital. Indeed, in 2010, Venice's modern terminal, located next to the city's historical quarter, received a record 2,075,175 passengers (in a total of 1,426 port calls), 193.08% more than in 1997.

Venice is proof that growth in tourism flows (and in the average size of ships) poses a key challenge to so-called cruise cities. It is no coincidence that, also in 2010, even as a new terminal area was being opened in the historical quarter, the necessary permit was granted to build a new cruise quay, to be located far from the historical city on dry land, specifically, in Fusina.

This new terminal for large ships, to span an area of 7,000 square metres, will be used to handle the transit of more than 6,000 passengers at a time and will act as a new multifunctional "gateway" to the city. Moreover, a 25,000-square-metre commercial complex will be built to house office space, shopping malls, a hotel and a multi-level car-park with capacity for 2,300 vehicles.

Of course, cruise ships will continue to sail by St. Mark's Square, except for the most modern vessels, which are 360 metres long. These ships are currently unable to access the quays of the Venetian terminal; however, they will be able to anchor at the new dryland port, entering the lagoon through one of the harbour's other entrances.

New sea-highway terminals, a logistics platform and a container terminal will also be built near the new cruise terminal. These investments will enable the redevelopment of part of the industrial area of Porto Marghera, one of Italy's main petrochemical hubs, albeit one that has largely fallen into disuse.

As a result of the development of the "cruise destination" industry, and beginning with terminal management, increasingly more operations are being financed with capital from major national and even international companies, which sometimes pursue network strategies, depending on their routing policies.

To this end, the passenger terminal management company in Venice is implementing joint-venture policies to develop new terminals in the Adriatic, such as the terminal in Ravenna (for which the first half of the work was completed in 2010). Likewise, in light of predictions regarding the creation of a "cooperation network" between the different Adriatic destinations, in 2010, Venice implemented a collaboration policy with Dubrovnik, the second largest cruise port in the Adriatic.

The "Adriatic phenomenon" also assumes that the shortest routes in this region of considerable historical and natural interest will be expanded. Accordingly, in addition to the aforementioned Ravenna, other minor destinations have also contributed to this growth, in some cases commissioning new terminals in an attempt to attract cruise lines.

Dalmatia, for instance, is trying to draw cruise ships farther north than Dubrovnik, specifically, to relatively small cities that, to date, have only a weak market presence, such as Sibenik (with funding from the

European Investment Bank) and Zadar. The latter, which handled 18,000 passengers in 2010, has begun work on a new terminal, to be located in a new port area that will span some 25 hectares and is projected to have 12 new quays.
Finally, in the northernmost reaches of the Adriatic Sea lies Koper, Slovenia's only port city, which is quite well connected to the road network. In recent years, it has emerged as a reference point for several companies (receiving some 40,000 passengers in 2010), and a new cruise-ship terminal is being built there. Meanwhile, Trieste, just a few short kilometres away, has decided to privatise the company that manages its terminal (located in the historical city), which is currently being reorganised and enlarged. The new managers represent the interests of both cruise-ship builders and banks, and they have been tasked with reactivating cruise-ship activity, which resumed in 2010 following several years of near total neglect of the city by cruise ships.

The Western Mediterranean: Between the North Shore and the South Shore

There continues to be great haste to build cruise-ship terminals and, more generally, to manage maritime tourism flows, even in the busiest areas of the Western Mediterranean.
Thus, the Genoa Port Authority's development plan for 2011-2013 includes the construction of a new cruise-ship terminal (€10 million), with a 340-metre-long quay to accommodate large modern ships. Nearby La Spezia has chosen to follow a similar path, including plans to build a new terminal in its waterfront development programme.
In Barcelona, the market leader, Costa Crociere, began negotiations in 2010 with the local authorities to build a second major terminal "exclusively for this type of vessel," only shortly after the completion of the Palacruceros terminal in 2007. Similarly, Malaga continued work throughout 2010 on a new terminal slated to be inaugurated in 2011 (€15 million) equipped with commercial areas and located near the terminal completed in 2007, with a view to strengthening its potential as a home port and offering the services that the largest ships require. The same city has also built a new smaller passenger terminal at the port as part of a plan to redesign its waterfront that will also include the creation of a commercial area (14,000 square metres) and space for cultural purposes (4,000 square metres), as well as a marina able to accommodate 626 yachts.
The operations in Barcelona and Malaga aim to strategically reinforce not only these cities' positions as home ports, but also their positions as "base ports" for cruise companies. In other words, they will enable these ports to offer goods and services for the ships and activities that cruise companies organise. This will leave competitor ports located on Italy's Tyrrhenian coast, such as Civitavecchia, less room to manoeuvre. It is also worth noting that base-port activities have a significant economic repercussion, and they greatly contribute to increasing the local economic impact of hosting cruise ships by generating further spending in addition to that already done by passengers in their visits to the city.

The increase in cruise flows and routes in the Western Mediterranean has caused a spike in investments, even on the westernmost coast of the Maghreb

In France, the group of cruise-ship builders that has directly managed the Marseilles terminal since 2009 has also thrown its support behind the construction of a second terminal, to span 6,000 square metres, intended to allow the port to reach one million passengers in future. Even in Toulon a proposal has been made to build a quay able to accommodate large ships and to increase the city's hotel capacity, due to the many possibilities undeniably offered by home ports.
The increase in cruise flows and routes in the Western Mediterranean has caused a spike in investments, even on the westernmost coast of the Maghreb. Indeed, in Tunisia, the La Goulette cruise-ship terminal has been operating since 2008, the year of the first stage of its construction, and it does so as an integral part of a commercial and tourism resort built from scratch in the "historical-traditional" style. This project is an example of the effort to take advantage of the enormous potential of the mass tourism generated by the ships that sail along the southern shore, as it is seamlessly integrated into the commercial circuit.

Tangiers offers another example of the implementation of a good tourism strategy based on cruises and other types of maritime tourism, which could be extended to other parts of the Maghreb, providing they offer the necessary conditions of political stability. To this end, the city inaugurated the Tanger-Ville project in 2010, which envisages the transformation of part of the commercial port (84 hectares) into a multifunctional area dedicated to maritime tourism, able to handle the disembarkation of up to 300,000 cruise-ship tourists by 2016, in addition to the tourism flows arriving on ferries. The project's developers believe that by 2020, the facilities will already be handling 750,000 passengers a year. The tourism port, integrated in the multifunctional tourism area, should be able to accommodate 1,600 berths. The premises, which will also be home to a museum, a convention centre, a cinema and several areas for shopping and entertainment, will be linked to the historical city centre by means of a cable car able to transport some 2,800 people an hour.

The Eastern Mediterranean and the Draw of the Gulf

The development of terminal infrastructure on the eastern shores of the Mediterranean, which continue to be "day trip" destinations for cruise tourists, has been scant, particularly since completion of the work on the new terminal in Alexandria in 2008.

Recently, Kusadasi Port in Turkey, the embarkation point for day trips in the region, inaugurated a new building, whilst plans exist in Cyprus to open a new terminal in 2012. In contrast, work on the Galataport Project in Istanbul has momentarily slowed, although it seems that a tender will be put out shortly to build the site, which will span some 100,000 square metres not far from the current terminal. To this end, a master plan will be drawn up, including the construction of three cruise-ship quays and a new terminal, and everything will be part of a commercial operation aimed at the multifunctional renovation of the waterfront, which will include a new luxury hotel, a mall and duty-free shops.

Also in the eastern region, it is worth noting that a cruise ship terminal spanning 3,330 square metres was inaugurated at Port Sultan Qaboos in Oman, in the Persian Gulf region, in 2010. The new facilities handled some 300,000 passengers in 2010. The same year, a second terminal was opened in Dubai (at Port Rashid), which is expected to have a throughput of 500,000 passengers by 2015, compared to the approximately 325,000 passengers it handled in 2010. These facts suggest that this region, rather than the Eastern Mediterranean coasts, is the most innovative in the Gulf with regard to tourism, and that it is positioning itself as a home-port area for autumn cruises in the Middle East. This is thanks, in part, to the optimal airport infrastructure located there and to the hub policy being carried out by some airlines that are currently experiencing strong growth and are thus able to offer passengers planning to embark at the home ports in the region flights from Europe at very competitive prices.

The case of the Persian Gulf shows that the major regional challenges to attract cruises can ultimately be overcome through the efficient implementation of a territorial strategy that goes beyond the construction of a mere terminal or the revitalisation of the waterfront.

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