

Online workshop
"The development of sustainable cruise industry
in the Pacific Arctic: Past developments and future prospects"



8-9 December, 2021

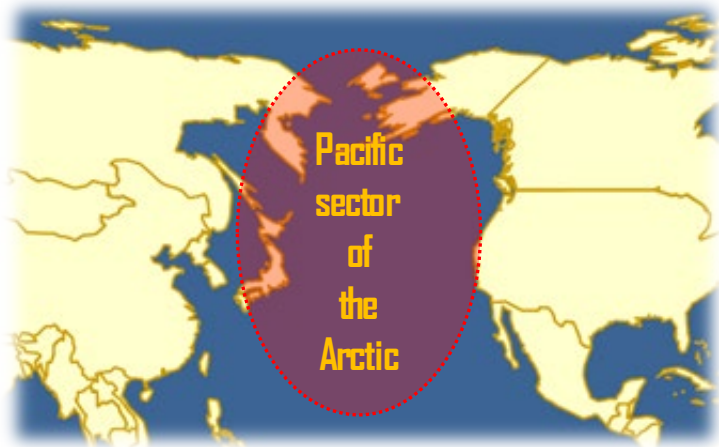
TRENDS OF THE CRUISE INDUSTRY DEVELOPMENT IN THE RUSSIAN FAR EAST AND THE ARCTIC



**Economic Research Institute
FEB RAS**

Zaostrovskikh Elena
Candidate of science (economics),
research fellow

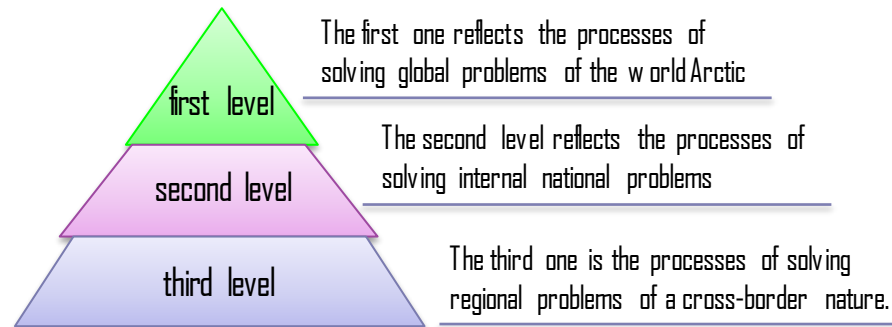
Background of the issue



Currently, in the conditions of intensive development of the Pacific sector of the Arctic, natural, environmental, economic, and political aspects are of great importance.

Resource: Krasnopolski B.H. (2020) Arctic – New Horizons. Spatial Economics.

Arctic Council



Main features of monitoring CBPR

Content

1. Global cruise industry trends

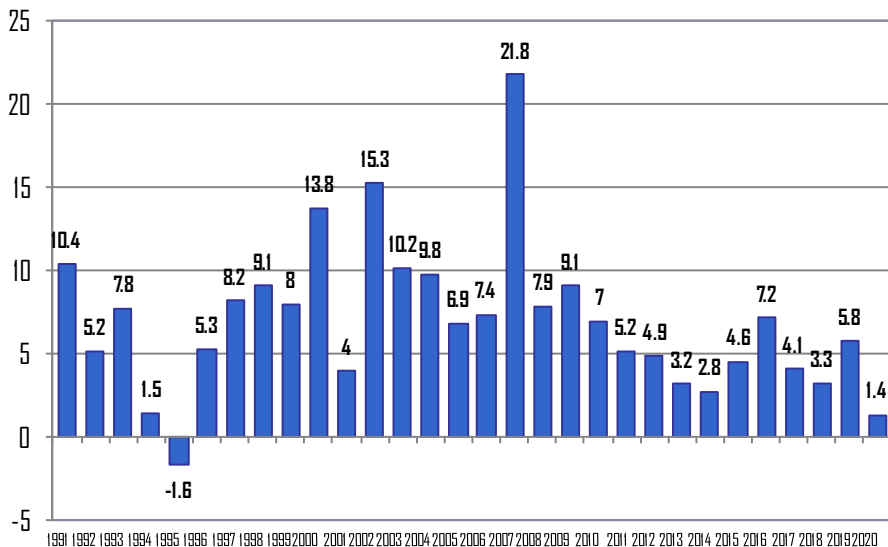
2. Development of the cruise industry in the Russian Far East



1.

Cruise Passengers transportation

Global Cruise Passengers Carried and Growth Rates



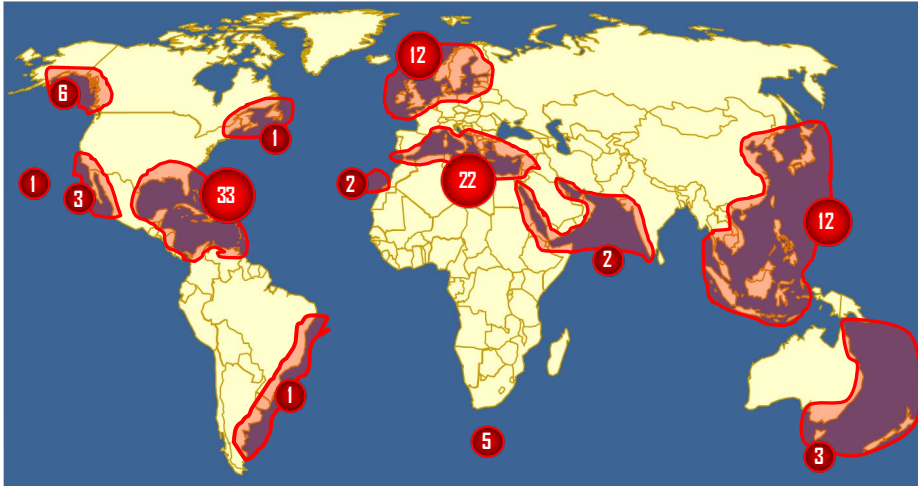
Major trends:

1. The global cruise market has witnessed continuous growth throughout the last three decades, a growth that was interrupted in 2020 by the COVID-19 pandemic.
2. In 2019 almost 30 million single passengers enjoyed a cruise on one of the 400 cruise vessels calling at one of the main cruise regions of the world.
3. 2020 turned out to be the most disastrous year in cruise shipping history with the number of passengers dropping from 28 million in 2019 to just above 7 million. This represented a 75% drop in traffic.

The new conditions and protocols for serving cruise vessels will probably add to the evolution of new itineraries.

Resource: Data adapted from Rodrigue, J-P et al. (2020) The Geography of Transport Systems

Deployment of the Global Cruise Fleet



Note: The boundaries of cruise regions focus on the main areas of activity.

- ✓ At the beginning of 2021, the cruise fleet numbered 412 vessels with an annual capacity of 22.3 million passengers.
- ✓ The largest share of the cruise fleet is occupied by North America - 53%, followed by Western Europe - 32% and Asia - 12%.

Resource: Data adapted from Rodrigue J-P et al. (2020) The Geography of Transport Systems

- Shipowners are currently going through difficult times due to huge financial losses. Therefore, some companies had to stop their activities, which led to the arrest of ships and auction sales.
- For those ships that could not find their buyer, scrapping was the only way out of the crisis.
- The average age of demolition of cruise ships for the first time in history has dropped sharply from 47 to 28 years.
- China's first domestically produced large cruise ship has been docked for assembly in 2020 and is expected to be delivered in 2023. The Vista cruise ship will be 323.6 meters long and 37.2 meters wide and will be able to accommodate 5,246 passengers.

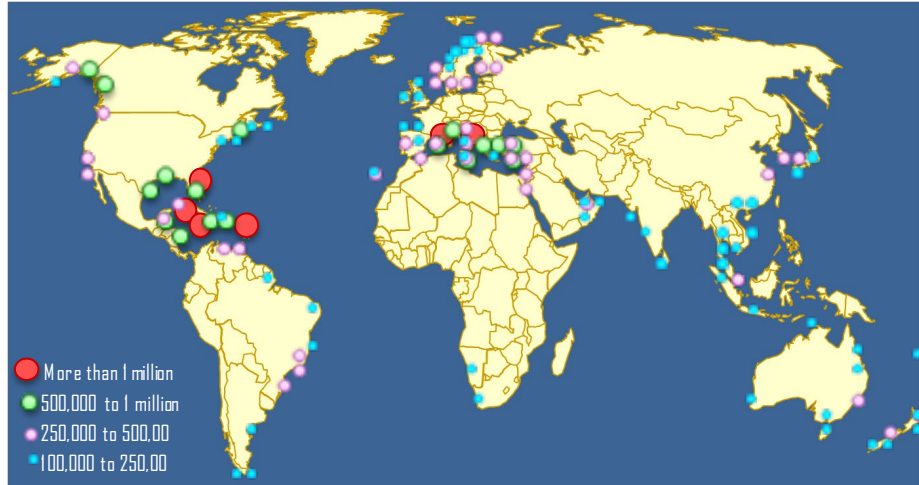


Resource: <https://www.maritime-executive.com>

1.

Cruise ports

Global cruise port system

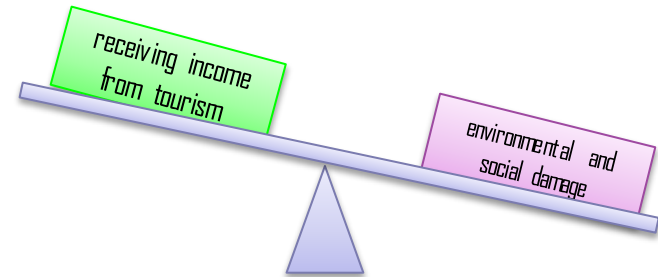


The main trends of cruise ports:

- ✓ 20th century - limited number of cruise ports and high level of their visits;
- ✓ 21st century - intensive growth in the number of cruise ports and a decrease in the concentration of port visits.

Resource: Data adapted from Rodrigue J-P et al. (2020) The Geography of Transport Systems

- The main condition for the development of cruise lines was the presence of a developed port infrastructure and the organization of operations for the efficient and reliable placement of cruises.
- The availability of berths and the ability to receive a large flow of tourists at the same time have become an important problem for small ports in exotic places.
- The massive spread of cruise tourism creates a large-scale problem for cruise ports, which are faced with a dilemma - generating income from tourism or environmental and social damage.



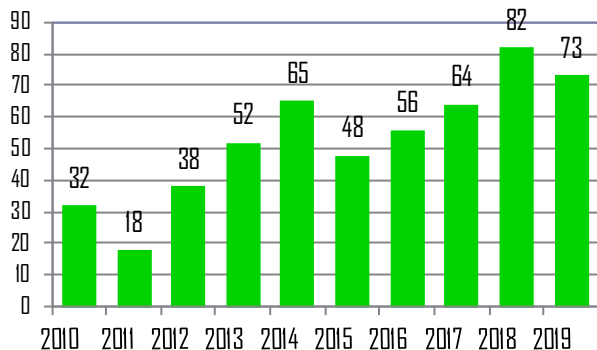
1.

Cruise shipping in the Arctic

According to scientists, if the melting of the Arctic ice persists, then by 2050:

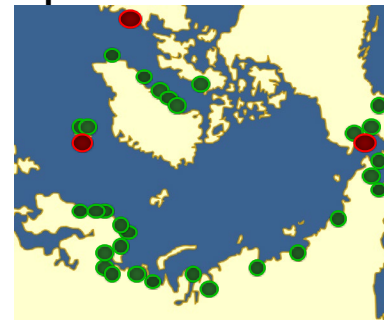
1. The North-West Passage will be limited by the passage of sea vessels, as Arctic ice will remain off the coasts of Canada and Greenland;
2. In turn, the NSR will give an opportunity to develop several directions: national, transit and cruise.

Cruise ships visiting the Arctic



Prospects for the development of ports in the Arctic

- ✓ The development of Arctic ports is more focused on the development of the extraction of natural resources than on the needs of local residents.
- ✓ Cruise Port Projects: Nome - America, Iqaluit - Greenland, Finnafjord - Iceland.



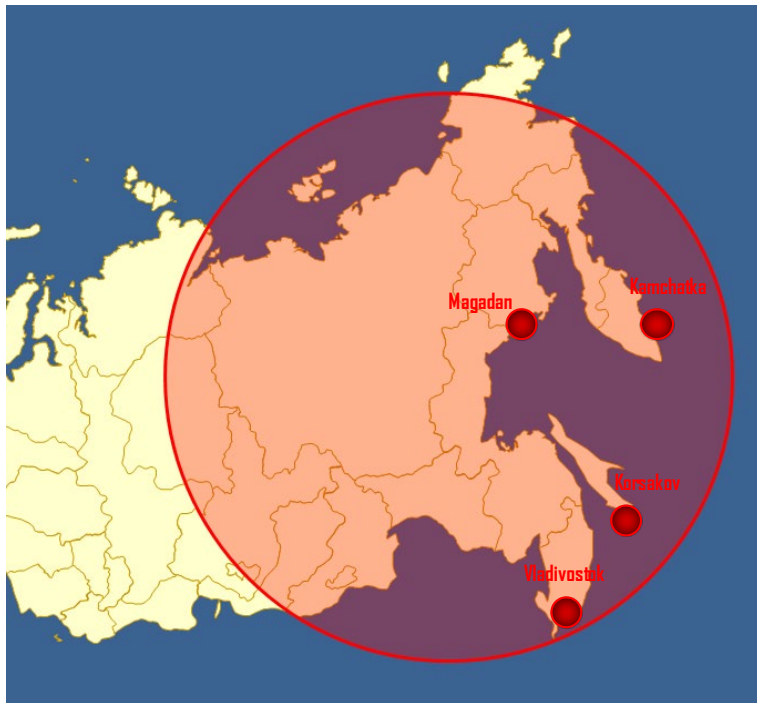
Arctic ports of the world, 2019

Country	Large (20-60 million tons)	Medium (1-20 million tons)	Small (less than 1 million tons)	Total Arctic ports from all ports in the country
Total Arctic ports	1	11	70	82 / 1179
Russian federation	1	6	13	20 / 68
Canada	0	2	2	4 / 286
United States	0	0	3	3 / 666
Greenland	0	1	16	17 / 17
Iceland	0	1	21	22 / 22
Norway	0	1	12	13 / 135

World Port Index 2019

Cruise tourism in the Russian Far East

The Eastern Ring of Russia



According to the results of the study, cruise tourism in the Russian Far East has the necessary prerequisites for development:

- ✓ long sea coastline;
- ✓ the proximity of the Russian Far East to the capacious market of outgoing passengers;
- ✓ cultural and historical heritage;
- ✓ natural landscapes of tourist value;
- ✓ opportunity to develop new ecological routes.

Constraints :

- ✓ unstable economic situation;
- ✓ unbalanced tariff policy;
- ✓ Poor use of the potential of interregional cooperation, imbalance in interregional tourism policy.

Largest lines operating in the region:

- ✓ Royal Caribbean Cruises
- ✓ Princess Cruises
- ✓ Costa Crociere
- ✓ Holland America Line, etc.

Cruise ports

Seaports of the Russian Far East



Resource: Zastrovskikh E.A. (2020) The development of Russia and Far East's maritime transport

Petropavlovsk-Kamchatsky Port



Potential base port for expedition cruises, carried out in directions Bering Strait and Kuril islands.

Korsakov Port



The most significant problem is the possibility of receiving ships exclusively in the raid.

Necessary measures. Korsakov Port

1. Construction of a passenger terminal with the necessary infrastructure and a sufficient number of passport control booths.
2. Construction of a quay wall with a length of at least 300 meters (for ships of the Diamond Princess class).
3. Carrying out measures to increase the maximum permissible draft on approach fairways, the inner water area of the port and at the berth (9 meters), the presence of a turning circle with a diameter of up to 400 m in the inner water area of the port.
4. Availability of at least 2 tugboats with a capacity of at least 2,700 hp.
5. Development of transport and tourism infrastructure.

Thank you very much !

Zaostrovskikh Elena,
Candidate of Economics

Economic Research Institute of Far Eastern Branch of RAS

zaost@ecrin.ru

