CRUISE
Industry

Profile study and economic impacts of the cruise industry in Brazil

Season
2021/2022

SEA CRUISES

PROFILE STUDY AND ECONOMIC IMPACTS OF THE CRUISE INDUSTRY IN BRAZIL

Season 2021-2022

FGV

CLIA
CRUISE LINES INTERNATIONAL ASSOCIATION
BRASIL

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EXECUTIVE SUMMARY

After the Covid-19 pandemic period, which affected the whole world and various economic activities, especially the tourism sector, through measures to restrict the movement of people, a gradual return of activities took place, but still with limitations, as in the case of cruises, with a reduction in the occupancy capacity of the ships.

The Brazilian National Agency for Sanitation (ANVISA), among the restrictions imposed on the development of the sector for the 2021-2022 season (such as vaccination and daily tests) limited the operating capacity of ships to 75% of the total available.

The tourism sector was one of the most affected by the economic crisis resulting from the Covid-19 containment measures.

In addition, the season period wasn´t complete compared, compared to the normal parameters of Brazilian seasons, that is, the period was shorter, with no sector activities between the beginning of January and beginning of March 2022.

As tourism is a very relevant activity for job creation in all income levels in Brazil, and in areas with different degrees of specialization, the reduction of its activities brings significant consequences for the country, failing to create more jobs and income for the population.

The economic impact generated by the shipowners' expenses for the 2021/2022 season was approximately R$ 1.2 billion, a result 3.1% higher than the previous season (2019/2020). This increase was exclusively due to the increase in shipowners' fuel costs.

The total economic impact of the cruise industry in the 2021/2022 season was approximately R$ 1.5 billion (33.2% lower than the result of the 2019/2020 season), generating more than 23 thousand jobs and more of R$ 212 million in taxes paid.

The impact generated by the expenses of cruise passengers and crew in the cities and ports of embarkation/disembarkation and transit was R$ 329.7 million, 70.3% lower than the impact generated in the previous season, due to the 69.9% reduction in total number of cruisers in the season.

TOTAL ECONOMIC IMPACT
Evolution of numbers | In millions (R$)

Data Source: FGV/CLIA BRASIL.

The Economic Leverage Index (IAE, in portuguese) of the sector,which means the amount of economic movement generated from the expenses incurred by the shipowners to carry out the season (how much the completion of the season boosts Brazilian economic activity) was R$ 3,23.

In the 2021/2022 season of cruises in Brazil, for each R$ 1.00 spent by the shipowners to carry out the season, R$ 3.23 was moved in the Brazilian economy

MAIN RESULTS

Result of the 2021/2022 season and percentage change and variation over the 2019/2020 season

SHIPOWNERS

Fuels

2021 | 2022	2019 | 2020	Variation
R$ 793.1 MM	R$ 565.0 MM	+40.4 %

Supply chain

2021 | 2022	2019 | 2020	Variation
R$ 158.1 MM	R$ 221.5 MM	-28.6 %

Taxes

2021 | 2022	2019 | 2020	Variation
R$ 92.4 MM	R$ 157.4 MM	-41.3 %

Travel Agencies and Tour Operator Commissioning

2021 | 2022	2019 | 2020	Variation
R$ 24.7 MM	R$ 74.5 MM	-66.8 %

Marketing, guided tours and local office

2021 | 2022	2018 | 2019	Variation
R$ 46 MM	R$ 56.7 MM	-18.9 %

Water supply and waste disposal

2021 | 2022	2019 | 2020	Variation
R$ 25.7 MM	R$ 29.2 MM	-12.0 %

Wages

2021 | 2022	2019 | 2020	Variation
R$ 26.2 MM	R$ 26.3 MM	-0.4 %

CRUISES AND CREWMEMBERS

	2021 | 2022	2019 | 2020	Variation
Food and beverage	R$ 101.5 MM	R$ 333.4 MM	-69.6 %
Retail	R$ 95.4 MM	R$ 335.2 MM	-71.5 %
Transportation (before and/or after cruise trip)	R$ 56.3 MM	R$ 177.8 MM	-68.3 %
Sightseeing	R$ 39.8 MM	R$ 146.0 MM	-72.7 %
Local transportation	R$ 22.4 MM	R$ 71.3 MM	-68.6 %
Lodging	R$ 14.3 MM	R$ 46.4 MM	-69.2 %

INTRODUCTION

Since the 2011/2012 season, CLIA BRAZIL, in partnership with Fundação Getúlio Vargas (FGV), has been following the evolution of information on the significant impacts of the cruise sector on the country's economy. The result of the current season proves that, even with the limitations imposed by the moment the world is experiencing with the Covid-19 pandemic, the sector has a very important impact on the tourist economy of important destinations on the Brazilian coast.

This work aims to produce technical inputs on the economic and social advantages generated by the development of the sector, to guide public policies and formulate strategies, scenarios and indicators that allow the optimization and benefits of this important activity in the country.

All the survey and the results of this study are used by CLIA BRASIL as a basis for the elaboration of its action plans and of its associates, aiming at maximizing the positive effects generated by maritime cruises in Brazil, in accordance with the institutional mission of the institution.

The Brazilian maritime cruise sector has been overcoming the difficulties imposed by the various economic scenarios in recent years. The economic crisis faced by the entire world since the beginning of 2020, due to the Covid-19 pandemic, is certainly the worst moment ever faced, when an entire season could not take place (2020/2021) and the season just ended (2021). /2022) suffered from the limitations imposed (such as a shorter total period, with an interruption for 2 months) and the reduction of vessel capacity to 75% of the total available.

In the historical series, it is possible to observe that between the 2011/2012 and 2014/2015 seasons, there was a continuous reduction in the flow of cruises on the Brazilian coast. Due to the decrease in the number of ships, with a consequent drop in the supply of beds and routes by the shipowners, there was a drop in the number of passengers embarked in the period. This reduction was attributed to the unfavorable moment that the Brazilian economy went through in the period and the consequent reduction in the share of the domestic market in this segment.

From the 2017/2018 season onwards, it started to show an increase in efficiency, despite the stability in the number of ships, with an increase in the total number of cruise passengers, a fact that only did not occur in the last two seasons (2019/2020 and 2021/2022) due to the Covid-19 pandemic.

In the 2021/2022 season, object of analysis of this study, five ships traveled to 14 destinations within Brazil. In the 2021/2022 season, there was a significant drop in the number of travelers when compared to the previous season (2019/2020), totaling 141,289 cruise passengers (69.9% less). The total economic impact also registered a reduction, moving approximately R$ 1.5 billion in the Brazilian economy.

The economic movement generated by the cruise sector through the expenses of shipowners and cruise passengers, involves several economic activities that compose its value chain. In this way, the sector not only creates jobs in these different areas, but also generates revenue for the government in the form of taxes, impacting the economy locally and nationally.

In this way, the businesses impacted by the sector's activity are not restricted to the cities that receive ships and their passengers. The supply chain related to the sector contracts services and buys products in different regions of Brazil.

MAIN OBJECTIVES OF THE STUDY

1. Analyzing the macroeconomic environment and the cruise industry
2. Assess the economic impact of coastal cabotage cruises on the Brazilian coast during the 2021/2022 season
3. Evaluating the evolution of the current season's numbers compared to the 2019/2020 season
4. Show the profile and travel habits of the cruise passengers

MACROECONOMIC ASPECTS

After the slowdown in the global economy in the second half of 2019, forecasts for 2020, which pointed to growth of 3.6%, were negatively surprised by the Covid-19 pandemic, launching the world economy into the deepest recession since World War II.

After the increase in the vaccination rate of the population in the world in 2021, and the decrease in isolation measures, the global economy began to breathe again. However, the emergence of the new variant Ômicron and the explosion of cases at the end of 2021, once again brought a climate of uncertainty. Despite this, expectations for 2022 are good, with the world economy expected to grow by 4.3%, according to the World Bank.

However, even before the world recovered from its great economic recession, in February 2022 the problems between Russia and Ukraine began. The result was the multiple economic sanctions imposed on Russia, and a significant increase in prices, such as a barrel of oil and its derivatives, which generates an increase in fuel costs. In addition, there was an increase in the prices of various food products, such as wheat, which not only leads to an increase in the price of its derivatives, but also in the price of beef, pork and poultry in general, as an input. Another problem is the lack of fertilizers in Brazil, which increases the price of several products in the food industry.

Tensions in trade relations in the world economy undermined business confidence and, as a result, financial market expectations decreased, generating a worsening of financial conditions, initially in the most vulnerable emerging markets and, later, in advanced economies, weighing on global demand.

According to estimated data from the World Bank, the world economy grew by 5.8% in 2021, a better result than the two previous years (+2.6% in 2019 and -3.3% in 2020). Amid the trade war and domestic troubles, China saw growth of 8.1%, a huge expansion compared to the rest of the world. The United States, on the other hand, grew by 5.7%, higher than the average of advanced economies and the Euro Zone, which grew by 5.4% in the year.

IBGE data show that, in 2021, Brazil presented a growth of 4.5% of GDP, below the average of emerging economies, which was 6%, however, higher than the two previous years. The Central Bank of Brazil increased the interest rate reaching 9.15% (SELIC) at the end of 2021 (currently it is at 13.25%). The Pension Reform, approved at the end of 2019, promises to save about R$ 855 billion over the next ten years for the public coffers, and was seen as positive news, contributing to the adjustment of the country's public accounts. Despite this, Brazil still ended the year with a deficit in its primary result, continuing the trend since 2014. The real, in turn, continued its depreciation trajectory, being among the currencies that most depreciated in the world, with average, against the dollar of R$5.39/US$ in 2021

According to the World Bank, the world economy is expected to fall by 2.9% in June 2022, a result 2.8 percentage points lower than expected in 2021. A slowdown in the growth rate of advanced economies is expected, from 5.1% (2021) to 2.6% (2022), 1.2 pp. below the January projections.

Among emerging markets and developed economies, growth is also expected to be slow, from 6.6% (2021) to 3.4% (2022). Despite the growth forecast in 2022, it would still not be enough to recoup losses from the most recent crisis. This slow pace of growth is expected to continue until 2023-2024, as a reflection of the disarticulation of fiscal policies offered in the midst of the pandemic.

THE TOURIST ACTIVITY

Regarding world tourism, data from the World Tourism Organization (UNWTO) show that travel around the world recorded 429 million international tourist arrivals in 2021 (70.7% less than 2019, the last year before the start of the pandemic).

Analyzing international tourist arrivals in 2021, compared to 2019, we can see a reduction of 94% in the Asia and Pacific region, 74% in the Middle East, 71% in Africa, 62% in the Americas and 61% in Europe.

However, the tourism sector is already showing a reaction with the numbers of the first five months of 2022, with almost 250 million arrivals, compared to 77 million in the same period in 2021, which means a recovery of 46% in relation to the pre-pandemic level (UNWTO).

International tourism GDP amounted to US$1.9 trillion in 2021, up from US$1.6 trillion in 2020 and well below US$3.5 trillion in 2019. Total export earnings by international tourism (travel and passenger transport) reached US$700 billion in 2021, less than half the pre-pandemic level (US$1.7 trillion, 2019).

Historically, among Brazilians, the option for trips across the national territory predominates, which vastly exceed those to be carried out abroad, regardless of the tourist's income level, which increases even more the importance of cabotage maritime cruises in Brazil.

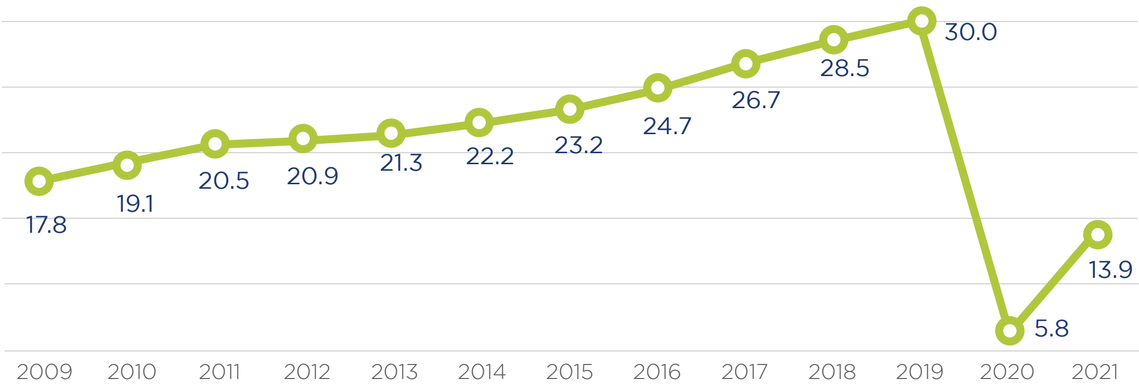
The high costs of international travel, mainly due to the exchange rate (high exchange rate of the Dollar and the Euro against the Real) and the strengthening of tourism competitiveness in Brazil, explain the preference of Brazilians. These factors provide greater movement of the national economy and, consequently, greater creation of employment and income due to tourism activity.

THE CRUISE SECTOR

Worldwide, the sector shows a trend of continuous growth through investments in new ships, with an increase in the quantity and diversification of cruises. In 2022, the sector is expected to enter 26 new ships into operation worldwide, with a total additional capacity of 61,507 beds. For 2023, 22 more new ships are already planned in shipyards, with a total additional capacity of 43,289 people (Cruise Industry News).

Data from the Cruises Lines International Association (CLIA) shows that the total number of cruisers around the world was 5.8 million in 2020 and in 2021 it was 13.9 million (according to data from Cruise Market Watch), lower than 2019 number.

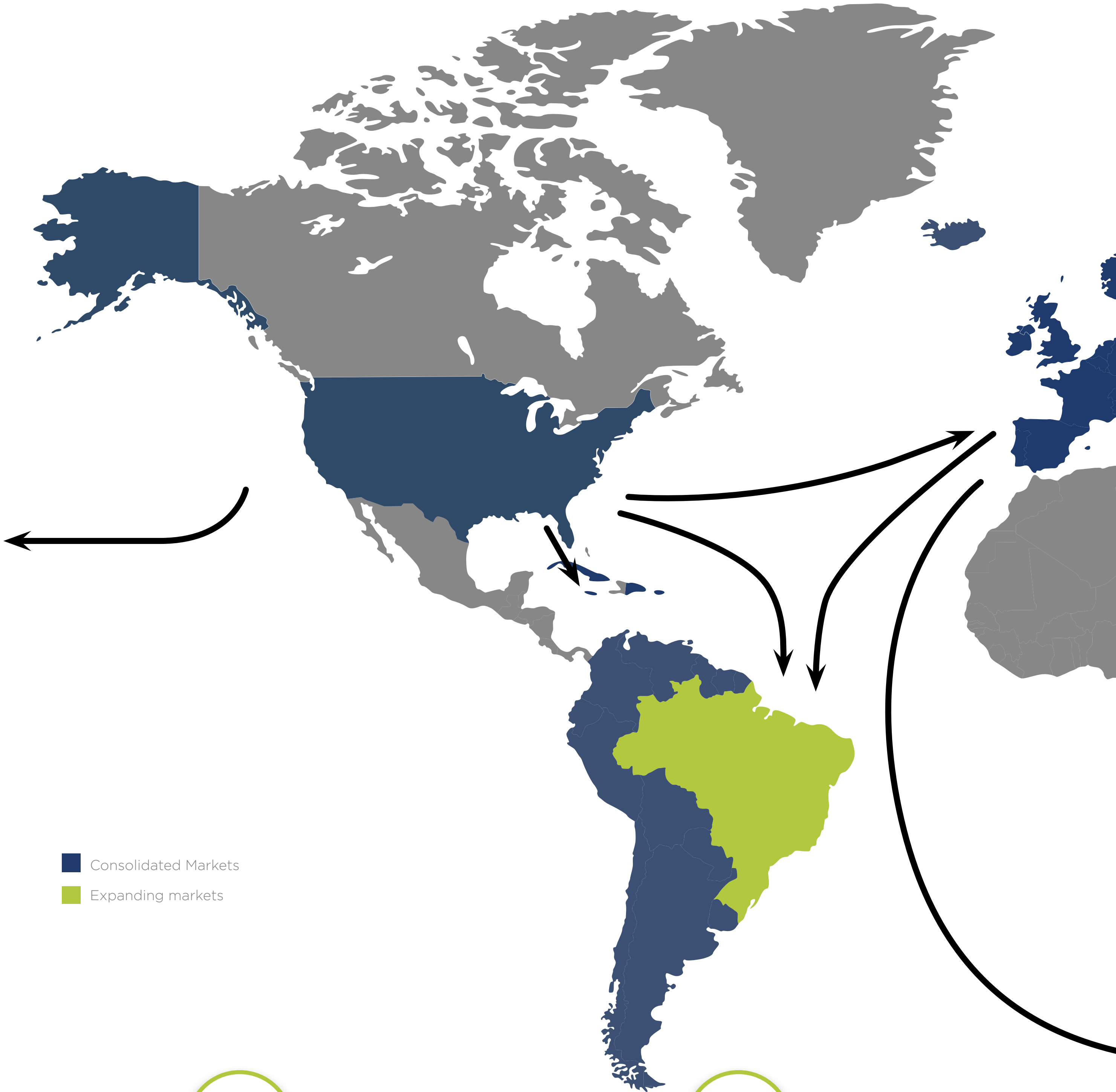
Chart 1 | NUMBER OF PASSENGERS IN THE WORLD (million)



Source: Cruise Lines International Association (CLIA) and Cruise Market Watch.

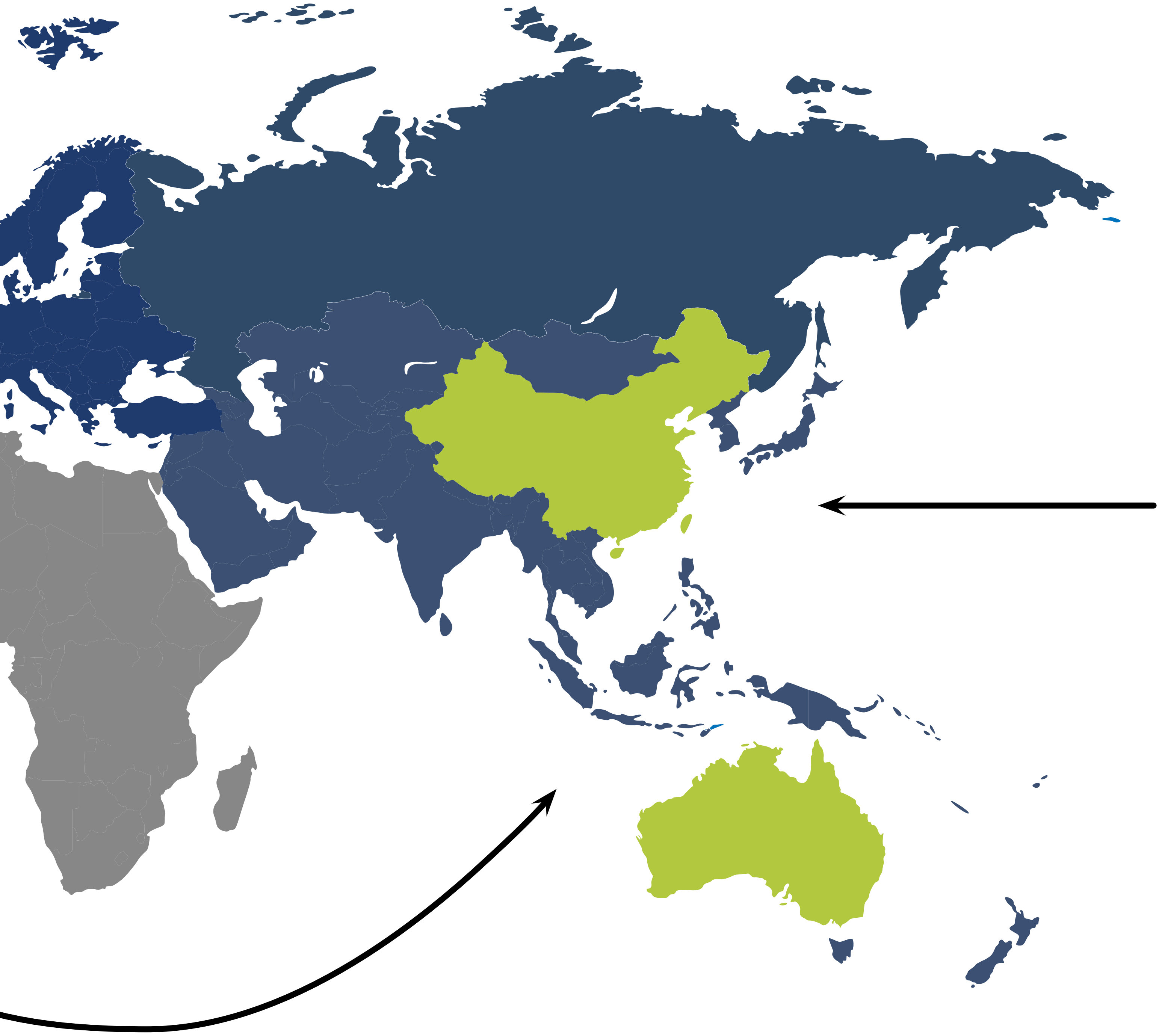
With this, it is essential to analyze the numbers of trips in Brazil for the Maritime Cruises sector and prove the capacity of making tax revenue and jobs of the activity in the country.

Among the travelers on cabotage cruises in Brazil, the majority are Brazilians practicing domestic tourism, which reinforces the argument cited in the previous item of the study. The sector is very attractive to Brazilians due to its service characteristics and possibilities to visit several destinations in the same trip, with great comfort and good dynamics.



72 thousand
Brazilian residents
(cruises abroad)

R$ 233 millions
Total income



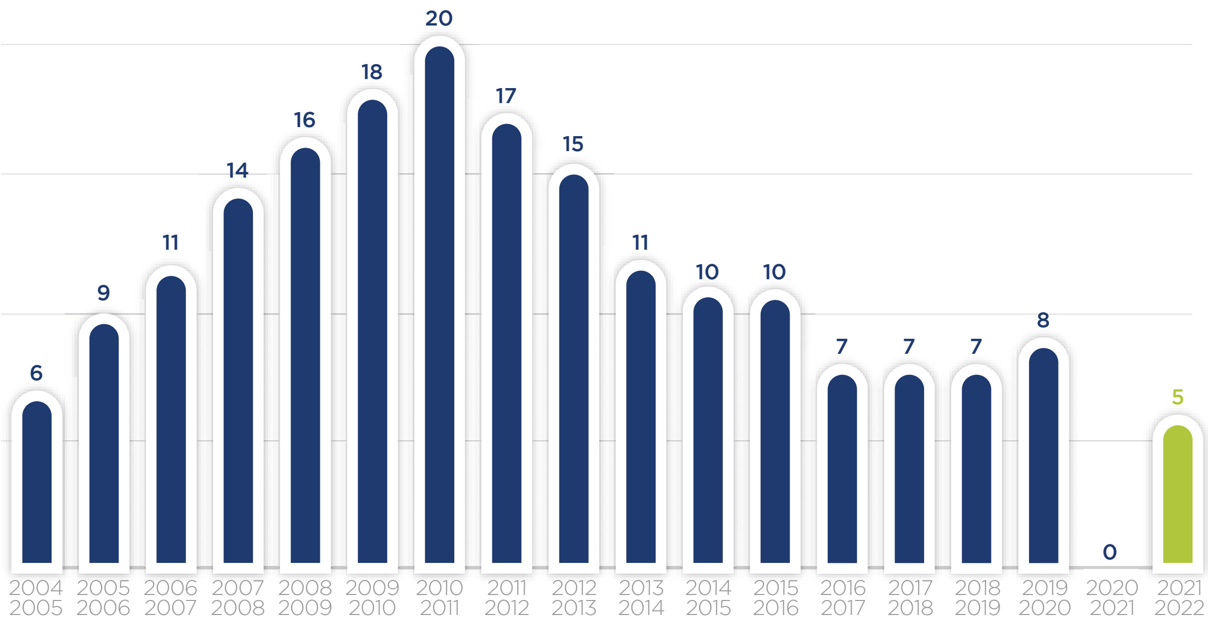
The number of Brazilian residents (tourists) who took cruises abroad during 2021 was 72 thousand, which meant a reduction of 66.9% compared to 2019, with an estimated revenue of R$ 233 million (R$ 471 million less than in 2019).

Caribbean, Mediterranean and United Arab Emirates were the main destinations of choice for Brazilians traveling abroad for sea cruises.

Brazilian Season 2021/2022

After the increase in the number of ships in the Brazilian cabotage season of 2019/2020, passing to 8 cruises, the season of return of activities after the total stoppage in 2020/2021 due to the Covid-19 pandemic brought only 5 ships. This amount is the lowest in the entire historical series of cruises in Brazil, being lower than the 6 ships of 2004/2005 season.

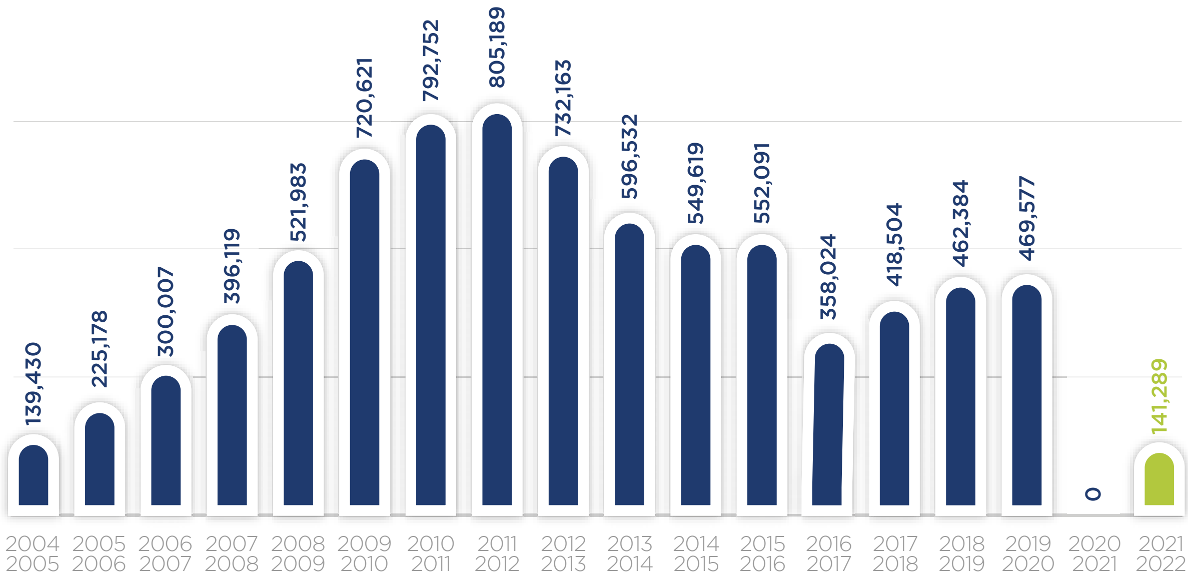
Chart 2 | NUMBER OF SHIPS



Source: FGV / CLIA BRAZIL

During the 2021/2022 season, 5 ships operated off the Brazilian coast between November 2021 and April 2022 (with stoppage in January and February 2022), carrying just over 141,000 cruisers.

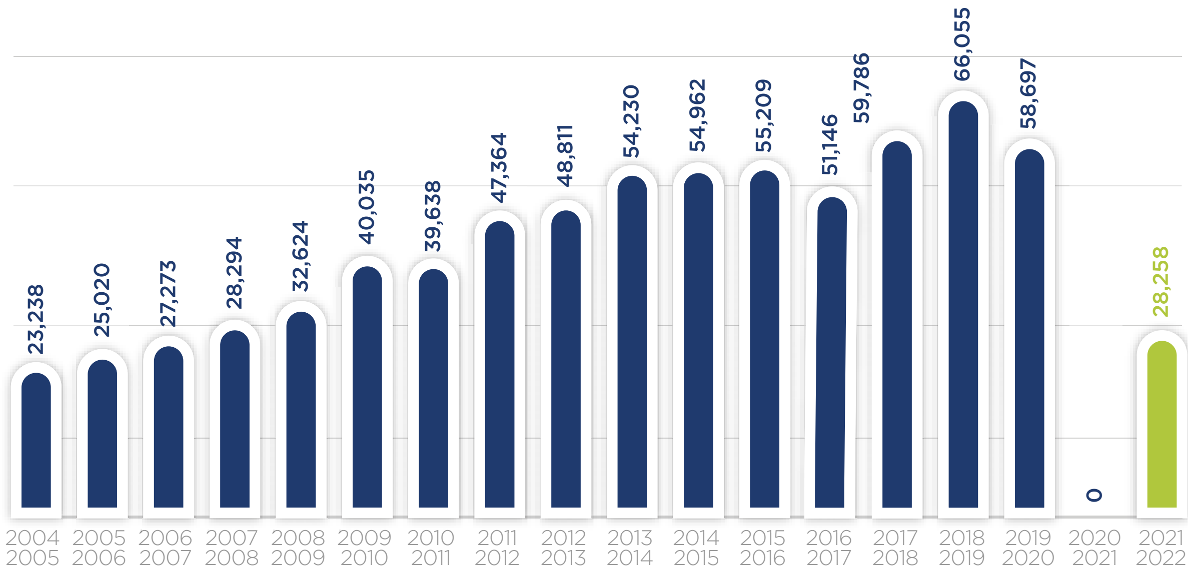
Chart 3 | NUMBER OF PASSENGERS



Source: FGV / CLIA BRASIL

Graph 4 shows the evolution of ship efficiency, an important statistic for analysis, which shows the average number of cruise passengers per ship, per season. The only drop in the historical series had occurred in the 2016/2017 season, but the season of return to activities in the sector after the most acute period of the Covid-19 pandemic (2021/2022) recorded the lowest historical level of efficiency of ships, explained by the limitations/restrictions imposed by the moment experienced by the world still recovering from the pandemic.

Chart 4 | CRUISE PASSENGERS PER SHIP (AVRG)



Source: FGV / CLIA BRASIL

BRAZILLIAN SEASON 2021/2022

MSC
Ships
*75% of the total available offer

PREZIOSA
3.259 Capacity
1.388 Crew

SEASIDE
4.072 Capacity
1.413 Crew

SPLENDIDA
3.272 Capacity
1.370 Crew

COSTA
Ships
*75% of the total available offer

DIADEMA
3.710 Capacity
1.253 Crew

FASCINOSA
2.850 Capacity
1.110 Crew

5 SHIPS

57 CRUISES

17,163 AVAILABILITY

6,534 CREW

193.927

TOTAL CAPACITY*
(75% off the official capacity of ships)

ECONOMIC IMPACTS

Maritime cruises do benefit tourist destinations in several aspects, stimulating the inflow of foreign exchange and promoting the destination at the national and international levels, by increasing the flow of tourists in cities, stimulating movement in the local and surrounding economy, setting up employment and income for the population.

The positive aspects depend on the following aspects:

- Type of port (whether it is port of embarkation / disembarkation or stopover);
- Travel moment (embarking / layover / disembarking);
- Length of stay at the port of call;
- Number of ports of calls in the itinerary;
- Touristic infrastructure is available to attend the needs of cruise passengers.

The economic impacts of the maritime cruise sector are generated by the expenses incurred by travelers and crew during the voyage, and by the expenses incurred by the shipowners during the operation of the cabotage season in Brazil. These economic impacts are divided into direct, indirect and induced.

The direct impacts are the values of expenses of travelers and crew during the trips and of the shipowners during the season with the necessary goods and services. Businesses and establishments that directly receive these expenses also need to purchase products and services from other sectors of the local economy (suppliers): these are the indirect impacts, which include, for example, hotels that purchase food and beverage services.

During the rounds of direct and indirect impacts, revenues are led up to local residents in the form of salaries, distributed profits, rents, among others. These are the induced impacts.

Among the expenses of travelers and crew at the embark/disembark and transit ports, economic movement includes purchases of tourist tours, souvenirs, food and beverages, transport and accommodation before and/or after the trip.

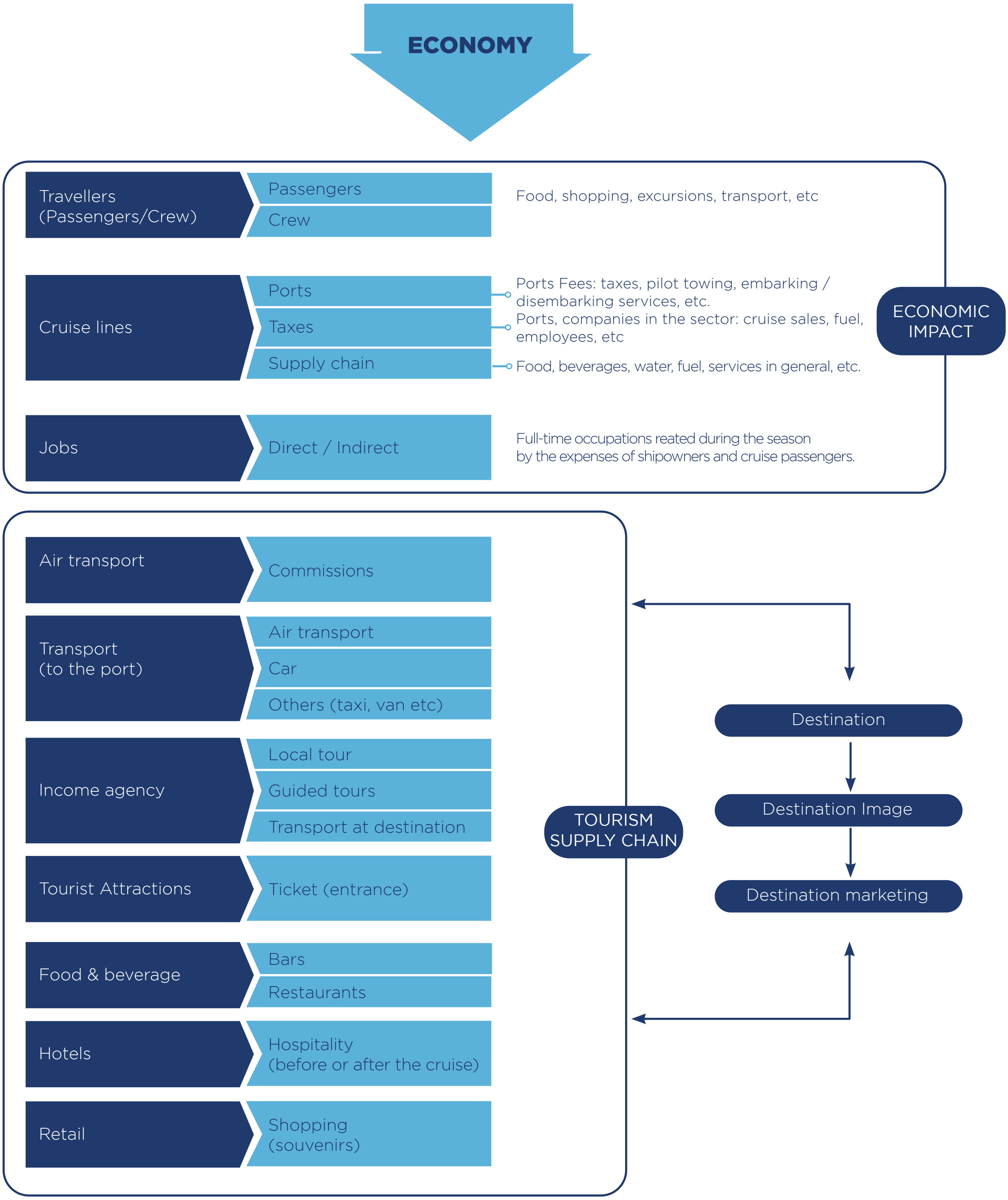
Shipowners' expenses include wages paid, expenses with food and beverages (supplies), water and garbage, fuel, commission for agents and tour operators, port fees, taxes, marketing and others.

The study of the economic impact of maritime cruises in Brazil used the Input-Output Matrix, of the Brazilian Institute of Geography and Statistics (IBGE) to develop the analysis of economic movements and thus capture the totality of economic impacts.

The model represents the Brazilian economy through 68 economic sectors and 128 product categories of the System of National Accounts of the Brazilian economy. It allows estimating, through multipliers, the total impacts (direct, indirect and induced) of activities related to maritime cruises on national production, employment and income.

CRUISE SEGMENT ECONOMIC IMPACT

The following figure illustrates the activities impacted by Maritime Cruises



RESULTS FOR SEASON 2021/2022

For the 2021/2022 season, the spending profile data of the cruise passengers and crew from the survey carried out in the 2019/2020 season were used, updating the values through the inflation of the period (IPCA).

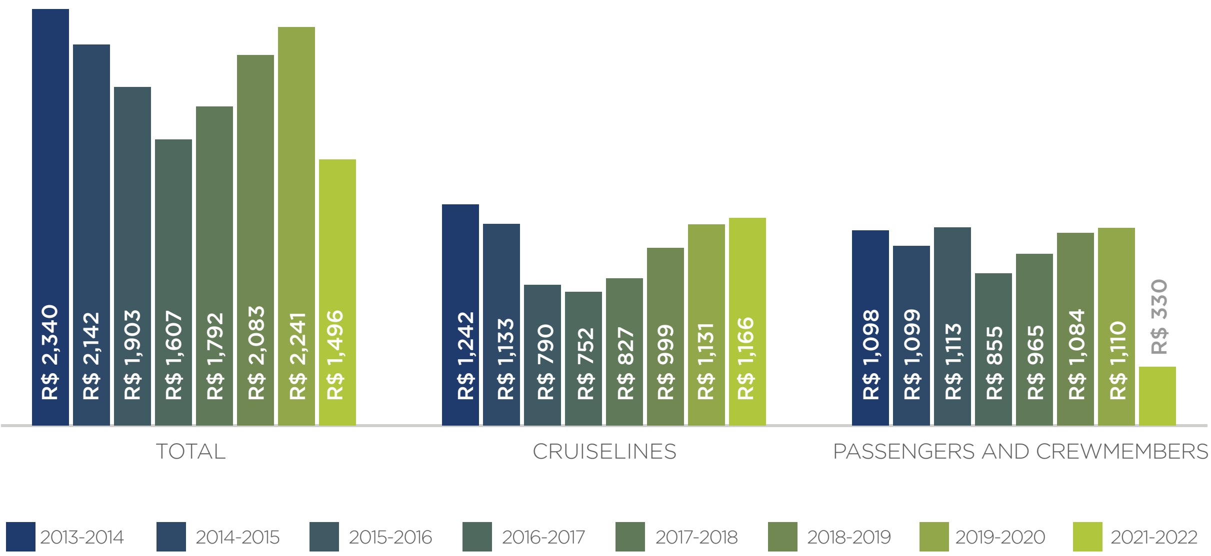
Regarding the expenses of cruise passengers and crew, only those incurred outside the ship, before and/or after the trip and expenses incurred in the cities where the ship called and where the tourist and crew have descended to know the city are analyzed.
The values of packages paid by cruise passengers are not considered for the calculation of economic impact (a part of this resource is used to pay for foreign ships), nor expenses on board. However, the information is collected from the shipowners for presentation in this report.

4.8 days
average cruise time
on last season: 5.2 days

R$ 4,523.84
average expenditure per
passenger when buying the trip

According to data from the economic impact survey in Brazil, the average ticket of cruise passengers in the 2021/2022 season was R$ 4,523.84 - average expense per passenger with the purchase of the cruise trip. The average time of cruises carried out this season was 4.8 days.

TOTAL ECONOMIC IMPACT
Evolution of numbers | Millions (R$)



The total economic impact generated by the shipowners in the 2021/2022 season was approximately R$ 1.166 billion, including direct, indirect and induced impacts. Shipowners' expenditure with fuel are the most significant among the expenses incurred and, this season, were the only ones that registered growth, which can be explained by the increase in the value of a barrel of oil (with a consequent increase in the value of fuels), in addition to the characteristics of ships, such as larger size, for example.

R$ 213 million
The value moved by the cruise industry, in taxes, during the 2019/2020 season

Shipowners' expenses in the 2021/2022 season operation and its effects on Brazil's economic activities generated revenue for the government in form of taxes. This amount was R$ 174.8 million, including federal, state and municipal taxes..

The expenses of cruise passengers and crew generated a total economic impact of R$ 329.7 million in the 2021/2022 season, 71% less than the impact generated in the previous season, between direct, indirect and induced impacts. In addition to the smaller number of ships, there was a shorter period of completion (with the stoppage of January and February 2022) and the limitation of 75% of the actual capacity of the ships, which explain the drop in the number of cruise passengers and its impact.

R$ 329,7 millions
Total economic impact on the 2021/2022 season

The economic movement of activities related to the sector caused by the expenses of cruise passengers and crew also generate revenue for government in form of taxes. In 2021/2022 season, this tax movement was R$ 37.9 million, at the federal, state and municipal levels.

R$ 605.90
The average economic impact generated by cruisers in stopovers

R$ 770.97
Average economic impact generated by cruise passengers in the cities of embark and disembark

ECONOMIC LEVERAGE INDEX

The total economic movement of maritime cruise sector in 2021/2022 season (R$ 1.496 billion) occurs from the expenses of shipowners for realization and operation (R$ 463 million). In this way, the Economic Leverage Index (IAE) of the sector can be calculated, that is, the amount of economic movement produced from the expenses incurred by shipowners to carry out the season.

R$ 3.23
Economic movement in the Brazilian economy,
in the 2021/2022 season, for each R$1. 00 spent by shipowners

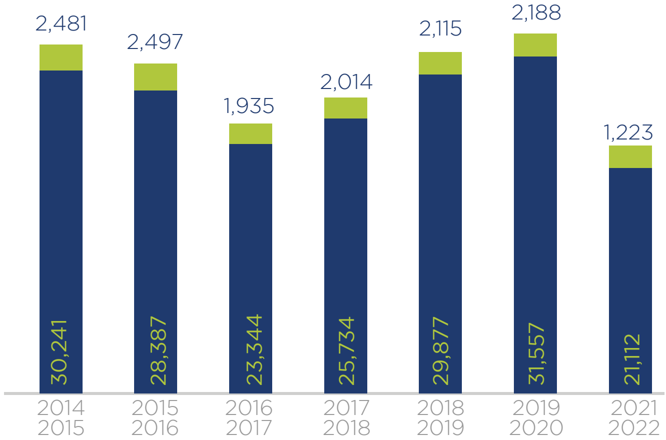
This indicator is particularly interesting as it shows how much the completion of the season boosts economic activity. For the 2021/2022 season of cruises, this index was 3.23, that is, for every R$ 1.00 spent by the shipowners, R$ 3.23 was transferred to the Brazilian economy.

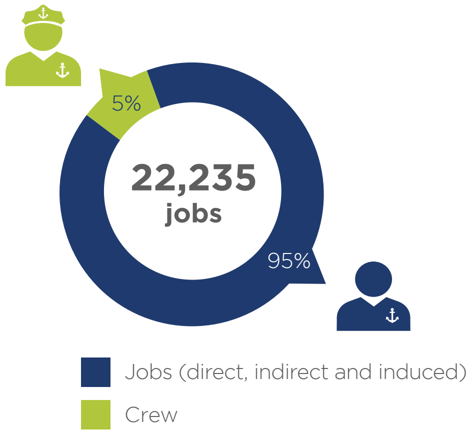
Economic Impact	÷	Total spend in operation	=	Economic Leverage Index
R$ 1,496 billion		**R$ 463 million**		**R$ 3.23**

JOB CREATION

The cruise lines and cruisers' expenses generate relevant impacts on job creation, both within ships and in the production chain, either in port cities and other municipalities of the country.

During the 2021/2022 season, 22,235 jobs were created in the Brazilian economy, which represents a result 33.8% lower than the result obtained in the previous season. Of the total jobs created by the segment, 1,223 were crewmember`s on ships (44.1% lower than the one reached in the previous season) and another 21,112 different jobs, directly, indirectly and induced (-33.1%), motivated by spending of shipowners and cruise passengers and crew in the port cities of embark/disembark and visited, in addition to those created in the productive chain of support to the sector.



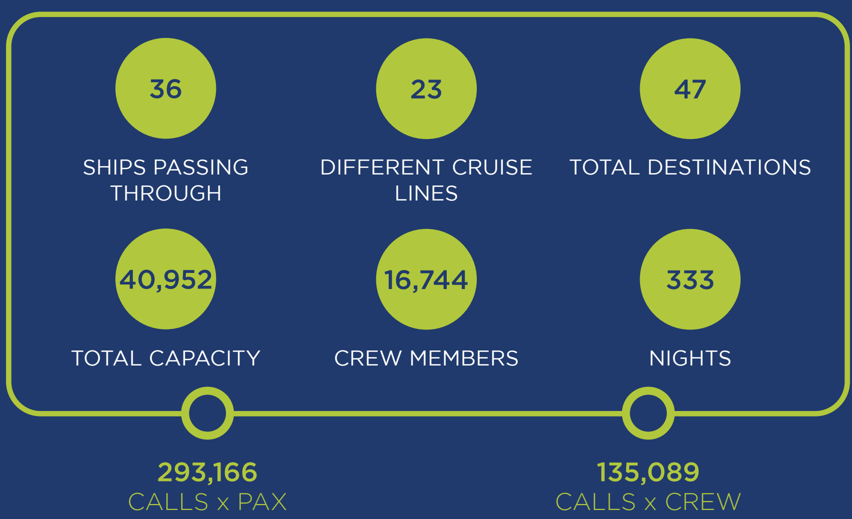


Source: FGV / CLIA BRASIL

SHIPS ON THE BRAZILIAN COAST

In addition to cabotage data, the following image shows data from ships passing through the Brazilian coast in the 2021/2022 season. These ships leave from other international destinations, pass through Brazil generating economic impacts and follow their routes around the world (they do not do cabotage, that is, they do not depart or arrive from/in ports in Brazil, they only make stopovers), unlike cabotage ships.

SHIPS THROUGH THE BRAZILIAN COAST



Source: FGV / CLIA BRASIL

Footnote: Due to the Covid-19 pandemic, these numbers were estimated for the current season based on the historical series.

ENVIRONMENT

Concern for the environment is the focus of several economic sectors around the world, so the cruise liner sector has been investing and implementing many mechanisms to reduce pollution and improve efficiency in ships operation.

With the International Convention for the Prevention of Pollution from Ships (MARPOL), rules were established for the complete elimination of intentional pollution of the environment by substances from ships, in addition to minimizing accidental discharges of substances into the air and at sea.

Some mechanisms have already been implemented to clean and treat gases, water and sewage generated on the ship, so that there is the possibility of dumping residues without negative impacts on the environment.

In addition to this, cruise companies also apply recycling methods, considered the most advanced and efficient in the country, with the elimination of single-use plastic, combustion of other waste for energy generation and selective collection inside the ship itself, whose substrate is sent for recycling in Brazilian outsourced companies.

All these changes need to be thought of in order to increase the efficiency of the resources used in the ship. Therefore, it is important to define not only the fuel used, which is a long-term measure, but also to make the best use of what is currently available. The increase in the effectiveness of the fuel currently used also means a decrease in the emission of polluting gases. In this way, changes have been implemented through technological innovations, such as painting the hulls of ships to provide better sliding in the water, increasing the efficiency of the used fuel by up to 5% and a structure with microbubbles that can increase the same by 3%.

Other general measures to improve the efficiency of ships are rooms equipped with tinted windows, which help to keep rooms at suitable temperatures, as well as smart air conditioners where even cooling water that would normally be wasted is reused in bathrooms, such as discharge water.

With regard to electrical energy inside ships, all electrical equipment is turned off when the enclosure empties or equipment is idle, which is another point in favor of sustainability and increased resource efficiency.

Also on energy matrices, the treaty aims to reduce by 40% the emission of carbon dioxide in the atmosphere, one of the gases responsible for the greenhouse effect, until 2030 and after it has been reached, reduce by 100% the emission of this gas by 2050, based on carbon emissions in 2008.

One of the ways to reduce the emission of these polluting gases is the use of alternative fuels, which generate clean energy and are capable of ensuring long-term energy security. Among the options available today in the international market, LNG (liquefied natural gas), which emits polluting gases in much smaller quantity than currently used, is already present in 44% of the new ships launched. In Brazil the fuel already exists, but not yet available for supply of ships.

Another solution to reduce ship spending is the possibility of providing energy to the companies supplying the cities of the ports in the cradle of ships, so that it is possible to fully connect the ships when docking in the ports.

PROFILE AND TRAVEL HABITS OF CRUISERS

The data presented in this chapter are from a research conducted in the 2019/2020 season, in November and December 2019 and January and February 2020 in the two main ports of tourist movement in Brazil: Santos and Rio de Janeiro.

The survey was conducted with passengers and crew in two moments:

- At passenger/crewmember's disembarkation (end of the trip);

- In transit in the cities of Santos and Rio de Janeiro, that is, when the passenger/crewmember`s got off the ship to spend the day in one of these two cities..

There is a lot of specificity with regard to the travel habits of cruisers. The results of the research reinforce the argument that the cruise trip serves for travelers to know several destinations dynamically and return to the destinations visited at another time. The results of this research indicated that 78% of the cruisers descended at one or more stops during the trip, and 87.2% indicated a desire to return to the destination(s) visited in a new opportunity.

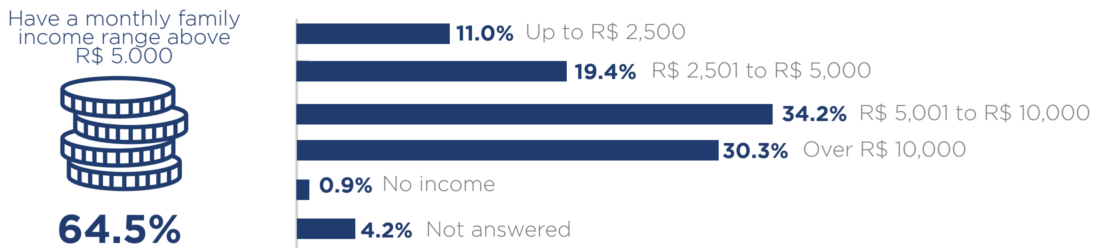
As for the frequency of travel, 66.1% of the cruisers made their first ship trip, while the remaining 33.9% had already traveled by cruise, on average, approximately four times, which shows that cruises are always taking new tourists to the destinations of the itineraries.

Among the Cross cruisers surveyed, 87.5% reside in Brazil, most of them coming from the State of São Paulo (with just over 60%), followed by the State of Rio de Janeiro (17%). Among foreigners (12.5%), Argentina stands out, with 87.2% of the foreign surveyed.

.

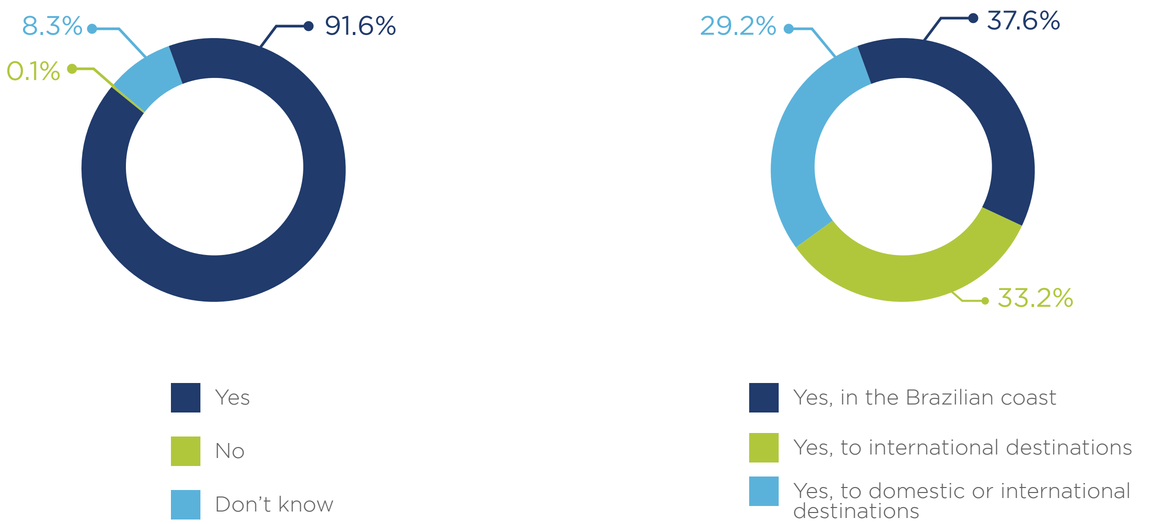
Regarding the gender of the surveyed, 60.8% are women, with 39.2% being male. Regarding marital status, 61.4% reported being married or in stable union. Regarding the age of the interviewees, 43.9% of the cross-workers who participated in this survey were between 35 and 54 years old.

In general, tourists travel accompanied (98.9%), being the main companions children and relatives (51.9%), spouse (24.7%), and friends (19.5%). On the education of the cross-workers surveyed, 57.3% have completed higher education and 42.8% are employed in a private or public company. Of the interviewees, 64.5% had a monthly family income range above R$ 5,000.



Most of the respondents (more precisely 91.6%) want to make a new cruise trip, and when asked about the preferred destination in Brazil, 66.2% of them reported the Northeast Coast, and among those who indicated interest in carrying out cruises abroad, 41.8% indicated the Caribbean and 36.8% Europe as a preference for travel abroad.

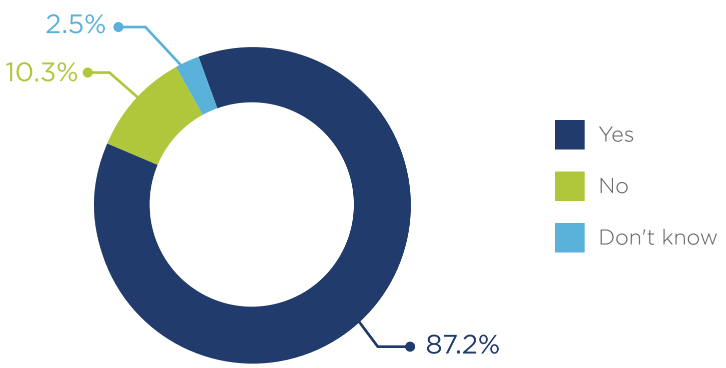
Graph 7 | Desire to make new cruise trip



Sources: FGV / CLIA BRASIL.

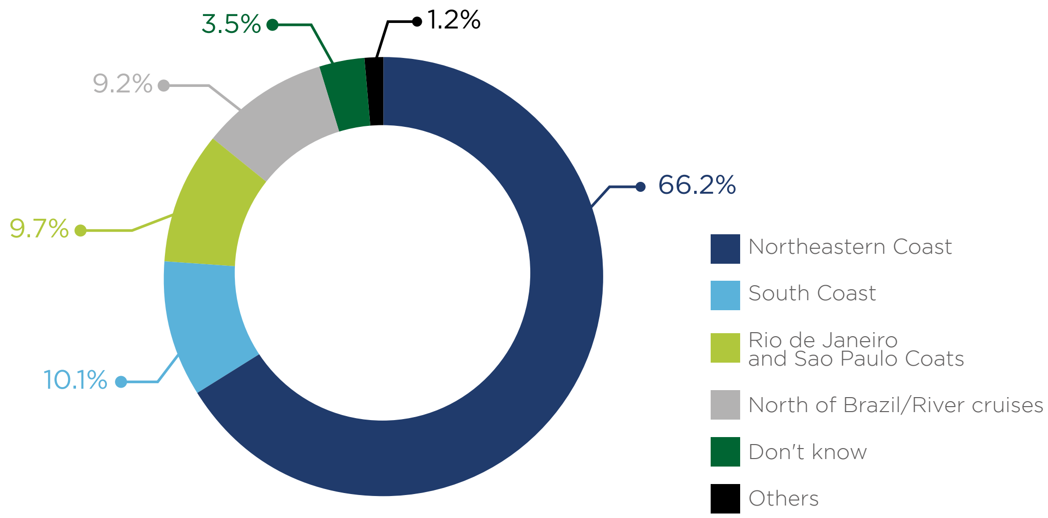
As stated at the opening of the chapter, 87.2% of the interviewees indicated a year to return to the destination(s) visited at leisure, which makes evident the positive exposure of the destinations during cruise trips.

Graph 8 | Desire to return to destination



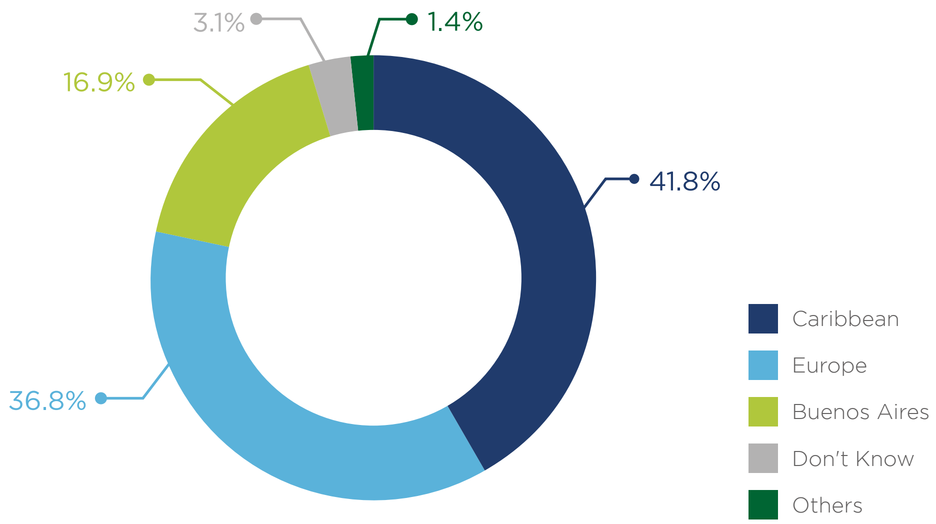
Sources: FGV / CLIA BRASIL.

Graph 9 | National destination of preference



Source: FGV / CLIA BRASIL

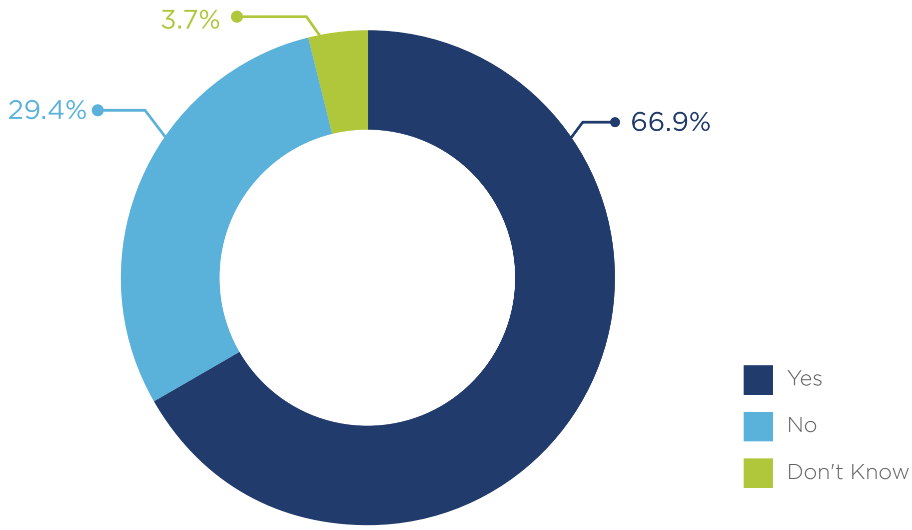
Graph 10 | International destination of preference



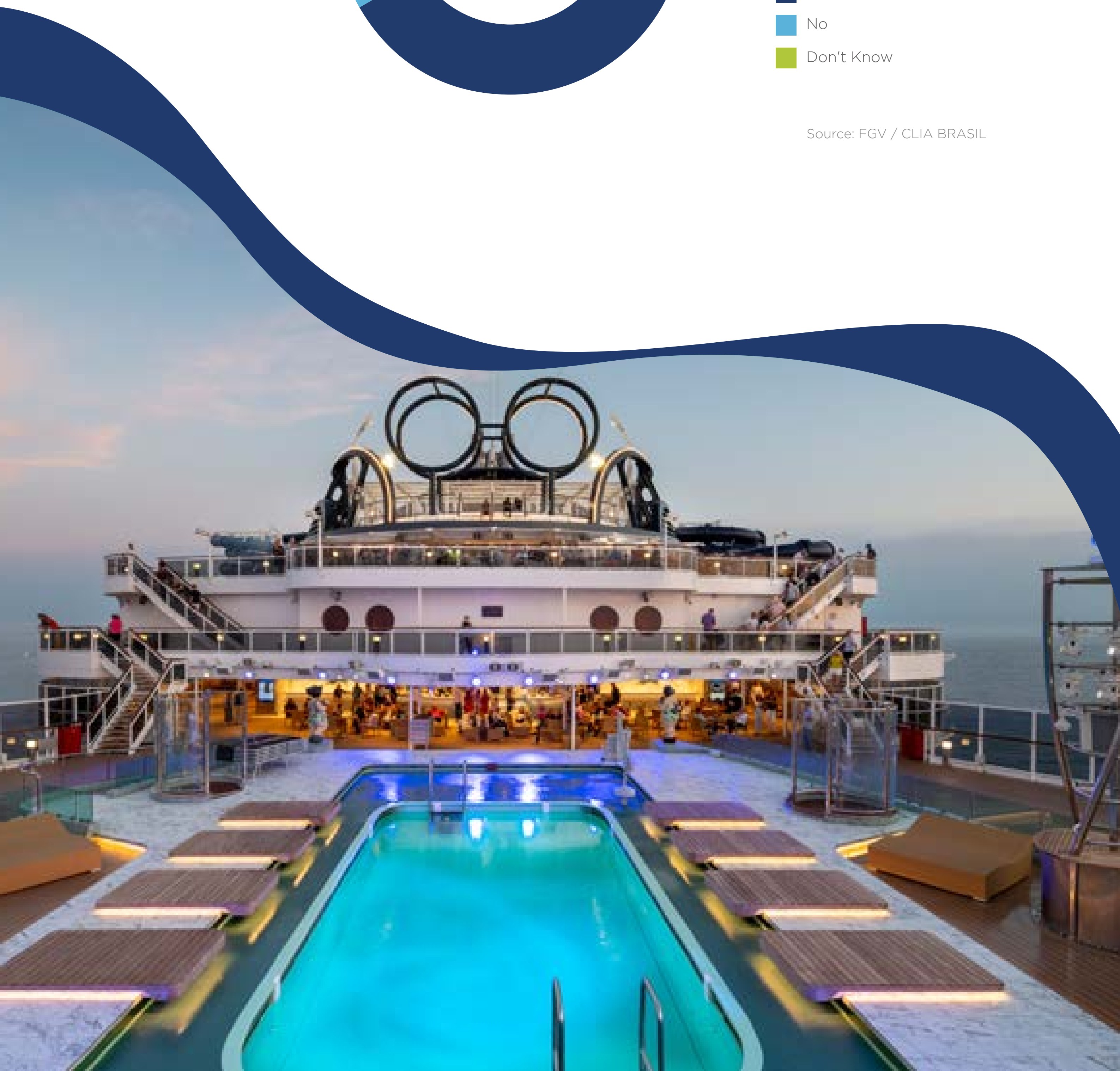
Source: FGV / CLIA BRASIL

A large majority of respondents (78%) went down on at least one scale of the script. In addition, 66.9% of the interviewees reported being available to cruise along the Brazilian coast during the low season.

Graph 11 | Availability to cruise in low season

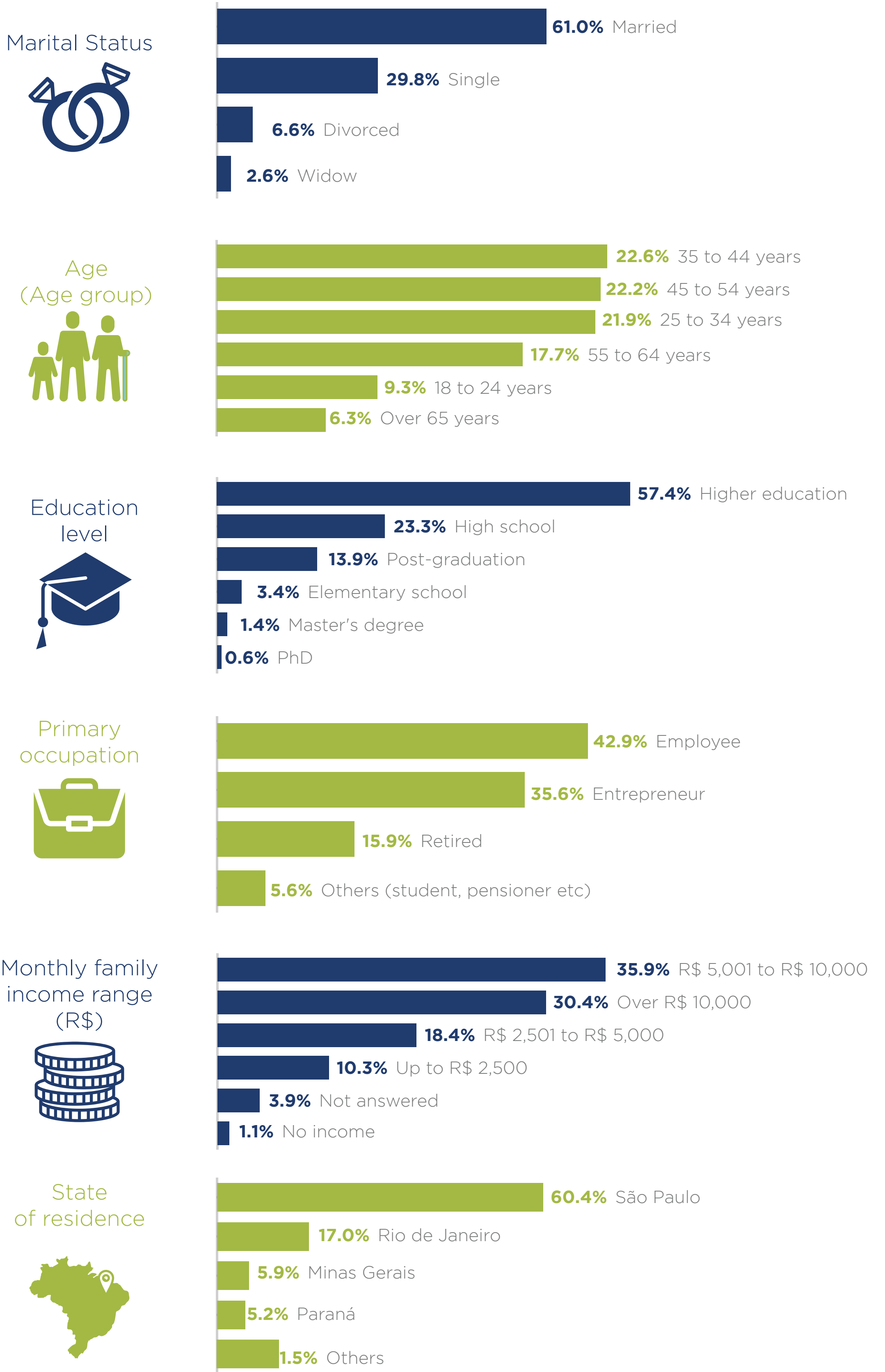


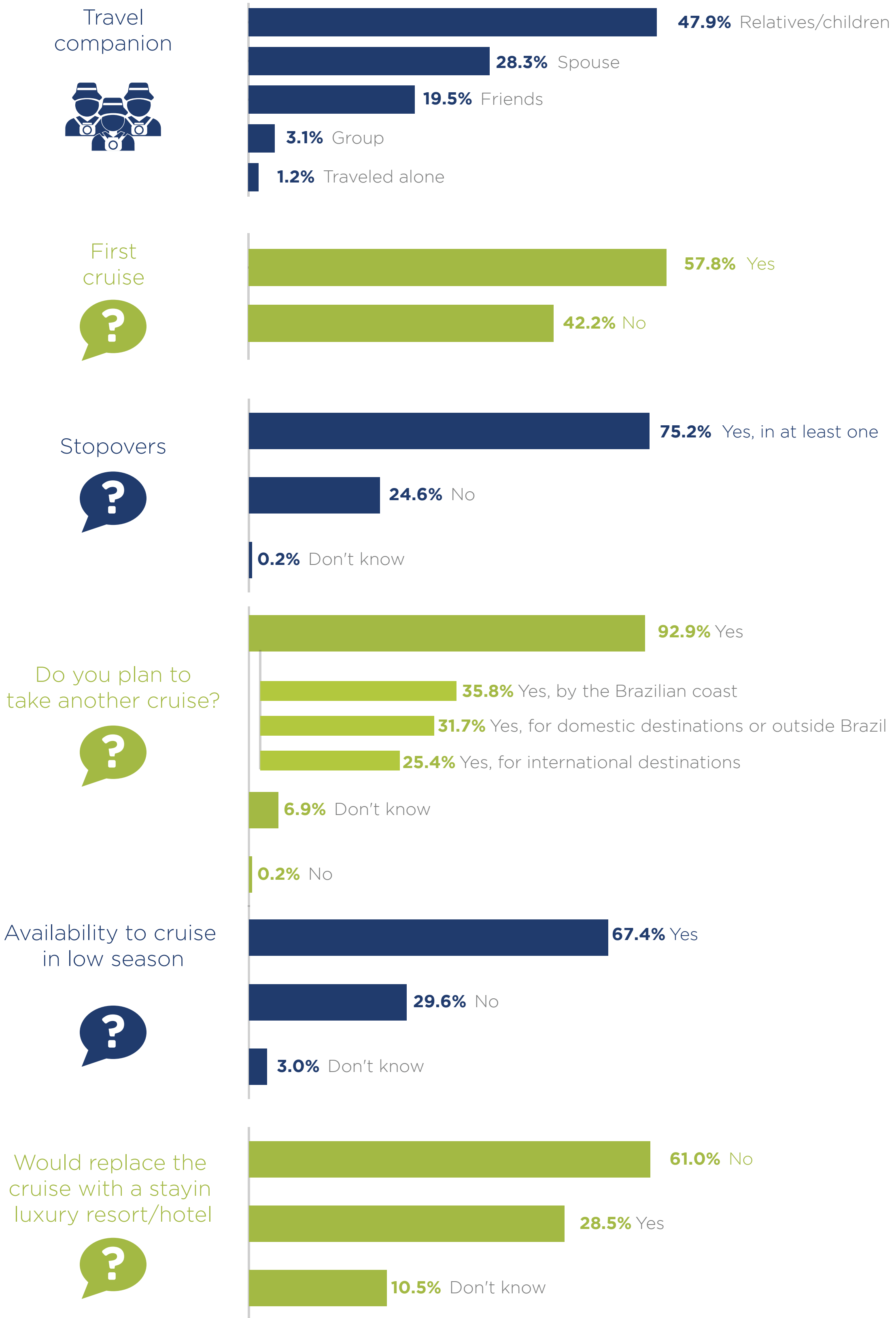
Source: FGV / CLIA BRASIL



BRAZILIANS

As already highlighted, the majority of tourists who traveled on sea cruises in the 2019/2020 season are Brazilians, representing 87.5% of those surveyed. Due to the great importance of Brazilians for the sector, the results of the research on profile of this audience are presented below.


Marital Status
61.0% Married
29.8% Single
6.6% Divorced
2.6% Widow
Age
(Age group)
22.6% 35 to 44 years
22.2% 45 to 54 years
21.9% 25 to 34 years
17.7% 55 to 64 years
9.3% 18 to 24 years
6.3% Over 65 years
Education
level
57.4% Higher education
23.3% High school
13.9% Post-graduation
3.4% Elementary school
1.4% Master's degree
0.6% PhD
Primary
occupation
42.9% Employee
35.6% Entrepreneur
15.9% Retired
5.6% Others (student, pensioner etc)
Monthly family
income range
(R$)
35.9% R$ 5,001 to R$ 10,000
30.4% Over R$ 10,000
18.4% R$ 2,501 to R$ 5,000
10.3% Up to R$ 2,500
3.9% Not answered
1.1% No income
State
of residence
60.4% São Paulo
17.0% Rio de Janeiro
5.9% Minas Gerais
5.2% Paraná
1.5% Others


Travel companion
47.9% Relatives/children
28.3% Spouse
19.5% Friends
3.1% Group
1.2% Traveled alone
First cruise
57.8% Yes
42.2% No
Stopovers
75.2% Yes, in at least one
24.6% No
0.2% Don't know
Do you plan to take another cruise?
92.9% Yes
35.8% Yes, by the Brazilian coast
31.7% Yes, for domestic destinations or outside Brazil
25.4% Yes, for international destinations
6.9% Don't know
0.2% No
Availability to cruise in low season
67.4% Yes
29.6% No
3.0% Don't know
Would replace the cruise with a stayin luxury resort/hotel
61.0% No
28.5% Yes
10.5% Don't know

FACTORS OF INFLUENCE FOR RECOVERY OF THE CRUISE SECTOR

In a common market scenario, the opportunities for expansion are strategically observed by the cruise industry in Brazil, which is evident as the sector grows in the world. The industry will receive 26 new ships in 2022 and 22 more in 2023, with an additional capacity of just over 104,000 beds, with more ships and beds expected for the next few years (2024-2026).

Considering a post-pandemic scenario and social isolation, there are opportunities for expansion that are continuously worked on by the sector and that increasingly need the support of public policies and strategies for the market, such as:

- In the international arena of development opportunities for the Brazilian market, attention should be paid to the tensions established between markets that may cause movement of substitution of destinations, generating the need to transfer ships to other routes, in addition to the already use of ships more efficiently during the winter in the northern hemisphere;

- New destinations for the Brazilian cabotage season collaborate so that the cross-makers have more factors of influence at the time of the decision for travel and will be fundamental according to the companies of the sector for recovery in the post-pandemic period;

- With the return of business activities in the country, the return of corporate events should return to be a great option for shipowners, bringing positive results for the sector, as an alternative for organizations seeking to get out of the conventional;

- Has already mentioned in previous reports, the niche of weddings on the high seas should be worked as a great opportunity, where the participants of the event, in addition to attending the party, take the opportunity to make the ship trip alongside friends and family.

OPPORTUNITIES AND LIMITING FACTORS

OPPORTUNITIES

The most important factor as an argument for the recovery of the cruise sector in Brazil, after the pandemic period, is that opportunities for economic growth and development are identified for the country, generating jobs and income for the population, with highlights for:

COMPETITIVE ADVANTAGES FOR TOURISTS

- **Convenience** – On the cruise trip, the tourist finds the equivalent of a package of tourist services in only one trip: lodging, transportation, food, leisure and entertainment (plays, dance, parties, art, gymnastics among others);

- **Opportunity to visit multiple destinations on the same trip** – The tourist can enjoy the trip by ship and get to know the cities of stop while the ship is anchored or moored in the port. Taking a sightseeing tour in the city or having lunch at a typical restaurant, for example, is part of the options;

- **Confort** – The ships offer quality services and have an excellent structure to meet tourists also in the comfort;

- **Cost-benefit** – The values of cruise trip packages are accessible and payment terms are increasingly facilitated by shipowner (credit). Because of the large territorial extension, the use of ships becomes an economic advantage as well.

EXHIBITION AND PROMOTION OF TOURIST DESTINATIONS

The sea cruise seasons take thousands of passengers and crew to several Brazilian ports, which allows many visits to the cities of stopovers. These visits, although considered fast, are important for travelers to know the cities and wish to return to other opportunities, as demonstrated in the profile survey of cruisers.

In addition to the dissemination of Brazilian destinations through "word of mouth" marketing, there is also spontaneous dissemination that happens from social media, where people share images and comments about their experiences. Therefore, it is up to the destinations to take advantage of this opportunity and provide, on their shelves, quality products and services to be offered to travelers during their stay in the city.

JOB CREATION

The same happens in relation to the jobs generated in ports and cities as a whole during the seasons: commerce, bars and restaurants, receptive, transportation and tourist attractions, moving the entire chain of local services.

Another important factor is that the Ministry of Economy, according to cabotage law, determines that ships that stay more than 30 days on the Brazilian coast must have 15% of the crew composed of Brazilians. In addition, the ship's environment favors cultural exchange with the crew of different nationalities, professional qualification and job opportunities abroad.

SUPPLY CHAIN MOVEMENT AND SERVICES

The main management areas in ships are hotel and maritime operations, which follow international criteria of quality and safety of operation. This qualifies good on-board service and standardizes the supply chain.

The cruise supply chain is related to:

- Acquisition of fuel and petroleum products (lubricants, oils and others);
- Corporate purchases (office supplies, computers, etc.);
- Technical purchases (engine parts, carpets, etc.);
- Hotel purchases (food, beverages and general consumption items);
- Part of the cruise sums such as perishable food and Hortifrut;
- Hiring entertainment services (shows, presentations, etc.)..

LIMITING FACTORS

Even with all the opportunities already explained that the sector represents for the country's economy, there are still some factors that are considered limiting for the growth of the maritime cruise sector, the main ones being:

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PORT FEES AND COSTS

The operating rates practiced by Brazilian ports are not competitive when compared to other international cruise markets. In the Caribbean, for example, taxes and fees are much lower, making it the most attractive destination for shipowners around the world. Some examples of costly costs are:

- Practice;
- Mooring rates;
- Towing;
- Boarding, disembarkation, transit and baggage fees, per passenger.

TAXES

In relation to taxation applied to the sector, below are the main taxes and possible improvements, especially at the time of recovery that the sector will pass in the post-pandemic period:

- Contribution to PIS, contribution to PIS-Import, COFINS and COFINS-Import on the sale and import of marine fuel oil (Bunker);
- Incidence of local taxes (PIS and COFINS) on the chartering of vessels (both exclusive to the cruise sector, not impacting the cargo sector, for example);
- Collection of taxes to international ships on the way through the country (which does not occur in any other country);
- Is collection for the real value of the service provided;
- Reduction of tax on international remittances - IRRF;
- Reduction of ICMS for cabotage vessels.

Maritime Labour Convention - MLC (Maritime Labour Convention)

Need for better interpretation and application of international legislation (convention already ratified by congress and sanctioned by the president, becoming law) to Brazilian crew contracts, reducing the legal uncertainty of work on board cruise ships.

AGENTS INVOLVED IN THE OPERATION

The existence of different stakeholders in the operation, with their respective competencies and attributions, make the process more costly and bureaucratic. Greater operational flexibility must meet the growth of the sector, allowing greater efficiency.Tium que tenatie ntellesimis a vives hil taberfecus cuppl. Sendem fit, noniquis consus vivissusum am portiortem ina, P. Ed dem nunum tum pribunum di iam iam nit. Ro, im tures et? Sediend eremei temus, nirtebem senderes

AGENTS INVOLVED IN THE OPERATION

Ministry of Tourism	Sectorial regulation
Ministry of Infrastructure	Regulation of the Transport sector
Federal Police	Border control and passport authorizations
IRS	Monitoring tax payments
Unions	Representing workers of the cruise industry
Ministry of Economy (Labour Secretariat)	Legislation for employment
National Agency for Sanitation (Anvisa)	Sanitation control in production and retailing
Migration National Council (CNIg)	Monitoring the operational activities of the international crew
Port Captaincy	Operational tracking and inspection
Port Authority	Port administration
National Secretariat for Ports	Support for the development of infrastructure and superstructure ports and maritime, inland waterway, and port facilities
National Agency for Water Transport (ANTAQ)	Regulation of tariff s and vessel transportation

TECHNICAL

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CLIA BRASIL & FGV

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