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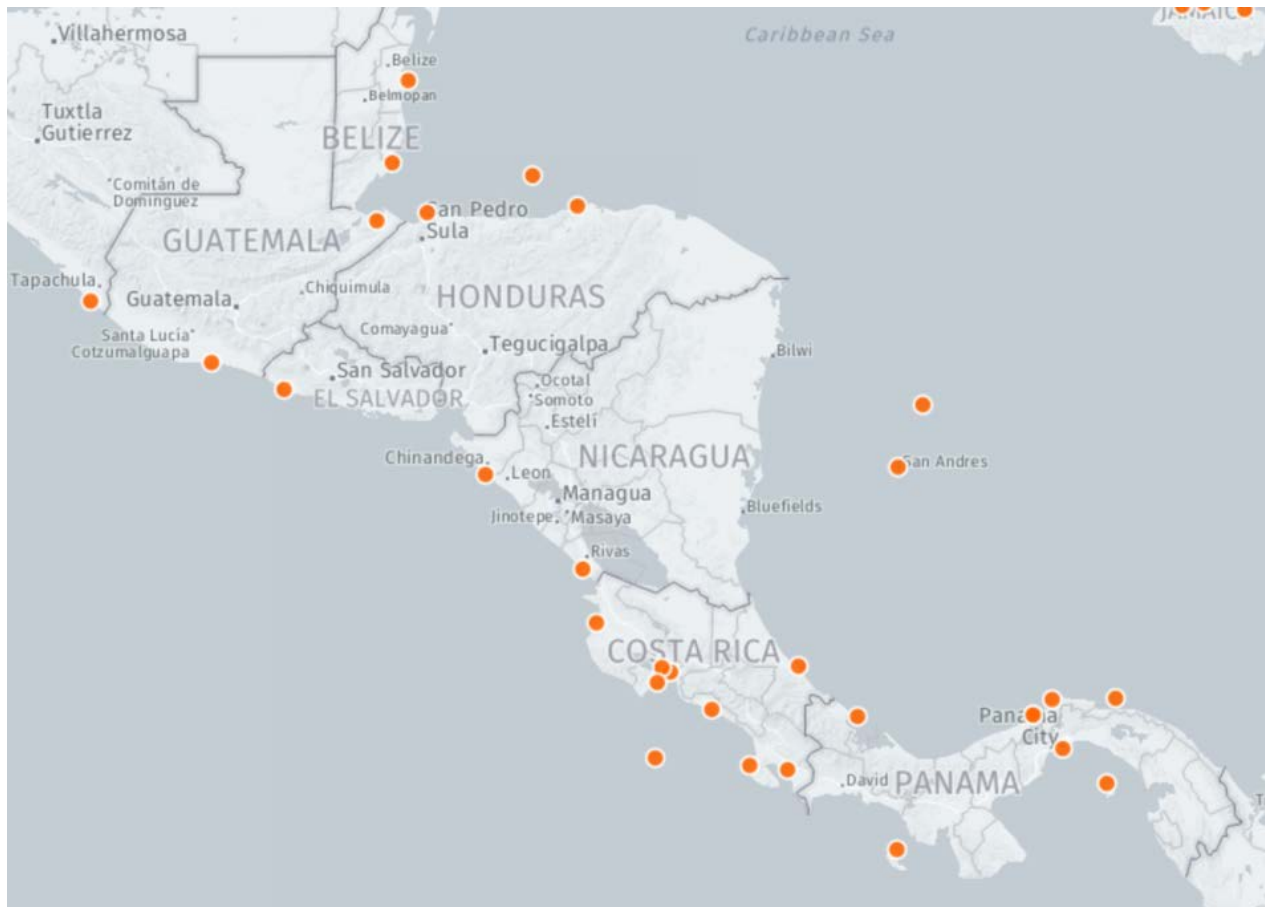
Report Cruise Terminals Central America

Commissioned by the ministry of Foreign Affairs

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The Cruise Industry of Central America: An Overview

With its tropical climate, the region of Central America is highly popular with cruisers. The strength of the region lies in the fact that all countries except for El Salvador can receive cruisers at both the Caribbean and the Pacific, which are both among the most important waters for cruises. In 2015 around 1.35 million people took a cruise with stops in Central America. The high flyer of the region is Honduras followed by Panama and Costa Rica.¹ The cruise industry in the region is strongly connected to the US economy since North Americans make up more than half of the passengers. Currently, demand for cruises is increasing which is showcased by the increase of 62% between 2005 and 2015.²



Cruise ports in Central America

¹ <http://www.laprensa.com.ni/2015/06/17/economia/1851332-a-la-caza-de-cruceros>

² <http://www.f-cca.com/downloads/2017-Cruise-Industry-Overview-Cruise-Line-Statistics.pdf>

Costa Rica

As *the* destination for ecotourism, Costa Rica's coastline is frequented by many cruise ships. In 2016 it welcomed almost 3 million visitors which is an increase of almost 10% compared to 2015.³ Every year, over 200 000 tourists visit Costa Rica by ship. These tourists spent on average 163.2 USD per person at their destination. North Americans, represent the lion's share of visitors, constituting 70% of the total number.

Among numerous smaller ports, Costa Rica boasts 3 major cruise ship ports which are located in Puntarenas, Caldera and Puerto Limón. Among the smaller ones are Punta Morales, Quepos and Golfito. Since the majority of these ports are all on the Pacific coast, it is no surprise that most tourists disembark on the Pacific coast.

While hosting numerous highly popular cruise destinations, in the recent years Costa Rica faced some challenges in the development of its cruise tourism industry. There is a need for improvement of the infrastructure required for the cruise sector. Furthermore, smaller cruise operators are struggling with the costs of the ports as the tariff scheme highly favors the large cruisers. While in the cruise season of 2009-2010 the country welcomed almost 270 cruise ships, in 2014-2015 this number decreased to 150. However, since 2016 el Instituto Costarricense de Turismo (ICT) has taken steps to actively promote cruise tourism.⁴



Cruise ship docking at Puntarenas

Hernán Garrón Salazar Port Terminal

In August 2016, the ICT and JAPDEVA (Junta de Administración Portuaria y de Desarrollo Económico de la Vertiente Atlántica) earmarked 160 000 USD to improve the tourist facilities of the Hernán Garrón Salazar Port Terminal in the Limón province within the next three years. The project pertains to the transformation of “Bodega Cinco” into a cruise terminal, which includes the construction of sanitary services, an information centre and spaces to facilitate tourist arrivals and departures.⁵ Its aim is to revive the cruise industry in Costa Rica by improving the competitiveness of the province, as well as that of small and medium-sized enterprises.⁶

³ <http://www.ict.go.cr/es/documentos-institucionales/estad%C3%ADsticos/informes-estad%C3%ADsticos/anuarios/2005-2015/950-2016/file.html>

⁴ <http://presidencia.go.cr/comunicados/2016/03/ict-busca-revivir-industria-de-cruceros-en-costa-rica/>

⁵ http://www.elfinancierocr.com/economia-y-politica/Bodega-transformara-terminal-portuaria-Limon_0_1022297768.html

⁶ <http://presidencia.go.cr/comunicados/2016/08/limon-contara-con-nueva-terminal-portuaria-de-mas-de-93-millones/>

Guatemala

In Guatemala, the country of the eternal spring, the cruise industry is experiencing rapid growth, expanding with 16% in the period 2014-2015.⁷ In 2016, the country welcomed almost 1.6 million tourists, of which over 100 000 people visited the country by means of a cruise ship. Especially the month of December is popular among tourists as this month alone brought 22 thousand tourist to Guatemala.⁸ For the year of 2016-2017 the country expects to host in total 95 ships of which 67 will visit the pacific coast and 28 the Atlantic coast,⁹ generating a total income of 7 million USD.¹⁰ The bulk of the passengers of these cruise ships are hosted by the ports of Santo Tomas de Castilla on the Atlantic coast and Puerto Quetzal on the Pacific coast. Guatemala has devoted significant investments to the sector in recent years, as a result of which 4.500 cruise passengers could disembark and be attended to simultaneously in 2015. However, the Guatemalan Institute for Tourism (INGUAT) urges that the country intensifies investments to improve its facilities, in order to maintain growth levels and exploit the opportunities the sector proffers as key to the expanding tourist industry. It has been suggested that upgrading the country's port facilities may require as much as 100 million USD in investments.¹¹

For this country the DRIVE subsidies are made available by the Dutch Ministry of Foreign Affairs and the Netherlands Enterprise industry. Among the eligible projects are water infrastructure projects. For all requirements please check: www.rvo.nl/subsidies-regelingen/drive.

Port of Quetzal

Guatemala has devoted 15 million USD for works at the port of Quetzal. The Quetzal Port Company will invest in the construction of a road overpass, a breakwater and the dredging of the commercial dock. The dredging, with a total cost of 9 million USD, will be conducted at the commercial and cruise docks. 1.5 million USD is destined for the protection of the coast and the widening of the circle of maneuvers, allowing for larger ships to dock.¹²



Port of Quetzal

⁷ http://www.centralamericadata.com/es/article/home/Guatemala_Turismo_de_cruceros_crece_16

⁸ <http://www.visitguatemala.com/descargas/boletines2016/boletin-estadisticas-turismo-diciembre-2016.pdf>

⁹ <http://www.inguat.gob.gt/posts/inguat-apertura-temporada-de-cruceros-2016-2017-369.php>

¹⁰ <http://www.20minutos.com.mx/noticia/139965/0/guatemala-inicia-temporada-turistica-de-cruceros-2016-2017/>

¹¹ <http://www.prensalibre.com/economia/economia/infraestructura-maritima-debe-ser-prioridad>

¹² http://www.centralamericadata.com/en/article/home/Guatemala_15_million_for_Port_Works

El Salvador

El Salvador welcomed over 2 million visitors in 2016, which is an increase of 4%, continuing its steady growth in tourism. The tourism sector represents around 4.5% of its total GDP, making the sector key to the country's economy. However, El Salvador remains one of the least visited countries by cruise ship in Central America. The main reason for this are the security risks in the country and the bad press it receives as a result of these security concerns.¹³ Nevertheless, the Salvadoran Ministry of Tourism (MITUR) managed to attract 5 cruisers to its coasts in the months of January and February bringing around 2500 tourists to its shores. For the whole season of 2017 two times this amount of ships and tourists are expected,¹⁴ which would represent a record in the country's history. As a result, MITUR has announced plans to invest around 60 000 USD in the country's cruise port infrastructure and management to position itself as a cruise ship destination and stimulate its tourist industry.¹⁵

Honduras

Honduras is the most popular destination for cruises in the region. Every year it attracts over 300 cruise ships bringing over one million tourists to the country. These cruisers provided the country in total with an influx of over \$90 million in foreign exchange. The sector continues to grow, with a predicted 10% increase in cruise arrivals by 2019.¹⁶ Honduras' crown jewel is without doubt the island of Roatán in the Caribbean sea which attracts the lion's share of tourists. 80% of the cruise passengers visiting the island of Roatán is American. These American tourists are comforted by the fact that this Honduran island is predominantly English-speaking due to its British colonial past.¹⁷ This huge influx of cruise ships is facilitated by the island's two ports allowing the island to serve multiple cruise ships at the same time.

At the moment, Honduras is actively exploring opportunities to keep the cruisers in the country for a longer time, allowing the passengers to spend more on the mainland.¹⁸ Cruise tourism to the mainland has already been expanding; the "Banana Coast" terminal in Trujillo is the first cruise terminal to service the mainland. It experienced a 25% increase in cruise visitors in 2015 following investments of around 30 million USD. The government plans on investing an additional 20-25 million USD for the development of a new dock in the port.¹⁹ In addition, the Honduran government is exploring opportunities to open up its Pacific coast to cruise tourism, hoping to open the Amapala cruise port on Isla del Tigre in 2018.²⁰

¹³ <http://www.transparencia.gob.sv/institutions/corsatur/documents/estadisticas>

¹⁴ http://www.centralamericadata.com/es/article/home/El_Salvador_Perspectivas_para_la_temporada_de_cruceros

¹⁵ <http://contrapunto.com.sv/economia/mundoeconomico/el-salvador-le-apuesta-a-la-industria-de-cruceros/1959>

¹⁶ <http://www.laprensa.hn/honduras/1070336-410/cruceros-honduras-turismo-destino>

¹⁷ <http://investor.biospace.com/biospace/news/read?GUID=34558520>

¹⁸ <http://hondudiario.com/2017/07/18/gobierno-repotenciara-el-turismo-con-nueva-ley-y-creara-250-mil-nuevos-empleos/>

¹⁹ <http://www.central-law.com/es/noticias/item/220-inversion-en-puertos-de-centroamerica-aumentara-competitividad>

²⁰ <http://www.prnewswire.com/news-releases/honduran-shores-attract-new-cruise-lines-300486323.html>

Furthermore, after the example of El Salvador, Honduras is now in the process of adopting a new tourism law. The aim of the law is to boost the tourism industry as it now expects an increase of 6% in tourism. The new tourism law is said to create 250 000 new jobs within 2 years and focusses on investments in infrastructure. The law includes equal investment opportunities for different sizes of companies, fiscal stability agreements and funds for land and air transport in tourism.²¹ While the focus is on land and air transport, increased land connectivity could have a substantial effect on the attractiveness of cruise destinations.

Nicaragua

In 2016, Nicaragua saw 59 cruise ships coming to its harbors. These 59 cruise ships brought the country almost 90 000 visitors. These numbers represent an impressive growth of over 30% compared to the year before,²² restoring visitors to 2008 levels following a downturn in the sector between 2009-2014. The industry is expected to continue its ascent, with an expected increase of 10-12% for 2017-2018.²³ Almost all of these cruise ships with its visitors docked in the harbors of San Juan del Sur and Corinto which are both situated on the pacific coast. The complete tourism sector of Nicaragua facilitated around 1.6 million tourists in the past year. To further stimulate the arrival of cruise visitors, the Empresa Portuaria Nacional has announced investments approximating 8.5 million USD to improve port infrastructures and assets.²⁴

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San Juan del Sur

In an attempt to boost the amount of cruise tourism to one of the country's largest cruise terminals, the authorities have invested in the modernization of the port of San Juan del Sur. The investments are financed by the Interamerican Development Bank and consist of the construction of 4 flamboyant buildings which house markets, shops, 8 restaurants, tourist information points and a disco.²⁵ Another major improvement is the increased ability for tourists to disembark the ship. Priory, the tourists had to wait for one of the small boats that would bring them to shore. Now, to the port allows for a total 6 transport



Cruise port of San Juan del Sur

²¹ <http://www.elheraldo.hn/economia/1094540-466/turismo-hondure%C3%B1o-puede-crecer-6-con-la-nueva-ley>

²² <http://www.elnuevodiario.com.ni/economia/427889-nicaragua-atendio-50-cruceros-2016-31-6-mas-que-20/>

²³ <http://www.laprensa.com.ni/2017/07/31/economia/2272238-nicaragua-recupera-cruceras>

²⁴ <http://www.laprensa.com.ni/2016/03/07/economia/1997525-llegaran-mas-cruceros-a-nicaragua>

²⁵ <http://www.elnuevodiario.com.ni/economia/398289-modernizacion-puerto-consolida-san-juan-sur-destin/>

boats instead of 1. The fact that the cruise ships cannot always be connected to the mainland caused the fact that tourists on 9 out of 30 cruise ships could not disembark in San Juan del Sur, causing a serious loss of revenue for the local tourism industry.²⁶

Panama

Panama, as the second largest recipient of cruise ships in the region welcomed 217 000 cruise tourists to its shores. In total, the tourism industry contributed around 6 percent of the country's GDP.²⁷ Although it is still a large player in the cruise business, the country has seen its cruise visits decrease steadily since 2011.²⁸ Nevertheless, according to an IMF country report the expansion of the Panama canal has created new opportunities to boost the cruise industry in Panama.²⁹ The industry is projected to recover and continue its expansion in the coming years. One of the prime targets of future development in the industry is the Puerto de Colón 2000.³⁰

Cruise port Amador

Just outside of Panama City a new cruise port will be constructed. The Panama Maritime Authority (AMP) has awarded the construction of the port to China Harbor Engineering Company and Jan de Nul after a tender in which they were the only party to participate. The project is reported to cost around 165.7 million USD. The port will be managed by a state authority with cooperation from the Port of Hamburg.³¹



Cruise port Amador

²⁶ <http://www.elnuevodiario.com.ni/economia/427889-nicaragua-atendio-50-cruceros-2016-31-6-mas-que-20/>

²⁷ <https://www.wttc.org/-/media/files/reports/economic-impact-research/countries-2017/panama2017.pdf>

²⁸ http://www.atp.gob.pa/sites/default/files/documentos/demanda_2007-2016.pdf

²⁹ <https://www.imf.org/~media/Files/Publications/CR/2017/cr17106.ashx>

³⁰ <https://www.presidencia.gob.pa/Noticias/Presidente-Varela-inversiones-en-Colon-alentaran-la-llegada-de-nuevas-lineas-de-cruceros-a-la-provincia>

³¹ <http://www.seatrade-cruise.com/news/news-headlines/belgium-china-consortium-wins-166m-contract-to-build-panama-cruise-terminal.html?highlight=WyJqYW4iLCJqYW4ncyIsIldqYW4iLCJkZSIsIldkZSIsImRlJ21lZGljaSIsIm51bCIsImphbiBkZSIsImphbiBkZSBudWwiLCJkZSBudWwiXQ==>



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