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Hawaii Republicans Try To Stop the State's Economic Bleeding

By Michele Van Hessen, 2/13/2008 4:27:49 PM

With 2 of 3 NCL ships leaving, Hawaii Coastwise Cruise federal rule change would kill local cruise industry.

House Republicans introduced a resolution today calling for the Department of Homeland Security's Bureau of Customs & Border Protection to reconsider their proposed rule change that would affect foreign cruise ships visiting Hawaii.

Customs and Border Protection is proposing a rule change that clarifies the Passenger Vessel Services Act (PVSA), which would require foreign cruise ships to spend at least 48 hours in a foreign port; the amount of time at the foreign port is more than 50 percent of the total amount of time at the U.S. ports of call; and passengers are permitted to go ashore temporarily at the foreign port.

It is believed that any change made in the interpretation and application of the PVSA would greatly affect the foreign cruise industry in Hawaii.

With the recent announcement by Norwegian Cruise Line that their second ship, Pride of Aloha, is leaving Hawaii, this federal rule change would kill Hawaii's lucrative cruise industry and House Republicans are trying to stop the bleeding.

"The potential losses to our economy are staggering," said House Minority Leader Lynn Finnegan. According to the Department of Business, Economic Development & Tourism's estimates, this rule change could decrease sales by \$155 million, decrease labor earnings by \$44.4 million, and cost Hawaii almost 1,500 jobs. "Given the recent business decisions by Norwegian Cruise Lines to pull Pride of Aloha and Pride of Hawaii from the local cruise market due to increased competition, we cannot afford to lose foreign cruise vessels as well."

Local media recently reported on the projected losses to our economy from the two Norwegian Cruise Lines ships leaving the local cruise market. "Given the projected reduction in economic growth, I don't think our economy can afford another \$200 million dollar hit," added House Minority Floor Leader Colleen Meyer (R-47th District-Laie-Hauula-Punaluu-Kahaluu), a member of the House Finance committee. "And the loss of even more jobs through so many sectors of our economy is certainly undesirable."

"This rule change will likely end most interisland cruises originating outside of Hawaii, leaving only Pride of America. This is not conducive to growing a local cruise industry," commented Rep. Barbara Marumoto (R-19th District-Waialae Iki-Kalani Valley-Diamond Head-Kahala), member of the House committees on Economic Development & Business Concerns and Tourism & Culture. "As has been reported in local media, without the boost in visitors provided by all interisland cruises, tourism would have been flat for the past 4 years."

"It makes no sense," added Rep. Gene Ward (R-17th District-Hawaii Kai-Kalama Valley-Queen's Gate), also a member of the House Finance committee. "This rule change is so damaging to our tourism industry and economy. Every other state that is home to a port city that deals with the cruise industry opposes this change -- Alaska, California, Washington, Maryland, and more. Politicians from those states have testified against this rule change, but our Congressional delegation supports it. Even Sen. Inouye's good friend from Alaska, Sen. Ted Stevens, is opposed to this. Why is our Congressional delegation trying to further damage our economy?"

In public commentary on the proposed rule change, the Hawaii Tourism Authority stated, "Hawaii's cruise line industry provides great economic benefits to all affected islands, including generating business for tour

and attraction operators, transportation providers, retailers, stevedoring and tug companies and many other residents and businesses provide goods and services to ships, passengers and crew. On Hawaii island, Kauai and Maui, the economic benefits from Hawaii's cruise line industry has an even greater impact." They further add that the "adoption of this item could mean the withdrawal of all international cruise business in Hawaii, and result in significant economic losses for our entire state."

Besides the Hawaii Tourism Authority, the county of Hawaii, the Hawaii Island Chamber of Commerce, Royal Caribbean Cruises, the Hawaii Pilots Association, and the Governor, among others, have submitted public comments in opposition to the rule change.

Michele Van Hessen is the Media Liaison for Hawaii's House of Representatives minority party.

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