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April 4, 2008

Opinion Editorial
By
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"Governator' and Gov. Linda Lingle can save Hawaii's Cruise Industry"

Governor Linda Lingle and Governor Arnold Schwarzenegger today told Homeland Security Secretary Michael Chertoff not to accept the proposed rule changes requested by U.S. Bureau of Customs and Border Protection that would cripple our infant cruise industry.

Our tourist industry is already reeling from the closure of two major airlines that carried nearly 12% of the total 7.3 million tourists to our state last year. This rule change would further harm this industry that our islands are so dependent on economically.

The change that is proposed would require all foreign-flagged cruise ships to spend at least 48 hours in a foreign port between stops at U.S. ports. In addition, these stops must amount to more than 50 percent of the total amount of time spent at U.S. ports of call and passengers must be allowed to temporarily go to shore at these foreign ports.

These new restrictions would devastate Hawaii's tourist industry. Under the proposed change, foreign-flagged ships could no longer travel from Honolulu to Kahului without a 48-hour stop at a foreign port, the closest of which is Fanning Island in the Republic of Kiribati, 850 miles south of the Big Island.

According to Hawaii's Department of Business, Economic Development & Tourism, if this change goes into effect, it could deplete sales by \$155 million, decrease labor earnings by \$44.4 million and cost Hawaii 1,500 jobs. It would effectively end inter-island cruises as it would leave only one U.S.-flagged carrier, NCL's *The Pride of America*, able to make inter-island stops.

Despite the effect this new interpretation would have here, our Congressional delegation supports this rule change. We must ask why Inouye, Akaka, Abercrombie, and Hirono would "strongly urge [Bureau of Customs and

Border Protection] to move expeditiously to implement [this] interpretive rule." Perhaps they could explain this to the Terminator.

In addition, every other state that is home to a port city with a viable cruise industry opposes this change, including Florida, Alaska, Washington, Maine and Schwarzenegger's California. This change would cost jobs and decrease revenue across the country.

For example, Miami, Florida is the world's busiest cruise port. In comments submitted to the Commissioner of Customs and Border Protection, Florida's Governor Charlie Crist stated, "The [cruise] industry generated over 125,000 jobs in 2006, and paid \$5 billion in income." He went on to point out that if the rule change is implemented, "Florida would lose cruise port of calls at Ft. Lauderdale, Miami, and would eliminate all the calls in the Key West." The economic hardship felt by this rule change would ripple beyond all the job losses in the state of Florida alone.

Likewise, in Seattle, Washington, the proposed rule change would have similar consequences. "In 2006," writes Mayor Gregory J. Nickels, "751,000 cruise passengers helped generate \$233 million in Seattle's economy, \$6.2 million in state and local taxes, and 1,950 jobs." Mayor Nickels continues by noting, "The proposed interpretation would also severely impact other local businesses that support the cruise industry, including tourism-related companies, such as travel agencies, airlines, hotels, restaurants, and other maritime industries such as food processors and ship repairs."

California Congresswoman, Susan A. Davis has said, "The Port of San Diego's cruise business is an integral part of [the] city's tourism industry, generating \$300 million into [this] region's economy...." and, Alaska's Congressman Don Young urged the Bureau of Customs and Border Protection to reconsider its interpretation of this rule, "I cannot understate the detrimental impact this rule may have upon the State of Alaska, our investments in waterfront infrastructure, our stakeholders, and the future of Alaska's passenger vessel commerce."

This is a protectionist effort to prop up Norwegian Cruise Lines' waning Hawaii cruise business. As a former Merchant Marine, I understand how vital U.S.-flagged ships are to our security, but I fail to see the logic of protecting this one ship in Hawaii at the expense of our entire cruise industry. To the contrary, this rule change will cost thousands of Americans their jobs and affected states billions in lost revenue.

Whether we like tourism or not, our state's economy has clearly benefited from the cruise industry. Let's not let Homeland Security "deep six" our inter-island cruise industry and negatively affect thousands of Hawaii's citizens and businesses. The Department of Homeland Security should be careful not to indulge in this type of protectionism under the guise of national security, and should listen to the "Governator" and Governor Lingle.

Gene Ward represents the 17th House District comprised of Hawaii Kai, Kalama Valley and Queen's Gate and also serves as the Co-Chair of the Small Business Caucus.