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TO THE QUARANTINE AND BIOSECURITY REVIEW BY ROYAL CARIBBEAN CRUISES LIMITED APRIL 2008

Royal Caribbean Cruises Ltd (RCL) is a major international cruise company operating a fleet of thirty-eight ships under the brand names Royal Caribbean International, Celebrity Cruises, Azamara Cruises, and Pullmantur Cruises. The worldwide growth of cruise vacations is nearly 10% per annum, and the expansion is through what we call "local sourcing," i.e., guests from countries such as Australia who are interested in purchasing a cruise vacation that departs from their home country, and international guests such as those from Europe and North America who are interested in traveling to other countries as a destination on their cruise vacation experience. Biosecurity and quarantine issues are of paramount interest to our company, and we recognize the unique nature of these requirements in Australia. We are pleased to have this opportunity to submit our observations, issues, and recommendations to the Quarantine and Biosecurity Review Panel.

RCL had just recommenced sailing with two of its vessels (*Rhapsody of the Seas* and *Mercury*) to Australia this past sailing season (2007-2008), and was taken by surprise by sudden and, what we view as unreasonable, changes in AQIS policy with regard to transshipments of foodstuffs.

In summary, AQIS, through legal advice, determined that transshipments of ships' stores were "imported," to Australia. As imported goods, to the degree that the contents included "prohibited goods," those containers were not permitted to land without a permit. AQIS advised that after consultation with Biosecurity Australia, no such permit would be granted for the transshipment of ships' stores. ("Ship's stores" usually refers to stores for crew. In RCL's case, the term refers to the far larger stores needed to supply thousands of on board passengers during their cruise vacation.)

AQIS also imposed very detailed reviews of the items being shipped, including an advance notice of all items being shipped, their country of origin, and a variety of detailed secondary information depending on the item. These reviews could cover several thousand items that our company may ship at any given time, and would frequently require several iterations back and forth to satisfy all of the new information requirements.

These changes were made on very short notice and without regard to the unblemished safety record using the then existing practices, nor, as far as we are aware, without any

comment and discussion from industry and other government agencies such as port authorities.

The outcome of these sudden changes was disruptive to our cruise operations because we had already set in motion our operations plan for Australia, determined specifications and source markets for the products, communicated and trained our onboard and shoreside staff, and commenced procurement and shipment of goods when we were made aware of the new requirements from our agents. AQIS did accommodate some early shipments that were on the water in transit at the time, but the majority of our loading operations are now redirected to New Zealand, thereby extending the periods between provisionings to as much as twenty-three days and placing strain on operations to maintain the quality and standards our guests expect.

Our company takes no issue with definition of "prohibited goods" nor with the need for Australia to maintain strict standards with regard to foodstuffs that enter the country. As a global operator of cruise ships in many countries around the world, we're accustomed to some local variation in requirements. Certainly Australia has some of the most unique conditions in the world as an island nation and must take extraordinary precautions to protect its citizens and industry from imported disease and unwanted animal and plant items.

We too, as a cruise company offering vacation experiences to millions of guests each year, are vigilant about the health and safety of our guests. We—and in fact the entire cruise industry—have an impeccable record of shipping and handling food products throughout the world, and take extraordinary measures to ensure that they are safe, healthy, presentable, and secure for our guests.

RCL's issue, and the one submitted for your panel's review, is with the procedures for ensuring biosecurity and handling of these products during their brief transit through Australia. There is no record of any cruise ship owner presenting a risk to Australia. In fact, we submit that the cruise industry is a model of safe behavior because it's in its best interest to act responsibly for both guests and host countries.

The items we ship are frozen or in sealed containers such as jars, cans, or tetra packs, or in other secure packaging for dry goods. Most fresh produce, vegetables, and dairy products are purchased locally in Australia. Containers are packed in our distribution centers the shortest possible time before shipment, and extraordinary processes are used to maintain cold storage temperatures and the chain of custody and all items. Containers carrying chilled or frozen products contain a recorder that monitors and records temperatures throughout its voyage. All containers are closed and sealed with a numbered secure seal that is registered on the shipping documents and forwarded to our shipping agents. Upon arrival in Australia at the container port, these containers are held in secure yards or moved to secure locations and held until our ship's arrival date. Scheduling is as close as possible to the cruise ship's arrival, but typically this is less than two weeks.

From talking to various industry members, we heard that there may be some concern about the transit and security of these containers from the container holding yard to the cruise terminal. These transit distances vary: Melbourne is very close; in Sydney it is several kilometers. But typically the containers are moved during off peak hours such as late at night or early morning

to be staged for loading at the quay before our ship arrives. In the case of Sydney this year, we arranged with our agent, Geodis Wilson, to hold our containers in the yard under 24-hour closed circuit television security.

After transit to the quay, the containers are opened in a quarantine zone for the first time by verifying the numbering and breaking the seal under the direct supervision of AQIS officials. At no time is a container opened unless authorized. Once opened, our agent or shipboard employees immediately check the temperature monitoring device. The contents are then moved the few meters from the container to the shell door of our cruise vessel, taken aboard, and immediately transferred to their storage locker.

We further believe the detailed level of information requested by BA and AQIS is more suitable for items that are intended for import to the country, and are only necessary for determining which items may be prohibited. If transshipped goods were allowed as under the previous conditions or under some newly created standards, there wouldn't be a need to assess anything more than the normal manifest carried with each container.

We also believe there is inconsistency in the new standards imposed by AQIS/BA because that transshipment of prohibited goods is still permitted, we assume under a permit arrangement, for air cargo and sea freight destined for locations outside Australia. We can only deduce that it is the logistics of the opening of containers containing "prohibited imports" at the ship's side that is of concern to AQIS and Biosecurity.

Unfortunately, the rationale behind the decisions taken by AQIS and Biosecurity Australia has not been disclosed or discussed as mentioned earlier in this paper.

Request to the Panel

RCL's specific request of the Panel is to re-examine the decision to prohibit transshipment of prohibited goods of ships' stores and develop, in consultation with industry and related agencies, a set of logistics, shipping and handling standards and processes that will provide an acceptable level of protection to Australia.

We understand the Panel intends to conduct local forums in an effort to hear stakeholder views. We would greatly appreciate the opportunity to speak directly to the Panel and look forward to receiving notice as to when and where the forums will take place.

Sincerely,



Jeffrey A. Danis
Vice President, Supply Chain Management