



**SUBMISSION TO THE QUARANTINE AND BIOSECURITY  
REVIEW  
BY  
THE CRUISE LINE INTERNATIONAL COUNCIL**

**APRIL 2008**

This paper is submitted on behalf of the member cruise lines of Cruise Lines International Association (CLIA) in response to the Biosecurity and Quarantine Panel Review announced by the Minister of Agriculture, Fisheries, and Forestry in Australia.

CLIA is the world's largest cruise association, composed of twenty-three (23) of the world's major cruise lines (See Attachment 1). CLIA is an organization that operates pursuant to an agreement with U.S. Federal Maritime Commission under the Shipping Act of 1984, and serves as a non-governmental consultative organization to the International Maritime Organization (IMO), an agency of the United Nations.

**Issue**

In October, 2007, the Australia Quarantine Inspection Service announced changes in procedures regarding transshipped goods that a) defined all landed goods as imported; and as a result b) prohibits the transshipment of prohibited goods through Australia. These changes in policy have had significant operational impact and caused economic harm on our member cruise lines.

**Position**

CLIA does not in any way seek to challenge the definition or categorisation of "prohibited goods." That is clearly an Australian national issue and must be determined to suit the unique concerns and conditions of Australia related to goods that are intended for import to the country. It is in the best interest of our member cruise lines to act responsibly in the countries they operate

for the benefit of their guests and in accordance with all national and international laws.

Rather, our issue is with the recently imposed prohibition on transshipment of prohibited goods. Transshipment is the process whereby containers are sent from overseas to meet cruise ships when the cruise ships dock in Australia. At that point, the container is brought alongside the cruise ship and the contents loaded, in a secure environment and under AQIS supervision. Cruise ships have limited capacity to store the required provisions (including prohibited goods) on board, thereby necessitating provisioning every 7 to 14 days. The contents of the containers sent for these purposes are not for consumption in Australia, but are loaded directly from the container onto the cruise. The ships are typically in port for less than 12 hours, but on occasion they spend an overnight for guests to participate in a broader variety of shore activities.

Such transshipment is permitted in all other countries in which our members call, including those countries which have defined prohibited goods. Whether required or not, our member lines have adopted the most stringent of the standards as their standard operating procedure because they believe that these practices are simply good business and ensure that product intended for guests will meet the appropriate health, sanitary, and wholesomeness standards.

Our member companies have an impeccable record of handling foodstuff in countries around the world, they conform to the requirements of national and local governments, and they are confident that standards can be created to ensure that any risk to Australia by allowing these transshipments can be handled within an acceptable level of protection (ALOP) as required by the Australian quarantine laws.

## **Background**

During late 2007 prior to prime cruise season (October to May) when our member companies deploy their ships in Australian waters, AQIS announced that it was considering changes in the requirements for transshipped goods. We understand that this change was brought about by an interpretation of the Customs Act which resulted in transshipped goods being considered to have been “imported” and as a consequence, to the extent the containers contained “prohibited goods” they would no longer be allowed to land. AQIS turned this matter over to Biosecurity Australia but,

to the best of our knowledge, did not solicit nor the input of industry or other government agencies such as Tourism or Transportation and state agencies such as port authorities. We understand that Biosecurity Australia advised AQIS that an import permit should not be granted – again, as far as we are aware, without any discussion with industry or others of their particular concerns regarding the logistical issues in the transshipment process and, whether by working with industry, port agents and freight management specialists, it would be possible to impose conditions on such processes so as to ensure an acceptable level of protection.

There is no record of any problem ever occurring with these shipments in Australian or other international ports. Nevertheless, our member companies recognise the unique conditions of Australia and offered to work with AQIS during this period to address and ameliorate concerns. They submitted written documentation on the processes and procedures used to handle foodstuffs in transit, and described the operational and economic harm the proposed changes would cause to the industry. We are not aware if any of this information was considered.

Subsequent to the formal requirements notification by AQIS, CLIA submitted a written request to Mr. Hunter's office to reconsider the matter. He replied that the procedures had been decided and that our members could find the requirements on the applicable AQIS web pages. (See Attachment 2). He also offered to meet with our representative, Mr. Jeff Danis of Royal Caribbean Cruises who visited Australia in March of this year. No meeting took place in March but we understand that Mr. Danis will be meeting with Mr. Hunter in mid May,

### **Operational Impact**

The operational challenges to our member cruise lines are described in Attachment B to this submission. In short, cruise lines cater to certain demographics of guests and provide a consistent product—cruise experience—to these guests throughout the world. Food is considered a critical part of the cruise holiday experience and is inclusive of the cruise fare paid by guests.

Cruise lines select products that meet the expectations of the guests and the needs of operational challenges. Today's cruise ships produce up to 20,000 meals per day. The specifications of the ingredients and consistency of supply are critical to making this type of operation work. Once an

operational plan is approved and personnel trained, it is rarely changed, and only then in small increments.

The operational impact of requiring foodstuffs to be procured in Australia is significant. While similar or substitute products may be available, exact specification matches are difficult or impossible to obtain. What appear as small changes in size, packaging, cuts of protein products, and even type of products can introduce variability into food production on the vessel, thereby impacting quality standards and potentially the expectations and standards of guests.

### **Relevance to the Inquiry**

We seek to have the Panel consider the appropriateness, effectiveness and efficiency of the above determination by AQIS to achieve Australia's ALOP for quarantine purposes.

Our request is to re-examine the decision to prohibit transshipment of prohibited goods, in consultation with industry, with a view to allowing the transshipment of prohibited goods under predefined conditions as authorised by a permit issued by the Director of Quarantine consistent with Australia's ALOP for quarantine purposes.

### **Conclusion**

CLIA acknowledges the need to maintain Australia's ALOP for Australia's biosecurity. Nothing in the past indicates that transshipment of prohibited goods has done anything to damage that level of protection. To the extent new concerns have been raised regarding the transshipment of prohibited goods, CLIA seeks firstly to be informed as to what those concerns are and to work with AQIS and Biosecurity Australia to address those concerns.

We understand the inquiry panel intends to conduct focused forums in an effort to hear stakeholder views after the initial research is completed. Our member cruise lines would greatly appreciate the opportunity to speak directly to the Panel and look forward to receiving notice as to when we may meet with the Panel.

Attachments:

1. List of CLIA Members

2. CLIA letter dated 18 December 2007 sent to Mr. Stephen Hunter, Deputy Secretary and Executive Director AQIS, that lists the specific cruise industry needs and offers to work with AQIS to find suitable solutions to the concerns of Biosecurity and Mr. Hunter's reply dated 15 January 2008
3. Sourcing and Handling Processes

Cruise Lines International Association



Terry Dale  
President & CEO  
Cruise Lines International Association

## **Attachment 1**

### **Cruise Lines International Association Membership**

1. American Cruise Lines
2. Azamara Cruises
3. Carnival Cruises
4. Celebrity Cruises
5. Costa Cruises
6. Crystal Cruises
7. Cunard Line
8. Disney Cruise Line
9. Holland America Line
10. Hurtigruten
11. Majestic America Line
12. MSC Cruises
13. Norwegian Cruise Line
14. Oceania Cruises
15. Pearl Seas Cruises
16. Princess Cruises
17. Regent Seven Seas Cruises
18. Royal Caribbean International
19. Seabourn Cruise Line
20. SeaDream Yacht Club
21. Silversea Cruises
22. Uniworld Grand River Cruises
23. Windstar Cruises

## Attachment 2

### CLIA Letter to Mr. Hunter December 07 & Response from Mr. Hunter dated 15 January 2008



Australian Inspection and Quarantine Inspection Service  
GPO Box 858  
Canberra Act 2601  
Australia

Attention: Mr. Stephen Hunter, Deputy Secretary and Executive Director

Dear Mr. Hunter,

I'm writing on behalf of the member cruise lines of the Cruise Lines International Association (CLIA) regarding recently imposed restrictions by Australian Quarantine Inspection Service (AQIS) pertaining to transshipment of goods while the member ships are in Australian ports. These restrictions, as I understand them, prohibit transshipment of certain food products and require strict permitting process on a long list of other food items.

Our member cruise lines have expressed concern over these restrictions because they impede normal course of business, increase logistical complexity, require changes to standard product offerings that guests expect on a particular brand, and ultimately have a significant cost impact. The restrictions are also inconsistent with cruise ship trade in most parts of the world where "ship stores in transit" laws consider these types of shipments as transshipments, not imported goods. They are not intended for resale or consumption in the country of Australia.

We understand the unique circumstances of Australia and the need to control imported foodstuffs. The cruise industry has impeccable record with regard to shipping safety and, in fact, goes above and beyond compliance: For example:

- Member lines are prepared to provide health certificates on most protein items signed by U.S. veterinary doctors that the products are as represented and that they are fit for human consumption.

- Products on the prohibited list are shipped in frozen condition or sealed individual containers. They are only defrosted or opened after loading on the cruise vessel.
- All products are shipped in containers that are sealed at origin with registered numbers and opened only upon arriving in Australia under the control of local officials. This is only at the pier when the cruise ship arrives unless AQIS or other officials request opening earlier.
- Shipments are made in a manner to have the shortest possible transit time in Australia. This is simple economics for the cruise lines, but also because of the need to minimize order to delivery times on what is already a long schedule.
- Shipments are handled by local representatives, usually port agents or local offices of freight forwarders, who are familiar with local requirements and concerns.

It is in the best interest of the cruise industry to act responsibly. An incident of any kind by any brand reflects poorly on the industry as a whole. Cruise companies are high profile, consumer oriented companies that depend on a good reputation for their business. The safety record with regard to these types of shipments in other countries, and indeed Australia, is remarkable.

CLIA's member cruise lines represent \$100's of millions in tourism and trade for the country of Australia. Our studies show that the average cruise line guest spends \$100/day/person while visiting a city/country while ashore for excursions, shopping, and dining expenses alone. Cruise lines also purchase a significant amount of goods and services while trading in and around Australian waters. Items include fuel, port services, logistics providers, ship chandlers, foodstuffs, and miscellaneous services.

I know CLIA's member cruise lines will work with AQIS and other Australian government agencies to address questions and allay concerns you may have. We have asked Jeff Danis of Royal Caribbean Cruises to represent the industry in this matter. Jeff is in contact with other member lines that are impacted by the AQIS ruling and has offered to liaise with AQIS on their behalf. It is also my understanding that Jeff has submitted written documentation and has been in contact with AQIS representatives during recent months. Alternatively, you may contact me directly as needed.

Sincerely,

Cruise Lines International Association



Terry Dale  
President & CEO  
Cruise Lines International Association  
cc: Mr. Robert Langlands



Australian Government  
Department of Agriculture, Fisheries and Forestry

Deputy Secretary and  
Executive Director  
Australian Quarantine and Inspection Service

Mr Terry Dale  
President & CEO  
Cruise Lines International Association  
910 SE 17<sup>th</sup> Street Suite 400  
Fort Lauderdale  
FLORIDA USA 33316

Dear Mr Dale

Thank you for your letter received on 19 December 2007 regarding the conditions set by the Australian Quarantine and Inspection Service (AQIS) for the importation of goods for transshipment.

I would like to assure you that the requests made by cruise line operators to tranship certain goods through Australia have been carefully considered, as have been the storage and transport security arrangements that are used to ensure the integrity of the transhipped goods.

Australia regards quarantine very seriously and AQIS is responsible for minimising the risk of introduction of exotic pests and diseases into Australia which could have a devastating effect on our agricultural industries and unique environment. In carrying out its functions in making decisions on conditions for imported goods AQIS must act in accordance with legislative requirements as well as advice from Biosecurity Australia (BA) on the level of quarantine risk and available treatments.

AQIS has received legal advice confirming that transhipped ships' stores are imported goods under the *Quarantine Act 1908* and as such must meet the requirements of the Act and subordinate legislation, including the *Quarantine Proclamation 1998*. Under this legislation the importation of some goods is subject to the grant of a permit and compliance with specified conditions. This means that if any goods being transhipped as ships' stores are identified in the Proclamation, such goods can enter Australia only if they are imported in accordance with the requirements set out in the Proclamation.

Where the Proclamation specifies that importation of goods is subject to the grant of a permit, an application for the grant of an import permit needs to be lodged. In making a decision on the application, the decision maker must consider, amongst other things, the level of quarantine risk if the permit were granted. Each permit application is considered on its own merits.

18 Marcus Clarke Street Canberra City ACT GPO Box 858 Canberra ACT 2601 ph +61 2 6272 3933 [www.aqis.gov.au](http://www.aqis.gov.au) ABN 24 113 085 695

DEPARTMENT OF AGRICULTURE, FISHERIES AND FORESTRY

The policy advice we have received from BA about the importation of certain goods for transshipment as ships' stores took into account security measures used to ensure the integrity of transhipped goods, quarantine legislation and the quarantine risk. The advice concluded that while certain goods could be imported under a composite permit, an import permit should not be granted for certain other goods.

The level of quarantine risk posed by goods such as raw poultry and bone in uncooked pig meat is such that they are not permitted to be imported into Australia on any condition, even for further processing (commercial cooking). Other goods, such as boneless uncooked pig meat, may only be imported under strict quarantine conditions specified in the import permit. This type of product is only released from quarantine once AQIS is satisfied that all import conditions have been met.

You would appreciate that AQIS must consistently apply the legislation to all goods imported into Australia. It would not be appropriate to permit the importation for transshipment of certain goods which are considered to be such high risk that they are not allowed into Australia for any other purpose.

I appreciate the efforts of the cruise industry to meet quarantine requirements and understand that our requirements are causing cruise line operators some concern. AQIS is seeking to assist cruise operators by allowing composite permits rather than requiring separate permits for different commodities.

Thank you again for your letter. I am making contact with Jeff Danis to arrange a meeting to further discuss how we can work together on this matter.

Yours sincerely



Stephen Hunter

15 January 2008

## **Attachment 3**

### **Sourcing and Handling Process Description**

To assist in your understanding of the processes involved in provisioning, this attachment is intended to serve as a general outline of the processes Royal Caribbean and Celebrity Cruises use to determine sourcing strategy and menu planning for cruise itineraries to destinations outside of what we call “the Miami market,” our home base. These procedures are followed in trading routes such as Europe, South America, and even Alaska departing from Seattle or Vancouver.

1. Several months (up to six months in advance), a team of people representing the particular brand, either Celebrity or Royal Caribbean International, visits the destination with the intent of viewing local products. It is always desirable to use as much local product as possible provided it is economically viable. This team includes representatives from the Purchasing Department, Logistics, and the brand’s Executive Chef or department head of Food and Beverage. Prior to the trip, local purveyors are requested to prepare samples of products that meet or approximate the brand’s specifications.

A test kitchen site is arranged—in this case in Australia—for reviewing these products, even cooking as needed to taste and properly sample the products for acceptability. They are always reviewed for size, weight standards, and even what we call yield, which is the amount that will be available for serving once the product is cut, thawed, or cooked. One might think that a steak is a steak or a vegetable is a vegetable anywhere in the world. This simply isn’t the case. Cruise line standards are developed on very specific products that meet the menu planning requirements and will be suitable for the demographic of guests who will sail with our ship in any given trading location. For example, *Rhapsody of the Seas* has been sold to mostly Australian guests. The menu planning will take into account their particular taste and product preferences. *Mercury* on the other hand, has been sold to mostly North American and European guests. Less than 5% of the guests will be Australian. Again, the menu planning takes this into account.

2. Once acceptable products have been determined, a bidding competition is conducted. The benchmark pricing is what we can purchase the products for in the Miami market, by far the lowest cost alternative we have in the world. Adjustments are made for case pack size, units of measure, freight costs, and currency when bidding some 3000 food items and approximately 600 beverage items. The bids are prepared on a comprehensive spreadsheet and analyzed first on an equivalent cost basis, then adjustments are made to balance load containers (maximize their usage or remove items if partial containers are required). A final adjustment is made when there are only a few products from local purveyors that make the selected list in an effort to provide more local business and an incentive to supply the ships and take care of emergency stock as needed. Fresh produce and dairy are almost always procured in local markets due to shelf-life requirements.
3. This final list is then built into a master plan that we call the market master. All of the data is loaded into the inventory management and planning system that provides instructions to the ships with details where each individual item will be procured

(local or via container), the lead times for ordering, units of measure, supplier, and cost. Recipes are adjusted to accommodate local items if necessary. All of this is completed at least two to three months in advance of the ship's arrival at the local ports in order to plan the cycle and begin the ordering process for items that will be sent via container.

4. Container plans are also developed during this time. This involved very detailed planning on the optimum port for container access, local handling, provisioning cycles, and costs. Port agents are advised of the shipping plans and freight forwarders are arranged.
5. Standard practice for U.S. cruise lines shipping to foreign ports is to provide health certificates for protein products. These certificates are prepared by veterinary officials and are designed to provide assurances that the products and their origins are accurately stated and that the products are fit for human consumption.
6. All protein products are shipped in frozen condition and carry the health certificates noted above. Other food products are either frozen (such as prepared vegetables, canned, sealed in jars, tetra packs, or other secure packaging that protect freshness.
7. Containers are packed usually in our distribution facility in Miami, but sometimes in approved third party consolidation points operating under the standards we impose. The chain of custody is tightly controlled. Products move directly from cold or dry storage on to the containers at the loading doors. Cold storage products are loaded into containers that have temperature monitoring devices. These devices record temperature of the container during its entire journey.
8. Manifests are prepared at the time of loading. We also maintain quality checks to verify that our manifests match the actual product loaded. Once the final checks are completed, we close the containers doors and seal them with approved safety seals that are serialized and recorded on the shipping documents.
9. The products are shipped typically five to seven weeks in advance of the ship's scheduled arrival at the destination port. Documents are sent ahead of the container to advise our shipping or port agents of the contents and destination, and prepare local officials to clear the containers upon arrival at their destination.
10. Upon arrival at the destination, containers are held in the container yard until the morning of or night before the ship's scheduled arrival. They are transferred to the quay almost always at times of the day when traffic is light, so the transit times are brief. In the case of Sydney this past year, Royal Caribbean's agent, Geodis Wilson, placed the containers under 24 hour closed circuit television surveillance. After transfer, the containers are placed in secure areas at the quay and opened only under the observation and control of local authorities. In the case of Australia, AQIS officials are always present on the quay when the container seals are broken.

11. Containers are opened within meters of the ship, and product is transferred from the container to the ship directly. There is no second stage handling and transfer times are minimized. All of this process is observed and monitored by AQIS officials.

This, then, becomes the plan for a particular trading route. As mentioned, it is completed two to three months in advance of the ship's planned arrival in a given port. Adjustments are not uncommon, but to reconstruct an entire plan within a matter of a few weeks is very difficult. A team has to be dispatched again to review products that were not evaluated the first time because certain items are usually not reviewed due to particular specification requirements. The more difficult task is changing any menu/recipe planning and adjusting ordering patterns once the ship has begun its progress to the intended destination. Storerooms on a cruise ship have very limited capacity, thus necessitating precision in estimating order quantities between replenishment cycles that are typically seven to ten days, sometimes extending to fourteen days depending on the ship's storage capacity and the availability of what we call "top off" along the trading route. Contingency plans are also developed. In Europe, for example, we send extra containers containing all key items that are then stored in Europe in case a container doesn't make it to the destination as planned, spoilage, strikes, and unplanned consumption. In Australia/New Zealand we currently do not store contingency products.