The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati

A Case study of Norwegian Cruise Line Visits to Fanning Island

SUPERVISED RESEARCH PROJECT

Mr. Tarataake Teannaki
S89543130
Masters of Arts (Tourism Studies).
A thesis presented in partial fulfillment of the requirements for the degree of Master of Arts in Tourism Studies at the University of the South Pacific
Authenticity

I Taratake Teannaki declare that this thesis is my own work, except for those sections explicitly acknowledged, and that the main content of the thesis has not been previously submitted for a degree at any other university.

Signed:.............................. Date:..............................
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

Abstract

The study investigates social and economic impacts of cruise tourism on the Fanning Island community in the Line Islands archipelago, eastern Kiribati. Lying on the main cruise lines between Hawaii, Tahiti and South Pacific Islands, Fanning is well positioned to benefit from an agreement allowing Norwegian Cruise Line (NCL) vessels to call at the island. The research utilised questionnaires, interviews, observation and analysis of public documents to evaluate impacts of the scheme. A representative sample of the island community was surveyed and consultations were held with key island institutions (dominant church groups, Fanning Island Council and the Member of Parliament).

Almost half of the I-Kiribati respondents participating in activity catering to the cruise tourists were in their prime (35–44 years old) among whom—reflecting the traditional hegemony of the male in decision-making processes in Kiribati society—males predominated. Almost two-thirds of the resident community is self-employed in the cottage handicraft industry catering to the tourist demands. Cruise tourism brings in significant extra income for this rural community: one-quarter of the respondents pocket an average of US$100.00 per cruise visit. In terms of economic activity—otherwise primarily copra cutting and seaweed farming—cruise tourism accounts for 58%, compared to 33% for seaweed farming and 8% for domestic work. More than one-quarter of the respondents feel that providing entertainment has encouraged local people to learn about their traditional dances.

At the same time, one-fifth of the sample also indicates a transitional lifestyle from subsistence to a cash economy based on western values and goods, evidenced in the motorcycles, generators, brick houses and outboard-motor boats in most households. The Fanning Island Council has assumed responsibility for good sanitation and a clean, healthy environment. The NCL has contributed aid-in-kind to the community for schools and hospitals, and 23 I-Kiribati young men and women work for the company, the total remittances sent to their families amounting to A$250,000.00 for the year 2004.
It is recommended that the Kiribati Government and the Fanning Island Council make every effort to ensure the sustainability of cruise tourism to Fanning Island, maintaining and enhancing the natural beauty of the unspoiled environment and spontaneous friendliness of the people so as to ensure that the tangible benefits of cruise tourism continue for the future generations of Fanning Island.
This thesis is dedicated to my mum, who has passed away, and my family, who have suffered with me during my study, especially my wife Aren, who supported me throughout and tried to meet my endless demands although she was studying herself.

At the completion of this thesis, I wish to express my gratitude and words of thanks to so many individuals and organizations all of whom have helped me in one way or the other to complete this thesis. Without their generous help, it would not have been possible. Of course, they bear no responsibility for possible weaknesses in the final product; I humbly bear that burden alone.

My Karabwarabwa (‘many words of thanks’) goes to the Government of Kiribati for allowing me to pursue my study and to the New Zealand Government for availing funds under its NZODA assistance. Special thanks also go to the University of the South Pacific, especially to the Head of the Tourism and Hospitality Department, Dr Tracy Berno, for supporting this topic and committing alternative funds to enable me travel to Fanning Island to do a field survey when funds were not readily available from the USP annual research grant funds. My gratitude and great indebtedness go to my Lecturer and also Thesis Supervisor, Dr David Short, for inspiring me and providing me professional guidance prior to and throughout my writing. His invaluable comments and endless support have given me the confidence and courage to move on and complete my writing. With the conclusion of my writing and his sudden departure from USP, a lot of people—students, lecturers and especially myself—will miss him. He is just the most wonderful, down to earth and professional mentor I have ever come across. My special acknowledgement and appreciation also go to Mrs. Barbara Hau’ofa for providing editorial advice and feedback on the overall text.

I must also convey special thanks to the Norwegian Cruise Line, especially Master and crew of MS Norwegian Wind for making transport to Fanning Island available for me
from Hawaii; and to NCL Island Manager, Bob Bryden, for allowing me to be accommodated in their NCL Camp. In providing these compliments, I also wish to acknowledge the assistance of Mrs. Veremine Teuatabo and Mr. Iotebwa Toaea for their support in conducting the primary field survey. Without their endurance and cooperation, this survey would not have been possible.

So many individuals were so good to me that I cannot name them all; this does not lessen my gratitude to them. To all those whose names are not mentioned here, I will say Kam rang ni bati n rabwa.
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## Glossary

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<tbody>
<tr>
<td>Beretitenti</td>
<td>President of the Country</td>
</tr>
<tr>
<td>I-Kiribati</td>
<td>Citizen of Republic of Kiribati</td>
</tr>
<tr>
<td>Kainga</td>
<td>Household</td>
</tr>
<tr>
<td>Kiritimati</td>
<td>Christmas Island</td>
</tr>
<tr>
<td>Korekorea</td>
<td>a contemporary term used for Kiribati girls going around with Korean men</td>
</tr>
<tr>
<td>Mwaneaba</td>
<td>A meeting house in Kiribati where decisions are made</td>
</tr>
<tr>
<td>Tabuaeran</td>
<td>A local name for Fanning Island</td>
</tr>
<tr>
<td>Teraina</td>
<td>A local name for Washington Island in Kiribati</td>
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Abbreviations

BETA - Belize Eco-Tourism Association
CLIA - Cruise Line International Association
CTO - Caribbean Tourism Organisation
CCH - Captain Cook Hotel
ESCAP - Economic and Social Commission for Asia and the Pacific
FIC - Foreign Investment Commission
GOK - Government of Kiribati
KNTO - Kiribati National Tourism Office
KPC - Kiribati Protestant Church
LLPC - Local Land Planning Committee
MELAD - Ministry of Environment, Lands and Agriculture Development
MFEP - Ministry of Finance and Economic Planning
MN RD - Ministry of Natural Resources Development
MP - Member of Parliament
NCL - Norwegian Cruise Line
PATA - Pacific Asia Travel Association
PWS - Passport Waiver Scheme
RC - Roman Catholic
SIDS - Small Island Developing States
SPTO - South Pacific Tourism Organisation
TCSP - Tourism Council of the South Pacific
USP - University of the South Pacific
VFR - Visiting Friends and Relative
CHAPTER ONE

1.1. Introduction

Chapter 1 provides an overview of Fanning Island and its people, covering the island’s historical and geographical situation in relation to the rest of the islands in Kiribati and in particular its neighboring Northern Line Islands. The lifestyle of the people, their social structure and their daily routine activities during the pre-cruise period shall be discussed. The significance of covering this period is that it will provide an insight in the socio-economic development situation on the island prior the cruise development era. At the same time, it would also provide the author with a benchmark for comparative analysis with the post-cruise period that is covered in detail in the Result and Analysis section of this thesis. As a rule of thumb, any Development Impact Study of any kind cannot be completed if the past and present situations are not taken into consideration.

This introductory chapter also covers the objectives and purpose of the study and this is discussed in detail later in the chapter. Under this section, the author discusses the problem statement together with the significance and relevance of the study as it relates to the field of tourism and in particular, to the development of an appropriate cruise model for small-undeveloped island cruise destinations.

1.2. Problem Statement:

An Exclusive Cruise Agreement between the Kiribati Government and the Norwegian Cruise Line (NCL) was signed in 2000 enabling the Cruise Company to operate into Fanning Island for a maximum of seven years. The Agreement allows NCL to exclusively operate a minimum of twenty calls from the Hawaiian Islands into Fanning. Each of the vessels calling at Fanning Island carries about 2000 passengers on average. In the second year of operation, NCL approached the Kiribati Government requesting to increase the number of calls into the island to once a week, which means a total of 52
calls and an expected passenger total of approximately 104,000 or more to land on the island. The extensive economic benefits of the Agreement may have clouded the need for a closer examination of the deal in light of the social, cultural and environmental impact the cruise operation may have on the island and its estimated 2000 people. In fact, the Agreement was implemented without any proper or in-depth consideration of any negative repercussions the cruise operation may have on the local population of the island.

The main objective of this study is to examine concerns and questions as to what will happen if tourist arrivals increase significantly on this tiny atoll island, especially if the tourists outnumber the locals as the present trend predicts for Fanning Island. It is imperative to investigate the overall social/cultural and economic impact of the cruise activity on the island’s entire population. What is of more interest to the researcher is how unique and how serious these impacts will be in a rural communal setting rather than an urban area. It is anticipated that the study will explore these issues and perhaps the results may facilitate the development of a useful and most appropriate model for cruise tourism development in a rural context such as Fanning Island.

1.3. Overview of Fanning Island.

1.3.1. Geography:

Fanning island (Tabuaeran) situated in the Line Islands in Kiribati is located about 1100 miles south of the Hawaiian Islands (see Map 1). It is a large atoll measuring about 18km long by 11 km broad. Its shape is roughly oval and a thin rim encloses a lagoon with three channels connecting it to the sea. The largest of these is at English Harbour and has a minimum depth of 8 metres allowing quite a large ship to anchor inside. The total area is about 33.7. sq km and the maximum depth towards the lagoon. Tabuaeran being in the
equatorial convergence zone, has an annual rainfall of 2.09 metres (Van Trease, 1993: 201-3).

Figure 1 Map of the Pacific showing the location of Panning (Tabuaeran) Island in Kiribati. To the North lies the Hawaiian Islands.

The island vegetation is dominated by coconut plantations and there is little natural vegetation left. Small areas covered with Pisonia forest and messerchmidia woodland are of particular interest. Six species of seabirds breed, all tree-nesting species and their numbers are not great. Scarlet-breasted Lorikeets are the only residents land birds (NCL 2003: 2).
1.3.2. History

The island was first discovered by Captain Edmund Fanning and was named Fanning Island on June 11, 1798. The Kiribati name for the island is Tabuaeran, delivered from the Manihiki word of Tabuaerangi (heavenly footprint) (NCL, 2003:1). History also reveals an interesting account of Fanning Island. Following the discovery of the island by Captain Edmund Fanning in 1798, the island turned into a whaling stopover in 1814. In 1848, 500 I-Kiribati plantation workers and their families were relocated on the Island to work as plantation labourers. In 1855, Captain Henry English settled on the island with 150 labourers from Manihiki and commenced production of coconut oil. The island turned into a mining source and about 19500 tons of phosphates were exported to Honolulu in 1877. Two years later, the island became a coconut plantation and copra became the main export industry (NCL, 2003: 1).

Fanning island was annexed to Great Britain by Captain Sir Wilson of the HMS Caroline in the year 1888 and was then used for the Central Pacific Island as a relay station for the trans-Pacific cable. The Cable relay station was established on Fanning Island for Trans-Pacific cable from Canada to Australia. The cable was destroyed in 1911 during WW1 by a German Cruiser Nuremberg whose prowling party landed ashore and blew up the power station and cut the cable towing the end out to sea.

In 1935 Fanning Island was turned into a plantation island by Burns Philps and Company and the Republic of Kiribati assumed control of Fanning Island in 1979 following its independence from Great Britain (ibid). Ever since 1979 after the control of the island by Kiribati Government, the plantation workers and their descendants were allowed to remain on Fanning Island and were allocated plots of land each by the government. Due to the loss of major income which they once enjoyed under the Burns Philps Plantation scheme, most workers and their families had to turn or concentrate on daily subsistence farming (copra cutting) and fishing for their sustainable livelihood. This is the most
difficult period for the residents since most of the coconut trees, at the time that the island became part of Kiribati, had reached the end of their fruitful lifespan, hence the difficulty in producing copra, which was the only means of generating cash income on this outer island at the time.

The latest wave of people or visitors coming to Fanning island following the return of the island to the Republic of Kiribati are cruise ship passengers (figure 1). This new category of visitors is coming in mass numbers for the purpose of enjoying the tranquility and pristine natural environment of the island. They also wish to experience for themselves the traditional Kiribati culture and hospitality. The obvious difference when comparing this new wave of visitors with early visitors is the fact that they were coming not to exploit the natural resources of the island nor using it as a military or trading centre as was previously the case, but primarily to enjoy the pristine environment and experience the Kiribati culture. In so doing, this new wave of visitors (cruise passengers) are willing to pay for all the services rendered at the shore whether it be for island tours, handicrafts and souvenirs etc as well as wishing to see that the environment is left untouched.
1.3.3. Social Structure of the Fanning Island Community.

In 1979, when the island came under the newly independent Republic of Kiribati, an interim administration was set by Government on Christmas Island to look into the affairs of the island and its people. Government employees such as police, nurses, teachers, and agricultural and fisheries workers were posted to the island to ensure continuity of government services to Fanning residents. A few years later, a new Island Council was later established and charged with the role as main administrative authority on the island. The Island Council also serves to represent the central government interest on the island especially in any major decision that touches on policy matters.

The Government of Kiribati introduced in 1988 and 1993 a resettlement scheme to alleviate population pressure on the main island of Tarawa where nearly half of the total Kiribati population resides. Under the scheme, nearly two thousand unfortunate I-Kiribati (of Micronesian descent) mainly from the outer islands and Tarawa migrated to Fanning.
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Island alone and a further number counting those who went to Teraina (Washington Island).

Each Island Council in the Kiribati Group is given the responsibility of selecting their own voluntary settlers. The Councils in turn asked each village to recruit settlers. As part of the resettlement condition, the Councils were instructed to recruit family groups that include heads of household with at least two dependents.

Upon arrival on Fanning, these new migrants were divided into various villages and each family was given on lease purchase terms, a quarter-acre house plot in a designated settlement area and a three-quarter bush plot adjacent to the settlement. The cost for the one acre total is $A1, 000, which the settlers are allowed to pay off as they are able (Van Trease, 1993: 208). Most of the families entered straight into subsistence commercial activities to earn money for their land repayment, to meet the costs of their daily needs, school fees, church contributions, other family commitments etc. Although life is the tough life on the island, some of them survived and managed to pay Government their land dues with enough money earned from seaweed farming. Copra cutting during the early days was a source of income but perhaps up to now on Fanning it is still very difficult and not a very viable option because of the aging conditions of the coconut trees (which are now too old to bear fruit) on the island coupled with the lack of an earlier replanting scheme in place left by the Burns Philip Copra Company.

Another potential income earner the islanders could tap into is associated with the abundance of marine resources surrounding the Islands. However, this economic fallback option is unpredictable due to the lack of storage and cooling facilities on the island and more so, because the island’s vast remoteness from the main market which makes their product too costly and unattractive for any overseas buyers.
Life on Fanning for these new residents was very tough as people had to depend so much on their minimal income from the seaweed farms or financial remittances from their family working back in the capital, Tarawa, for their survival. Because of the hardship faced on the island, some of those who found it hard to repay their land dues had to return to Tarawa or their home islands. Among those returned were some who have paid in full for their plots of land who claimed that there was no or limited income generating options for them to survive on Fanning island. In this connection, the objective and effectiveness of the government resettlement scheme in addressing the population pressure and promoting better living conditions for the I-Kiribati is questionable.

Furthermore, in their respective households, the majority of the family members still followed the normal routine of a typical Kiribati family but a combination of efforts and cooperation can be seen in the seaweed farm production. Most household members shared the various tasks required in the seaweed farming such as tying of seaweed, drying and planting and most are found to have allocated or devoted most of their time to this economic activity. In some villages, some members of the community could not grow or farm seaweed because of the unfavourable conditions in the lagoon areas adjacent to their allocated piece of land. Through a spirit of friendship and cooperation from their own community, some of these unfortunate members managed to get slots in areas suitable for seaweed farming from their friends or other family members living in other villages. The spirit of competition for resources is non-existent among farmers and the sign of cooperation is experienced in some villages where some farmers get assistance from others in all aspects of seaweed farm operation.

Obviously, the majority of the residents not have expensive items in their possession such as bicycles, solar or gas lighting systems, generators, boats or aluminum roofing over their heads as most could not afford these items from the little income they had. Despite this misfortune, however, they still find an abundance of local food from the land and sea and therefore did not depend so much on imported goods. If cargo permits, the major
portion of their income was spent on their daily household expenses such as tobacco, food, tea, basic clothing, and school expenses or, on some occasions on contributions to the community or church projects. Most of the community members did not invest in big projects nor invest in the bank since what they earned during this time or prior the cruise calls was just enough to meet their daily expenses.

The lifestyle of Fanning residents was virtually unchanging for a substantial period of time, right up until 1999, when the cruise tourism development introduced islanders to a new cash economy. This was the beginning of a new era for the people of Fanning Island, as they were about to experience the benefits of economic activity for the first time.

As the 1995 population census revealed, the island population was approximately 1615, two-thirds of whom were not functionally literate (MFEP, 1995: a) that figure below the literacy level. This population figure has now increased over the past years to about 2500, following the development of cruise tourism on the island (MFEP, 2000: a). Furthermore, the trend of Fanning residents leaving for their home islands in the Kiribati group has also been reversed, as people now have an economic motive to stay on Fanning Island following the cruise visits.

1.3.4. Cruise Ship Activities:

Previously, Fanning Island had been a major stopover destination for yachts that sailed either from the Hawaiian islands to the Tahitian islands or vice versa. It also provides a safer anchorage lagoon for yachts cruising in that route during the stormy season, although, there is scarcely anything to replenish the provision of the visiting yacht apart from the marine products and sometimes fuel and water if they were currently available on the island.
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Small to medium size cruise liners, such as the *MS World Explorer* and *MS World Discoverer*, first visited Fanning because their passengers were interested in the flora and fauna and history of the island. Usually, they employed their own live-aboard guides (ecologists, marine biologists and anthropologists) who normally took the ship passengers on tours to bird sanctuaries, historical monuments and sometimes snorkeling and diving off the island's deep ocean coast. During these times, most of the local residents did not render any support and thus distanced themselves from the shore excursion activities, since they considered there were no benefits for themselves from the activities but only benefits for the cruise operators and their own guides. Equally, the Government facilitation of the visits was not very obvious so the economic contribution was not felt locally, apart from the normal customs and anchorage fees. There is no tourism office on the island and only a very limited amount of handicraft activity. The only part of the community that might have benefited from these visits in the early stages and still up to the present time were the Island Council (who have had their office renovated and painted) and some of the local schools, as in some cases, the ships brought them books, school equipment etc.

After pioneering Fanning Island as a stopover or repositioning for cruise operators in the late 1990s, the Government decided to become increasingly involved as a facilitator of the cruise development to Kiribati. Towards the end of 1999, the Government entered into discussions with NCL, which concluded with the signing of an Exclusive Cruise Agreement. As part of the memorandum of understanding, the cruise company was to be solely responsible for transporting of passengers to and from Fanning Island, constructing the basic infrastructure and facilities such as a small jetty required for the safe landing of cruise passengers, a modern toilet and dining facility on shore, and other shore excursion facilities etc. The Government on the other hand was asked to facilitate the easy transfer of passengers from the ship to the shore by means of trying to streamline entry immigration and customs protocols, given the current Immigration and Customs staffing shortage on the island. The Government was also requested to facilitate the provision of
land leases where required for NCL development purposes. During the process, two prime development sites were leased by NCL. One site situated near the main landing area where it accommodated NCL's main cruise operation centre and the other, at Tabonteang on the other side of the English Channel, where its centre for marine activities is based.

Given the need to coordinate shore excursion activities properly with the ship staff, a Government Tourism Officer was posted to the island. Her role is to ensure proper guidance of cruise activities, to ensure the locals are oriented basically on how to handle cruise passengers, upgrade their products and basic customer and business skills. The current understanding was that the locals would pursue and undertake shore excursion activities but due to limited business knowledge and skills, together with a limited financial back up to buy the necessary equipment required, the ship has to take over and carry out most of these activities. A good example to consider is the hiring of bush bike or marine sport equipment. In this regard, most of the business or shore excursion activities are handled by the Cruise ship Shore Excursion Department rather than the locals. Just recently, locals started doing island tours but unfortunately, they were not collecting charges as a normal practice. Rather, they but, generate their revenues from the service tips given by those going on the tours. Other cruise activities include the selling of local handicrafts, swimming and snorkeling, kayaking, bike hiking and walking tours.

1.3.5. Infrastructure

The main village at English harbour has two churches, a primary school, a post office, a police post, a small rest-house and small shopping houses. The secondary high school (Meleanggi Tabai Secondary School or MTSS) is located at Napari village. On November 24, 1998, the MTK Primary School of Terine village was renamed the NCL Primary School. There is, however, no banking nor telecommunication service available on the island as well as no formal private tourist service operators. All villages on either side of
the main English Channel are connected by unsealed roads while a Council mini landing craft provides a transfer service from either side of the channel for the general public and their goods at a minimal charge. The island also has a small airfield capable of handling the CASA or Y-12 type of aircrafts but this is currently not in use, following Government’s decision to terminate air services in 1997 between the islands (Teraina and Tabuaeran) and Christmas, the main administrative centre.

1.4. Need for the Study and its Policy Implications:

The following points illustrate the need for the study and its possible implications for the formulation of Government policies as they relate to cruise tourism development in Kiribati and perhaps the region.

1. Provide policy recommendations for the improvement of the current Cruise Agreement in order to maximize benefits and minimize negative impacts and implications.

2. Provide insight into the impacts of cruise development as well as set a foundation for similar or related studies on cruise tourism in a rural island context in the future.

3. Provide an appropriate development model for cruise tourism in remote and under-developed rural island areas.

Studying the impact of cruise tourism in Fanning is quite unique in that it provides an opportunity to analyse the changes occurring at the conception of this new tourism development. The community’s strong subsistence base with most of the activity centered around fishing, agricultural farming, seaweed farming and daily house routine is also an interesting feature of the study, especially for its insights into how the community adapts and copes with the change brought about by this huge tourism development activity.
Another significant aspect of the study is the fact that it is the first of its kind that endeavours to examine the impact of the cruise tourism development on a subsistence society living in a rural setting where virtually no or very limited development activities have previously taken place. Furthermore, the fact that the majority of the population were victims of the resettlement scheme imposed by the Kiribati Government and had no exposure to any development activity until this project started is a unique and crucial factor in the study.

The focus of this study therefore is to investigate how this island community with limited education or knowledge of tourism development and, most of whom have only a weak financial status, coped with the economic and social changes within their different villages and individual family units.

It is expected that the outcome of the study may facilitate the establishment of a cruise tourism development model that may be appropriate to small developing island states with poor cruise or other onshore facilities. The case of Fanning Island as we all aware from the brief introduction of this study is quite unique, being set in a wholly rural context.

Whilst the outcome of the study is expected to contribute to the academic field of tourism studies and in particular the development of relevant theories in relation to the positive and negative impacts of cruise tourism in a rural context, it may also assist the Kiribati Government improve the terms and conditions of the Cruise Agreement during its Annual Review.
1.5. Objective of the Study

1.5.1. General Objective:

The study generally aims to investigate the socio-economic impacts of the Exclusive Cruise Agreement between the Kiribati Government and the Norwegian Cruise Line on the people of Fanning Island. This new tourism activity is thought to have brought about significant social and economic changes to the local community that was once subsistence oriented in their lifestyle prior the implementation of the Exclusive Cruise Agreement. This tourism development is also believed to have affected the political relationship between the two countries in some way. The question of what impacts these new changes have had will be addressed during the course of the research.

1.5.2. Specific Objective of the Research Project:

The specific objectives of the study are to examine the economic, socio-cultural and political impacts of cruise tourism and in particular, cruise visits, on atoll dwellers on Fanning Island in Kiribati.

1. Economic impact: Under the economic impact aspect of the study, an investigation as to how the tourism dollar or passenger’s expenditure/receipt trickles down into the local community and to what extent it has transformed the economic well being (disposable income) of the local residents, their Island Council, and perhaps the State Government. An important consideration under this section is to investigate the major changes in terms of income generation and level of income by local residents prior to and after the cruise period. The significant and maybe unique aspect of this study when compared with other cruise economic impact studies is the fact that it assessed the economic impact of cruise visits at the destination from the host or local resident’s perspective. Contrarily, in most Cruise Economic Impact Studies, Cruise and Passenger expenditure patterns in various ports were mostly obtained from surveys and questionnaires directed at cruise operators or their passengers. From the data
collected, the researchers came up with estimates of how Government, private businesses and the people might have benefited from cruise visits.

2. Social/cultural effects: Under the social/cultural effects, the researcher will investigate the situation prior to and after the cruise period to see whether there have been any major changes experienced by the local residents in terms of their lifestyle, health, social development, role of child development, women, church, education, old people (unimwane & unaine), etc.

In chapter Two, the Global Cruise and Tourism Industry shall be discussed together with the impacts of the cruise industry in various destinations in Asia, the Pacific and the Caribbean regions. The impact studies by various writers and researchers shall be critically reviewed on how they have contributed to the overall objective of this study. A review of the tourism industry and in particular the development impacts of the cruise tourism in the islands of the Caribbean nations will also be discussed to present a comparative situation as well as to assess the current changes that may have taken place. The chapter will also discuss critically the methodologies and approaches used by these different writers in their impact studies and how relevant these methods and approaches are to this current study.
CHAPTER TWO

THE GLOBAL CRUISE TOURISM INDUSTRY

2.1 Introduction:

Chapter two is divided into two major sections: the first provides an overview of the global cruise industry and its impacts on various destinations, while the second addresses the finding of previous cruise tourism impact studies. Both sections will specifically present a critical review of the various contributions in the field of cruise tourism.

2.2. The overview and development of the Global Cruise Tourism Industry.

Cruising is believed to have started in the early part of the 19th century when it became popular among affluent persons. However, the industry has come a long way since its early beginnings and began to attract travellers who are seeking both excitement and distraction but in a controlled and safe setting. The increase in crime and criminal activities at local destinations, frequently directed towards international travellers, is one of the factors that has given impetus to the growth of cruise tourism and its land-based activities, all inclusive vacations (PATA, 1999:9).

The world cruise industry has had on average an annual passenger growth rate of 8% since 1980 making it one of the fastest growing sectors in tourism (CLIA, 2002:10). Thus in 2002, the number of cruise passengers worldwide was 9.2 million. The current growth is expected to extend into the future with new markets developing (ibid). Furthermore, the cruise industry is estimated to employ 262 million people worldwide and generate over USD3.3 trillion in gross domestic product (PATA, 1999:10). According to the World Travel and Tourism 1997 report, the industry will drive USD2.1 trillion consumer
spending and USD801 billion of capital investment. Given the high capital expenditure, more than 60% of tourism flows are to the developed market economies. Cruise Lines International Association estimates that in the next five years the cumulative market potential for the cruise industry will be USD60 to USD95 billion.

Looking at the cruise markets and the major destinations, the Caribbean Islands still top the cruise destination list, followed by South America, North America, the Mediterranean, Europe, and Asia Pacific. The Caribbean is considered the most important geographic market. Its success lies partly in the fact that its climate offers year-round cruising that is easily accessible to the US market (the world's largest) and the islands are closer together, making it possible for cruise liners to make a different port of call each day (PATA, 1999: 34). According to figures presented on the major cruise source markets at the 1997 Sea Trade Convention, North America still lead in the source market with a market share of nearly 79%, while the UK has 8%, Germany 4.5%, France 3.2%, Spain 0.6%, Switzerland 0.5% and Other Europe 1.9%.

The events of September 11th 2001 and the growing success of the Homeland Cruising Concept in the USA have significantly changed the current cruise trend. Other factors such as cheaper and shorter cruise packages offered in the US market and an increasing number of US homeports, means more Americans who constituted more than three-quarters of the cruise market are able to take a cruise close to home, minimizing travel time, risk and expenses.

Meanwhile, a PATA survey reported significant signs of saturation in traditional markets and the increasing importance and popularity of the Asia Pacific Market. In the Caribbean, competition persisted and there are reports of hotels and cruise ships starting to compete with each other. Moreover, in some areas, the negative impacts of mass tourism derived from the uncontrolled cruise arrivals are evident.
2.2.1. General Problems of Cruise Development in major Source Markets, a catalyst for Cruise Development in the Asia Pacific Region;

According to a submission made by a World Tourism Organisation (WTO) the two major factors contributing to the problems in the cruise markets and which may have lead to development of other cruise destinations are:

1. Growing demand highlights the strong growth rates in the European market and the declining growth rate of the main US market, posing difficulties for analysts who depend so much on the US markets in their cruise planning strategies.
2. Overcapacity of supply, which highlights the problem associated with over supply or delivery of new bigger ships obviously put smaller ships out of business, hence some have to be redeployed to specific niches (WTO, 2004: 22).

With these identified problems, some cruise liners faced fiercer competition resulting in a price war and provision of huge discounts. Other cruise liners seek out new niches and go out their way to attract new clienteles by offering combine cruise package (Duchene, 1998: 8).

The identified problems, however, have constrained development. In the traditional ports such as the Caribbean Islands, the increased flows against a backdrop of discount promotions and increased capacities have limited product client diversification. In other cruise destinations, opening up to new products and the hospitality constraints of modern cruise ships are ultimately weak considering their scope and possibility, for small or medium-sized ships of working with weak port-of-call infrastructure with culture/adventure products.
2.3. Overview of the Asia Pacific Cruise Industry.

World tourist arrivals and receipts for the Asia Pacific Region increased faster than any other region of the World during the decade from the mid 1980s to mid-1990s, reaching 93.4 million arrivals in that year (WTO, 2002). The economic stability and forecast growth rate of the Asia Pacific market cannot be underestimated and this had put many of the cruise operators in a position to develop appropriate cruise packages for the region and start positioning their fleet in the area. Carnival Cruise Lines among other cruise operators has confirmed this new trend in the cruise industry on the strength of the forecast that the Pacific Asia region would produce a middle-class of 500 million by the year 2000, twice the size of the US market (PATA, 1999: 46). Norwegian Cruise Line has merged with Star Cruise of Malaysia and there is already evidence of a combined effort by Carnival and Princess Cruises Companies in promoting and selling Asia Pacific Cruise Packages. A good example is the Fanning cruise package, which is the subject of the present study.

While the cruise industry in the Pacific Asia region is very small, relatively unknown and still in its early stages of development, it has attracted the attention of major cruise operators who wish to see it established as a major cruise destination and an important origin market.

The potential for our part of the region and in particular the South and Central Pacific to become a fast growing cruise destination is echoed by the recent study conducted by the region’s South Pacific Tourism Organisation. The report highlighted the region’s richness in culture, natural beauty and exotic and romantic appeal as strengths that make it an ideal cruise destination.

The South Pacific cruises accounted for 1.3% of the world capacity. During the early and mid- nineties the capacity in the region was fluctuating with a high of 763,800 in 1994 and a low of 283,000 bed nights for Pacific Cruises in 1996 (South Pacific Tourism Organization, 2003: 7). The visits from cruise ships are not as strange to most South Pacific Counties. The regularity and number of visits have varied over the years from
country to country. Some countries have established visitation levels close to that of visitors arriving by air, whereas others have received only a small number of visits. According to Cruise statistics presented in an SPTO Cruise Report as per Table 1, the annual number of visitors’ arrivals by cruise ships, (right) and annual number of cruises (left) have demonstrated a consistent increase in the popularity of cruise destinations in our part of the region. Tahiti, Fiji and Vanuatu still dominate the cruise arrivals but Fanning and Christmas islands in the Republic of Kiribati surprisingly emerge to top of the present passenger arrival figures. Their closer geographical position to the Hawaiian and Tahitian islands, however, has put the two as most favourable destination for stopover or repositioning cruises.
Table 1: Number of Cruises and Arrivals by Cruise Ships in the Pacific region: 1998-2002

<table>
<thead>
<tr>
<th></th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>A/Samoa</td>
<td></td>
<td></td>
<td></td>
<td>7</td>
<td>9,881</td>
</tr>
<tr>
<td>Cook Island</td>
<td>3</td>
<td>243</td>
<td>2</td>
<td>185</td>
<td>1</td>
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<tr>
<td></td>
<td></td>
<td>(48,628)</td>
<td>55,599</td>
<td>(72,994)</td>
<td></td>
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<tr>
<td>FSM</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(10,446)</td>
<td>(13,023)</td>
<td>(15,560)</td>
<td></td>
</tr>
<tr>
<td>Fiji</td>
<td>17,917</td>
<td>27</td>
<td>1403</td>
<td>19</td>
<td>10,081</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(371,342)</td>
<td>0</td>
<td>(294,070)</td>
<td>6858</td>
</tr>
<tr>
<td>Tahiti</td>
<td>14,840</td>
<td>-</td>
<td>21,358</td>
<td>-</td>
<td>62,931</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(188,933)</td>
<td>(210,800)</td>
<td>(233,326)</td>
<td></td>
</tr>
<tr>
<td>Kiribati</td>
<td>9</td>
<td>10,371</td>
<td>12</td>
<td>17,315</td>
<td>9</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(4,211)</td>
<td>(6,107)</td>
<td></td>
<td>(4,377)</td>
</tr>
<tr>
<td>Marshall</td>
<td>0</td>
<td>1</td>
<td>120</td>
<td>1</td>
<td>1,400</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,000)</td>
</tr>
<tr>
<td>New Caledonia</td>
<td>25</td>
<td>22,994</td>
<td>56</td>
<td>45,751</td>
<td>57</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(103,833)</td>
<td>(83,016)</td>
<td>(109,587)</td>
<td></td>
</tr>
<tr>
<td>Niue</td>
<td>(1,736)</td>
<td></td>
<td>(1,778)</td>
<td></td>
<td>(2,100)</td>
</tr>
<tr>
<td>PNG</td>
<td>10</td>
<td>-</td>
<td>6</td>
<td>1,345</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(67,465)</td>
<td>(67,368)</td>
<td></td>
<td>(58,429)</td>
</tr>
<tr>
<td>Solomon</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tonga</td>
<td>19</td>
<td>13,976</td>
<td>17</td>
<td>13,406</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(27,132)</td>
<td>(30,883)</td>
<td>(34,694)</td>
<td></td>
</tr>
<tr>
<td>Tuvalu</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(1077)</td>
<td>(770)</td>
<td>(1,504)</td>
<td>(976)</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>25,119</td>
<td>44,853</td>
<td>-</td>
<td>47,644</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(52,100)</td>
<td>(50,746)</td>
<td>(57,360)</td>
<td></td>
</tr>
</tbody>
</table>


i. Bold Figures represent Number of Cruise Visits and Number of Cruise Passengers.
ii. Figures in bracket represent annual visitor's arrival figures for each country.
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

The U.S Jones Act covering cruise line operation in the United States, on the other hand, pushed cruise operators to make a stop in either of these Kiribati islands to comply with certain provisions of the said Act. Furthermore, the SARS epidemic in Asia and the terrorist activities in other parts of the world have pushed the competitive status of the Pacific region in the cruise market and it is being considered as an alternative and safer choice beside traditional cruise destinations such as Alaska, Europe and the Caribbean Islands. These latter destinations have proven more attractive due to their closer proximity to the U.S, high guarantee of security for the North American cruise market and offering best incentive and excellent supporting facilities to cruise-ships.

Based on a similar report by PATA, it is revealed that the Asia Pacific region would have huge potential and in particular for the fast-growing economies of South East Asia. However, this potential was found to be constrained by the various cultural and logistical factors especially when any cruise operator wishes to try to set up the kind of cruise product which had proven to be so successful in North America, the UK and Europe.

While it is understood that most cruise-lines operating in the Pacific Asia region agree that the region will be a very good source of growth for cruise-lines in the next 5 years, the future prospect and rate of growth in these markets depends very much on the actions, strategies, and investments of individual destinations and players within the Pacific Asia cruise industry.

2.3.1. The Strengths and Weaknesses of the cruise industry in the Asia Pacific Region

Cruise tourism and in particular the cruise products is believed to be very competitive and will certainly take a growing share of the leisure tourism market if the current trend
continues. Given the competitive edge of the cruise industry, there are various issues that need to be addressed and strategies to be adopted in order to enhance the cruise industry strengths/competitiveness and overcome its weaknesses. As highlighted in the PATA Cruise Report, the following strengths and weaknesses are identified.

**Strengths:** The most common factors behind the cruise industry strength identified for the Pacific Asia region are the strong interest from the local market, the growing interest in the area as a vacation destination and the perception of the area as a unique destination. The first identified strength is attributed to the fact whereas the success of other cruise destinations is primarily driven from the nearby source markets such as the North American market for the Caribbean Islands, the success of the Pacific Asia region is driven from the interest and high growth rate of the local markets. The second and third strengths which relate to the perception of the region as a unique and popular tourist destination, may certainly boost the potential and opportunities of promoting cruise tourism.

**Weaknesses:** A number of weaknesses were identified for the region. These include the lack of infrastructure/facilities suitable for cruise ships, high costs of stopovers and transfers at shore, political and economical instability of some destinations, lack of Government financial commitment and support for cruise projects and of course the vast distance of our Asia Pacific destinations from major markets like the USA and Europe.

For instance, in the case of cruise destinations such as Kiritimati or Fanning Islands in the Republic of Kiribati, there are poor landing/port facilities, a lack of cultural and shore excursion products for passengers to enjoy, limited tourist related facilities and so forth. In the case of other Pacific ports, most are not capable of handling mega cruise-ships of 2000 plus passengers. The costs of flying passengers to the region along with associated operation and port costs is among the highest in the world. From a marketing perspective, most of the destinations could not afford the cost of extensively promoting themselves in some of these cruise source markets. The distance factor between these destinations and
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

the source markets such as the US are some of the critical constraints to the development of the cruise tourism in our part of the world and especially in our region.

From the overall analysis of the Pacific Asia region, and based on the PATA Cruise Report Recommendations, the following standing recommendations and strategies have been promoted to enhance the full development potential of the region (PATA, 1999: 68-9).

1. Work together as a region. This encourages different countries in the region to cooperate and work on a common objective to promote the region, not the individual or specific port.

2. Improve Facilitation. In most cases, the type of facilitation critically required is the assistance and facilitation in streamlining procedures and requirements to reduce inconvenience to passengers such as hassles relating to unpacking and packing by passengers.

3. Remove Barriers. Most cruise lines will need to be provided with an environment that is without barriers to competition as one of the first major steps in this direction of promoting and providing an internationally competitive cruise industry.
2.3.2. **Opportunities for Cruise Development in Smaller Island States**

While much has been discussed and understood about the cruise development in the Asia Pacific Region with much detail oriented towards the development of cruises in Asia rather than the Pacific region, it is more interesting and encouraging to see a more focused and specific literature coverage on how these Smaller Island Developing States fits into the equation, and how much they contribute to the overall development of the cruise tourism industry.

The Island States such as smaller Pacific Islands Nations like Fiji, Kiribati and perhaps some Caribbean Islands that fit within the category have natural attractions for cruise ships in their own right. It is believed that some of these attractions are based on cultural/natural heritages of each individual island. According to a report "Nautical Tourism in Small Islands States", submitted to WTO International Conference on Sustainable Tourism for Small Island Developing States there are possible opportunities for these smaller islands.

First, their possible hospitality roles: An island, port or group of ports can play three different types of role relating to cruises. First, it can serve as a start or end of the line, a role that can generate enormous economic spin-offs. Secondly, the islands can serve as a port of call where passengers land and take part in the shore excursion activities, shopping and so forth hence generating some income for the country. In some cases, the islands are considered just stopovers ports. The economic repercussions will vary subject to individual situations.

Beside the island strong climatic and scenery attractions, some of the islands are close enough to each other to make it appropriate to form or develop an attractive itinerary to producers such as port marketing firms etc.

Some of these Smaller Island Developing States (SIDS) see the merit in supporting and developing this important tourism sector and in doing so, have vigorously developed
good supporting facilities such as cruise terminals, hospitals and runways, and even come up with relevant tourism/cruise policies and incentives. In relative marketing and promotional terms, some island destinations are far ahead of others in developing very attractive shore excursion packages and aggressive marketing campaigns.

Because of these windows of opportunity, some of the island states evidently have a possible role to play in developing and diversifying cruise activities. These opportunities could be further enhanced if appropriate policies and favourable geographic conditions are in place.

The smaller island states of the Pacific start to elbow their way into the market albeit being in their far-flung position from each other and despite the distance involved, they dwell on the discovery and cultural products. These are very much relevant to the World tours, and discovery cruises.

Generally, cruise tourism has enjoyed in most cases a positive image especially among least developing countries like the Pacific islands that lack major investment finances to support bigger development projects. One argument in favour of cruise tourism is the fact that there is no need to build hotels and restaurants and that would have no profound effects on the natural sites that welcome cruise passengers. Another important aspect of the cruise industry, especially with the day trips, is the fact that cruise liners and their passengers when visiting island ports, usually left their money on the islands and when they depart, they take with them nothing but souvenirs and their own rubbish.

While talking about potentials and opportunities of cruise tourism, the broader impacts of this important tourism sector among other issues, is a significant aspect of the study that need a careful and detailed consideration especially when dealing with social and cultural factors such as local perceptions, cultural beliefs and practices, traditional roles and responsibility within the community, lifestyles, diets etc. Other aspects such as economic and political impacts are also vital components of a cruise tourism study that cannot be
ignored as it usually provides an important baseline at the beginning of each cruise negotiation or prior actual development and implementation of cruise itineraries.

2.4. Previous Cruise Tourism Impact Studies:

While there has been extensive coverage of general impacts of tourism and in particular for that matter cruise tourism in different countries that support and participate in the industry, there is one very relevant and interesting account documenting cruise impacts in the Pacific. Urbanowicz (1971) talks about economic and social impacts of the cruise industry in the island of Tonga and discusses the economic potential of tourism including cruise tourism, both as an employer of labour and as a source of foreign exchange. He also points out while tourists numbers increase at a particular destination, there is also an apparent increase in additional imported foodstuff. It appears that where tourist arrivals increase, there is significant evidence of local produce being substituted with imported good, hence escalating the import rate further. Relatively, a substantial portion of the tourism revenue is for the local services in any destination, hence benefiting individuals for the most part, whether they live in the urban or rural areas (Urbanowicz, 1971).

But some scholars argue that cruise tourism can be sustainably beneficial for all as long as it set or operated within strict guidelines and codes of conduct. An article by Robertson (1999) maintains that "unless very drastic changes occur (for example bigger ships) tourism to the Antarctic will continue to be a sustainable activity that brings great joy to those fortunate to have the opportunity to visit." This is due in large measure to the International Association of Antarctic Tour Operators that was founded in 1991. They have implemented guidelines or a code of conduct which appears to have been generally adhered to by their members (Robertson, 1999: 5).

In some destinations the over dependency of the local residents on tourism benefits can severely affect the life of host communities if the industry emerged for reasons beyond any destination’s control. Good examples of such situations are the changes that occurred
during the Asian crisis, and recent terrorism activities, Tourism as an industry can be said to be very dynamic as it can develop as fast as it evaporates.

Duchene (1998) on the other hand shares the same sentiments but from a planning perspective. He states that while cruise tourism may have a positive impact on the socio-economic situation in some islands, it may pose planning or management problems for others such as tourism professionals and mainly hoteliers who sometimes enter direct competition with the cruise companies (Duchene, 1998: 16).

Social impact are normally attributed to impacts caused by contacts between hosts and guests who have two different social habits, cultures and standard of living. Whilst cruise tourism impact is understandably less permanent than land based tourism, it is more aggressive particularly in the case of excursions and ethnic contacts, if the groups are not limited to a suitable number (ibid).

The social impact of cruise industry on the other hand do take place at any port of call but the magnitude of such impacts varies. Cartwright and Baird (1999) argue that not all social problems that take place in any given port of call would be the direct result of cruise tourism. They stress that the biggest potential social impact of cruising is in those areas where there is little tradition of major tourism and initially inadequate infrastructure to support a massive boost in visitors. On the other hand, they argue that because cruise ships rarely berth overnight, some of the disadvantages of becoming a tourist destination such as drunkenness, drug abuse and prostitution, would be mitigated against (Cartwright & Baird, 1999: 159).

Another aspect of the social impact relevant to the cruise study is the “acculturation”, better known as a process whereby groups borrow aspects of culture from each other (Nunez, 1989). The process is usually one sided due to the short time an individual cruiser spends in a single place. For example, a passenger might spend only eight hours on a Caribbean Island but the inhabitants of the island are exposed to thousands of international passengers during the cruise season. The constant exposure of the local
residents to the linguistic aspects of their guests will obviously influence the way they communicate, and much more (Nunez, 1989).

The change in nature of a cruise destination as a direct result of constant contacts with foreigners having different culture, or "cultural drift" as it is termed by Mathieson and Wall, is also evident in most destinations. This cultural drift is affected by type of tourist, the spatial, temporal and communicative context in which contacts take place, and the role of cultural brokers or local guides (Mathieson and Wall, 1982: 160).

Doxey (1975) also points out that the euphoria of becoming a tourist destination can soon change to increasing irritation if the natural and cultural attractions which first enticed tourists are actually destroyed by them (Doxey, 1975). The signs are clear on those days when a cruise ship calls to port at a small Caribbean Island. "The pace of life speeds up, and the atmosphere is all business in what are often traditionally quiet towns. These changes don't only occur around the port, residents soon realized access to public places or transport is restricted due to operators catering for the wealthy tourists who normally given priority by local operators" (James, 1999: 13). This, however, is a clear display/sign of direct competition between visitors and local residents over resources and services, which is often overlooked in the rush to emphasize the economic contribution of cruise ships in a particular destination. Smith (1989) argues, "Any attempt to ascertain the impact of tourism in the Pacific community should begin by relating the tourism flow to the size of the island community into which it is injected."(Smith, 1989: 113). Given the impacts than can arise from cruise tourism, this view appears to be a relevant foundation for any impact tourism study being proposed. The economic impact of cruise visits varies, as there is still a continuity of inconsistent figures provided on different destinations. The variation, however, is based on the range of activities and products offered at port or destination, the type of port (whether it is a transit or a port of call), and whether they have an effective cruise tourism policy and incentives that induce not only cruise operators to spend but also their passengers.
Moreover, recent economic impact studies also discuss difficulties in measuring or assessing the economic impact of cruise liners in different ports. Cruise revenues expected to be generated from cruise ship visits at different ports/destinations vary relatively depending on different variables. According to Douglas (2004), the first variable to consider is the type of visit to the destination whether it is a port of embarkation and/or disembarkation or a port of call. The second determining factor is the range of facilities and infrastructures available for both ship operations and passenger needs (Douglas and Douglas, 2004: 211). Both variables may influence the level of income for different ports. An estimated revenue figure presented by Douglas and Douglas (based on a study of two ports in Queensland, Australia) for a cruise ship on a transit visit is expected to be around (US$64,800) while US$408,000 is expected from cruise ships using the port as homeport. The study highlighted that despite the best efforts, most researchers have difficulties getting accurate and reliable data for expenditure studies (ibid).

While the latter has been proven difficult to obtain especially the individual expenditure accounts of passengers and crew at any port of call apart from the normal standard port charges and agency fees, the authors devised a near accurate base figure for our part of the region. They however based their estimates of US$92 per cruise passengers on the 1991 South Pacific Tourism Organisation Study Report. Although this baseline figure is outdated, it helps, given the absence of a relevant and more recent cruise tourism study in the South Pacific in the construction of a logical formula to determine the passenger and crew expenditure at any given port of call. Referring to more reliable data, a cruise ship calling at Port Vila has contributed approximately US$126,000 per visit and US$4.03 million per annum to the national economy (Douglas and Douglas, 2004: 212). Although the figures presented are based on estimates, they display the significant contribution of any cruise ship visit to the national economy of the destination.

The Douglasses study not only discuss the economic importance and contribution of cruise tourism in the South Pacific but also provide various recommendations and insights into the cruise industry. These include ways to help develop a sustainable cruise tourism
industry, highlighting areas/products that need to be improved upon in order to induce the
cruise ship operators and their passengers' level of expenditure at the destination etc.
They emphasize the growing trend by cruise operators to build mega cruise ships that
provide a total resort style concept. They also highlight that ports of call that were once a
major reason to take a cruise may become mere backdrops as cruise liners are now
offering theme cruises, hence can no longer be regarded simply as a transportation
system. Douglas and Douglas conclude that while cruise operators have been considered
one of the major contributors of foreign exchange and employment in some countries,
they also have provided serious competition especially to hoteliers and shore excursion
operators. At the same time, they also pose future challenges and a wake up call for
destination planners to improve on their products, incentives and policies should they
wish to retain the level of cruise revenue generated from cruise visits.

The positive conclusion covering the economic spin-off or impacts of cruise visits on any
smaller destinations is equally shared by Heddell of the Whitter Chamber of Commerce
in a TV cruise documentary edited by Googan (2005) and I quotes: “It is really a good
boom to our economy. There's lots of jobs, there's more jobs here than I've seen before
even for the younger kids,” said Marilynn Heddell of the Whittier Chamber of
Commerce” (Googan, 2005).

2.4.1. The Caribbean Cruise Experiences:
The development of cruise tourism in most of the Caribbean Islands has reached a
matured state of development. Positive and negative impacts of cruise visits in these
islands have been reported and are still being reported in various impact studies.
However, most of these impacts are found in urban settings rather than in undeveloped
rural areas, the proposed setting for this study.

While most of the islands in the Caribbean have enjoyed the increase in number of calls
and immense amount of cruise revenue generated from port fees, passenger expenses and
ship port expenses, the islands have faced considerable planning challenges not only to
address the demanding needs of cruise liners calling in different islands but to minimize any potential negative impacts brought by these cruise operators and their passengers on the social/culture and environment of the host destination. Ross Klein.(2005) not only reiterates the positive economic contribution of cruise liners to any destination but also, discusses the increasing dominance by cruise operators in many aspects of the cruise tourism activities\(^1\).

Table 2: Tourist (stop-over) and Cruise Arrivals 2003 in CTO Member Countries.

<table>
<thead>
<tr>
<th>Destination (Stay – Over)</th>
<th>Period</th>
<th>Tourist Arrivals</th>
<th>% Change 2003/02</th>
<th>Destination (Cruise)</th>
<th>Period</th>
<th>2003</th>
<th>% Change 2003/02</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anguilla</td>
<td>Jan-Dec</td>
<td>46,915</td>
<td>7.1</td>
<td>Anguilla</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Antigua &amp; Barbuda*</td>
<td>Jan-Dec</td>
<td>224,030</td>
<td>13.1</td>
<td>Antigua &amp; Barbuda</td>
<td>Dec</td>
<td>385,686</td>
<td>23.5</td>
</tr>
<tr>
<td>Aruba</td>
<td>Jan-Dec</td>
<td>641,906</td>
<td>-0.1</td>
<td>Aruba</td>
<td>Dec</td>
<td>542,327</td>
<td>-6.8</td>
</tr>
<tr>
<td>Bahamas*</td>
<td>Jan-Dec</td>
<td>1,428,973</td>
<td>1.9</td>
<td>Bahamas</td>
<td>Dec</td>
<td>2,970,174</td>
<td>6.0</td>
</tr>
<tr>
<td>Barbados</td>
<td>Jan-Dec</td>
<td>531,211</td>
<td>6.7</td>
<td>Barbados</td>
<td>Dec</td>
<td>559,122</td>
<td>5.6</td>
</tr>
<tr>
<td>Belize</td>
<td>Jan-Dec</td>
<td>220,574</td>
<td>10.6</td>
<td>Belize</td>
<td>Dec</td>
<td>575,196</td>
<td>79.9</td>
</tr>
<tr>
<td>Bermuda</td>
<td>Jan-Dec</td>
<td>256,563</td>
<td>-9.7</td>
<td>Bermuda</td>
<td>Dec</td>
<td>226,097</td>
<td>13.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Jan-Dec</th>
<th>Bonaire</th>
<th>British</th>
<th>Virgin Islands P</th>
<th>Cancun (Mexico) **</th>
<th>Cayman Islands</th>
<th>Cozumel (Mexico)</th>
<th>Cuba</th>
<th>Curacao</th>
<th>Dominica</th>
<th>Dominican Republic*</th>
<th>Grenada</th>
<th>Guyana</th>
<th>Jamaica</th>
<th>Martinique P</th>
<th>Montserrat</th>
<th>Puerto Rico **</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan-Dec</td>
<td>62,564</td>
<td>20.1</td>
<td></td>
<td></td>
<td>2,076,478</td>
<td></td>
<td></td>
<td>1,894,746</td>
<td>12.4</td>
<td>72,948</td>
<td>3,268,182</td>
<td>142,333</td>
<td>100,911</td>
<td>1,350,284</td>
<td>453,160</td>
<td>8,375</td>
<td>1,324,598</td>
</tr>
<tr>
<td>Bonaire</td>
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</tr>
<tr>
<td>Cancun (Mexico) **</td>
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<td>5.6</td>
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<tr>
<td>Cayman Islands</td>
<td>Dec</td>
<td>293,515</td>
<td>-3.1</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Cozumel (Mexico)</td>
<td>Dec</td>
<td>304,233</td>
<td>34.6</td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>Cuba</td>
<td>Dec</td>
<td>1,894,746</td>
<td>12.4</td>
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</tr>
<tr>
<td>Curacao</td>
<td>Dec</td>
<td>221,390</td>
<td>1.6</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Dominica</td>
<td>Dec</td>
<td>72,948</td>
<td>8.7</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Dominican Republic*</td>
<td>Dec</td>
<td>3,268,182</td>
<td>17.0</td>
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<tr>
<td>Grenada</td>
<td>Dec</td>
<td>142,333</td>
<td>7.5</td>
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</tr>
<tr>
<td>Guyana</td>
<td>Dec</td>
<td>100,911</td>
<td>-3.3</td>
<td></td>
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<td></td>
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<tr>
<td>Jamaica</td>
<td>Dec</td>
<td>1,350,284</td>
<td>6.6</td>
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<tr>
<td>Martinique P</td>
<td>Dec</td>
<td>453,160</td>
<td>1.4</td>
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<tr>
<td>Montserrat</td>
<td>Dec</td>
<td>8,375</td>
<td>-12.9</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>Puerto Rico **</td>
<td>Dec</td>
<td>1,324,598</td>
<td>3.5</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

<table>
<thead>
<tr>
<th>Destination</th>
<th>Jan-Dec</th>
<th>Change</th>
<th>Jan-Dec</th>
<th>Change</th>
<th>Jan-Dec</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saba</td>
<td>10,260</td>
<td>-4.8</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>St. Eustatius</td>
<td>10,788</td>
<td>10.3</td>
<td>St. Eustatius</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>St Lucia</td>
<td>276,948</td>
<td>9.3</td>
<td>St Lucia</td>
<td>Dec</td>
<td>393,240</td>
<td>1.6</td>
</tr>
<tr>
<td>St Maarten*</td>
<td>427,587</td>
<td>12.3</td>
<td>St Maarten</td>
<td>Dec</td>
<td>1,171,734</td>
<td>11.1</td>
</tr>
<tr>
<td>St. Vincent &amp; G’dines</td>
<td>78,535</td>
<td>1.2</td>
<td>St. Vincent &amp; G’dines</td>
<td>Dec</td>
<td>55,532</td>
<td>-7.5</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>409,007</td>
<td>6.5</td>
<td>Trinidad and Tobago</td>
<td>Dec</td>
<td>24,867</td>
<td>n.a</td>
</tr>
<tr>
<td>Turks and Caicos Is.</td>
<td>163,584</td>
<td>6.5</td>
<td>Turks and Caicos Is.</td>
<td>Dec</td>
<td>1,773,948</td>
<td>2.0</td>
</tr>
<tr>
<td>US Virgin Islands</td>
<td>618,703</td>
<td>3.5</td>
<td>US Virgin Islands</td>
<td>Dec</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

* Non-Resident Air Arrivals

**Non-Resident Hotel registrations only - No Cruise Figures are Reported

* Preliminary figures

n.a. Figures not available

N.B: Figures are subject to revision by reporting countries

**Source** - Data supplied by member countries and available as at November 27, 2007

Source: Caribbean Tourism Organisation.

In his article, Klein (2005) says that there have now been reports of cruise lines being owners of buses and end-point resorts, controlling much of the shore excursion activities or companies. This leaves the local operators at the destinations to compete with the cruise line (which has the passenger's undivided attention for sales while on board the ship) and often having to undersell their product and services (Klein Ross, 2005). The alarming issue here if such economic domination by cruise lines prevails or increases, could mean that little revenue trickles down to local residents in all aspect of the cruise operation or activities on shore.
Edwin Mcdowell in his article in the New York Times "Key West Debates-Impacts of Cruise Ships", shared the same sentiment. The author highlighted that although there had been immense economic contribution from cruise ships visits experienced at Key West in the US there have also been increasing complaints and resistance from local residents mainly due to high competition over facilities and services with the visitors (Mcdowell, 2003: 5.3).

Similar negative trends were found in the Caribbean Islands as evidence of fantasy theming and simulations and are becoming endemic on most cruise-ships. The ultimate in fantasy capes on Caribbean cruises is not on the ship, however, it is to be found on "fantasy islands", privately owned by the cruise companies, off-limits to all but their passengers and employees, and marketed as the true Caribbean experience - only better (Robertson, 1999). Of 8 major cruise-lines operating regularly in the Caribbean, six own private islands which they include among their ports of call. Some of these private islands are Half Moon Cay, Castaway Cay, Great Stirrup Cay, Princes Cay, Serena Cay, Coco Cay or at Labadee Disney (Robertson, 1999: 6). Here the company dredged sand from the Casaway Cay bay and then ground it up further to make the island's beaches conform to a touristic image of Edenic perfection (ibid). It goes without saying that the development of private island destinations has been alarming to Caribbean countries, and in essence some local ports are being cut out of the cruise itinerary in the process. Most companies reap the economic rewards of renting their passengers everything from snorkelling equipment to cabanas to small boats, and selling them drinks and souvenirs at company-owned shops and markets. The already limited contribution of cruise passengers to local Caribbean economies therefore is further eroded (Robertson, 1999: 6).

Other negative impacts from the around the Caribbean are also reported. The concern over cruise ships dumping their waste in the sea near the coast, and the tourist’s high demands on fragile marine ecosystems has been felt with the increasing number of cruise visits to the islands. For instance in Tobago, reef or exposed coral have been damaged by thousands walking on them while in the Bahamas souvenirs shops have looted the reefs.
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

for stocks (Pattulo, 1998: 49). In Belize, the Belize Ecotourism Association (BETA) voices its grave concerns pertaining to what it sees as the "unbridled growth of Cruise Tourism in Belize." Serious negative impacts are arising, overshadowing the traditional "eco-cultural adventure" profile that has so carefully been nurtured for the past 20 years ("BETA States position…", 2004). Benefits from this market have not only been to hotel owners, tour operators and tour guides, but to the diverse support sectors that provide the vital services upholding the standards for which Belize has become internationally known. This low impact "micro enterprise" driven tourism concept is proven, and recognized by thousands of Belizeans who are sharing the wealth of this industry which, to date, has avoided cultural degradation. Meanwhile, in Belize there are reported signs that this desirable position is being eroded by the unrestrained growth of cruise ship tourism, an industry that has historically shown little respect for environmental and cultural conservation. In view of these developments and the overwhelming differential in resources and experience between cruise lines and local authorities, there is an urgent need to determine the long-term future and sustainability of the tourism industry. With the growing presence of the cruise industry, the question that is set in the mind of many Belizeans is how long they can sustain their already established market segment that has been valued by many in the region. The experience posed by the Belizeans is very relevant to the development of tourism in small Pacific island states as the immense economic and socio-cultural impact brought by cruise ships to these island destinations could undermine their existing tourism industry.

Meanwhile, there are also positive contributions of the cruise industry noted in the Caribbean Islands. According to an article by Kolosh and Dallas in Business Week (1999: 30), cruise tourism has somehow revived the economic development in Curacao after that country's major employer, the Royal Dutch/Shell Group, closed its outdated oil refinery which made Curacao offshore banking less attractive. In other countries cruise tourism has been supported primarily for its role in promoting eco-tourism, better known as low-impact tourism, as most cruisers are affluent well educated people who normally wish to be guided by rules and regulations throughout their visit at any given destination. In any cruise destinations, cruise activities are well scrutinized by local authorities to ensure
their conformity with mainly the Environmental Act. Their immense contribution either through their passenger's direct expenditure or by way of cruise head tax goes to various national or community development projects. The development of Marine and Conservation Parks, the development of community halls and schools, improvement in public infrastructure such as medical clinics, roads, harbour and so forth may be attributed to the development of cruise tourism in some cruise destinations.

The review of any cruise impact, however, is something debatable as there are arguments for or against cruise development in each country. Whatever the size, cruise activities and volume of passengers visiting any destination will be one factor in determining the cruise development impact. The second factor, however, that may determine the level of impact is the individual countries or destinations cruise policies, regulations and guidelines that will be used in the effective and efficient management of cruise tourism activities.

Overall, an integrated and sustainable approach to the management of cruise activities has been discussed in most literature covering the topic. This includes looking at the carrying capacity of the destination, the availability of the basic infrastructure, policies and regulations and of course the involvement of all stakeholders including the local community in any decision relating to cruise tourism development that may affect their daily lives in one way or another.

It is believed that consideration of all these factors, models etc in the planning, implementation and management of the cruise tourism industry would certainly minimize negative impacts and maximize its positive impacts. However, the question that remains to be answered in this study is whether these planning factors, suggested models etc are relevant and appropriate in addressing the issues surrounding the cruise impact in rural areas, given the uncertainty and uniqueness of cruise impacts in a rural setting. The literature coverage on the cruise impacts in remote rural areas is also limited, perhaps due to the fact that most cruise activities are found in the urban centres. In this respect, the effectiveness of planning and management recommendations together with the suggested models may somehow be considered vague.
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

From this global outlook on tourism and in particular cruise tourism, we need to investigate how these impacts are applicable to Fanning Island, which is situated in a rural and undeveloped setting. Whether the contributions of previous impact studies on a global scale are valid in an island situation will be explored in Chapter three.

Chapter three will be divided in two sections. One will discuss an overview of tourism development as an economic development activity in Kiribati and the level of impact it brings to the country. In section two of chapter three, the introduction and development of cruise tourism on Fanning Island will be critically discussed. The literature review will introduce us to the economic, socio-cultural and political situation on the island prior and after the cruise visits. The contributions and relevance of previous cruise tourism impact studies to Fanning being set in a rural undeveloped setting shall be critically discussed.
CHAPTER THREE

GENERAL OVERVIEW OF TOURISM IN KIRIBATI AND THE DEVELOPMENT OF CRUISE TOURISM.

3.1. Introduction

Chapter three will discuss general tourism and cruise tourism impacts in Kiribati. The chapter will also specifically present the researcher's critical review of the various contributions of different researchers and writers in the field of cruise tourism and how it contributes to the broad objectives of this study on the economic and socio-cultural impacts of cruise tourism.

3.2. General Tourism Developments in Kiribati:

Since gaining independence in 1979, Kiribati has faced a number of economic obstacles that have affected the development of tourism. It is an isolated island nation with boundaries which extend over 3,800 kilometers of ocean on both sides of both the equator and the international dateline. Its population of around 95,000 is scattered over 33 islands, with a heavy concentration on South Tarawa, the governmental and educational center (Ministry of Finance and Economic Planning, 2004: Statistics Report 2004). Situated far from established international air routes, Kiribati has a scarcity of natural resources and has little in the way of natural attractions which may differentiate it from other Pacific Island nations that may have similar interest to develop a viable tourism industry. With a rapidly growing population, limited export base, and a small private sector, Kiribati looks at tourism and other economic activities as an alternative for the generation of employment and income for the vast majority of its unemployed population.
The Kiribati Government emphasizes the need to develop sustainable tourism in the country, especially on two of its main islands, i.e. Christmas Island and Tarawa, the capital. In doing so, however, the Government also sees the need to develop and promote the two destinations differently. The arrival figures/statistics into the two destinations revealed that Christmas is very popular with sport fishing anglers mainly from the United States and it is known as a world-class fly-fishing destination (Tourism Council of the South Pacific, 1997:3) Tarawa on the other hand is mainly a business destination with the majority of visitors in the business category followed by Visiting Friends and Relatives (VFR) and others. The figures presented in table 2 and subsequently highlighted in the Kiribati Tourism Marketing and Development Plan support the current trend. In this respect, it is recommended that there should be a two-tourism policy, one tourism development policy for Tarawa and a separate policy recommendation for Christmas Island.

Table 3: Visitors Arrivals and Purpose of Visits – Kiribati (Tarawa and Kiritimati)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Holiday</th>
<th>Business</th>
<th>VFR</th>
<th>Transit</th>
<th>Other</th>
<th>Not stated</th>
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<td>2</td>
<td>0</td>
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<td>1,147</td>
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<td>243</td>
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<td>1,186</td>
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<td>727</td>
<td>246</td>
<td>323</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>4,469</td>
<td>986</td>
<td>1,900</td>
<td>868</td>
<td>505</td>
<td>210</td>
<td>105</td>
</tr>
<tr>
<td>2002</td>
<td>3,259</td>
<td>172</td>
<td>1,599</td>
<td>759</td>
<td>490</td>
<td>239</td>
<td>0</td>
</tr>
<tr>
<td>2003</td>
<td>4743</td>
<td>880</td>
<td>1,590</td>
<td>804</td>
<td>1290</td>
<td>179</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: Kiribati Statistics Office

VFR = Visiting friends / relatives. 1992 Purpose of Visit breakdown not available for Tarawa. Same coverage as other tables for years when Christmas returns are missing. Does not include tourist cruise boats stopping at Fanning Island.
3.2.1. Tourism Growth and Development in Kiribati

The most critical factor affecting the economic future of Kiribati, and tourism specifically, is the availability and reliability of air transportation, both in its international and domestic services. International air service to Kiribati has declined drastically following the return of Air Kiribati ATR 72 aircraft which has incurred substantial loss and subsidy, and the termination of the regional air service. This, however, has reduced the number of flights connecting Kiribati with Fiji to only 2 times a week leaving Air Nauru as the only option and carrier.

Despite Air Nauru (the only long haul international airline connecting Kiribati to Australia and Fiji) having increased flights in and out of Kiribati, the air services are still unattractive due to very high fares listed for the route and foremost the airline’s bad reputation for unreliability. The problem with the present aircraft capacity and the runway condition at Cassidy airport in Kiritimati Island also affects the tourist development in that part of the country and especially for the fishing anglers traveling on prepaid fishing packages to the island. Efforts to promote tourist packages or visitation to the outer island are also faced with similar problems relating to capacity and reliability constraints in domestic air services.

<table>
<thead>
<tr>
<th>Island</th>
<th>Business (General/Private/Commercial)</th>
<th>Holiday/Pleasure</th>
<th>VFR</th>
<th>Others (Including Transit/MICE)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tarawa</td>
<td>1413</td>
<td>239</td>
<td>800</td>
<td>1273</td>
<td>3735</td>
</tr>
<tr>
<td>Kiritimati</td>
<td>177</td>
<td>661</td>
<td>4</td>
<td>166</td>
<td>1008</td>
</tr>
</tbody>
</table>

Source: Kiribati Statistics Office.

Visitor arrival figures (refer table 4) in the country indicate two main destinations, Tarawa Island in the Kiribati group (which accounts for most Business Travellers and Kiritimati Island in the Line Islands (which attracts mostly Pleasure Tourists who come especially for fly fishing).
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

The amount of hotel and motel type accommodation has slightly increased over the years in both destinations. In 2004, the number of accommodation properties had reached eleven following the additional of four properties. This has brought the number of rooms to about 110. In Christmas Island, two new properties have become operational thus bringing the total number of accommodation properties to six. The total room inventory for Kiritimati Island is approximately sixty. Whilst not all the accommodation may meet the minimum standards expected of an international hotel, they still provide a comfortable and clean place to stay. (TCSP: 1997: 16). Relatively, it is also interesting to note the interest by Government to promote home-stay type of tourism in the country and especially in the rural areas. It is regarded as appropriate because of its low operation costs, direct benefits to the grass-root community and its effectiveness in promoting cultural exchange as opposed to the conventional type of tourism (Tourism Department, 2004: 3)

Beside the increase in accommodation operators, there is a noticeable stagnation in the number of inbound or outbound tour operators operating in the country. Most of these operators face difficulties in trying to promote the country effectively due to unreliable air services, high airfares, limited and unattractive holiday products and the isolation and vast distance of Kiribati from major tourists markets.

3.2.2. Tourism Resources of Kiribati.

Although all the islands in Kiribati share common characteristics and climate, Kiritimati offers attractions (fishing and bird watching) that are unique to its location, giving it a competitive advantage for a specialized niche market. Tarawa and Abemama, on the other hand have less to offer when competing with their neighbouring Pacific Island destinations apart from their pristine islets and the World War II relics that can still be seeing in abundance on South Tarawa and Betio.

Most hotel properties especially the major hotels, the Otintai Hotel Limited and the Captain Cook Hotel, generally are in need of upgrading in terms of facilities and services
to a standard which would be considered suitable for tourists. In this connection, management and general staff training is necessary to produce high standard and professional staff within the tourism and hospitality industry. The infrastructure for tourism is generally adequate for the modest development in all three islands. Water, sewerage, electrical power, communications, and transportation systems are present and acceptable to varying degrees, but would require upgrading and improvement in the long term (Kiribati Government, 1997: 3).

All the islands have only limited potential tourism attractions. Kiritimati has a lead in attracting sports anglers and ornithologists. The historical attractions that consist of World War II battle sites still have the potential to attract an extremely small market. The likeliest attraction for the islands in the Gilbert group will be the culture and people, while diving and other water related sports are yet to be exploited to their full potential.

The geographical position of Fanning and Kiritimati islands in the Northern part of the country and their close proximity to the Hawaiian and Tahitian markets pose a potential for the development of cruise visits either as stop-over or repositioning ports/destinations. This has been facilitated further by the US Jones Act, which prohibits any foreign-flagged cruise ship that provides Hawaiian cruises or operates in the US waters to pick up and drop passengers from any US port unless they call at a foreign port.
3.2.3. Potential Areas for Tourism Development in Kiribati.

Kiritimati Island attracts most tourists and has the potential for future development as it has more land area compared to other islands in the country. The negative impact of a high population pressure on the island resources is slight, unlike South Tarawa, which is overpopulated thus constraining future developments.

### Population by Island 1990-2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Banaba</td>
<td>284</td>
<td>339</td>
<td>276</td>
<td>Kuiria</td>
<td>990</td>
<td>971</td>
<td>961</td>
</tr>
<tr>
<td>Makin</td>
<td>1762</td>
<td>1830</td>
<td>1691</td>
<td>Amanaka</td>
<td>1002</td>
<td>1015</td>
<td>966</td>
</tr>
<tr>
<td>Butaritari</td>
<td>3774</td>
<td>3909</td>
<td>3464</td>
<td>Nonouti</td>
<td>2814</td>
<td>3042</td>
<td>3176</td>
</tr>
<tr>
<td>Marakei</td>
<td>263</td>
<td>2724</td>
<td>2544</td>
<td>N/Tabiteua</td>
<td>3201</td>
<td>3383</td>
<td>3365</td>
</tr>
<tr>
<td>Aboanang</td>
<td>5233</td>
<td>6020</td>
<td>5794</td>
<td>S/Tabiteua</td>
<td>1331</td>
<td>1404</td>
<td>1217</td>
</tr>
<tr>
<td>N/Tarawa</td>
<td>3648</td>
<td>4004</td>
<td>4477</td>
<td>Buru</td>
<td>2909</td>
<td>2784</td>
<td>2752</td>
</tr>
<tr>
<td>N/Tarawa</td>
<td>25380</td>
<td>28350</td>
<td>36717</td>
<td>Nikunau</td>
<td>1994</td>
<td>2009</td>
<td>1733</td>
</tr>
<tr>
<td>Maiana</td>
<td>2190</td>
<td>2184</td>
<td>2048</td>
<td>Onotoa</td>
<td>2100</td>
<td>1918</td>
<td>1668</td>
</tr>
<tr>
<td>Abesuma</td>
<td>3218</td>
<td>3442</td>
<td>3142</td>
<td>Tamana</td>
<td>1385</td>
<td>1181</td>
<td>962</td>
</tr>
<tr>
<td>Arorae</td>
<td>1440</td>
<td>1248</td>
<td>1225</td>
<td>Teraina</td>
<td>936</td>
<td>978</td>
<td>1087</td>
</tr>
<tr>
<td>Tabuaeran</td>
<td>1309</td>
<td>1615</td>
<td>1757</td>
<td>Kiritimati</td>
<td>2557</td>
<td>3225</td>
<td>3431</td>
</tr>
<tr>
<td>Kanton</td>
<td>45</td>
<td>83</td>
<td>61</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


Source: (MFEP: 2002. p6)

The efforts by Government to conserve the wildlife resources on Kiritimati through the Wildlife Act have proven successful but this niche market (bird watching) has not been exploited to its full potential. Fly-fishing on Kiritimati has attracted anglers mainly from the US market and is considered one of the island’s main tourism revenue earners. However it will face a bleak future if nothing is done to stop the local fishermen from netting the bonefish (the main fish species used in the sport fishing). On the island, most residents can fish for bonefish since there is no regulation to stop them from doing so. The fact that the bonefish spawning sites are not protected during the spawning period under the present fisheries law for the island, has compounded the bonefish issue further.
The island also has the potential for development of more fishing resorts but a lot of the resort proposals have come from developers with no real financial means (Ministry of Natural Resources Development, 1987: 63). Nevertheless, the island has all the necessary basic infrastructure required to support a conducive investment climate.

In other parts of the country, the potential of eco-tourism combined with home-stay type of tourism for backpackers is a dream away and could only be realized with the full support of many government and private entities. With the present situation surrounding Air Kiribati (i.e. unreliable, aging fleet, unpredictable schedules and high fares) the potential development of the home-stay or eco-tourism concept is difficult to achieve at this point in time. This constraint has been made worse by the comparatively low marketing budget the National Tourism Office has for promoting an eco-tourism packages in markets overseas.

Meanwhile, the laidback lifestyle of the Kiribati community and remoteness of the country from major tourist generating markets considered by some as part of the Kiribati uniqueness and a strong selling point in some tourist markets especially the Europe adventure tourism market. A point highlighted in the National Tourism Office Marketing banner which proudly proclaims “Kiribati, the only place where you can enjoy and a truly relaxing and laidback holiday”.

3.3. General Tourism Impact in Kiribati.

The general economic impacts of tourism in Kiribati are not really a big issue when compared to other countries in the Pacific region primarily because the tourist arrival figures in the country are still relatively low. However, tourism has potential to provide a moderate contribution towards increasing employment and GDP, generating export earnings, and diversifying the economy. In view of existing structural problems in the economy, the Kiribati government seeks to encourage tourism development while avoiding social and economic problems which are often found in a developing nation. Whilst tourism can significantly contribute to the national economy, what is less obvious
is the extent to which a given amount of expenditure is not realized as net benefits in countries like Kiribati. This has been compounded by the fact that there has never been an economic impact study conducted for tourism and as a consequence only an insignificant amount of funds from the national budget has been allocated to be used in the sector.

The multiplier effect of tourism in Kiribati is likely to be much less than in more economically developed countries, because of import leakages. That is, instead of domestic firms supplying inputs to the tourism sector, such inputs must be imported, as a result reducing indirect employment generating effects. The reduced net employment benefits to Kiribati together with the lack of suitable job training and a more rapid development of tourism can lessen net employment benefits because of the need for foreign employees with skills not available locally. This present economic trend is reiterated by the ESCAP report on Sustainable Tourism Development in Pacific Island Countries. The report highlights that for every $1.00 tourism dollar spent, a further $0.80 cents is generated. Further, it has been estimated that for the 14 members of SPTO, tourism income in 1990 may have been of the order of US$500 million, representing 5 to 8 percent of gross domestic product (GDP) and 8 percent of the government income. (ESCAP, 1992: 2).

The report equally discusses that not all of the economic impacts are beneficial, especially where there is significant leakage of profits overseas, or where employment in tourism induces changes in family structures, or where prices of land and products become inflated (ibid). Such situations are not commonly experienced in Kiribati due to the lack of foreign ownership or management contracts in tourist establishments. However, the leakage may appear in areas such as imports due to the heavy dependence on imported products such as hotel supplies, building materials etc. Another issue relevant to this leakage problem is the prepaid package tours, which means that involves most of the payment is made at the visitor's destination of origin.
Subsequently, tourist spending brings foreign exchange into the country and thus represents the export of services. Tourist spending in Kiribati could make a small positive contribution to the balance of payments and in so doing would lessen the current heavy dependence on foreign grant assistance or help Kiribati Government reduce its tax levied on goods and services if the tourism industry blossom in the future. The various types of leakage such as management fees and profits that may have been taken out of Kiribati by foreign operators and owners of domestic hotels, travel agencies etc can be minimized through tourist’s direct expenditure. This predicted trend however is quite possible and perhaps evident in Kiribati due to the country’s lack of natural resources and limited qualified work force especially in the tourism and hospitality field.

The socio-cultural impact of tourism in Kiribati is mixed. Although employment, income, education and training, mobility and wealth may be enhanced for some groups, there remain a few uncertain impacts. Some of the least advantageous socio-cultural impacts of tourism have occurred where the type of tourism, the type of tourist attracted, the pace of change and growth, the degree on interaction between I-Kiribati people and the visitors, and the capacity of the cultures and societies to cope with intrusive visitors have not been carefully managed. In addition, some of the tensions evident in changing societies are being unfairly attributed to tourism. It may be suggested, for example, that the periodic return of expatriates is as much a catalyst for change as any level of tourist visits. A good example is the continuous return of Kiribati licensed Korean fishing vessels to Tarawa, the capital of Kiribati, for transshipment of their catch, which was later blamed as a cause that promoted and supported prostitution among young teenage girls. This group of girls is better known in a Kiribati term as “ Korekorea” or girls for Korean men.

As the population level on most tourist destinations in Kiribati is low, there are exceptions. The prevalence of “mass tourism” may pose serious problems of balance between visitors and resident numbers or this may be a source of frustration among the indigenous people particularly where there are vastly different value and behavioral systems, and the pressure of the cash economy introduces change in traditional family structures. The seriousness of other modern social pathologies of prostitution,
homosexuality, alcohol and drug practices etc are not yet at serious levels in Kiribati. This present situation may have been prevented through the strength of the Kiribati culture with the overlay of religious and community organizations. The only alarming issue that has emerged and that could seriously affect the traditional culture and customs if not managed carefully is the increasing commercialization of traditional crafts and culture. There has been evidence of cultural rituals performed not only at certain times of the year or only at certain places, but in accordance with cruise schedules or tourists’ visits and only at the pier. Traditional dances are also being modified to make them lively for visitors to enjoy and sometimes shorter than their normal timing, to match tour schedules etc. The attractiveness of Kiribati, like many other Pacific countries, is underpinned by our unique cultural diversity hence, if no vigilance is instituted to stop this commercialized concept or ideology, it could ruin everything that attracted the tourist in the first place to our shores.

Finally, the dilemma of over-dependency of our I-Kiribati people on tourism is yet to be experienced or realized especially in our tourist destinations. However, the reality of the matter is coming to Kiribati and this was felt on Christmas Island when the charter flights were cancelled and a small aircraft was used instead to bring fly-fisherman to the island. The hotels, transport operators and other tourist related businesses suffered as a result. Most tourist guides and hotel employees were out of jobs in the process so the well-being of their families and their education of their children were all affected.


The Kiribati Tourism Marketing and Development Action Plan formulated by TCSP in 1997 (TCSP, 1997) and the National Development Strategies (NDS) 2004 - 2007 formulated by the Ministry of Finance and Economic Planning both advocate the need to develop tourism as an alternative income generating mechanism for the country (Kiribati Government, 2003). The Government plans and policies further advocate that tourism is
also crucial to the economic development of the outer islands and the rural grassroots community and therefore, foreign or local direct or indirect investment in tourism should be supported and encouraged at all levels.

According to the National Development Strategy 2004-2007 (Kiribati Government, 2003: 16), tourism consists mainly of cruise ship traffic at Tabuaeran (also known as Fanning Island) and sport fishers visiting Kiritimati (Christmas Island). Cruise ships visited Tabuaeran more frequently during the period 2004-2007. The number of tourist visitors to the Kiritimati Island during the period has declined partly because of the unreliability of the air service between the island and Honolulu (the main connection hub for all US travellers to the island), and partly because of the general decline in US based tourist traffic after the 9/11 event, as most prefer to travel within the US, perhaps due to safety and security reasons.

Following the introduction of Fanning Island as new cruise destination and the immense economic benefits poured from the cruise activity, the government has implemented new policy initiatives that facilitated the cruise development. A good example to consider is the new “Passport Waiver” Immigration Policy. Under the new policy, American passengers are allowed to travel or visit Fanning without having to hold a formal passport. The Hawaiian Cruise caters is predominantly to Americans, who usually travel without a passport within the State of Hawaii. Going to Fanning is a problem for those without a formal passport so this new Immigration Policy really assists in this situation. All the US passengers need is a valid identification such as Driver’s license, social security cards etc.

3.5. Overview of Cruise Tourism Development in Kiribati

Cruise tourism began in the early 1990s when vessels of cruise line companies such as P&O, Holland America, and Carnival started calling Christmas Island in the Northern
Line Islands of the Republic of Kiribati due to its strategic geographical position to the Hawaiian and Tahitian Islands. Because of the difficulties of this small island nation in harboring these big vessels due to the non-existence of a jetty big enough to berth these vessels, cruise visits are restricted to day visits only with the maximum of 8 hours at the most in port per call. At Christmas Island, cruise ship tenders use lagoon channels as routes when transferring passengers ashore and back to the ship. Sometimes this channel is blocked by heavy silt from the lagoon, making it shallow for the tender operation. In view of the problem, some bigger cruise lines such as the P&O had to cancel the disembarkation of their passengers, especially when they arrived during low tide. The concerned Ministry was very slow in rectifying the situation and for that matter a lot of the cruise lines had to turn away or even cancelled their calls to the island. Since the introduction of cruise schedules by various cruise operators to the Line Islands in the early 1990s, the number of cruise calls has increased steadily with new cruise operators coming up every year.

Table 5: Cruise Calls per Island for 2002-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>Port of Call</th>
<th>Cruise Vessel Name</th>
<th>No of Calls</th>
<th>Total Number of Calls per yr</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Fanning Island</td>
<td><strong>MS Norwegian Wind</strong></td>
<td>30 (7 calls cancelled)</td>
<td>37 Calls</td>
</tr>
<tr>
<td>2004</td>
<td>Kiritimati Is</td>
<td>??? (name of vessels not available)</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Fanning Island</td>
<td><strong>MS Norwegian Star</strong></td>
<td>42</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Fanning Island</td>
<td><strong>MS Norwegian Wind</strong></td>
<td>10</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Kiritimati Is</td>
<td><strong>MS Astor</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Kiritimati Is</td>
<td><strong>MS Dawn Princess</strong></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Kiritimati Is</td>
<td><strong>MS Maxim Gorki</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Kiritimati Is</td>
<td><strong>MS Prisedam</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Kiritimati Is</td>
<td><strong>MS Silver Whisper</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Kiritimati Is</td>
<td><strong>MS World</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>Kiritimati Is</td>
<td><strong>MS World</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>Kiritimati Is</td>
<td><strong>MS Maxim Gorki</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>Kiritimati Is</td>
<td><strong>MS Astor</strong></td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>Kiritimati Is</td>
<td><strong>MS Silver Whisper</strong></td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>
In the cruise lines’ quest for new destinations within the nation’s scattered island atolls by, Fanning Island was identified as one of the closest, and most convenient of all with her deep and safe lagoon for harbouring cruise tenders. The introduction of Fanning Island to the world of cruising has also been facilitated by the potential of the Hawaiian little-tapped cruise market and more importantly the conditions and regulations imposed under the US Passenger Vessel Services Act of 1886.

The 1886 US Passenger Services Act stipulates that ships cannot transport passengers between two US ports unless the ship is owned by US citizens, built in US shipyards, and crewed by US citizens. Similarly, the US Jones Act restricts cargo vessel transportation between two US ports under the same conditions. The argument in support of the 1886 Passenger Act and the Jones Act remain relevant and compelling today as they represent a business protection measure that can also be claimed to ensure safety, environmental protection, efficiency, and national security in the maritime industry (Dobson et al, 2002 : 10).

The implementation of the US Passenger Act for Fanning Cruise development requires vessels leaving the Hawaiian Islands to stop in Fanning, being the most convenient and accessible foreign port. This potential, however, will be at stake if the NCL start operating vessels built in the US and manned by US Citizens in the Hawaiian cruises. This has becoming evident with the introduction of the MS Pride of Aloha, and the MS Pride of America. The question that remains to be answered is whether NCL will still continue with the Fanning stop-over.
Fanning Island or Tabuaeran Island itself is one of the Line Islands in the Central Pacific Ocean and is part of the islands in the independent State of Kiribati. Fanning Island is a coral atoll with an area of 33 sq km (13 sq mi) and is 55 km (34 mi) in circumference. Fanning Island has no indigenous inhabitants but has long been used as a coconut plantation by labourers from surrounding islands. Captain Edward Fanning, an American, first explored the island in 1789. In 1916 it was incorporated into the British Gilbert Islands colony, which became the independent state of Kiribati in 1979. (Encarta Reference Library, 2003).

The island is located about 600 miles south of the Hawaiian Islands. In early 1994, the island was identified as an appropriate island for the resettlement scheme implemented by the Kiribati Government as part of their efforts to alleviate population pressure on South Tarawa, the capital. Fanning Island is now a home to less than 2000 Kiribati people who were recruited originally from the outer islands of the Republic of Kiribati. Most of the local residents on the island have limited education and are still living in a subsistence lifestyle within communal villages.

In the early 1990s Kiribati started receiving formal calls by smaller cruise ships such as the MS World Explorer, MS Discoverer etc. operating from the Hawaiian Islands and then proceeding to their traditional port of call in the Tahitian Islands and other islands to the South. The geographical position of some islands in the North Line islands, particularly Christmas and Fanning islands happens to be in the course/route of these cruise ships, bringing about less than 500 passengers. Given their schedule, it is only logical for the ships to stop over for a few hours before they continue their journey to the Tahitian Islands or other islands in the south.

Not very long after Fanning Island had been successfully used as a cruise destination, a Miami based cruise line company, the Norwegian Cruise Line, approached the Kiribati Government for an exclusive right to operate a 10-day cruise package from the Hawaiian Islands to Fanning Island. In December 1999, the Norwegian Cruise Line formally lodged this request to the Kiribati Government requesting Government permission and
endorsement to promote the island as part of the Hawaiian cruise package that includes a 10/11 day cruise. As part of the cruise package, the company wished to strike a deal which would allow their vessel to call Fanning Island at least a minimum of 20 times a year.

![Figure 3 A semi permanent jetty built by NCL to ease disembarkation of its passengers from Cruise tenders](image)

Included in the same deal is a formal request for an exclusive right to operate to the other nearby islands of Christmas and Washington Islands. This means that no other cruise operator may develop any cruise package that includes Hawaiian islands/Fanning or any other islands in the Republic. The request was merely to protect NCL from stiffer competition in the Hawaiian market. The exclusivity, however, would only allow other cruise lines to visit the islands as part of their repositioning cruise or as a way port.
3.6. The Appeal and Future Prospect of Fanning Island as an Adventure Destination

According to the Kiribati Demand Study prepared for NCL in 2003, Fanning was not perceived as an ideal overnight visitor destination due to lack of things to do on the island. The unappealing factors outweigh appealing factors by 29 percentage points (NCL, 2003). Despite this and the fact that Fanning Island is considered very remote from the major cruise market, it has its own interesting characteristics that appeal to a relatively a small portion of the US and Japanese market. Some tourists certainly give a plus rating to the island beautiful and pristine natural environment, its dive sites, its relaxed atmosphere, its friendly people and interesting culture. Out of the 858 passengers interviewed about of their expectations of Fanning Island, more than 75% of the respondents said their expectation is met after visiting Fanning Island (ibid).

Obviously, the island’s strength as a discretionary leisure travel destination is grounded in expectations regarding marine life, particularly its world-class fishing and excellent deep-sea diving conditions. Others, and in particular those visiting by cruise ships, express high satisfaction with music and entertainment that are part of the cultural show, the natural beauty of Fanning Island and swimming.

Despite all these strengths, there is a need for a large investment in marketing and promotion to address the lack of awareness of Fanning in the global cruise market. Relatively, the lack of basic tourist infrastructure and the lack of activities, especially when only a small segment of the cruise passengers actively participate in the water activities on offer on Fanning Island, are equally serious issues to consider should the island be vigorously promoted as a cruise destination.

The cruise passengers comprise mostly old people, are attracted most by less strenuous activities such as cultural tours or sailing. These products have yet to emerge on the island and where implemented, have been on a smaller scale and have not been well organized or have been conducted in an unprofessional manner.
The construction of an international standard runway and other basic infrastructure on the island may undoubtedly improve not only the destination appeal for the cruise market but would attract the general tourism market as a whole. At the same time, it would also support the establishment of other related tourist retail outlets on the island.

3.7. Conclusion

To conclude, the literature reviewed on cruise impacts in a rural setting or in Kiribati focused more on the general tourism impact rather than the cruise impacts. This is attributed to the fact that there has been no cruise impact study specific to Kiribati in the past, apart from the outdated South Pacific Tourism Organization’s (SPTO) Vanuatu Cruise Visitor Survey 1991 that was based on passenger expenditure pattern and not from the host perspectives. However, there are lots of inside information and secondary data revealed in this literature review that are useful in the analysis thus can help in achieving the objectives of the study as well as in drawing a solid conclusion. The limited information on impact studies for Kiribati tourism and in particular cruise tourism did to some extent influence the research approach and methodology applied in this study.
CHAPTER FOUR

THE RESEARCH METHODOLOGY

4.1. Introduction

The purpose of this study is to examine the economic and socio-cultural impacts of cruise visits to Fanning Island. The specific impact referred to in the study is the impact of cruise passenger expenditure on the host communities, whether it relates to their economic or social-cultural situation. The Researcher undertook a 10 days field survey on Fanning Island with the aid of one or two local research assistants, who were engaged to help with the distribution and translation of survey questionnaires to the local residents selected to take part in the study. The selection of these research assistants was based on their prior knowledge and experience of the research topic.

The research topics in itself determines in one-way or another the methods employed in pursuit of the broad research question.

Therefore, the four purposes of this chapter are to

(1) describe the research methodology of this study,
(2) explain the sample selection;
(3) describe the procedure used in the in designing the instrument and collecting the data, and
(4) provide an explanation of the statistical procedures use to analyze the data.

4.2. Research Methods

After reviewing the literature discussion on the use of impact study in the field of tourism, it appeared most approach researchers adopted a qualitative approach, although
in a few cases a combination of both qualitative and quantitative research methods were used. (Walsh, 2005: 26) argues that, "...it should be clearly understood by all academics that quantitative and qualitative research are equally useful, in different contexts". This same argument is supported by another researcher who argued that a "hybrid" approach is the most appropriate approach to be used in impact studies (Wikens, 1999). This is because a hybrid approach allows the researcher flexibility in combining both qualitative and quantitative research techniques (ibid).

In this study a decision has been taken to use a case study together with direct observations of the community during the field survey. In a case study approach, the background, the development and current conditions and environment interactions of one or more individuals, groups, communities, or businesses is observed, recorded and analyzed for stages of patterns in relation to internal and external influences. A case study approach was preferred in this study due to the limited time and resources available to the researcher when conducting the fieldwork.

An observation approach based on sociological principles on the other hand is considered necessary given the conservative nature of the Kiribati people. The importance of the observation technique is discussed in detail in the methods of data collection section of this chapter. The descriptive nature of the research, however, dictates the research design used in the research process. The research methodology used by other researchers whose work and findings were highlighted in the literature review section of this study revealed some similarities to the research methodology used in this study. For instance Rajotte (1977) advocated the same approach in her article "Evaluating the Cultural and Environmental Impact of Pacific Tourism in the Pacific" (1977:41). She also used qualitative research and carried out interviews and surveys in collecting his primary data. Her research philosophy, however, was underpinned by an ontological assumption and seen to be more objective in his approach.

In other studies undertaken on similar or related topics, a combination of qualitative and quantitative methods was present. Notably, the usual conventional methods of collecting
quantitative data relevant to the topic were used in the research process. Most of these quantitative data were based on hard-core cruise/tourism statistical data gathered from time to time by relevant authorities such as Port Authorities, Tourism Bureaus etc. They usually reflect cruise ship or passenger expenditure at various ports of call and their impact on the general economy of the country or destination. Using these qualitative and quantitative data, most researchers make their analysis and come up with recommendations and conclusions that inform economic, socio-cultural and political impacts in any destination.

In the case study of Fanning, none of this data was available apart from figures identifying the Government’s direct revenue from cruise head tax and port charges. Therefore, the only way for the Researcher to find the reality on the ground and to investigate the true meaning of economic and social impact of cruise visits on Fanning residents was through direct in-depth interviews and a questionnaire survey. Contrary to other impact studies, the unique feature of this Fanning study is the fact that the island residents were directly observed and interviewed (using structured/open-end questionnaires) to obtain their views and individual assessment of how the cruise visits may have affected them economically, socially and politically. This is a factor that sets this study apart from previous studies undertaken into the cruise industry. This has been further compounded by the researcher’s observational findings and conclusions.

**4.3. Type of Data and Data Gathering**

**4.3.1. Secondary data**

Archival, library and internet searches into the background of the study site, past economic development activities, demographic figures, relevant tourism statistics, and reports of different Ministries and Departments were undertaken. All these are pertinent to the generation of relevant secondary data prior the actual site survey. These publications and unpublished reports on tourism and government figures together with
cruise statistics were of paramount importance to the study as they provide a strong foundation for the study of economic and socio-cultural impact.

4.3.2. Using a combination of structured/open-ended questionnaire.

A survey using a structured/open-ended questionnaire is used in the research process to obtain quantitative and qualitative data. The questionnaire was also used as an important guide to a number of in-depth interviews and informal conversations with key people to obtain their personal views on issues relating to the overall objective of the study. A high percentage of researchers of previous impact studies/surveys were using the structured as well as open-ended type questionnaire in the data gathering. Both Duchene (1998) and Smith (1989) argue that this is a useful method of obtaining information from any society or group. This approach also reduces any tendency to bias, due to the consistency of the questions being asked. The structured and open-ended questions (as appeared in the questionnaire format attached as annex 1) also allow any respondents to express their own views and perception on the topic being discussed. It is important to note the comments made by Marshall and Duignan: “research methods and techniques are not ends in themselves. We choose techniques that provide reliable and valid information to help us answer specific research questions”. (1987: 185)

The key informants interviewed during the fieldwork process included the President of the Fanning Island Council, some Councillors, a few Church leaders from different religious denominations, the Manager and local staff of NCL based on Fanning, a Member of Parliament from the island and a number of handicraft hawkers, the total of which represented approximately 75% of the households on the island. The key informants were randomly identified and selected, based on their key role in the community, their individual profession and knowledge which contributes to the cruise development topic and their traditional and religious status in society.
4.3.3. Reconnaissance Survey

Relatively, the researcher undertook a visit to the island and carried out a reconnaissance field survey and in-depth interviews on site. The eleven day survey basically involved the interview of residents mainly at the landing site, where most of the commercial activities take place. In order to obtain the views and experiences of other residents besides hawkers, those residents residing outside the landing site (most from outside Paelau Village) were also included in the survey and randomly interviewed. This was done to ensure that the opinions and feelings of those outside the scope of the cruise tourism activity are also recorded for comparative purposes as well as to see whether there have been any similarities or disparities of the impacts upon residents living within or outside the main cruise centre.

4.3.4. Observation.

The importance of a participatory observation approach cannot be seen in isolation from the main data gathering techniques used during the field survey. This tool was useful as it revealed hidden/sensitive information either on the cultural or economic aspects of both the business community at the site and, those villagers living outside the main cruise centre. This sociological research approach has not been considered relevant in the past, especially in economic impact studies.

It is important to understand while conducting enquiries in Kiribati, especially on income and wealth of the community, that not all respondents will provide a true and honest answer. As dictated by the cultural and conservative ideology of the Kiribati people, someone is considered conceited or proud if he or she starts telling others how wealthy or rich he is. Therefore, during the interview process, Kiribati families prefer to leave it to others to tell stories of their material wealth, rather than giving details themselves. Although one would have thought being an I-Kiribati researcher would be an advantage,
this is not always the case, due to the perception that the secrecy surrounding a family’s material wealth will be breached and escalate if a Kiribati person is interviewed by another Kiribati person. This finding questions the underlying principle that locals are considered more effective in obtaining quality data because of their cultural understanding and also shows the benefits of using the observatory approach to complement the interviews.

The observation technique was used as a means to assess the villagers’ material wealth and ascertain the economic contributions generated from the cruise visits or cruise tourism development. This was done by selecting homes on a random basis and recording and assessing the material wealth of each household. The technique was also applied in the assessment of socio-cultural changes that may have taken place among Fanning residents. The researcher was interested mainly in the socio-cultural changes, which may includes changes in the language or communication skills, life style, roles of men, women and children, changes in health/hygiene conditions, changes in family or community structure, changes in traditional subsistence activities and of course demonstration effects. The fact that the researcher witnessed the early situation on the island because he had been part of the Government delegation that took a cruise at the early start of the cruise visits to Fanning Island, is a plus factor when it comes to the comparative analysis of economic and socio/cultural changes that have taken place since the start of the cruise project.

4.3.5. A Pilot Study

A pilot study of the research questionnaires was originally planned to be implemented on Christmas Island (another of the cruise destinations in the country) prior to the actual survey to form part of the research project. The objective was to determine the questionnaire’s effectiveness prior the implementation of the field survey/research proper. After the review of the pilot study proposal, though it was deemed appropriate to drop the idea due to the enormous cost associated with the travel to the site/island.
4.4. Sampling

Due to the relative high probability that each household member will take part in one way or another in the cruise activity, it was logical to interview probably most of the sellers/hawkers at the cruise-landing site during the cruise day. Most of the hawkers represented at the site are the heads of individual households, their spouses or their dependents (usually their older sons or daughters).

An interview with key informants such as Government officials, Local Councillors, hawkers selling local produce and souvenirs, tourism industry members and some from the public was also carried out in order to obtain both the quantitative and qualitative data. The present number representing the above highlighted categories is minimal and all can be found in the vicinity of the cruise centre or in the surrounding areas/villages closer to the centre of the cruise activity.

Table 6: Number of Respondents surveyed
(using structured and open-ended questionnaires and in-depth interviews)

<table>
<thead>
<tr>
<th>Category of Respondents</th>
<th>Hawkers</th>
<th>Fanning Island Council worker</th>
<th>NCL Staff (Fanning Island Based)</th>
<th>Prominent People on Fanning Island i.e. MP, Priest, church leaders.</th>
<th>Others, i.e. Villagers, business owners, Government employees stationed on the island</th>
</tr>
</thead>
<tbody>
<tr>
<td>No: of Respondents per category</td>
<td>38</td>
<td>9</td>
<td>9</td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

Master of Arts (Tourism Studies) Thesis
A representative sampling is applied in the villages outside the landing area (main tourist area) while the stratified sampling is used for hawkers (who represent 75% of households on the island), Councillors and other locals living or doing business within or around the landing site. Given the relatively low number of hawkers at the site, most if not all of those partaking in the selling activities at the site were interviewed. About 60 people (Hawkers, Council and NCL Workers and Others) were interviewed during the survey process. An interesting point in this sampling process is the fact that nearly all households are represented in one way or another in the interview. In-depth interviews were undertaken with key people such as Clerk and Acting President of the Fanning Island Council, NCL Local Manager, Fanning Member of Parliament, Tourism Officer, the two Church representatives, a businessman and a women’s representative.

4.5. Data Analysis.

All the quantitative and qualitative data obtained through the survey were analyzed using an appropriate statistical analytical tool and techniques. To avoid any further complication on the part of the researcher, especially with the qualitative data, the Likert Scale was used in analyzing the data. For comparative analysis of the situation on the island prior and after the cruise visits, it is important to acknowledge that the researcher did already have an extensive knowledge on the early economic, socio-cultural and political situation of Fanning Island. Notably, he was once an Administrative Officer looking after the administrative affairs of the island and he was part of the Government delegation that took the early NCL cruise to Fanning at the start of the cruise agreement. All these qualities however were very helpful in the analysis process. To complement the quantitative and qualitative approach mentioned above, the researcher’s own understanding and interpretation based on experiences and prior knowledge of the situation on Fanning prior and after the cruise visits was used, which also played an important role in the analysis of the recorded observations.
The results of the analysis will be very useful information for comparison purposes with previous studies and perhaps in the development of relevant conclusions and models for future use. The most relevant data obtained from the survey, interviews and observation are the economic and social indicators, which have revealed realistic and factual information concerning the actual impact of the cruise visits on the life of local residents of Fanning Island whether it relates to their economic, social, environmental or political situation.

4.6. Limitations:

Despite every effort to implement the survey effectively, the principal researcher did encounter various difficulties and limitations during the field survey and for which he would like to discuss not only for the purpose of this research paper but, for the information and proper guidance of future researchers.

4.6.1. Cultural Factors.

In Kiribati, the rural community is still considered conservative in their own culture and values and the modern Kiribati culture experienced in the capital Island of Tarawa is yet to make its way into the rural islands. Though, the data gathering process through interviews and questionnaire surveys may be successful in obtaining the most needed information, there were problems experienced with the reliability of the information/data being received. There was an element of bias experienced and this was due to the gender inequality among respondents. The results revealed that most of the respondents among the hawkers are male. This happened because the majority of those hawkers selling their products during the ship day were husbands and wives. During the interview process, the superior status of the men came to being and played a crucial role. In most interviews, women had to ask their husbands to respond on their behalf and in some cases they fed them from behind with their ideas or opinions.
Another limitation experienced is the unwillingness of I-Kiribati people to be open in discussing their economic wealth and especially their generated income from the cruise. This posed a serious problem for the researcher's investigation, especially on how much an individual Kiribati person actually gained from the cruise activity or any other economic activities. They prefer, however, that other residents tell the researcher of their economic or material wealth rather than themselves. This was especially so in this case, where the researcher was an I-Kiribati. In the Kiribati culture, you are considered boastful if you start telling people how much you have or get from any economic activity you may have engaged in. In some cases, they always undervalue their given figures. The fact that a local researcher is considered the best option to investigate in its own country is put to the test and not always true as claimed. This economic impact study in a rural setting just exposed some of these limitations of local researchers. The researcher anticipates this cultural issue beforehand, hence the reason for an emphasis on the observation approach to the survey.

4.6.2. Respondents' limited knowledge on the subject of cruise tourism

Besides the pressing timing and travelling constraints, there are other research issues that also need to be considered for the success and efficiency of future researches in Kiribati. One of them is the limited knowledge and understanding of cruise tourism that could have provided the respondents with sound arguments. As one would notice from the demographics of the respondents, most of these respondents were primary school leavers.

4.6.3. Response errors.

Whilst a cruise day is an excellent timing for the researcher to conduct his interview as all the hawkers from different villages are gathered to sell their products to cruise passengers, some of the interviews conducted were disrupted by the selling process. This may have distorted some of the respondent's concentration and therefore could affect the
interview results. Similarly with the interview and the survey, the researcher together with his research assistants may have different stand or interpretation on some the questionnaires being asked. These minor things could also have influenced the respondents’ feedback in one way or the other.

4.6.4. The unavailability of certain relevant data.

Finally, the absence of a consistent and reliable data based on cruise lines and their passengers’ expenditure pattern is a constraint for any researcher who wishes to pursue an economic impact survey for Fanning. For Fanning there has been no formal survey to document cruise ships or their passengers’ expenditure on the island. The only documented expenses are those of port charges, government cruise head tax, Island Council fees and Agency fees. Certainly, some of these limitations and research issues are merely discussed for the purpose of providing further insights into cultural values that any researchers should understand and consider when doing their survey in a Kiribati conservative rural society.

4.7. Conclusion:

The research is definitely a qualitative research that uses a combination of methods/techniques to gather relevant information and data. In most impact studies, the qualitative approach is the most relevant and common one except in some cases where a quantitative approach is required to provide statistical figures for scientifically testing a hypothesis. The observation technique is of paramount importance in this study given the culturally sensitive situation the researcher was in and the lack of or limited data on the subject being investigated. The research methodology used in pursuit of this study objective also reveals that local researchers are not necessarily the best solution for locally conducted researches. This questions the norm that local researchers are effective in retrieving information at a local scene, as still there are limitations to the norm.
CHAPTER 5

FINDINGS AND DISCUSSIONS

5.1. Introduction:

In Chapter 5, the research findings are presented and discussed in four sections based on the method of data collection being applied in the research process. The first section discusses the perceptions of the general population being surveyed mostly those partaking in and around the cruise centre of activity. The second section presents the findings of the focused group interview and the third section presents the results of the in-depth interview with key people on Fanning Island and Tarawa. The final section presents the findings of the researcher’s general observations of events, households’ material wealth, the general behaviour of local residents etc during the cruise day, that could not be revealed from the survey and interviews.

5.2. General Respondents

5.2.1. Respondents by Age Group.

Figure 4 Respondents by Age Group
The survey showed a wide range of age groups participating in tourism activity. The majority of respondents participating in the cruise activity were between the ages of 35 and 44 years old, which accounts for 39%. This was followed by age group of 25-34 years, which accounted for 28%. According to the Kiribati standard, this age group falls within the economically productive population. Of the total, 18% were in the 45-55 years age group, 8% between 55-64 years and 7% for the years between 15-24.

5.2.2. Respondents by Demographic: gender, level of education, employment, average income per cruise (based on a 10 day cruise),

![Respondents by Gender](image)

The demographic characteristics or composition of the respondents was dominated by men which accounted for 93% while women only accounted for 7%. Whilst women were found in abundance in or around the cruise centre of activity selling their products alongside their husbands, the interview process and in particular the results are still dominated by men. This is due to the fact that men in traditional I-Kiribati society were normally given the task of spokesperson or responding to any enquiry such as the survey.
questions. During the interview women normally sat behind their husbands and if any event they wished to raise their opinion regarding an issue or subject, they usually passed it on by whispering to their husbands who in return presented it. The result did display that the I-Kiribati rural community on Fanning was very conservative and men, being head of Kainga (household), still dominate in any decision-making. Furthermore, most of those interviewed are married couples and the men are head of the kainga (household) in their respective villages.

5.2.3. Respondents by level of Education

![Respondents by level of education](image)

*Figure 6 Respondents by level of Education*

The majority of respondents highest level of education was in the primary school category which accounted for 65%, followed by 33% for secondary and only 2% for vocational. The results reflect the fact that the majority of people on Fanning were recruited from the outer islands in Kiribati as well as from among the unemployed bracket in South Tarawa, the capital of Kiribati. With their present level of education, their chance of getting a good paid job either with government or with private businesses is slight, hence the dependence on domestic income generating activities for their livelihood. Islanders with a higher education were normally engaged in skilled or semi-skilled jobs either with NCL, Island Council or the Government.
5.2.4. Respondents by type of employment sector involved in.

The employment status survey concluded that most respondents were to be found in the domestic (self-employed) employment category (figure 5.1.4). The findings also reveal that more than half of the respondents (63%) in this sector were either hawkers selling handicrafts/souvenirs to cruise passengers, food sellers, entertainers, and of particular importance, seaweed farmers. The Norwegian Cruise Line and Government/Island Council on the other hand were the second largest employers, followed by the Private sector. These findings support the employment benefits of cruise tourism discussed in the literature. They confirm cruise tourism is not only a strong provider of employment but also provides employment for a wider spectrum of people of different ages and educational backgrounds.
5.2.5. Respondents by type tourism business involvement.

![Pie chart showing respondents by type of tourism business involvement]

Figure 8 Respondents by type of Tourism Business

Figure 8 portrays that hawkers (64% of respondents) dominated the tourism business, followed by others which includes entertainers, food sellers etc. The majority of the hawkers who constituted the 64% of the tourism business also represent 75% of the households on the entire island. This is an extremely important fact to highlight in view of supporting the reliability of the samples being used and the sampling approach being applied in the research process. Given these above facts and the survey results, the findings also indicate that nearly every household on Fanning Island was involved in one way or the other in tourism related businesses during the cruise ship visits. The finding above also leads us to the fact that because of the limited education of most local residents on the island, they are extremely restricted in the type of business they can be involved in, in this case hawking or souvenir selling and entertainment.
5.2.6. Respondents by Level of Cruise Income (based on 10/11 day cruise)

Out of the total, 27% of the respondents generate an average income of USD40-60 from cruise economic activity. The majority of these respondents are hawkers selling souvenirs, walking tour guides and entertainers during the cruise day. At the same time, 25% of respondents, which accounted for a high percentage of the NCL workers, generate a USD100 or more, on average, while a further 22% of respondents averaged an income of USD20-40. This is a significant level of income in terms of revenue/income generation for rural subsistence communities as in most outer islands in Kiribati, islanders would generate an average of AUD$70 or USD40 in a month (Mackenzie, 1998: 35). The exchange rate of the US currency to Australian dollars, together with the time and effort by individuals spend on these commercial activities is the major difference when the two commercial activities are compared in terms of value for money and time. For most respondents who represent about 75% of Fanning households, making and selling handicrafts is an economic activity that is of value for money, which motivates most residents to do it. The general overview of the results supported a general increase in spending power among the residents across the board.
5.2.7. Respondents rating on the number of hours for each economic activity.

![Graph showing respondents rating on the number of hours for each economic activity]

*Figure 10: Respondent rating on the number of hours per economic activity*

The highest number of hours spent by respondents on each of the economic activities portrayed a significant shift from the normal economic routine and priorities on Fanning Island (Figure 10). Among the total number of respondents, 58% said they spent the highest number of hours on handicrafts/souvenir making. A further 33% respondents worked at seaweed farming, 8% said they undertook domestic work, while the rest were copra cutters or fishermen. Copra cutting on Fanning Island is not a major activity likewise in the rest of the outer Islands in Kiribati. This scenario was due in part to the aging of coconut trees, which are no longer bearing fruits, together with the rat problem on the island. Commercial fishing on the other hand has a small market (only government and council paid workers) should the local fishermen wish to enter into commercial fishing and sell their catch on a consistent basis. However, the overall focus of the economic activity appears to have shifted to handicraft making, so the men in various households now spend less time fishing. Another interesting fact reflected in the findings was the development of other businesses on the island. This is notably visible at the
handicraft market, where many women were seen selling foods and drinks to their fellow hawker selling handicraft/souvenirs.

5.2.8. Respondents' disposal of cruise income by choice.

![Respondents disposal of cruise income by choice](image)

*Figure 11 Respondents disposal of Cruise Income by choice*

The majority of the respondents interviewed said that most of their income was spent on domestic commitments such as foods, clothes, contributions to the church, capital items such as fishing net, bicycles, solar lighting and family commitments. It is interesting to note that only a few of the respondents said they invested their income in banks. Nearly all household/family financial commitments were met in full or part from the cruise income. This fact suggests that most of the respondents' income from the cruise businesses stays on the island, thus providing little room for leakage. However, no one can deny the fact that most capital items are imported, in which case indirect overseas financial transaction may still be incurred as a result.
5.2.9 General perception of the current cruise tourism development for Fanning,

![Pie chart showing respondents' perception of cruise development on Fanning Island]

Figure 12 Respondents' specific perception of Cruise development on Fanning Island

The majority of the respondents perceived that the cruise industry on Fanning Island had promoted the maintenance and preservation of traditional arts and culture such as Kiribati dances, songs and handicrafts. Meanwhile 26% of respondents thought the industry assisted in promoting cultural exchange. Beside these positive comments, there were a significant number of respondents (19%) who thought cruise development had limited their accessibility to some popular sites on the island such as a fishing site at the end of the English channel, now occupied by NCL and closed to the public. 21% of respondents felt that the visits had increased their desire for material goods and changed their eating habits, a higher proportion of the population were buying their food items from the shops rather than going fishing or living out of their vegetable gardens to feed their families. This particular trend has led to a constant shortage of imported food items and other material goods on the Island.
5.3. Focused Group Discussions

5.3.1. Meeting with Fanning Island Council.

The long meeting between the researcher and the full Fanning Island Council (FIC) reveals some serious commitments by the FIC and the mutual long-term benefits out of the cruise project for both parties, FIC and NCL

5.3.1.1. Fanning Island Council Role and Benefits from Cruise Tourism Development on Fanning Island.

- Under the existing arrangement between the Island Council and NCL, the Council is expected to facilitate the cruise visit in various ways. Prior to all cruise calls into Fanning, the Council together with NCL local staff on the island are to ensure that all sites to be used or visited by cruise passengers should be clean and tidy.

- Also under the existing agreement the Island Council would receive USD1.00 per head as tax for the use of its island by the cruise company and its passengers. For instance, if the cruise ship brings in 2000 passengers, then they have to pay upon arrival on the island USD2000 to the Island Council. The revenue figures presented in this finding are comparatively high in terms of outer island council’s revenue. The following figures were revealed from the meeting with the FIC.

<table>
<thead>
<tr>
<th>Table 7: Fanning Island Council (FIC) income from Cruise</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year</strong></td>
</tr>
<tr>
<td>---------</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2002</td>
</tr>
<tr>
<td>2001</td>
</tr>
<tr>
<td>2000</td>
</tr>
</tbody>
</table>
The Council has to ensure that all hawkers should be issued a hawkers license to ensure conformity of local hawkers with the Council business by-laws. At the same time, the FIC through its licensing procedures, has tried to avoid integration of hawkers selling artificial overseas products with hawkers selling traditional Kiribati products at the local market site. The licensing process in this respect irons out these differences by demarcating sites for local products and overseas or artificial ones. The purpose in doing so according to the FIC explanations, is to ensure that cruise passengers are buying genuine Kiribati products and not imitations from other neighbouring islands that have found their way into Fanning local cruise markets.

The Fanning Island Council through its Local Land Planning Committee (LLPC) has tried to facilitate the cruise project through proper land management and zoning of the island. In this respect, the land plots or sites already identified and required for tourism development purposes which also includes cruise tourism requirements were accorded high priority when it comes to leasing of land or land applications. Two sites are currently being leased to NCL for its land based activities

The provision of more tourism products and attractions on the island has also been facilitated through the upcoming plans by the Council in collaboration with the Ministry of Environment, Lands and Agricultural Development (MELAD) to designate through proper zoning some of its land sites well known for their rich land and marine life as conservation and protected areas. During the meeting, the concept of cultural centre popped up and the researcher did elaborate on the operational aspect of a cultural centre and how it can benefit the Island Council and the community as whole.

Through friendship and good cooperation between the Island council and NCL, the schools on the island have benefited in many ways. Some of the
benefits include a constant supply of school materials and donations from passengers etc. One of the schools has even been renamed Norwegian Cruise Line Primary School. The school has already started receiving constant supplies of education and sport materials from the cruise company. However, it is not only the education sector that has benefited from various donations. The medical clinics on the island have also benefited from donated supplies and equipment from the cruise company. Transportation of general cargoes such basic food items from Honolulu to Fanning Island during times of crisis such as cargo shortages has also been a crucial and significant form of assistance rendered by the Cruise Company. The FIC said that NCL participation during these times of cargo shortage on the island did not only help the general population on the island but also avoided the closure of the Government boarding school that caters for students from all the 3 inhabited islands in the Northern Line Islands. It also solves the government problem of having to send cargo freight from the capital island, Tarawa, which is an expensive exercise for government.

- Infrastructure Development. The meeting also revealed that the Island Council has been in closer collaboration with the Cruise Company in its infrastructure development. The on-going road improvement programme implemented by the Island Council is facilitated by NCL through the use of their heavy plant on the island. Relatively, the new Council complex is expected to be provided with 24hr electricity from the NCL power plant on the island upon its completion in early 2006.

- While some members of the council acknowledge the current benefits derived from the cruise visits, they want more visits, i.e. twice a week. Some also raised the question of shore excursion activities and the need for local participation. Currently the local tours are being done on a voluntary basis and
the local tour operators are generating their income from tips generously given by those partaking in the island/walking tours.

- Other related tourism projects. There are lots of projects revealed by the FIC that could help boost the island’s suitability as a cruise destination. Some of these projects are toilet blocks for hawkers, beautification of historical/cultural monuments and sites, a signage project, cultural centre etc.

### 5.3.2. Meeting with Betania Kiribati Protestant Church (KPC) community

The meeting with Betania village Kiribati Protestant Church (KPC) community revealed some significant contributions from the cruise activity but also raised some negative perceptions from the church perspective. According to a spokesman from the Betania KPC who also served as their church Pastor, the cruise visits had assisted the church and its members in many ways. The income from the church choirs that regularly entertained during the cruise ship day can generate an average of USD500-700 per call. The members contribution to the church, however, had been subsidised from the cruise income hence the members had to pay lower than what they normally give. This also means that members of the church community had savings on themselves and can use the money for other personal use. They also enquire on the possibility of asking the cruise company to increase their number of calls to twice a week (as in the previous year’s schedule).

The only negative issues causing concern related to scheduling of cruise visits to the island that fall on a Sunday, as the Pastor said Sunday visits had an adverse effect on the spiritual lives of his church members. This is a similar impact to that which was reported by Hazelman (1998:64) where the Sunday observance in Savaii was disrupted by tourism related activity. Otherwise, the general perception of the KPC members on the current cruise project was favourable and most members want the cruise visits to continue.
5.3.3. Meeting with Tereitaki Roman Catholic (RC) Community

The Catholic Church spokesmen shared similar sentiments during the meeting with them, saying that the economic spin-off from the cruise industry benefited their church in many ways. One of the significant contributions is the building of the new church and mwaneaba (Kiribati community meeting house) all made possible with the economic contribution from the cruise visits. The spokesman said that members of the church can now contribute more to their church without putting too much pressure on their homes and families. The spokesman said that the only thing that has slightly changed in the society is the role of men and women or, husband and wife. Most men now help in the preparation and making of handicrafts prior the cruise visits and no longer consider the job a women job only. In some cases women do the work while men look after the old people and children or do other jobs that traditionally were considered women’s role in a Kiribati conservative society. This includes cooking and washing etc. The spokesman went on to explain that there are certain changes that took place ever since the cruise visits, one being that the village members are more exposed and becoming more hygienic. This means that they are more willing to interact with the visitors rather than standing from the distance and watch. Those in the market were seen to have change the way they dressed or presented themselves at their respective stalls. They are also more creative and they started producing quality handicrafts for selling to cruise passengers. This is certainly true for Fanning being a typical and conservative society likewise the rest of the Kiribati rural outer islands.
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

5.4. In-depth Interviews with Key Informants

The following key people on the island were interviewed regarding their own personal views on cruise visits and development on Fanning Island. The table below displays the salient features of the interview results.

<table>
<thead>
<tr>
<th>Key Informants</th>
<th>What they say/comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member of Parliament (MP)</td>
<td>The project is economically beneficial to the community. However, the environmental impact should be monitored closely. Right now the cruise visit is environmentally friendly in its current form. The employment benefit is most welcomed by the people and the Island Council. The cruise project should be encouraged and government should be more involved in the facilitation of the cruise project through provision of relevant training such as creative arts and a carving, tour guiding etc. Through these trainings, local people can increase their income from the cruise activities by providing more efficient services and quality products. The Government should look into ways of increasing the participation of local residents in the business activities so as to increase the economic spin-off from the cruise visit.</td>
</tr>
<tr>
<td>Island Manager - NCL Fanning Island</td>
<td>So far the cruise project and NCL had helped the people of Fanning and the Island council in so many ways. The major ones are being the transportation of cargoes from Honolulu during times of cargo shortages on the island, employment benefits and hiring of locals as casual workers, and through passenger taxes, which believed are to have increased the council revenue to a certain height never witnessed before according to Council income history. The people and their surrounding environment are the main attraction so it is the</td>
</tr>
<tr>
<td><strong>The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.</strong></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td></td>
</tr>
<tr>
<td><strong>Ag Beretitenti, Fanning Island Council</strong></td>
<td>The main objective of the cruise company to maintain and preserve the natural environment and to have all its activities abide by with the environmental code. He also mentioned the issues raised by some passengers concerning the low quality of some handicrafts and high prices attached to the products.</td>
</tr>
<tr>
<td><strong>Ag Beretitenti, Fanning Island Council</strong></td>
<td>The Ag Beretitenti welcomes the cruise development on Fanning Island and confirms the various economic benefits to the Island Council and the local community. He, however, asked rather than discussed how the Council would benefit more and the possibility of increasing the current number of cruise visits. He also discussed the Council development projects such as the market toilet block for the general hawkers and the new Council building block which will likely to be provided with a 24hr power supply from the NCL generators. However, he made one complaint and this is in regard to the long outstanding promise made by the Cruise Company when they first took over the Island Council building formerly their guest house and used it as their dining house. The guest house is an old building but happened to be in the area of interest to the Company. The Ag Beretitenti said that up until now they have not heard from NCL as to when are they going to build a new guest house as a replacement.</td>
</tr>
<tr>
<td><strong>Tourism Officer/Women’s Representative, Fanning Island</strong></td>
<td>While the Tourism Officer is seeing herself more as an information provider to visitors and a facilitator of the tourism development on the island, she had been involved in many aspects in an advisory role. She explained that the people of Fanning need proper training in many aspects in order to attract business from visitors. They also need to be</td>
</tr>
<tr>
<td>Catechist, Roman Catholic Church, Fanning Island</td>
<td>The informant responded with gratitude and appreciation for the kind of economic development that took place on the island and praised the government and the NCL for making possible such cruise tourism development on the island. He emphasized that without cruise tourism or the cruise visits, people of Fanning would still be out there under the sun most of their time farming seaweed. He highlighted that people have now got two alternative sources of income and even the kids are participating in the development of domestic business. One of the positive changes the informant said about his church members is their increased and reliable economic contribution. He said he now hardly heard of any complaints on the amount decided to be given to the church. He also went on to cite the church and mwaneaba (meeting house) as evidences of that increase in wealth by the church. The informant also mentioned that the general community has got a good glimpse of time management, which is a totally new concept to them and is considered a foreign idea. People now know when to start producing handicrafts just in time for the next cruise and they have started putting the timing concept on all their economic activities. Considering</td>
</tr>
</tbody>
</table>

more proactive in their approach to their customers, more creative with their products and give a right price. She said that all these issues are improving as the cruise visits continue. She agrees that the number of visits is sufficient and that an increase in number of calls could affect the natural environment and resources of the island in the long-term. One of the most relevant arguments she presented is the increasing pressure on plants and marine life should the locals residents wish to increase their handicraft production to meet the demand from the cruise passengers. |
the negative impacts, he said that hardly any negative impact at this point in time is experienced that he knows of. This has happened perhaps because of the short visits made by the cruise ship. However, he did not rule out that maybe in the future there will be some problems. His main worry is if the Fanning Island community starts to depend so much on the income from cruise tourism for the main source of their livelihood. What then will happen if the cruise comes to a complete halt?

| Long-time businessman, Retail business | The informants had been a long-time businessman on the island and he witnessed several developments that took place on the island as years passed. He appreciates the cruise tourism development coming to Fanning Island but he also said that Government should do more to help the people fully exploit the full benefits out of the cruise visits. People should be allowed to implement tours that are promoted by NCL on board. He further insists on Government to provide relevant training on tour guiding, creative arts etc. He also argues that the bank and telecommunication facilities should be established on the island. People are losing out on foreign exchange rates and it comes to the stage that a US dollar is being exchanged on a one to one basis with the Australian dollar. Apart from the business issues, he also highlighted the need for the island council or government to properly construct a good market stall with all the basic amenities for hawkers selling there. He explained that the cruise project was a good thing for the island but how can businesses benefit if the cruise company comes up with their own food and beverages? He said that its up to Government and the island Council on how to convince the cruise line that food and drinks are safe on the island for their passengers' |
| Clerk, Fanning Island Council | The informant discussed more on the likely plans and pipeline projects formulated by the FIC to facilitate the cruise project. Most of the things covered in the interview were reflected in the results of the interview with the full Island Council so need not to be reiterated. The Clerk is an official administrator being posted from the headquarters in the capital island of Tarawa to advise the island council on all development and policy related matters. His views, however, are similar to those of the Council and do welcome the cruise development project in its current form. He expressed his concern that because cruise tourism is a new development concept for the Island Council, he favours guidance being given, especially on development and policy matters that concern cruise tourism. |

consumption. This, he said is a huge challenge. As long as this issue remains as it is, retail businesses on the island will be unable induce their income from their current state. |
5.5. Observation.

The general observation has helped identify some visual changes that exist in the community. The most obvious change among others is an obvious slight increase in the material wealth especially in relation to basic items such as means of transport, fishing gear, lighting and shelter. Based on the Researcher’s findings and interpretation after observing individual households that were visited on a random basis, about 75% of the households have either a bicycle or motor cycle as a means of transport, fishing gear such as a fishing net and have access to lighting either in the form of pressure lamp or solar power. Some households have even built semi-permanent buildings. In a Kiribati typical rural society, most of these items signify an increase in material wealth or purchasing power.

During the observation, the researcher also came across one shop, stopped by and asked the shop owner about the frequency and buying capacity of the local residents and what his observations were on the present situation on Fanning since the start of the cruise visits. He did not hesitate to reply and give this testimony: "The frequency and purchasing power of the local residents has increased tremendously and this is the basic reason why we frequently have cargo shortages on the island".

Another incident that signifies the improvement in living condition is the emergence of expensive things like generators, solar power, motor-boats and trucks on the island. This, however, strongly supports informal claims that people on the island had money to buy these expensive items. Another irregularity that may be considered a change in the daily lives of the people from the ordinary norm or feature of an I-Kiribati rural society is the apparent decline in the number of fisherman seen fishing in either the ocean or the lagoon. A lot of those seen out in the sea are farmers farming seaweed. In comparison, in the rest of the rural islands in Kiribati, the sea is always filled with fisherman from different villages fishing in the afternoons or mornings. With this shift in daily activity, most of the households that the researcher visited have offered tin food and rice for food. This is a strong indication of a change in diet.
The observation at the market also revealed some interesting changes. In the market one could see men and women (most probably husbands and wives) working together in their stalls. In some stalls men were seen babysitting while their women/wives attend to passengers. Other women were alone in their stalls, which indicated that their husbands might have stayed home baby sitting and looking after the elderly. This showed a significant change in roles and responsibilities of men and women in a traditional rural society.

5.6. Meeting with Government Officials:

5.6.1. The Government of Kiribati/Norwegian Cruise Line Exclusive Cruise Agreement

Due to the confidentiality of the said Cruise Agreement, of which the researcher was once an administrator before coming to the University of the South Pacific (USP) to study, it is deemed appropriate that only a few salient features of the agreement be revealed for discussion, particularly those sections or clauses that have relevance to the focus of the study.

5.6.2. The Cruise Head Tax in lieu of Visa Fees.

Under the relevant clause of the Agreement, NCL is obligated to pay for the minimum of twenty visits to the island at an agreed amount of USD15,000 per call to the Kiribati Government through the Department of Tourism in the Ministry of Commerce, Industry and Tourism. In the event NCL could not make the minimum number of calls required, they are still obligated to pay for the twenty calls unless decided otherwise by the terms and conditions of the agreement.
NCL is also expected to pay the Island Council per call an amount calculated at USD1.00 per head. If the cruise ship uplift 2000 passengers, then the Council on the island should get a direct revenue of USD$2,000.00

Table 8: Total Number of Cruise Passengers to Kiritimati and Fanning Island (2002-2004)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Passengers</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>118,478</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>125,177</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>56,849</td>
<td>Figures incomplete. Some monthly records of pax/cruise visit were not available</td>
</tr>
</tbody>
</table>

Source: Kiribati National Tourism Office and Shipping Agencies of Kiribati.

At the end of the first year of operation, NCL approached the Kiribati Government to extend the number of calls to once week, which means 52 calls with a monetary value equivalent to AUD$1,404,000.00

5.6.3. On-shore Development Activities

As stipulated under the current Agreement, NCL is only obligated to transport passengers from Hawaii Islands to Fanning Island and back to Hawaii, without having to engage in any shore excursion activity. With the lack of tour development activities implemented on the island by the local government or its residents, NCL is currently coordinating and doing all the tours on the island until an appropriate tour operator is in a position to offer quality tours and other land based activities.

The only infrastructural development undertaken on the island was the building of a wooden jetty capable of berthing 3 ship tenders, NCL staff quarters, passengers’ barbecue facilities, beach facilities, and modern toilet blocks. NCL is also committed to providing the most efficient transfer service for its passengers. For this purpose, NCL had
positioned at the island three big catamaran type ferries capable of uplifting 200-250 passengers to assist with the efficient transfer operation when the ship is in port. The possibility of engaging locals in island tours operation has proven difficult due to the various rules and conditions imposed by the cruise company. One of these stringent conditions is the need for a recognized comprehensive insurance plan to covers the US citizens against any accidents.

5.6.4. Assistance to Villages, Schools and Heath Clinics.

Under the Agreement NCL is also expected to help the schools and the clinic on the island with their most acute needs and to facilitate the delivery of quality education on the island. Most of the schools have already received donations in the form of generators, school supplies, food rations for government’s only boarding school, media equipment, sports gear and equipment and some most needed building materials.

(Picture courtesy of Jane Resture).

Figure 13 Fanning residents providing entertainment to Cruise passenger at the pier
5.6.5. **Environmental Considerations**

The Kiribati New Environmental Act is consulted in the proper guidance of this cruise tourism development project. However, there is no evidence or indication of a proper Environmental Impact Assessment process having taken place prior or during the course of the cruise operation in the island to assess whether the cruise visits will be affect the marine environment.

5.6.6. **Employment Opportunities**

Under a mutual understanding, the cruise line is also willing to assist the island with the postal services and transportation of much needed cargoes from Honolulu to the island. The Company has also provided employment opportunities for our Kiribati men to be merchant seaman on some of their vessels. A total of 12 men and 11 women are currently working with NCL on their various vessels with a possibility to recruit more in years ahead. These 23 workers contributed or have remitted almost A$250,000 to their families back in Kiribati (Shipping Agencies of Kiribati. 2005).

![Photo of a Kiribati lady awarded best employee of the month in 2005](image)

*Figure 14 Photo of a Kiribati lady awarded best employee of the month in 2005*
The potential of recruiting females is also evident in the long-term plan with the Cruise Company. A trial of about 11 women deployed on different NCL ships had already started mostly in the hotel department as stateroom maids and restaurant waitresses. The recruitment of deck or engine officers is yet to be implemented following a formal request from Government of Kiribati.

Table 9: Exhibiting Number of I-Kiribati men/women working on various NCL ships and the estimated economic contribution to Kiribati

<table>
<thead>
<tr>
<th>Person working on various NCL Vessels based on gender</th>
<th>Total Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>12</td>
</tr>
<tr>
<td>Women</td>
<td>11</td>
</tr>
<tr>
<td>Total</td>
<td>23</td>
</tr>
<tr>
<td>Total remittance to Kiribati</td>
<td>A$250,000</td>
</tr>
</tbody>
</table>

On Fanning Island, there are 5 full time local staff, 2 expatriate and about 20 casual employees who are normally recruited one-day prior to ship-day to help with the preparation of the island during the ship-day and after the cruise visit. This in total comes up to 3 working days a week. On special occasions, groups of labourers are hired to help with other NCL projects on the island, such as construction, or major cleaning up jobs.

5.6.7. Annual Review of the NCL/GOK Exclusive Cruise Agreement.

The Agreement is subject to an annual review and sometimes earlier if there are urgent issues to be discussed from either side. The review committee comprises of senior representatives from Government and from NCL. The purpose of the review is to iron out issues that may have seriously affected the efficient operation of the cruise activity on the island and other related matters of concern to the local residents, the Government and NCL.
5.6.8. Facilitation of the Fanning Island Cruise Project by Kiribati Government

In support of the cruise project and the acute shortage of clearance officials such as Immigration and Customs officials, which may prolong the disembarkation process, Kiribati Government introduced certain changes to its Immigration Law Regulations. Other requirements of the cruise development were also facilitated in the process.

1. Introduce a Passport Waiver Scheme (PWS) for the Cruise passengers. The findings revealed that the majority of passengers are Americans (about 80%). Most of these Americans, if not all, are traveling on the Hawaiian cruise without a formal passport given the fact that they travel within the United States. When the ship is bound for Fanning Island then, that is where the problem with Kiribati Immigration is experienced. To facilitate and at the same time promote the cruise visits to the island, it is only logical for the Government of Kiribati to change the Kiribati Immigration Law in order to allow the exemption of US citizens from having to have passport prior to or during their travel to the island. However, they are still required to have with them at all times one form of identity recognized by both parties, i.e. GOK and NCL, such as social security cards. Any misconduct from the passenger’s side will make NCL liable for all costs.

2. Waiver of Visa fee. The visa fee, according to tourist perception, is not a very welcoming term so the Government has to change it and introduce a Cruise Head Tax. The Cruise Company pay a flat fee per call based on an agreed formula

3. Facilitation of Land lease for NCL Use. Under this assistance, the Kiribati Government will negotiate with NCL any land lease required and to try to make available any land needed for the development of cruise activity on the island.
4. Task the Shore Excursion Committee to oversee that all preparations and arrangements before the cruise arrive are in order. These includes land based activities, boarding parties, cleaning of landing and other relevant sites, arranging of a dance and choir, as well as disseminating of information to all the community about the ships’ arrival dates and times.

5.6.9. Kiribati Cruise Revenue

Since the inclusion of Kiribati and in particular Fanning Island among the world cruise destinations, the cruise operation has generated substantial revenue. In 1999, the cruise revenue was around USD$10,000. In 2000, the Government introduced a cruise head tax of USD$6.00 on very cruise vessel calling in Kiribati. The Government managed to collect less than USD$50,000 in that year, excluding passengers’ expenditure on shore excursion activities and souvenirs (Shipping Agencies of Kiribati, 2000). However in 2001, the revenue jumped to AUD$1,404,000.00. This was the year when the NCL cruise agreement started its initial operation and increased their cruise calls from 20 to 52, or once a week.

In January 2003, the Company again approached the Kiribati Government requesting a further increase of their calls to twice a week, which means 104 calls a year. The calls shall take place on every Wednesday, and Friday from the Hawaiian Islands. One could imagine the enormous economic benefits to the Government, the island Council and the local residents on the island. The economic analysis of the revenues generated through the sale of handicrafts and shore excursion tours was covered in more detail in the section on Survey Results and Discussions. However, the cultural and environmental impacts need to be taken into considerations as well.
5.6.10. Cruise Facilities on Fanning

It is interesting to note the island has virtually nothing on it. There are no facilities such as a bank, modern telecommunications, electricity power supply, no hospital apart from small clinics in some villages, and the road running through the villages is not even tar sealed. There are only fewer than 10 shops with limited quality products/souvenirs that may potentially attract visitors/tourists. The island does not have a proper decent mode of land or sea transport apart from the Council vehicles, small landing craft and three private trucks which are sometimes used in the island tour. Only a few of the local residents have small boats and canoes that maybe suitable for lagoon tours. In addition, there are some cultural and historical sites found, most in dilapidated condition scattered over the island but yet not maintained or promoted with signage to enhance package tours.

![Figure 15 A modern toilet facility in the distance and beach volleyball for Cruise passengers](image)

Just recently, NCL has introduced three catamaran type vessels with a maximum capacity of 200 persons each to help with the quick transfer of passengers from the ship to the shore. The mini-jetty has been extended to enable two cruise tenders to berth at a time. A modern toilet facility is also constructed at the landing area to cater for the passengers’ need while on land.
On the other side of the island, a few acres of coastal land area have also been leased out to NCL for their water sport centre, thus accommodating kayaks, hobbie cats, water bicycles, waterbeds and diving gear. The Cruise Company hires out most of this equipment to her passengers at a minimal charge. Some locals on the island run complimentary island tours using their own private trucks and unprofessional tour guides. Their source of income, however, is generated from tips, which cruise passengers pay upon disembarkation.
CHAPTER SIX

CONCLUSION AND RECOMMENDATIONS

6.1. Introduction

This last chapter shall discuss the major findings of the study assessing the economic, socio-cultural and political impacts of NCL cruise visits to Fanning Island. The chapter shall also discuss policy recommendations based on the major findings, while at the same time providing suggestions for future research in the field of cruise tourism.

6.2. Economic Impacts

6.2.1 Income generation and outer islands rural development

At the outset, the cruise activity on the island was supporting the Government's policy of promoting the development of economic growth centre in other islands outside Tarawa (the capital). The development of cruise tourism was also assisting to support income generation for the rural poor and helping to alleviate poverty. Based on the findings there is a general consensus among local residents interviewed on Fanning Island that cruise visits to Fanning Island not only provide the people of Fanning with an alternative source of income (beside seaweed farming) but are fast becoming the major economic activity on the island. The findings confirmed that the economic spin-off from the cruise visits vary and come in many forms ranging from sales income from hawkers selling of handicrafts/souvenirs to the generation of employment for the local people either on permanent or casual basis. In a range of activities, cruise tourism also helped support the establishment of small side businesses such as walking guided tours by individuals, provision of entertainment by a group of locals and food/drink selling. The finding indicated that not only the community at large benefited from the cruise project but also the Government and Island Council by way of increased revenue in foreign exchange and tax. The Government also benefited out of the Cruise Agreement it signed with NCL,
since NCL is obligated to transport much needed cargoes from Honolulu during times of shortages in the islands from Honolulu. This action saves Government thousands of dollars as they no longer have to charter a ship from Tarawa. The churches on the other hand were assisted through increased contributions from its members. The finding revealed that member’s contribution were heavily subsidized by the income from cruise visits. Church contributions in Kiribati society are considered one of the main factors impacting on the level of disposable income families in the rural outer islands have.

According to the economic standard of other rural based communities in the Kiribati islands, Fanning residents were considered better off in terms of their economic wealth and purchasing power. Generated income averaging USD$40-60 per cruise call is considered high income if compared with the average income of their colleagues from other outer islands, who normally generate that same amount of money in a month.

6.2.2. Economic Issues

The economic benefits to the people and Council on the island could have increased over the current level but have been constrained by various factors. The limited number of economic activities at shore and the restrictions imposed upon local entrepreneurs in formally implementing some of the shore excursion activities were some of these constraints. The potential of getting the local entrepreneurs involved was further dwarfed by the stringent conditions based on US laws and regulations imposed upon them should they wish to engage in some of the tours. For example, if a local wishes to run a diving business on the island he must be a registered and certified dive operator with a full insurance cover from a recognized Insurance Company preferably from the United States. Other constraints are the issues surrounding the quality and over pricing of products on the island. These are some of the factors that may have deterred passengers from spending more. With the presale of island package tours on board it was not possible for local operators to offer tour packages. The maximum revenues that could be generated from tours and other activities done by locals were not realized, as some work was undertaken under the notion of voluntary work and only generated small tips in return.
The Economic, Socio-Cultural Impacts of Cruise Tourism in the Republic of Kiribati.

The fact that there is no bank on the island has further eroded the economic benefits, as islanders lose on the exchange rate when they convert their US dollars into Australian dollars. However, it is important to say that such loopholes in the banking sector have paved the way for the existence of other related businesses such as money exchange dealers either from nearby Christmas island or from the crew of merchant cargo ships visiting the island.

6.2.3. Leakage Issues.

The leakage problem associated with tourism development highlighted in the literature is not of the same magnitude on Fanning as in some Pacific Island countries. Obviously, one of the reasons is that there is no direct foreign investment operating on Fanning and secondly, there is only a limited number of foreign workers on Fanning, which would have boosted repatriation of salaries to other countries. Therefore, most of the income from the cruise visits is spent on Fanning Island. This, coupled with the non-existence of a commercial bank on the island, has facilitated keeping transactions within the country. What is believed to be happening is that through the emergence of locals entering the money exchange business, the money is not necessarily going overseas but to other islands within the Kiribati, most notably Tarawa and Christmas island.
6.3. Social-cultural Impacts

The operation of NCL cruise visits and in particular its new wave of visitors to the island has drafted a new chapter in socio-cultural lives of Fanning residents. The cruise visits not only bring positive changes to the island, but also expose this conservative Kiribati society to a new level of economic development never experienced before since they first settled on the island.

Among the many significant changes the local residents went through is the improvement in communication skills and creativity that has inspired the locals to be more proactive when in contact with their foreign visitors. The Kiribati society and especially those on Fanning Island, with the majority having completed the primary school only were known for their conservatism. However, this cruise tourism development on the island is believed to have persuaded changes in perceptions and attitudes among residents on the island. Now you can see and hear local people, especially hawkers, bargaining or persuading cruise passengers to buy their products. Comparing the product quality and design since the beginning of the cruise visits, there has been a significant improvement, most probably due to the enhanced creativity among local craftsman.

Another significant change that is considered positive is the general presentation or dressing of the locals, especially those selling in the cruise market stalls. In most case and especially at the beginning of the cruise visit, the market was populated with sales people that were inappropriately dressed and just sat idle waiting to be approached by their customers. During those early days, the local residents might be just ignorant of the marketing skills and at the same time did not consider their personal presentation or the merits of being well groomed and entertaining at their individual stalls. At the stall, there is also an increasing concern over personal hygiene by those partaking in the market stalls. The observation results revealed a reverse and positive trend in this regard.

The study findings also revealed strong evidence that without the cruise visits to the island, the preservation and maintenance of cultural practices (dances and songs) and handicrafts could have been lost. However, there is also growing concern over
commercialization of our Kiribati traditional culture. For example, traditional Kiribati dances are already being altered to make them more lively for the visitors to enjoy.

The consistent flow of income from the visits into the community, however not only brought good for the community but also brought some changes that are perceived as negative. These negative factors were not revealed during the interview with most of the respondents, most probably due to the community ignorance compounded by their limited understanding of the cruise tourism subject. What the researcher found from the study was a high percentage (21% of those interviewed as shown in figure 5.2.8 “Respondents Disposal of Cruise Income by Choice”) of cruise incomes spent on daily consumption such as imported food items, clothes, and much more. This strongly supports the fact that there is a shift not only in diet, but also in personal desire for material wealth among the community members most probably due to increase in purchasing power by the local residents.

Cruise tourism has also impacted on the lifestyle of some people. It affects the spiritual lives of some residents, especially those in the Kiribati Protestant Church, because if the ship calls on a Sunday, Sunday observance is often abandoned so they can sell their goods.

6.4. Conclusion

The development of cruise tourism on Fanning Island has its own uniqueness in terms of existence and contributions to the island economy. While it is hard to compare it to other cruise destinations, it has brought with it more positive than negative changes. The positive contributions were mostly felt in the economic well-being and standard of living of the community while the socio-cultural changes are concentrated around the changes in diet, attitude and perception with regard to people’s roles and responsibilities. These economic contributions could have been enhanced through a more active participation of local residents in shore excursion activities (being implementers rather facilitators). The current schedule of the cruise line to the island should be maintained at its current level.
and has to remain a day visit only to ensure its sustainability in the long term. Any further increase in number of calls or change in type of visit could mean a positive increase in income for the people but at the same time would put a lot of pressure on the natural environment and resources of the island.

The development of cruise tourism has been blamed for affecting the participation of locals in other economic activities; however, this study concluded otherwise. The local community is still active in seaweed farming and were found to have applied to a certain extent the modern concept of time management to their daily economic activities.

Given the aforementioned changes, there are also worrying issues that could affect the development of Fanning Island as a cruise destination. The researcher could foresee in the near future, the potential increase in internal migration to Fanning Island from other Kiribati islands that could lead to an increase in the island population. The arrival of more people could mean more squatters, more environment damage or more pressure on the island’s natural resources. Secondly, political changes in the US foreign policy, especially in Immigration laws governing the passports, could affect cruising to the island even though the Kiribati government has eased its Immigration Policy by introducing a Visa and Passport Waiver Scheme to NCL passengers. The new Immigration Law imposed in the United States requires all US citizens that have travelled out of the United States to have on them US passports as a form of identity. This new regulation has already had an impact on most of the Caribbean islands and will certainly affect the Hawaiian cruises.

In a final note, the island could become over-dependent and suffer a similar fate to other Pacific Island nations such as Fiji when their tourism industry collapsed in the 2000 coup.

Therefore the development of cruise tourism should be monitored with caution and the management of the cruise visits and cruise activities on the island can only be sustainable if the local authorities and the NCL mutually agree to put first “sustainable and environmentally sound” as the underlying factor in all their policies and decisions.
6.5. Policy Recommendations:

In light of the findings and impacts revealed in this study, the following recommendations are suggested for cruise tourism development on Fanning Island:

1. Promote and facilitate the participation of local entrepreneurs in the cruise activities on shore, through dialogue with NCL and the provision of relevant training,
2. Maintain the current cruise schedule and type of visit to ensure continuity and sustainability
3. Encourage and promote cruise activities that are sustainable in nature, friendly to the island environment and promote conservation of the land and marine environment
4. Initiate sustainable land management practices and proper zoning of the island to avoid development overlaps in future. *The development overlap referred to in this case is the potential use of land plots or sites against their best economic use.*
5. Promote cultural tours to maximize cultural exchange between local hosts and cruise passengers and at the same time induce direct passenger expenditure in local communities
6. Facilitate the infrastructure development that supports tourism
7. Promote training that supports the improvement in product quality, creativeness and customer service.

This study is the first of its kind that looks at the economic and socio-cultural impacts of cruise tourism in the Pacific in a rural setting. It highlights the need for further studies in this particular area. Possible topics for further investigation include the following:

- A detailed economic impact study of cruise tourism in rural islands with particular reference to Kiribati
- The potential and challenges of promoting cruise tourism as an alternative to mainstream tourism in least developed countries
- A study on infrastructure need analysis for the development of cruise tourism in the Pacific atoll states
- An integrated development and marketing action plan for cruise tourism in Kiribati

For countries with limited resources, cruise tourism similar to the development model operating on Fanning should be encouraged in small under-developed states, as it is believed to have helped rural poor in improving their economic status and standard of living. The introduction of cruise tourism requires little capital investment compared with other economic industries but provides a huge economic contribution to a country. The cruise visit to Fanning Island also has a minimal environmental impact due to the short or limited number of hours per call. However, the social changes should be monitored carefully and considered in all aspects as they could have a detrimental effect on the society in the longer term.
APPENDIX

QUESTIONNAIRE

You are invited to participate in research on cruise tourism in Kiribati being conducted as part of the requirements for an MA in Tourism at USP. Participation is entirely voluntary and you may withdraw at any time. All answers are entirely confidential and your identity will not be revealed. If you have any questions or concerns about this research, please feel free to contact The Head of Department, Tourism and Hospitality, USP

(everyone to answer)

1. Please state which age group you belong to

   □ 15 - 24 yrs
   □ 25 - 34 yrs
   □ 35 – 44 yrs
   □ 45 – 54 yrs
   □ 65 – 74 yrs
   □ 65 yrs & above

2. Please tick which sex group you belong to

   □ Male         □ Female
3. Please state what is your highest level of educational achievement (Please tick one)

- Primary Level
- Secondary Level
- Vocational Level
- University Level

4. Are you in paid employment?

- Yes
- No

5. If your answer to Q.4 in No, then ignore Q.5 and proceed to Q.6. However, if your answer is Yes, then which of the following best describe your employment? (Please tick where appropriate)

- Island Council Employee
- Working full/part time for NCL
- Civil Servant with Government/Island Council
- Working for Church or other Non Government Organizations
- Private Business employee
- Own business
- Other (please explain)

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6. Which of the following best describes the sector in which you work? (Please tick one)

- Handicraft/souvenir hawker
- Business retailer
- Transport Services Provider
- Tourist Guide
- Shipping Agency
- Other (please explain)

7. If you provide products or services to cruise passengers, which of the following best describes what you do? (Please tick)

- Souvenirs e.g. handicrafts, T-Shirts, shells etc.
- Transport hire e.g. boat, canoe or bike hire.
- Food and drinks
- Guiding services
- Cleaning Services at landing site/facility
- Tour packages such as fishing, bird life tour etc.
- Others, please specify

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8. On average, how much money do you earn in one day when a cruise boat is in? (Please tick one)

- US$0 – 10
- US$10 – 20
- US$20 – 40
- US$40 – 60
- US$60 – 80
- US$80 – 100
- More than US$100

9. How do you spend the money you earn from the cruise ship passengers? (Please tick more than one if necessary)

- Daily subsistence costs e.g. food, clothes
- School expenses e.g. fees
- Contributions to church development
- Contributions to village community projects
- Sent as remittance to families outside the island
- Invest as savings in banks
- Spent on capital items such as bicycles gears, handcarts, working tools
- Building or renovation of house
- Family commitments such as deaths, engagements etc.
- Others, please specify

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10. Which of the following economic activities do you allocate most of your time to prior and after the cruise ship visit? (Please write number of hours spent beside activity listed below)

<table>
<thead>
<tr>
<th>Activity</th>
<th>Prior to each Cruise visit</th>
<th>After each Cruise Visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Handicraft making</td>
<td>............................</td>
<td>..........................</td>
</tr>
<tr>
<td>Copra cutting</td>
<td>............................</td>
<td>..........................</td>
</tr>
<tr>
<td>Seaweed farming</td>
<td>............................</td>
<td>..........................</td>
</tr>
<tr>
<td>Fishing</td>
<td>............................</td>
<td>..........................</td>
</tr>
<tr>
<td>Other domestic duties/activities</td>
<td>............................</td>
<td>..........................</td>
</tr>
<tr>
<td>Others, please specify</td>
<td>............................</td>
<td>..........................</td>
</tr>
</tbody>
</table>

How do you best describe the present cruise tourism project and in particular NCL cruises to the island?

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11. As a host community, how do you perceive the development of cruise tourism on the island and in particular your contact with visitors/passengers (Please tick as appropriate)

☐ Promote cultural exchange
☐ Induce demonstration effect (material desire on the part of residents beyond any hope of fulfillment/increase in demand of consumer goods)
☐ Alter accessibility to some areas such as coastlines
☐ Promote the maintenance and conservation of cultural practices such as handicraft making, dances and songs etc.

A. FANNING ISLAND COUNCIL AND GOVERNMENT STAFF. (for Government employees, Island Councilors and Council Officer staff to answer only)

12. In what ways did the development of cruise tourism on your island benefit the Island Council and its people? (Please tick as appropriate)

☐ Tax and fees
☐ Generation of employment for local residents
☐ Facilitate the direct transportation of good, mail general cargo from Honolulu to Fanning
☐ Infrastructure development, jetty, schools. Guesthouse community sport facilities
☐ Training and education
☐ Revenue generation
☐ Other, please explain

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13. How many local residents are directly/indirectly employed/engaged for the purpose of facilitating the cruise activities on the island (estimated average)?

- □ 5 – 10
- □ 11 – 20
- □ 21 – 30
- □ 31 – 40
- □ 41 or more

14. If the Island Council benefits economically from the cruise development activity on the island, how does the council use the income?

- □ Fund community infrastructural projects e.g. clinics, classroom etc.
- □ Invest its in overseas bonds or reserves
- □ Subsidized Island Council staff wages.
- □ Meet Island Council’s operational expenses
- □ Other (please state if appropriate)

15. As the host authority on the island for visiting cruises and their passengers, what in your opinion best describes the social/cultural relationship between Island Council and its people, with the cruise passengers?

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16. In your opinion, how will cruise tourism affect the standard of living on the island in the future? (Please use Likert scale rating below)

<table>
<thead>
<tr>
<th>change for the better</th>
<th>make no major changes</th>
<th>change it for worse</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>5</td>
<td></td>
</tr>
</tbody>
</table>

Please explain why you give such rating

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17. In your opinion, how will cruise tourism affect traditional culture and practices on the island in the future? (Please use Likert scale rating below)

<table>
<thead>
<tr>
<th>change for the better</th>
<th>make no changes</th>
<th>change it for the worse</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
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<tr>
<td>4</td>
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</tbody>
</table>

Please explain why you give such rating

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Thank you (Ko rabwa)
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