

**TESTIMONY OF CHRISTINE DUFFY,
PRESIDENT AND CEO, CRUISE LINES INTERNATIONAL ASSOCIATION
U.S. HOUSE OF REPRESENTATIVES
HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

A Review of Cruise Ship Safety and Lessons Learned from the COSTA CONCORDIA Accident

February 29, 2012

Chairman [Frank] LoBiondo, Ranking Member [Rick] Larsen, Members of the Subcommittee: Thank you for inviting me to testify today. My name is Christine Duffy. I'm President and CEO of the Cruise Lines International Association – widely known as CLIA. I became CLIA's President last February. Before joining CLIA, I was President and CEO of Maritz Travel and I began my career as travel agent.

I would prefer to be with you today under different circumstances. The Concordia incident has had a profound impact on our industry. I speak for all our cruise line members in expressing our deepest condolences to everyone affected by this tragedy. As an industry, we are wholly committed to examining what happened, and to identifying lessons that can be learned. If it becomes clear that corrective measures are necessary, we will work as an industry with governments and regulators to ensure recommended measures are adopted.

My remarks today will not focus on speculation over the causes of the Concordia incident. There are ongoing investigations by Italian maritime and law enforcement authorities and we hope to have their conclusions as soon as possible.

Rather, my testimony will provide a broader industry perspective on how cruise ships are regulated and the critical importance we place on our commitment to safety. We applaud your leadership in examining cruise ship safety and pledge to work with this Subcommittee to further our shared goal of taking all necessary steps to continue to ensure the safety of the passengers entrusted to our care.

The Cruise Lines International Association represents 26 major cruise lines serving North America, more than 16,000 affiliated travel agents and agencies across the United States, and 120 Executive Partners spanning a broad array of industries – from ports to food suppliers – that help make the cruise industry run efficiently and effectively.

In 2010, the North American cruise industry generated \$37.85 billion in U.S. economic benefits including nearly 330,000 U.S. jobs. Last year, our member lines' 211 ships served 16.3 million passengers – up from 7.2 million in 2000.

CLIA's mission is to promote the policies and practices that foster a safe, secure and healthy cruise ship environment for our guests. To fulfill that mission our member lines participate in ongoing, specialized committees, working groups, task forces and other forums to develop and promote

industry-wide policies, routinely meeting with regulators and enforcement officials to promote efficiency and best practices throughout the world. Through these varied groups, and aided by a professional technical staff, consultants, and maritime authorities, our members share information, review and assist in developing applicable national and international legal requirements, and identify best industry practices for all members to adopt.

Safety is the cruise industry's number one priority. It is absolutely essential to our business. Nothing is more important.

We are not alone in this effort. Every aspect of the cruise experience is heavily regulated and monitored under U.S. and international maritime law for the purpose of protecting the safety of cruise passengers and crews.

These regulations begin with the design and construction of the ship and extend to the operation and navigation of the vessel, the training of the crew, the emergency equipment on board, and the evacuation protocols. A United Nations agency – the International Maritime Organization (IMO) – mandates global standards for the safety and operation of cruise ships. The United States Coast Guard under the supervision of the Department of State is the primary agency that represents the United States at the IMO.

The most important of these standards are covered by the International Convention for the Safety of Life at Sea (SOLAS). This treaty has been ratified by the United States, all European Union Member States and most other nations, providing a uniform worldwide set of mandates regarding safety equipment, crew training, evacuation and emergency procedures, and navigation safety standards.

One of the most vital components of SOLAS is the International Safety Management Code (ISM). This Code is the primary mechanism for assigning safety responsibilities, functions and procedures – both among the crew onboard an individual vessel, and the cruise line as a whole. The purpose of the ISM Code – and the continuous training exercises that instill it – is to ensure that every member of the crew, from the Captain to the most entry-level hospitality staff member, understands his or her precise responsibilities, especially in the event of an emergency.

The stringent standards embodied by the IMO, SOLAS and the ISM Code have multiple layers of enforcement. The primary responsibility rests with the flag state of the vessel. Secondly, all ports where a vessel calls can, and do, take additional measures to ensure compliance.

In the United States, for example, the U.S. Coast Guard enforces all maritime regulatory requirements through both announced and unannounced inspections and a rigorous annual examination of every ship that embarks passengers in the U.S. At any time, the local Coast Guard Captain of a Port can prevent *any* cruise ship from departing if a serious violation of *any* regulation is found. CLIA's senior staff includes four retired U.S. Coast Guard officers, so we are intimately familiar with the dedication and commitment of this branch of service.

Because of the cruise industry's commitment to safety, supported by strict regulations and vigorous enforcement mechanisms, cruising is one of the safest forms of recreation and travel in the world.

In the decade from 2002 through 2011, prior to the grounding of the Costa Concordia, there were a total of 28 fatalities on cruise ships related to an operational casualty. Twenty-two of those fatalities involved crew members; just six were passengers, out of 153.4 million guests who sailed during those 10 years. Overall, the fatality rate during that decade amounted to 0.13 per million; for passengers alone, the rate was 0.04 per million.¹

Let me be clear: Not a single fatality is acceptable to our industry, and we will continue to work to prevent such incidents. One of the reasons fatal casualties are so rare is that we treat every one of these tragedies as a profound reminder of our duty to put ourselves under a microscope so we can continuously improve our practices, procedures and performance.

The Concordia incident is no different. Almost immediately following the grounding of the Concordia, CLIA member cruise lines launched a Cruise Industry Operational Safety Review – a comprehensive assessment of the critical human factors and operational aspects of maritime safety. We announced this publicly on January 27, 2012 on behalf of the global cruise industry. This Review, which is well underway, is comprised of four key components:

- First, an internal review by CLIA members of their own operational safety practices and procedures covering issues of navigation, evacuation, emergency training, and related practices and procedures.
- Second, consultation on these issues with independent external experts.
- Third, the identification and sharing of industry best practices and policies, as well as possible recommendations to the IMO for substantive regulatory changes to further improve the industry's operational safety.
- Fourth, a commitment to collaborate with the IMO, governments, and regulatory bodies to implement any necessary changes – but also to act independently and voluntarily where possible to speed safety improvements.

I'm pleased to report that the industry is already moving forward with recommendations from this Review.

On February 9, 2012 CLIA members instituted a new passenger muster policy requiring mandatory muster drills for embarking passengers prior to departure from port. This new policy exceeds existing legal requirements, which call for muster drills within 24 hours of passenger embarkation. It is being undertaken voluntarily and became effective immediately. Rather than waiting until the entire Review is completed, we will take steps to implement recommendations on industry best practices as soon as they are identified and on an ongoing basis.

¹ G.P. Wild (International) Ltd., 2012 Cruise Industry Casualty Report

The Cruise Industry Operational Safety Review continues a long tradition in our industry of taking action proactively and voluntarily to improve our safety procedures. Another prime example was the development and adoption in 2008 of a series of best practices related to guest care – specifically the need to provide practical assistance and emotional support during times of significant stress or trauma.

CLIA's guidelines on guest care practices cover a broad range of services. While each situation is different, these services typically include assigning a specific care team to work with guests or their families in times of need, both on-ship and onshore; meeting transportation and logistical needs; providing immediate, complimentary communications to shore; serving as a liaison with local governments or the U.S. embassy when appropriate; and contacting a guest or family once they have returned home to determine if they need additional support.

The cruise industry also has a strong record of working with Congress to initiate and enact new laws dedicated to advancing passenger safety. In 2010, CLIA worked with many members of this Subcommittee to assist in development and enactment of the Cruise Vessel Security and Safety Act, which was signed into law by President Obama on July 27, 2010.

This legislation brought consistency and clarity to the security and safety laws and regulations for the cruise industry in the United States. CLIA member cruise lines are already in compliance with the effective provisions of the CVSSA, including crime reporting provisions; the use of latch and computerized key technology; and the requirements that log books include all reports of crime and thefts over \$1,000. To bring further transparency to the industry, the U.S. Coast Guard and the Federal Bureau of Investigation (FBI) now maintain a website with the required reporting of crime case totals by cruise line in each category.

Our members are also in compliance with new mandates that became effective on January 27, 2012 requiring 42-inch rail heights in all passenger areas and peep holes in all passenger and crew cabins. We will continue to work with the U.S. Coast Guard, the FBI and other law enforcement agencies both in the U.S. and around the world to ensure that all of the bill's provisions are fully implemented.

Thank you again for the opportunity to provide this testimony to the Subcommittee. I hope the information provided is informative regarding the substantial oversight and accountability of cruise lines, both in the U.S. and internationally. CLIA will continue to lead the Cruise Industry Operational Safety Review and, as with the recently agreed Muster Policy, will look to apply lessons learned so that future incidents, however rare, can be avoided. We remain fully and deeply committed to continuous enhancement of the safety of our guests and crewmembers, as it is without question our top priority.

I look forward to answering your questions. Thank you.

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COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
Truth in Testimony Disclosure

Pursuant to clause 2(g)(5) of House Rule XI, in the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include: (1) a curriculum vitae; and (2) a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by an entity represented by the witness. Such statements, with appropriate redaction to protect the privacy of the witness, shall be made publicly available in electronic form not later than one day after the witness appears.

(1) Name:

Christine Duffy

(2) Other than yourself, name of entity you are representing:

Cruise Lines International Association (CLIA)

(3) Are you testifying on behalf of an entity other than a Government (federal, state, local) entity?

YES

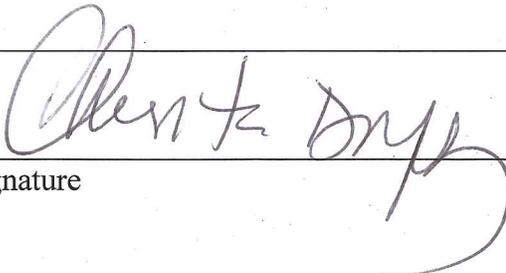
If yes, please provide the information requested below and attach your curriculum vitae.

NO

(4) Please list the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by you or by the entity you are representing:

N/A

Signature



Feb. 27, 2012

Date

Christine Duffy BIO

Christine Duffy is President and Chief Executive Officer of the Cruise Lines International Association, the international cruise industry's largest trade and travel agency association, comprised of 26 cruise lines and nearly 16,000 affiliated travel agencies. CLIA is headquartered in Fort Lauderdale, Fla., and maintains an active presence in Washington, DC, through an office in Northern Virginia.

CLIA's mission is to promote the unique benefits of cruising and to participate proactively in the regulatory and policy development process. The association advocates cruise industry positions to key domestic and international regulatory organizations, policy makers and other industry partners. While working to ensure that measures adopted provide for a safe, secure and healthy cruise ship environment, CLIA also proactively pursues activities that promote cruising, including education, training, and consumer promotion of the value and desirability of the cruise vacation experience.

Duffy joined CLIA in February 2011 after serving six years as President and CEO of Maritz Travel Company, CEO of Maritz Travel Company, one of the largest meeting, event and incentive travel management companies in the world, where she managed a business with more than \$700 million in revenue and worked with a variety of Fortune 500 corporations. For Maritz, Duffy directed all aspects of the organization from sales, marketing, operations, finance and human resources leading a group of over 800 employees and more than 150 outside contractors.

Duffy serves on the executive committee of the U.S. Travel Association (USTA) and in 2009 was a member of the "Meetings Mean Business" campaign, a national program comprised of several travel industry organizations that opposed criticisms of business meetings and events and strongly promoted the travel industry's significant economic impact in the United States. Duffy served as one of the campaign's principal spokespersons for the meetings business and was recognized by her peers as a strong and effective advocate on behalf of the entire travel industry. She currently serves on the Visit Florida board of directors and was recently nominated to join Cornell University's Innovation Network of Hospitality Leaders.

Christine also serves on the foundation boards for Destination Marketing International and Meetings Professionals International, and founded MPI's Women's Leadership Initiative. She has been a frequent speaker on leadership and trends in the travel industry and in 2008, was inducted into the Convention Industry Council Hall of Leaders.

She was a board member of two Maritz Holdings subsidiary companies, Quality Reward Travel and Maritz Journeys. Although she is no longer President and CEO at Maritz Travel Company, she will continue in an executive advisory capacity for the organization.

Duffy has frequently spoken and shared her enthusiasm and knowledge of leading through change and has been recognized on numerous occasions for her work at Maritz and as an industry leader. In 2007 she was inducted into the Convention Industry Council Hall of Leaders, an honor historically bestowed upon recipients near the end of their careers. The *St. Louis Business Journal* recognized her as one of the 25 Most Influential Business Women, *Corporate Meetings and Incentives* chose her as one of the "Top 10 Women Leaders in the Meeting Industry" and *Meetings News* magazine named her one of the "25 Most Influential People in the Meetings Industry" four times. She was also named as an international 2005 Steve Award finalist in the Best Executive – Service Business category. She received the New York Councils' Boy Scouts of America Ninth Annual Distinguished Women of the year award in 2001.

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