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United States Senate

COMMITTEE ON COMMERCE, SCIENCE,
AND TRANSPORTATION

WASHINGTON, DC 20510-6125

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May 7, 2013

Kevin Sheehan
Chief Executive Officer
Norwegian Cruise Line Holdings Ltd.
7665 Corporate Center Drive
Miami, FL 33126

Dear Mr. Sheehan,

Following the grounding of the *Costa Concordia* cruise ship last year, I wrote you and other major cruise line executives regarding safety concerns exposed by this tragic incident, and the Committee further examined these issues at a March 1, 2012, hearing. In response to this inquiry, cruise industry representatives provided the Committee assurances regarding their attention and commitment to passenger safety, security, and health.

Unfortunately, since last year a series of incidents on large cruise vessels has raised additional questions about the costs and risks cruise line activities pose to American consumers and taxpayers. In February of this year, the *Carnival Triumph* experienced an engine room fire that left the vessel adrift for days without power and reportedly without proper sanitation, and which required costly rescue assistance from the U.S. Coast Guard.¹ And just last month, the toilet system on the *Crown Princess* reportedly broke down while the vessel was at sea, causing flooding and foul odors in hundreds of rooms over several days and ultimately requiring a return to port.²

The current structure of the cruise industry in the United States appears to provide cruise companies several significant advantages. While the major companies are headquartered in the United States and gain tremendous profits from commerce in U.S. ports and on U.S. waters, they are incorporated, and register – or “flag” – virtually all of their vessels, in foreign countries. This means companies enjoy substantial support from U.S. government agencies; they avoid paying U.S. corporate income tax under a loophole exempting foreign-incorporated shipping companies;

¹ *Crippled Cruise Ship Returns; Passengers Happy to be Back*, CNN (Feb. 15, 2013); United States Coast Guard, *Coast Guard Medevacs 1, Continues Escort for Carnival Triumph* (Feb. 14, 2013). The Coast Guard has indicated that rescue efforts for this incident total nearly \$800,000.

² *Cruise Ship Suffers Stopped-up Toilets*, CNN (Apr. 15, 2013); *Clogged Toilets Send Carnival Vacationers back to Galveston*, Houston Chronicle (Apr. 14, 2013).

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and many members of the cruise workforce are beyond the reach of basic labor standards available under U.S. law.³

The advantages this structure presents American consumers and taxpayers are not as clear.

The recent cruise vessel mishaps underscore the importance of ensuring that the rules governing cruise industry operations appropriately address the safety, security, and health risks and costs posed by cruise line activities in this country.⁴ Toward that end, I ask that you respond to the questions below concerning issues raised by recent events and that follow up on past Committee inquiries to industry representatives.

In each of the questions below, the term “company” refers to Norwegian Cruise Line Holdings Ltd. and any of its subsidiaries and affiliates.

Safety, Security, and Health Practices

1. At last week’s briefing of my staff by cruise line industry representatives, Cruise Lines International Association (CLIA) described an industry-wide risk assessment that is being conducted following the *Carnival Triumph* incident to ensure passenger comfort, assess operational systems that lead to power interruption in all fleets, and implement measures to ensure essential ship operations following a loss of power.
 - a. Please describe what your company’s internal review has entailed and what conclusions resulted from this review, and provide any written documentation of such conclusions.
 - b. Please provide details regarding which of your company’s vessels, regardless of when they were constructed, currently have backup systems, in the event that power is lost, for (1) preventing listing; (2) returning the vessel to port; and (3) ensuring essential functions to support passengers, such as electricity and refrigeration.
2. Last year your company represented to the Committee that, to address the 30-minute evacuation requirement set forth under the International Convention for the Safety of Life at Sea (SOLAS), the company conducts regular abandon ship drills. For each of your company’s vessels, please state how many such drills were conducted since March 1, 2012, and how many of those drills were completed within 30 minutes.

³ See Prepared Statement of Captain William H. Doherty, Prepared Statement of Ross A. Klein, Ph.D., *Hearing on Cruise Industry Oversight: Are Current Regulations Sufficient to Protect Passengers & Environment*, 112th Congress (Mar. 1, 2012) (S. Hrg. 112-650).

⁴ I appreciate the assurances your company and other cruise line representatives provided my staff at a briefing last week regarding industry attention to safety matters in the aftermath of the *Carnival Triumph* incident. I also am pleased that Carnival Corporation recently announced a commitment of resources to upgrade its fleet and agreed to reimburse the U.S. government for costs associated with the *Carnival Triumph* and *Carnival Splendor* rescues. However, it remains to be seen whether these steps reflect an isolated reaction to recent events.

3. News accounts following the *Carnival Triumph* incident reported that not all of the larger cruise line vessels have enough lifeboat seats to carry the maximum passenger and crew capacity of the vessel.⁵ How many of your company's vessels have lifeboat seats sufficient to carry maximum passenger and crew capacity of the vessel? For any vessel that lacks sufficient lifeboat seats to carry maximum passenger and crew capacity of the vessel, please state the vessel name, its maximum passenger and crew capacity, and the number of lifeboat seats available.
4. Last year, the Committee asked CLIA to provide data from member companies regarding the number of deaths, serious injuries, sexual injuries, sexual assaults or cases involving missing persons since enactment of the Cruise Vessel Security and Safety Act of 2010 (CVSSA). However, CLIA did not provide the Committee this specific data but rather described the general reporting practices of member cruise lines.
 - a. Please provide the Committee with a numeric count of each of the following: deaths (homicides and suspicious), kidnappings, assaults with bodily injuries, sexual assaults (with specific numbers on assaults involving minors), thefts in excess of \$10,000, cases involving missing persons, and other crimes, irrespective of whether investigation of a case has been resolved, that have occurred either aboard your company's vessels or as a part of your company's cruise-sponsored excursions since enactment of CVSSA.
 - b. How many of these incidents involved crew members?
 - c. What is your company's practice for reporting such incidents to American officials?
 - d. Please provide a description of what steps your company takes after a crime has occurred to assist the passenger, report the crime, protect evidence, prevent further crimes, and ensure passengers are safe.
5. How can potential passengers currently determine the number of crimes that are reported onboard a cruise ship and how can they find this information for your company? Do these numbers accurately reflect all reported crimes? What steps does your company take to ensure passengers understand the risk of crime at each stop on the cruise?
6. CVSSA requires that vessel owners establish procedures on crew access to passenger rooms. Please provide documentation of crew access procedures for your company's vessels. How often are the procedures updated? How does your company enforce these procedures?
7. Video surveillance in public areas can help prevent crime and provide evidence when a crime does occur. Many cruise ships already use video surveillance, especially in their casinos, to prevent crime.
 - a. What percentage of public areas on each of your company's vessels is currently equipped with video surveillance? Please provide details on the types of areas that are currently covered by video surveillance.

⁵ See *Lack of Backup Power Puts Cruise Passengers at the Ocean's Mercy*, New York Times (Feb. 25, 2013).

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- b. How long are surveillance videos retained? What is the basis in determining how long these videos are retained?
8. In this year to date, the Vessel Sanitation Program of the Centers for Disease Control and Prevention has reported norovirus outbreaks on various cruise ships affecting over 450 passengers.⁶ A skilled and prepared shipboard medical staff is obviously integral to promoting the health of passengers who are gathered in close proximity for weeks at a time. For each of your company's vessels, please describe:
 - a. Outbreak prevention and response plans;
 - b. Plans and procedures for treating serious illnesses;
 - c. The number of licensed doctors and nurses employed on board for each vessel;
 - d. How many licensed medical providers have received training in conducting forensic sexual assault examinations and when such training for each individual occurred; and
 - e. How many licensed medical providers have received training in providing treatment for sexual assault victims and when such training for each individual occurred.
9. CVSSA requires the owner of a vessel to maintain an adequate supply of in-date "anti-retroviral medications and other medications designed to prevent sexually transmitted diseases after a sexual assault." With respect to your company's vessels, has there ever been an occasion where there were not adequate supplies of in-date medications on board? What factors are used to determine how much medicine to have on board each vessel and who makes this decision?

The Cruise Industry and the U.S. Economy

10. How many vessels has your company added to the fleet of vessels that operate in waters subject to U.S. jurisdiction in each of the years 2006 through 2012, and what was the passenger capacity of each such vessel? How many such vessels do you anticipate adding to the fleet over the next five years?
11. How many passengers traveled on vessels of your company, originating and terminating in the United States or its territories, in each of the years 2006 through 2012?
12. What percent of total revenues from vessels of your company was from voyages originating and terminating in the United States or its territories, in each of the years 2006 through 2012?
13. What are the total fees paid in each of the years 2006 through 2012 by your company to federal, state, and local agencies, including port authorities, in the United States? To the extent possible, identify to which agencies such fees are paid.

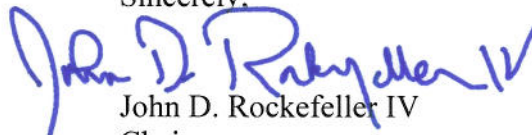
⁶ CDC Vessel Sanitation Program, Investigation Updates (online at <http://www.cdc.gov/nceh/vsp/surv/gilist.htm#2013>).

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14. In April, Carnival Corporation and Carnival plc announced it would reimburse the U.S. Coast Guard for costs associated with the rescue efforts in the *Triumph* and *Splendor* incidents. Is your company willing to commit to reimbursing government rescue costs associated with your company's vessels as a matter of policy going forward?
15. CLIA has issued a report stating that in 2010, the cruise industry generated \$37.9 billion in economic benefits including direct employment of 25,800 U.S. residents.⁷ How many jobs did your company generate for U.S. residents through direct employment by your company in each of the years 2006 through 2012? How many such jobs did your company generate for non-U.S. residents in each of those years?

Please provide the requested information by Friday, May 24, 2013. The Committee is requesting this information under the authority of Senate Rules XXV and XXVI. If you have any questions, please contact Kristin Amerling with the Committee staff at (202) 224-1300.

Sincerely,



John D. Rockefeller IV
Chairman

Enclosure

cc: John Thune
Ranking Member

⁷ Business Research & Economic Advisors, *The Contribution of the North American Cruise Industry to the U.S. Economy in 2010*, Prepared for Cruise Lines International Association (June 2011).