

**STATEMENT OF  
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PRESIDENT AND CHIEF EXECUTIVE OFFICER  
ROYAL CARIBBEAN INTERNATIONAL  
BEFORE THE  
UNITED STATES SENATE  
COMMITTEE ON COMMERCE, SCIENCE AND TRANSPORTATION**

**JULY 24, 2013**

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Good Afternoon, Mr. Chairman, Senator Thune and Members of the Committee. My name is Adam Goldstein and I am President and Chief Executive Officer of Royal Caribbean International which operates 21 cruise ships around the world with four new ships on order.

Royal Caribbean International is one of six brands owned by Royal Caribbean Cruises Ltd., ("Royal Caribbean") the world's second largest cruise company. Our company operates a total of 41 ships globally. Last year, our brands carried nearly 5 million guests, visiting approximately 425 different destinations throughout the world. Approximately 50 percent of our worldwide revenue is currently generated by cruises in and out of the United States – down from 76 percent in 2006. We believe that this trend will continue as rapidly growing foreign markets offer significant growth and profitability.

Last week, members of this Committee's staff visited one of our ships, *Grandeur of the Seas*, while she was docked in Baltimore, Maryland. The staff toured the engine rooms, the bridge, the medical facility, and observed firsthand some of the important safety features such as back-up power generation and fire suppression systems. At the Committee's request, the US Coast Guard also participated in the ship tour and explained its role in inspecting cruise ships to further ensure the safety of all guests and crew.

The Committee staff were also briefed on our extensive environmental programs and observed our Advanced Wastewater Purification, or AWP, system. Royal Caribbean has invested over \$150 million in our AWP systems. As a result, the wastewater that we discharge into the ocean is purified to a standard that exceeds leading municipal, federal and international standards.

With regard to air emissions, Royal Caribbean began working with manufacturers several years ago to develop Advanced Emissions Purification, or AEP, systems to clean or "scrub" the sulfur from fuel emissions before they are emitted from the ship. While we have had some success with the two scrubbers in which we have invested, we are now pleased to be expanding this research project to additional vendors and to additional ships within our fleet, including *Grandeur of the Seas*.

With the extraordinary support and cooperation of the United States Environmental Protection Agency and the United States Coast Guard, as well as the Canadian Government, Royal Caribbean has been able to develop an approach designed to benefit the broader maritime industry. We anticipate that successful development of this AEP technology will allow marine engines to achieve sulfur reductions below that required by regulatory standards.

Mr. Chairman, the cruise industry has been at the forefront of not only maritime wastewater treatment and emissions reduction technology, but other environmentally responsible initiatives. Royal Caribbean, and the cruise industry as a whole, has adopted practices and procedures that are substantially more protective of the environment than are required by regulation. On our website, we post our annual Stewardship Report which provides the public with updates on our performance in nine key areas of stewardship, including safety and security, energy and air emissions, water and wastewater, and medical operations.

Also on our website -- and on those of my colleagues from Carnival and Norwegian -- the public will find a compilation of allegations of crime that occur onboard our ships around the world, on all itineraries, by all guests and crew. In 2010, Congress passed the Cruise Vessel Security and Safety Act, or CVSSA, which required the US Coast Guard to maintain a public website disclosing the allegations of crime onboard US-based cruises, provided those allegations were the subject of a closed FBI investigation.

As you know, Mr. Chairman, there are those who have taken issue with this limitation so, in the spirit of transparency, the three largest cruise lines -- making up over 85 percent of the cruise industry -- voluntarily agreed to expand that reporting by posting all allegations in each of the CVSSA categories on our websites, regardless of whether an investigation was opened or closed. We will have this reporting posted on our websites by August 1st and it will date back to the last quarter of 2010 when the CVSSA was passed.

We are proud of this initiative and believe that it addresses many of the concerns raised with the limited public reporting required by the CVSSA. By providing these statistics, as well as the land-based rates of crime, consumers will be able to see for themselves that cruise ships are among the safest venues when compared to any landside communities or destinations.

At Royal Caribbean, we recognize that there is no such thing as perfect safety -- but there is perfect commitment to safety and that is our goal every minute of every day. While we are proud of our safety record and of our high rate of guest satisfaction, we understand that incidents do happen, such as the recent fire onboard Royal Caribbean International's *Grandeur of the Seas*.

*Grandeur of the Seas* set sail from Baltimore, Maryland on Friday, May 24<sup>th</sup> of this year for a 7-night Bahamas cruise. On Sunday morning, May 26<sup>th</sup>, the ship made its scheduled port call in Port Canaveral, Florida then set sail again that evening, bound for the Bahamas. Unfortunately, just before 3 o'clock in the morning on Monday, May 27<sup>th</sup>, the ship experienced a fire, requiring us to cancel the remainder of the cruise as well as six subsequent sailings. The cause of the fire remains under investigation.

This incident was the first to occur subsequent to the cruise industry's adoption of a "Passenger Bill of Rights." As the Committee may know, your colleague Senator Charles Schumer recommended that the industry adopt a 6-point Bill of Rights to protect those guests whose vacations are disrupted by mechanical issues on a cruise ship. Our industry trade association, the Cruise Lines International Association, or CLIA, welcomed this recommendation, expanded the Bill of Rights to 10-points, and its member cruise lines adopted it within weeks. In the wake of the fire onboard *Grandeur of the Seas*, Royal Caribbean exceeded our obligations under the Bill of Rights in terms of compensating and accommodating our guests.

While compensating our guests for the stress and inconvenience caused by such an incident is important, clearly, our immediate onboard response is of far greater importance. First and foremost, we must address and successfully resolve any immediate threat such as a fire. As required by international regulations, our crew members conduct extensive training and drills to address emergency situations and are well-prepared to act quickly and decisively in the event of a real emergency. Once the threat is eliminated, crew members can and should ensure the comfort of the guests. In the case of *Grandeur*, none of the guests or crew members were seriously injured and the ship never lost power. While I am certain the fire caused stress and fear among guests, I am pleased that many guests took the time to write to Royal Caribbean to commend the crew's response to both the fire and the comfort and care of the guests.

In addition to the emergency response drills and the pre-departure muster drill, each ship in our fleet is equipped with emergency backup systems that activate in the event there is an interruption in the main power systems. Each ship in our fleet is equipped with multiple high capacity pumps that are capable of removing large amounts of water that may enter the ship. Each ship in our fleet has two or more propellers, each operated by a separate propulsion motor. Each ship in our fleet has three or more generators and each generator has its own separate power cable.

I believe it is important to note that, in addition to what our individual companies are doing, many of these "best practices" have been set forth by the industry's trade association, CLIA, for adoption by its diverse and global membership. As the second largest cruise company, Royal Caribbean plays a significant role in CLIA and I would like to briefly advise the Committee of recent developments at CLIA.

CLIA represents the interests of 26 cruise lines, as well as 16,000 travel agencies, and hundreds of port authorities, destinations, and various industry business partners. Over the course of the past year, CLIA has successfully globalized its membership so that the policies developed for its members operating in North America will extend to CLIA members operating worldwide. CLIA now provides the single platform for a unified approach to industry policy and advocacy with representation in North America, South America, Europe, Asia, and Australia. Prior to December 2012, nine separate trade associations represented the global cruise industry.

As a result of CLIA's aggressive efforts, our industry around the world is more focused on higher standards of safety and security than ever before. Last year, CLIA directed an industry-wide Operational Safety Review, a comprehensive assessment of the critical human factors and operational aspects of maritime safety. As a result of that review, the global cruise industry introduced ten new safety policies – each of which exceeded current international regulatory requirements upon their announcement and each of which have now been included in formal standards for Passenger Ship Safety promulgated by the International Maritime Organization, or IMO.

For example, passenger ships were required to conduct muster drills within 24 hours of guests embarking on a ship; CLIA identified as a 'best practice' conducting the muster drills prior to departure from port. CLIA's membership adopted this as a formal policy and IMO has now adopted it as an international regulation.

Royal Caribbean is proud to play a leadership role in CLIA and has been supportive of its relentless efforts towards continuous improvement for the global industry. CLIA's commitment to Safety, Security, Environmental Stewardship, Medical Care, and Public Health makes for a stronger, more consistent and more unified cruise industry in these critical areas of our operations. I am sure my colleagues from Carnival and from other member cruise lines will join me in saying that we are proud of all that CLIA has accomplished and we will continue to support its efforts to develop global policies, to address international issues, and to provide strategic communications for its worldwide audience.

I appreciate the opportunity to testify before the Committee this afternoon and look forward to working with you and your staff in the future.

I am happy to respond to any questions you may have.

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