



## Pier pressure: Cruise lines boost ticket costs

As oil prices soar, Carnival, competitors tack on fuel surcharge

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Going on a cruise just got more expensive this week as 16 cruise lines announced new fees to be imposed upon passengers to cover rising fuel costs.

Last week, Carnival Corporation, the world's largest cruise operator, announced a fuel surcharge of \$5 per person, per day, for the following Carnival brands: Carnival Cruise Lines, Cunard Line, Holland America Line, Princess Cruises and Seabourn Cruise Line. Earlier this year, Carnival added a fuel charge on its European brands, Costa Cruises and AIDA Cruises. Before Carnival announced its surcharges, luxury operator Regent Seven Seas Cruises announced that it will implement a fuel surcharge of \$7.50 per person, per day, for its 2008 sailings.

However, it didn't take long for the rest of the cruise lines to follow Carnival's lead.

On Monday, Oceania Cruises announced it too would implement a \$7 per person, per day fuel surcharge for all published sailings through April 2009. Then on Wednesday, ultra-luxury line Silversea Cruises announced a \$10 per person, per day fuel surcharge for all sailings in 2008. On Thursday, Norwegian Cruise Line announced a fuel surcharge of \$7 per person, per day for the first two passengers in a stateroom and \$3 per person, per day, for additional passengers in the same room.

Today, Royal Caribbean International, the world's second-largest cruise company, succumbed to the pressure and announced that their brands: Royal Caribbean Cruises, Celebrity Cruises, and Azamara Cruises would match Carnival's fuel supplement policy of \$5 per person, per day. Royal Caribbean's European brand, Pullmantur Cruises, has also implemented a fuel supplement of €50 per person for its cruises that depart on or after January 1, 2008. After Royal Caribbean made their announcement, Windstar Cruises and Majestic America Line, owned by Ambassadors Cruise Group, announced fuel fees of \$8.50 per person, per day.

Regent's charges apply to new bookings made after December 1, 2007, and to existing bookings that are not paid in full by that same date. Carnival and Royal Caribbean's surcharges will be imposed on bookings for cruises departing on or after February 1, 2008, and will apply only to the first and second passenger in a stateroom; the charges will be capped at \$70 per person, per voyage. However, unlike Carnival, they will not charge retroactive fees for cruises already paid in full. Oceania says the surcharge applies to new and existing reservations that are not paid in full by December 1, 2007. Silversea says reservations made prior to November 14 are exempt from the surcharge. Norwegian says their surcharge will be effective on all new bookings made on or after December 1, 2007. Windstar says the surcharge applies to all published sailings through March 2009 that have not been paid in full by December 15, 2007. Steamboat operator Majestic America Line says the surcharge will be applied to new bookings made after December 15, 2007 and to existing bookings that are not paid in full by the same date.

Carnival Corporation, Regent Seven Seas, Oceania Cruises, Silversea Cruises, Norwegian Cruise Line, Royal Caribbean International, Windstar Cruises, and Majestic America Line now join Crystal Cruises, which has been charging a fuel fee of \$5 per person, per day, and Hurtigruten, a Norwegian cruise line, which currently charges \$6 per person, per day.

### Blame the airlines

When petroleum prices began climbing back in 1999, the airlines saw not just a challenge but an opportunity. Instead of increasing their fares to match the increase in expenses, most major airlines created fuel surcharges, which are add-on fees. Now cruise lines are doing the same.

Carnival says its fuel costs have increased 140 percent over the last three years, with a 50 percent increase in the past seven months alone. Micky Arison, Carnival's chairman and CEO, said, "We had hoped to avoid a similar supplement for our North American brands, but with the price of oil approaching \$100 a barrel this is no longer possible."

Regent spokesman Andrew Poulton explained that Regent's fuel surcharges are higher because its ships are smaller; fuel economies are such that the per-passenger cost of fuel is higher on a small ship than on a mega-

ship, where the costs are spread among thousands of people.

Royal Caribbean says it has gone to great lengths to minimize the impact of rising fuel costs by designing and building more fuel-efficient ships, installing energy-saving lighting, and using air conditioning more efficiently. "Unfortunately, as fuel prices have reached record highs, we are forced to take this extraordinary step to offset those costs," says Brian Rice, executive vice president and chief financial officer of Royal Caribbean Cruises.

### Consumers stuck in fee-land

"This is not very good news for the consumer, on top of the miscellaneous fees already being charged by the cruise lines," says Stewart Chiron, a cruise industry expert who is nationally recognized as "The Cruise Guy." Chiron notes that consumers on a seven-night cruise, for example, will see their add-on fees increase 22 percent from \$159 to \$194 per person.

Chiron is talking about the fees listed in the cruise bill under "non-commissionable fares." These fees, which are added on to the advertised ticket price and do not return a commission to travel agents, might include such port services as shore power, piloting and ground labor. These fees have nothing to do with government levies like port taxes, and cruise lines are free to raise and lower them to reflect their costs. The new fuel surcharges will generally appear as a separate line item on the list of non-commissionable fares.

The proliferation of non-commissionable fares catches consumers in the middle of a squeeze play. All cruise lines have restructured their prices so they can promote lower prices and at the same time reduce their commissions to travel agents — and that makes it difficult for the consumer to see the real cost of a cruise vacation.

Cruise vacationers that have paid in full for upcoming cruises are particularly angry at the cruise lines charging them retroactive fuel fees.

"It's bad business," says Toronto resident John Ropac. He adds that cruise lines should adjust their pricing for the additional costs of fuel, doing it retroactively to people who have already paid in full is wrong. Michigan resident Darrel Kozikowski understands charging fees for new bookings but not for existing ones. "I booked my upcoming Princess Cruise at an agreed upon price, then two months later I am told I have to pay an extra \$100 for my wife and I to cruise. I don't like it," he says.

### Travel agents coping

Most travel agents say they are dealing with the changes just fine.

When she learned about the fuel surcharge, Lynn Dudish, a travel agent from Johnstown, Penn., immediately contacted her customers who would be affected. "Two clients gave me heck and two fully understand the changes," she says. Dudish herself supports the surcharges, arguing that with the cost of oil at an unprecedented high, the cruise lines cannot be expected to absorb the costs.

Other agents understand yet are frustrated by the whole process. Julie Blackman, a travel agent in Beaverton, Ore., says, "I think that future cruise fares should simply be adjusted to include the fuel surcharge. I find such surcharges extremely annoying; I'd rather have it wrapped into the cruise fare and have it done with."

While most don't like the added fees, it's hard to overlook the overall vacation value cruising does still offer. "Despite the announcement of fuel surcharges, cruising is still one of the best vacation options available," says Chiron.

So, what should consumers do? When comparing cruise prices, always ask for the total cost, including taxes, port fees and any fuel surcharges. On an average seven-day cruise additional fees still amount to less than \$200 per person, but on short three- or four-day cruises, those fees can push the overall price up by 30 percent. It pays to compare and budget accordingly.

*Sound off! Do you have a comment, an idea, a complaint or a problem for Anita to solve? [Send her an e-mail](#) and you might find yourself in her next column. And check out her blog, [ExpertCruiser.com](#).*

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