

**Written Testimony of
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**“Cruise Industry Oversight: Recent Incidents
Show Need for Stronger Focus on Consumer Protection”**

Committee on Commerce, Science, and Transportation

United States Senate

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Good afternoon Chairman Rockefeller, Ranking Member Thune, and Members of the Committee. I appreciate the opportunity to appear before the Committee to discuss Carnival Cruise Lines' ("Carnival") commitment to the safety and security of our guests. It is Carnival's number one priority.

Carnival operates 1500 cruises per year, carrying nearly 4.5 million guests. Our parent company Carnival Corp & plc serves nearly 10 million guests annually. Our business is built on being able to offer a safe, enjoyable, and affordable cruising experience to millions of middle-class American families each year. Safety, security, and guest satisfaction not only is important to us, but our success relies upon it.

Over our forty-one year history, Carnival has an excellent safety record. We work hard to provide our guests with safe and memorable vacation experiences. Our goal is to exceed the regulatory requirements of our industry to ensure that our guests are confident that they will enjoy a fun cruise vacation. To that end, I will focus my testimony on some of the steps that we take with respect to safety and security.

Regulation of the Cruise Industry

Because of the international nature of the cruise industry, there are several layers of oversight and regulation designed to insure the safe and reliable operation of cruise ships around the world. At the global level, the International Maritime Organization (IMO), which is part of the UN, is responsible for creating standards for all ships operating around the world.

IMO has adopted several conventions that address and regulate various areas of vessel operations, which in turn, are ratified and enforced by Flag and Port States. These conventions address, among other things: all aspects of safety; ship design and equipment; fire protection, training and watch keeping; communications; search and rescue; navigation; and, environmental protection.

The Flag State of each vessel is primarily responsible for enforcing international requirements, as well as additional regulations imposed by the Flag State. All Port States the vessel calls upon also ensure the vessel is in compliance, which further strengthens what the IMO and Flag State provide. Cruise ships, like other vessels, are subject to regular inspections and audits from both the Flag and Port States.

In the U.S, the Coast Guard is both the primary regulator and the principal enforcement agency of the laws, regulations, and international treaties applicable to cruise ships. The U.S. is a party to IMO and has adopted the conventions described above. The Coast Guard conducts announced and unannounced inspections of cruise ships that operate out of US ports in order to ensure compliance by ships operating in U.S. waters. Therefore, cruise ships operating in the U.S. are subject to numerous local, state, and federal laws and regulations, including those related to safety.

Safety and Security

Carnival takes our compliance with all laws and regulations very seriously. Carnival has safety management systems in place that meet or exceed all regulatory requirements. Further, our parent company in 2006 established at the Board-level, a Health, Environmental, Safety & Security (“HESS”) Committee to assist the Board in fulfilling their responsibility to supervise and monitor HESS policies, programs, initiatives at sea and onshore, and compliance with HESS legal and regulatory requirements. In addition, the HESS Committee oversees audits of each of our ships annually to ensure compliance. Our HESS policy includes our commitments to:

- Protecting the health, safety and security of our passengers, guests, employees and all others working on behalf of Carnival;
- Protecting the environment, including the marine environment in which our vessels sail and the communities in which we operate;
- Fully complying with or exceeding all legal and statutory requirements related to health, environment, safety and security throughout our business activities; and
- Assigning health, environment, safety and security matters the same priority as other critical business matters.

Carnival engages in regular training to ensure compliance as well. As an example, all officers and crewmembers on Carnival’s ships undergo regular safety and emergency training, which meets or exceeds all regulatory requirements. Carnival Corporation and Carnival plc also operate their own Center for Simulator Maritime Training (CSMART), in Almere, Netherlands, which features a broad portfolio of maritime training courses, including courses dedicated to bridge resource management, in which Carnival participates. The facility is one of the most advanced of its kind in the maritime industry and has been praised by the U.S. Coast Guard.

Carnival has a professional Shoreside Security Department that provides training and support to shipboard security staff on each vessel. The Security Department consists of former law enforcement professionals. Training includes week-long annual shoreside training sessions for all shipboard Senior Security Officers, with curriculum based on the CVSSA model course 11-01 designed by the FBI and U.S. Coast Guard. Support includes pre-employment evaluation and incident response assistance and guidance. In addition, the Security Department serves as liaison to the FBI, U.S. Coast Guard, and local law enforcement agencies for reporting and investigation of incidents.

Global Operational Safety Review Implementation

The cruise industry, through the Cruise Lines International Association (“CLIA”), initiated a comprehensive Global Operations Safety Review with the purpose of identifying additional practices that could strengthen the cruise industry’s already exceptional safety record. CLIA received input and guidance from an independent panel of experts with extensive experience in the maritime, regulatory and accident investigation fields. As a result, ten new industry-wide policies that exceed current international regulatory requirements were developed. Carnival has

approved and has implemented these policies, which have also been submitted to IMO for consideration.

The new policy recommendations that exceed current international regulatory standards are:

- Passenger Muster policy;
- Passage Planning policy;
- Personnel Access to the Bridge policy;
- Excess Lifejackets policy
- Recording the Nationality of Passengers policy;
- Lifeboat Loading for Training Purposes policy;
- Harmonization of Bridge Procedures policy;
- Location of Lifejacket Stowage policy; and
- Securing Heavy Objects policy.

Operating Reliability and Guest Comfort Enhancements

Immediately after the Carnival Triumph incident, Carnival announced a comprehensive review of its entire fleet, which was overseen by our parent company. While no one was injured as a result of the incident, our guests clearly went through an uncomfortable experience. As part of that review, Carnival is implementing a \$300 million program to significantly enhance emergency power capabilities, take advantage of new fire safety technology, and improve the level of operating redundancies across its entire fleet. Carnival's ships have been and are safe. The changes made as a result of the review are primarily to improve comfort and guest convenience.

All of Carnival's ships have strong systems in place to respond to emergency situations. We meet or exceed all regulatory requirements. However, as we do on an on-going basis, we are applying lessons learned through our operational review after the Triumph fire, and by taking advantage of new technologies, we identified multiple areas for enhancement across our operations. These enhancements reinforce our commitment to safe and reliable operations and to provide an enjoyable cruise experience for the nearly 4.5 million guests who sail with us each year.

The actions by Carnival will expand the availability of hotel services for the comfort of our guests in the rare instance of a shipboard event that involves the loss of main power. In addition, the plan will reinforce key shipboard operating systems to further prevent a potential loss of primary power.

Increased Emergency Generator Power

The initial increase in emergency generator power across Carnival's fleet of 24 ships is projected to be completed by November. An additional emergency generator will be installed on each vessel to provide for 100 percent of stateroom and public toilets, fresh water and elevators in the

unlikely event of a loss of main power. Upon completion of the initial phase, the line will install a second permanent back-up power system on each ship to provide an even greater level of hotel and guest services if main power is lost. These additional services will include expanded cooking facilities and cold food storage, as well as internet and telephone communications.

Increased Fire Prevention, Detection and Suppression Systems

The company will also make additional investments in the newest and most technically advanced fire prevention, detection and suppression systems. This includes upgrading the existing water mist fire suppression systems already in place on Carnival vessels to the newest generation. When triggered, this high-pressure water mist system instantly creates a larger and thicker blanket of water droplets than the present system. As the water droplets evaporate, the system also rapidly cools any hot areas to prevent the possibility of a fire restarting.

Enhanced Operating Redundancies

All of Carnival's ships have two separate, redundant engine rooms. The company's operational review has identified modifications to further decrease the likelihood of losing propulsion or primary power, as happened on Carnival Triumph in February. The modifications will include a reconfiguration of certain engine-related electrical components to improve and enhance operational redundancies.

New Safety & Reliability Review Board

Carnival also announced the formation of a Safety & Reliability Review Board comprised of outside experts with significant expertise in marine and occupational safety, reliability and maintenance, marine regulatory compliance and quality control/assurance. The company already receives oversight and input from outside regulatory authorities and industry experts, as well as the HESS Committee. The new Review Board will provide an additional, independent third-party perspective, drawing from deep experience across a number of relevant fields and organizations.

Carnival's review board will include five external members with specific expertise in the areas of marine and occupational safety, reliability and maintenance, marine regulatory compliance and quality control/assurance. Four highly esteemed maritime and transportation industry experts, including two former U.S. Navy Flag Officers, already have been appointed. These experts will help us drive continuous improvement and further ensure the safe and reliable operation of our fleet.

Passenger Bill of Rights

Carnival, along with 25 other CLIA North American member cruise lines, has formally adopted the Cruise Industry Passenger Bill of Rights, which details our industry's commitment to the safety, comfort and care of our guests. The voluntary implementation of the Bill of Rights

formalizes many longstanding industry practices and is currently in effect for all U.S. passengers who purchase their cruise in North America, regardless of itinerary.

We expect the impact of the Bill to be a positive one for Carnival because we have already taken great strides to deliver across all areas described in the Bill throughout our fleet. The Bill serves to underscore our already-existing commitment to our guests.

The Bill covers the following set of passenger rights:

- The right to disembark a docked ship if essential provisions such as food, water, restroom facilities and access to medical care cannot adequately be provided onboard, subject only to the Master's concern for passenger safety and security and customs and immigration requirements of the port.
- The right to a full refund for a trip that is canceled due to mechanical failures, or a partial refund for voyages that are terminated early due to those failures.
- The right to have available on board ships operating beyond rivers or coastal waters full-time, professional emergency medical attention, as needed until shore side medical care becomes available.
- The right to timely information updates as to any adjustments in the itinerary of the ship in the event of a mechanical failure or emergency, as well as timely updates of the status of efforts to address mechanical failures.
- The right to a ship crew that is properly trained in emergency and evacuation procedures.
- The right to an emergency power source in the case of a main generator failure.
- The right to transportation to the ship's scheduled port of disembarkation or the passenger's home city in the event a cruise is terminated early due to mechanical failures.
- The right to lodging if disembarkation and an overnight stay in an unscheduled port are required when a cruise is terminated early due to mechanical failures.
- The right to have included on each cruise line's website a toll-free phone line that can be used for questions or information concerning any aspect of shipboard operations.
- The right to have this *Cruise Line Passenger Bill of Rights* published on each line's website.

Conclusion

Nothing is more important than the safety and comfort of our guests, and we will devote the full resources of our company to meet that commitment. As I have said, our continued success depends on our ability to offer a safe, comfortable, and affordable cruising experience to millions of middle-class American families each year. We strive every day to improve our performance in all areas so that our guests have confidence in their choice of Carnival, and we will continue to do so.