Cruise Lines Still Awaiting Guidance From CDC to Set Sail



Although they haven't carried a single U.S. passenger since late March, the cruise industry is still staying afloat—by burning cash at historic levels.

Preliminary earnings reports for the last quarter of 2020 show the Carnival Corporation lost $2.2 billion in Q4, or about $500 million per month. And there's no end in sight to the government-imposed limbo as Carnival and the rest of the cruise industry await further guidance from the Centers for Disease Control and Prevention.

The agency issued a no sail order back in March 2020, which barred ships from leaving out of U.S. ports. In October—when Covid-19 case numbers were much lower than they are today—the CDC lifted the order, allowing cruise lines to prepare "test voyages" to gauge the effectiveness of new safety measures.

But companies are still waiting to set sail. When asked about next steps with the agency, Carnival president and CEO Arnold Donald demurred during this week's earnings call, saying that the plan to return to sailing remains a "work in progress."

“The additional guidelines for future phases have not yet been issued by CDC. We have weekly calls, or as often as we need, with them, so that remains to be seen,” Donald said. “What I can tell you is that we’re on track to be able to do whatever we need to do in a very timely manner to be able to resume cruises ultimately.”

Awaiting instructions

It was a decidedly different tone than his last earnings call in October, when he suggested his ships might be in the water by the end of 2020. Obviously, as the pandemic worsened in the U.S., that prediction didn’t come to fruition. And unlike airlines, which saw a small sales boost from holiday travel, cruises can’t legally resume operations yet.

“The CDC said in the order they’re going to publish additional technical instructions and orders, the guidance that’s needed in order to carry those out,” said a spokesperson for Cruise Lines International Association, the industry’s trade group. “They haven’t done that yet.”

The current hangup? Port agreements.

Those agreements create a plan for where a ship goes next if it were to discover a suspected case of Covid-19 on board, evaluate the hospital and medical capacity of a port, as well as outline the necessary safeguards to minimize contact with uninfected individuals. The CDC is currently determining those guidelines.

“We have not heard from the CDC what their expectation is of what that port agreement would look like, and what are the necessary elements to be included within that port agreement,” said the CLIA spokesperson.

According to a spokesperson with the CDC, cruise lines are still in the testing and lab capacity-building phase: “None have cleared that gate yet.” Regarding the port and local

health authority agreements, a decision could be made “probably in the next few weeks.”

“For both parties, the health and well-being of the cruiser passenger is the priority,” the spokesperson said.

Cruises have resumed elsewhere

The CDC’s edicts are only part of the equation. A global company like Carnival is not only concerned about the CDC’s recommendations, but also regulations in the rest of the world. The company’s Costa and Aida brands are already running, with limited capacity, in Europe.

“We want the freedom to operate,” Donald said.

For now, Carnival is touting its bookings in the second half of 2021, calling them “within historic range,” and that the first half of 2022 is seeing bookings hit the “high end of historic ranges,” especially bundled packages, which the company is emphasizing. Carnival traditionally does not share those booking figures.

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