

Carnival sounds union warning



Costa Deliziosa: Mr Arison made it clear the fiasco over the *Costa Luminosa* last year had not been forgotten.

Arison hints at move to Meyer Werft if Fincantieri cannot solve labour issues

John McLaughlin

LABOUR relations at **Fincantieri** are a potentially critical issue as cruise industry leader Carnival considers where to build a new generation of cruiseships for its Princess brand.

Speaking at Saturday's delivery ceremony for the *Costa Deliziosa* in Venice, Carnival chairman Micky Arison said: "I am not saying we want to take sides, but it is important that the unions realise that it is the customer who brings the work. If we end up booking with **Fincantieri**, we will have to have talks with the unions."

Lloyd's List reported last year that Meyer Werft appeared to be leading the chase for the two new vessels for Princess, news that rippled through the union ranks at **Fincantieri**, which has long been almost the house builder for the US cruise giant.

Although **Fincantieri** subsequently snapped up an order for a 130,000-tonne cruiseship for Carnival, the Princess ships will be the first of a new design and so potentially a springboard for further orders at a time when work is increasingly hard to find.

Mr Arison said that price, quality, delivery dates and financing, would have a "huge impact" on the final decision.

At the same time, he is still plainly angry over the disruption to the delivery of the *Costa Luminosa* last year, when **Fincantieri** called off the festivities citing the danger of violence from union

members protesting over a new contract.

"When you have to be held in a hotel room for hours and you can not go to Marghera because there is trouble at the gates, or when you have to cancel the delivery party for the *Costa Luminosa*, it does not encourage a customer to order here."

Mr Arison moved to scotch press speculation in Italy that the Princess order had already gone to Meyer Werft. The reality was not so simple, he said.

"We continue to work on the two Princess ships, but with yields down 15% and fuel prices up there is greater pressure to build ships at a price that makes sense. That is difficult to accomplish. **Fincantieri** has not lost that contract. But it has not won it either."

Looking to the year ahead, Mr Arison said that while bookings and yields were edging up, he anticipated "near flat earnings, which is disappointing considering that we are taking delivery of six ships".

At the same time, he said Carnival "outperformed every other company in the leisure sector, and everyone in the cruise area", last year.

"We have weathered the storm better than most," he said. "We are in the best position to take advantage of the turnaround that we expect will happen one day".

From a financial point of view, he insisted that despite the suspension of its dividend last year "liquidity is not an issue".

Mr Arison added that the currency diversity in Carnival's revenues stream afforded it some protection from the violent exchange rate swings that have characterised the last three years, and allowed it a certain flexibility in its orders.

The vessel recently ordered at Fincan-

tieri, for instance, was "a dollar deal". The Princess orders, on the other hand, would be paid for in euros.

