RESEARCH BRIEFING

The Cruise Industry and Port City Regeneration: The Case of Valletta

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ABSTRACT  Port cities in the Mediterranean and elsewhere are increasingly seeking to encourage tourism-related development, and the cruise industry is a significant potential source of revenue for such cities. Consequently, there is competition between port cities for infrastructure that allows increased cruise tourism, and many cities have encouraged the development of new cruise passenger terminal facilities. While such schemes have clear economic benefits, there are associated problems that may become evident only in the medium- or long-term. The case of the Valletta Waterfront Project illustrates a range of resulting issues and tensions, and indicates the need to more sensitively evaluate cruise tourism-related development proposals.

1. Introduction

The regeneration of waterfront areas has given rise to an extensive literature in recent decades (see, for example, Breen & Digby, 1994, 1996; Hoyle, 1996; Hoyle & Pinter, 1981; Hoyle et al., 1988; Marshall, 2001a). The opportunity for such regeneration has been brought about in part by a major shift in the pattern of uses within port cities. There are many reasons for such a shift, including technological development of port functions arising from containerization, developments in road and rail transport, and pressures resulting from economic restructuring (Marshall, 2001a). The extension of economic globalization has compounded such factors. Hence places increasingly seek to secure a competitive advantage for investment, which may lead to a preference for large-scale property-based initiatives in order to bring about image enhancement (Amin & Thrift, 1995). A further consequence is the retrenchment of regulatory frameworks as part of intensified competition, which has affected the operations of the cruise industry as well as the response of port cities to opportunities for development. One result has been a degree of homogeneity in the composition and design of waterfront development schemes (Marshall, 2001a).

In terms of evolution of land use patterns in port cities, Charlier (1992) who sets out a life-cycle model that seeks to explain how port uses within port cities experience periods of growth followed by decline and redevelopment. A similar approach is developed by Hoyle...
who highlights the role of industrial restructuring in bringing about the decline of port uses. Nevertheless, Jauhiainen (1995) suggests that explanations of port redevelopment must be more sensitive to the context, and that the transfer of concepts from one city to another may be problematic (Falk, 1992; McCarthy, 1998).

More specifically, many port cities have encouraged tourism-related activities as an alternative to port or shipping activities (McCarthy, 1995, 1998). While this has occurred in port cities throughout Europe, it has been particularly important in the Mediterranean area, which has significantly increased its importance for tourism on a world scale since 1991. The cruise industry falls between the categories of tourism and port-related activities (Capocaccia, 2001), and the benefits of investment in this sector have been embraced by many cities that have accepted a new role as ‘tourist ports’. This has brought a range of benefits for the cities concerned, including re-use of urban land, greater use mixing and more sustainable urban densities (Chaline, 2001; Bruttomesso, 2001b; Kotval & Mullin, 2001). However, there are problems associated with a reliance on such development, including environmental degradation, congestion and social displacement (Seassaro, 2001).

This article discusses such issues in the light of the proposed development of a cruise passenger terminal on the waterfront of Valletta in Malta. The article is structured as follows: first, the role and recent expansion of the cruise industry is considered, including suggested criteria against which related development proposals can be tested; second, the case of Valletta’s cruise terminal is set out; third, this case is analysed in terms of application of the suggested criteria; and finally, broad conclusions are highlighted for port cities in other contexts.

2. The Cruise Industry

The tourist cruise industry in global terms expanded significantly in the 1960s, and particularly in the 1980s and 1990s, when an element of standardization was introduced. The main areas of expansion were first in the US, and then Europe. This expansion led to the provision of increased capacity in terms of both ships and terminal facilities, and it resulted in reorganization of many of the operating companies involved, by means of acquisitions and mergers, creating fewer, larger companies which increasingly operated over larger areas. In addition, new, smaller companies emerged to exploit local markets, and many operators innovated by providing niche services or low-cost cruises, the latter reflecting the market for air travel (Figueira de Sousa, 2001).

More recent growth in the cruise industry is shown by an increase in all the following indicators: flows of travellers; cruise ships built (as well as increase in size and capacity); number of trips on offer; cruise terminals started and completed; length of operating period; importance of cruise travel for the economy of the region or city (Bruttomesso, 2001a). However, the number of passengers provides perhaps the clearest indicator of cruise market activity, and in 2000, there were 10 million cruise passengers, with 7.5 million from the US and 2 million from Europe. Hence the cruise market in the US represents around 2% of the US tourism market, while the cruise market in Europe represents less than 1% of the European tourism market; this implies the potential for further expansion of the European cruise travel market.

In the Mediterranean, the cruise market has been expanding around 11–12% per annum since 1992, with an average cumulative increase of 137% in the 9 years since 1992. This is due to a number of factors. First, the cruise market is aided by the diversity of the Mediterranean region, which enables innovative itineraries for cruises to be arranged within a relatively small area. Consequently, cruise companies have begun to look to the Mediterranean as both a source market as well as a cruise destination. Second, there have been recent
improvements in security standards and port facilities such as passenger terminals. Third, the
global cruise market has expanded significantly in terms of capacity, with larger ships and a
bigger cruising season. As a result of such factors, 50 cruise ships (many able to carry over
2000 passengers) are planned for construction between 2001 and 2005, resulting in an extra
140,000 berths of which 25–30% of which will be based in Europe (Capocaccia, 2001). While
it may be assumed that the increase in the volume of cruise traffic will slow down in the future,
it seems clear that there remains considerable demand for related infrastructure such as cruise
ferry passenger terminals, and many cities have sought to provide or encourage such projects
in order to encourage expansion of the tourism sector to achieve a range of economic, social
and physical regeneration aims.

2.1 Positive Effects

Tourism-related development can undoubtedly bring about regenerative outcomes in city
waterfront areas (Kotval & Mullin, 2001), and this has led to competition amongst port cities
for such development, and the visitor numbers and associated spending power that they bring
(Millspaugh, 2001). The development of cruise ferry terminals in particular can lead to the
creation of considerable wealth, with clear economic benefits for the cities and regions
involved, including the generation of new service industries in the wider port area (Figueira
de Sousa, 2001). Moreover, new cruise passenger terminals may generate additional revenues
as a result of year-round activities. This is because such terminals may, where they are open
to the general public, act as a venue for activities such as concerts, conferences, exhibitions
and retail uses, in addition to their primary function (Capocaccia, 2001). Hence there may be
a synergetic effect on the regeneration of the wider area (Bruttomesso, 2001b).

It may also be argued that activities based on maritime transport are desirable in terms of
the achievement of sustainable development outcomes (Matvejevic, 2001). In addition, re-use
of urban land in itself contributes to objectives for sustainability (Millspaugh, 2001). Further-
more, on a more general level a further attraction of cruise terminals for ‘host’ cities is
provided by the aesthetic image of the (large) ship, which may lend an enhanced image of
modernity, leisure and luxury to the city (Figueira de Sousa, 2001). Such image enhancement
is valuable in marketing and promoting the city as a whole, to investors, developers and
visitors. As a result of such benefits, the city of Genoa for instance has planned major new
works to strengthen its position within Europe as a terminal for cruise traffic. Its proposed new
cruise terminal is planned to operate all year round, combining passenger services with
commercial and other tourism-based activities, and providing a valuable link between the port
and the city (Matvejevic, 2001).

There is also the possibility of developers of cruise terminals providing ‘planning gain’ or
community benefits that offset some of the environmental and social effects of such develop-
ments. For instance, in the case of Palma de Mallorca, the development of a new ferry
terminal was dependent upon an agreement for the provision of a new road system, a new
public walkway, and the handing-over to the municipality of the ownership and management
of the seafront promenade (Triay, 2001).

2.2 Negative Effects

However, there are several problems associated with such developments. For instance, the
economic impact of cruise terminals is very difficult to estimate, being largely dependent on
the number of passengers visiting the port. In fact, there is a consensus that the economic
impact of visiting cruise ships is relatively small. This is because the competition amongst host
ports leads to relatively small fees for users, as well as concessions being offered to ship owners.
Consequently, cruise traffic in some instances may become barely profitable. In addition, many services provided on land do not benefit local companies since they are contracted by the cruise companies themselves, and income from products sold on board ships accrues direct to ship owners (Figueira de Sousa, 2001). In addition, it may be argued that consumption-oriented strategies for economic regeneration, based for instance on tourism, may create long-term vulnerability to external factors such as visitor numbers (Bianchini, 1993).

Moreover, cruise terminals can lead to problems of inadequate infrastructure, because of increased passenger flows. These problems may impact particularly on sensitive historic urban cores, where heritage conservation and enhancement is a key aim (Shaw, 2001). Since much predicted new passenger traffic will be via ships catering for over 2000 passengers, many ports will face logistical problems arising from inadequacy of access and resulting congestion. Indeed, in the case of the proposed terminal development in Genoa, Martini (2001) argues that this can only be successful if it ensures adequate transport infrastructure. Furthermore, while cruise companies may cooperate on scheduling to maximize efficiency of use of the terminal, the seasonality of the cruise industry means that congestion is difficult to avoid, a particular problem for Mediterranean ports, which lack space in comparison to northern European ports. Such problems are likely to be particularly severe in the case of ‘home’ ports, with passenger terminals that may need to cater for over 10,000 passengers per day, and deal with more than one ship at the same time. Such terminals may have a considerable environmental impact (Capocaccia, 2001). Other issues include environmental pollution arising from noise and reduced air, ground and water quality as well as loss of natural habitats (Matvejevic, 2001); while ‘planning gain’ benefits can alleviate such problems, such benefits are by no means assured.

There is therefore a need for careful regulation of the process of development and expansion of cruise terminals, and for rigorous evaluation of potential impacts. An analogy may be suggested in terms of the container ‘revolution’ in port operations which led to fundamental changes in the way ports operated, since, in addition to wealth generation, this also involved problems of congestion and other adverse environmental impacts (Bruttomesso, 2001a), which the regulatory infrastructure was often slow to respond to. Clearly, areas of heritage value are likely to be highly vulnerable to such impacts (Marshall, 2001b).

One way in which the evaluation of such developments could be progressed would be by the application of generic criteria to ascertain the potential contribution of cruise-related development schemes in port cities in terms of broader regeneration outcomes. The following criteria may be suggested as a starting-point: (1) internal functional integration of an appropriate mix of land uses, including re-use of historic buildings where appropriate; (2) integration with the surrounding area, particularly the city centre; (3) regeneration effects on the city as a whole; (4) inclusive partnership in the development of the scheme.

These criteria are based on the consideration of case studies of waterfront development in practice (McCarthy, 1996, 1998), and the effects of cruise-related development outlined earlier. They reflect a degree of consensus that has developed around notions of good practice in waterfront development and regeneration. For instance, Bruttomesso (2001b) stresses the desirability of a mix of a plurality of functions and activities, together with the avoidance of the overwhelming dominance of a single function. In addition, the desirability of adaptive re-use of historic buildings is highlighted for instance by Rogers and Power (2000), who indicate that regeneration led by historic conservation principles can act as a catalyst for wider regeneration outcomes. Moreover, Marshall (2001a) sets out the importance of linking the scheme with the surrounding area, Tunbridge and Ashworth (1992) show that leisure and tourism-related uses have often resulted in conflict with adjacent uses, and Van der Knaap and Pinder (1992) suggest the need to provide adequate linkage with city centre uses. Furthermore, Burwood and Roberts (2002) highlight the importance of broadly-based,
inclusive and equitable partnerships as an essential element in order to ensure that regeneration projects are sustainable; indeed, Jauhiainen (1995) suggests that lack of inclusion of community involvement has been the major failure in many waterfront development projects.

3. The Valletta Waterfront Project

3.1 Context

Malta consists of an archipelago of islands with a population of 400,000 people, and a consequent extremely high population density of around 1159 persons per square kilometre (Chapman, 2000). The country has proved an attractive destination for tourism in recent years as a result of factors such as its rich architectural legacy (as indicated by the designation of several World Heritage Sites); favourable climate; outstanding landscape; and historic and cultural links with the UK. Moreover, there is evidence of increasing numbers of tourists visiting Malta in recent years. In terms of the policy context for tourism development, it is significant that sustainable development is a major objective of the amended Development Planning Act as well as a new Environment Protection Act, which both require the balancing of economic, social and environmental interests by means of negotiated trade-offs (Ebejer, 2002; Cassar, 2002).

The city of Valletta is located in the Grand Harbour Area, which encompasses the waterfront and hinterland areas of Valletta. This area has faced rapid population decline since 1957, and incomes and residential rents are significantly lower than the national average. Consequently, both the Grand Harbour Local Plan (Maltese Planning Authority, 1997) and the Structure Plan for the Maltese Islands (Maltese Planning Authority, 1990) incorporate aims for economic development as well as conservation and environmental protection. Indeed, the Local Plan encourages development to reverse population decline, and prioritizes tourism uses for Valletta. It also identifies the area covered by the Waterfront Project as the most suitable location for a new cruise passenger terminal.

3.2 The Project

By 2002, work had started on the ‘Valletta Waterfront Project’, involving development of part of the Grand Harbour as a cruise ferry terminal, with associated uses. This $50 million project follows the selection from three bidders of a winning consortium known as Viset plc, comprising the M. Demajo Group, AX Holdings, Malta International Airport, FSG Ltd, Bank of Valletta plc, Port Ventures Inc. (USA) and Slipform Ltd (Hong Kong). The Maltese Government is the landowner of most of the site, which facilitated coordination of the scheme, and a lease agreement with the development consortium was signed in November 2001. All previous property owners within the scheme area are to be accommodated in what is known as the Third Party Building, allowing their previous space to be used for the Project.

The scheme covers the area extending from Customs House to Pinto Stores on Lascaris Wharf, just outside Valletta, an area of 21,550 square metres in size. It incorporates a new cruise liner terminal, as well as a shopping area, an entertainment and cultural complex, and a water plaza that will provide an area for outdoor entertainment. The scheme is planned to be completed by 2005.

3.3 Aims

The Valletta Cruise Terminal Development Brief (Maltese Planning Authority, 1998) sets out the Government’s objectives for the scheme. The essential rationale for the scheme is the
opportunity—for both the area, and Malta more generally—to benefit from the expansion of the cruise market and the rise in demand for cruise passenger trips. All major cruise lines now offer a service to one of Malta’s ports, and the number of cruise liners visiting Malta has increased in line with traffic to the Mediterranean area as a whole, which is the fastest expanding area for cruises after the Caribbean. Cunard’s QE2 visited Malta in 1998, and a total of 248 cruise calls took 193,000 visitors through the port in 1999, with an increasing number of deluxe-class vessels. In 2001, over 300 cruise liners entered Malta’s Grand Harbour, and spending by cruise liner passengers in Malta as a whole was estimated in 2002 at around Lm7 million per annum. It is expected that such spending will increase as a result of new retail uses in the immediate vicinity of the Valletta Waterfront.

The expansion of the cruise market is expected to continue, though Malta faces much competition from Greece and Turkey, which traditionally cater for the largest cruise lines. Hence the essential objective of the Waterfront Project is to expand Malta’s share of the cruise market. In addition, it is anticipated that the scheme will allow Valletta to become a ‘home-port’ (a starting and finishing point for cruises) so that Malta can provide fly/cruise programmes. The Brief suggests that Malta is ideal as a base for home-porting since cruise operators can reach both the western and eastern parts of the Mediterranean in a few hours. Moreover, the island is well located for short cruises within the Mediterranean, for instance to destinations in North Africa, including Libya (Maltese Planning Authority, 1998). While there was a United Nations embargo on Libya in effect in 2002, if this is rescinded, the outcome would be a likely increase in competition. It is felt by the Maltese Government that the improvement of infrastructure in terms of a passenger terminal facility is essential in this context.

Associated aims for the Project include the refurbishment of historic properties in decay, the improvement of access to the waterfront, the improvement of range of facilities in the area. However, such aims are clearly secondary to the economic imperative of facilitating cruise tourism.

3.4 Development Brief Requirements

The Development Brief suggests that the Pinto Wharf area is ideal for a cruise passenger terminal, since it provides a strategic location comprising the entire Floriana waterfront on the Grand Harbour side, and in the 1990s, five cruise liner berths were built in place of the Lascaris and Pinto Wharves (Maltese Planning Authority, 1998). However, the area is also of great historic interest, since it was used for trade and commerce particularly in the eighteenth century, and the wealth it generated was used to build many of the Baroque architectural palaces of Valletta, though many of the area’s buildings are in a state of decay (Maltese Planning Authority, 1997). Consequently, the Brief requires the rehabilitation of important historic buildings, including the Bastions and Pinto Stores, the latter built in the mid-eighth century. The remainder of the area is presently of poor quality, comprising many vacant and derelict spaces, and part of the area is unofficially used for car parking and port-related storage uses that are visually intrusive (Maltese Planning Authority, 1998).

The uses specified in the Brief are as follows. First, a new-build cruise passenger terminal facility with the capacity to process 1000 passengers per hour is required, incorporating all necessary amenities and services, and connected to the quays by an underground passenger walkway. A new-build duty-free retail complex is also required, together with retail, recreation or tourism-related uses in the refurbished Forni Stores. Refurbishment of the old power house is also seen as desirable, possibly for commercial or retail use. Finally, a new ferry terminal in place of the existing one is suggested, together with a landscaped open space and a new walkway adjacent to the waterfront.
The Brief also sets detailed conditions in relation to the design of buildings. For instance, it requires the external facade of the recreated Stores to be an exact replica of the existing buildings. In addition, the Brief requires all the buildings to be at an appropriate scale, though this does not of course take account of the large scale of the ships that are to be moored adjacent to the terminal. In terms of phasing, the first phase, comprising the cruise passenger terminal, is to be completed as the first phase of the development (Maltese Planning Authority, 1998).

4. Analysis

The Valletta Waterfront Project raises a number of questions which are relevant for the regeneration of waterfront areas in port cities on a wider basis, in terms of balancing cruise terminal-related development with environmental protection. Clearly, the rationale for the Project is essentially the need to exploit growing international demand for cruise tourism, and to promote Malta as a Mediterranean hub for passenger vessels. Indeed, the Development Brief for the site states that “Given its strategic geographic location, and the importance of tourism to its economy, Malta cannot afford to miss the opportunity to capitalize on this trend” (Maltese Planning Authority, 1998, p. 4, emphasis added). Certainly, the potential impact on the tourism industry is significant, and around 25% of Malta’s economic activity is already dependent upon tourism-related activities. Specifically, it is estimated that around 400 permanent jobs will be created as a result of the Project, which is also intended to enhance the international image of Malta by providing an important landmark.

However, it is now appropriate to test the proposal against the criteria established earlier, in order to determine its potential for wider regeneration outcomes, and thereby to inform the trade-off between economic and environmental aims. First, in terms of internal functional integration of an appropriate mix of land uses, the mix of uses broadly follows the requirements of the Development Brief since the scheme provides new entertainment and cultural uses as well as a public plaza (Maltese Planning Authority, 1998). The scheme also illustrates a degree of adaptive re-use of the historic built fabric since it involves the restoration of Pinto Stores and Forni Stores. However, the Grand Harbour Local Plan indicates the need in the functional zone that includes the Project site for a broader range of uses, including commercial and hotel uses, in order to strengthen links with the wider city. Moreover, Bruttomesso (2001b) suggests the desirability of residential uses within waterfront areas so as to avoid the artificiality of predominantly commercial and entertainment or tourism-based uses. The Project does not incorporate such a breadth of uses and may lead to the dominance of tourism-based uses in the wider area.

Second, in terms of integration with the surrounding area, the scheme does not contribute significantly to connecting the waterfront area of Valletta with the city centre, though there are associated plans to provide improved pedestrian access between these areas. While the site is close to the city centre, a major problem is the change in level from the waterfront to the centre of the city, and the proposals for the scheme do not address this issue. Moreover, if the existing access road to the site were to be maintained, the Development Brief suggests that industrial and warehousing uses close to the site would have to be removed since they are incompatible with the Project. This could have a negative economic impact on the area. In addition, the scheme is likely to result in increased congestion in the immediate area, a designated Urban Conservation Area, as well as surrounding areas of sensitive heritage quality.

Third, in terms of wider regeneration effects on the city as a whole, the scheme is intended to provide a regenerative boost to Valletta and Malta as a whole. The potential economic benefits are clear, and the Grand Harbour Local Plan indicates that the area within which the
site is located is suitable for uses related to cruise passenger services, leisure and tourism. Thus the proposals are broadly in line with spatial planning policy, and the more intensive use of an urban site has clear benefits in terms of sustainability. However, much experience in other contexts suggests that waterfront redevelopment often fails to address the social and economic problems of port cities (Hayuth & Hilling, 1992; McCarthy, 1995, 1998), and the Grand Harbour Area suffers from many such problems including relatively low incomes. It may therefore be suggested that the uses within the scheme will cater primarily for visitors rather than local people. In addition, while the visual impact of the large ships catered for by the cruise terminal may be seen to enhance the image of the city as a whole, it may also detract from the unique historical context. Indeed, the Structure Plan requires that any new development must not adversely affect views into or from Urban Conservation Areas (Maltese Planning Authority, 1990). Furthermore, the distinctiveness of place that is critical for the attraction of Malta as a global tourism destination (Chapman, 2000) could be compromised by the homogenization of the environment that may result from such a scheme, particularly in the context of increased competition for visitors, and the vulnerability associated with a reliance on such factors.

Fourth, inclusive partnership does not seem to have been a significant feature of the scheme. This would seem to be in part a consequence of the priority given to realizing the potential for national economic regeneration afforded by the area, and in part a structural weakness within the development planning system in Malta. Partly as a consequence, it may be suggested that local plans frequently do not incorporate rigorous enough requirements for community benefits (Constantinides, 2001). Moreover, while such benefits are incorporated in this case in the form of waterfront access for instance, visitors rather than local people would seem to be the most likely beneficiaries.

More generally, many of the potential problems associated with the scheme may be linked to the nature of the planning system, which was based on the UK system (Home, 1997). For instance, Constantinides (2001) also suggests that statutory plans in Malta should consider historic areas as "irreplaceable social assets capable of supporting regeneration efforts" (p. 34). In addition, the use of discretion in Malta's system of land use planning has been criticized since it may compromise aims for environmental quality (Home, 1997). It may therefore be suggested that a 'master plan', incorporating a clear design-led vision for the Valletta waterfront, would have been beneficial in providing a more detailed framework for development of the wider area than that afforded by statutory plans. In Genoa, for instance, such a master plan provided a design vision for the area incorporating the proposed cruise passenger terminal.

5. Conclusion

Tourism-based uses associated with the cruise industry are increasingly being encouraged in many port cities, because of the potential for economic and other benefits they bring. Indeed, a primary economic imperative often leads such cities to compete for passenger terminal developments and associated cruise ship visits. However, the question must be asked: at what price are such developments to be encouraged? The case of the Valletta Waterfront Project crystallizes both the tensions between economic and environmental aims within port cities, and the inherent problems faced by the planning system in seeking to resolve such tensions. In this case, the approach of the Planning Authority was one of clear acceptance of the over-riding need to exploit and facilitate the increasing demand for cruise tourism, and it may be argued that opportunities for wider regeneration benefits have not been maximized. Moreover, as in the case of other large-scale waterfront developments, cruise tourism
developments may ultimately prove counter-productive if they lead to the homogenization of image and the erosion of identity based on unique heritage value (Krieger, 2001).

Such factors also apply in other port city contexts where cruise tourism is not a factor; indeed, the opportunities and problems presented by cruise ferry terminals are similar to those arising from more general tourism development (Figueira de Sousa, 2001). Nevertheless, in terms of more conventional post-industrial development in port city waterfront areas, practice over a long period throughout the world has led to the development of concepts of good practice based on design and sustainable land use. Large-scale cruise passenger terminals, however, are a relatively recent development that perhaps requires a similar set of concepts. This could lead to a more rigorous approach to the accounting of costs and benefits arising from such schemes, including the application of criteria relating to potential long-term regeneration outcomes.

References


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