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Liberalization assessment: The Greek cruise market

Abstract

More than thirty years, after the metamorphosis of the cruise industry from an expensive type of vacation for the elite to an affordable alternative for the mass market, cruise shipping records high rates of growth. The Greek cruise market has been liberalized since 1999, when the Regulation of the European Commission 3577/92 came into force, allowing cruise ships flying European flags to operate in Greek waters and to use national ports as homeports. Restrictions were in force only for the non EU flagged cruise ships until 2010, when the Greek Government voted the National Law 3872/2010, which liberalized the market. Until the 1990s Greek companies were pioneers and very active in the international market. However, lately the shrinking of the Greek market is observed. Today, there is only one Greek Cypriot company with just two vessels under the Greek flag. At the same time Greece, according to the European Cruise Council (ECC, 2011) data, is among the top three most popular European destinations. The paradox is that only a slight percentage of cruise companies select Greek ports for home porting. The paper gives an overview of the Greek cruise industry, the cruise cabotage reform, focusing especially on the process and the different opinions expressed by the stakeholders. In addition, the process of deregulation and its potential impacts is evaluated from stakeholders' viewpoint, particularly the effect on retaining and attracting cruise vessels under the Greek flag in the context of a national cruise policy.

Key words: Greek cruise industry; cabotage reform; policy

Introduction

The cruise industry is considered to be the most rapidly growing tourism sector over the last two decades, experiencing an average annual rate of growth of 8% against traditional tourism sector growth at approximately 4% per annum (Peisley, 2005). The sector currently receives minimal scientific attention, even though the fleet is constantly growing at an annual rate of 5.7% (ISL, 2011). The literature is mostly focused on the economic contribution to national and local destinations, although there are also some studies that stand critically to the social and environmental impact of cruise business (Brida & Zapata, 2010; Klein, 2009; Butt, 2007). Nevertheless, social and environmental impact of cruise tourism still remains an unexplored field. Marti (1991) suggests that the literature on cruise industry is at best sporadic and is surprised that the most profitable sector of maritime transport - cruise sector - is not more fully represented in the scholarly transportation literature (Marti, 1991).

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Contemporary research on the literature from Papathanasis and Beckman (2011) arrives at the same result; the research on cruise sector is subject to fragmentation, managerialism and lack of unifying theoretical perspectives and refers to it as the “poverty of cruise theory”. Sun, Jiao and Tian (2011) emphasize the same issue by stating that the fastest growing sector of leisure market receives disproportional scientific attention.

Due to the complex nature of the cruise industry there is no commonly accepted definition of the activity in order to classify it to a specific economic sector. To that extent, Hobson (1993) characterises the cruise industry as the “moribund” of shipping industry and perceives the evolution of the industry as a metamorphosis, from being a declining mode of travel, in the decade of the 1960, to the fastest growing segment of tourist industry 20 years later. Wild and Dearing (2000) note that the cruise industry is positioned at the margins of the mainstream shipping markets, which can justify the lack of research from maritime scientists. Dwyer and Forsyth (1998) examine the economic significance of cruise sector and refer to it as the major growth area of international tourism. In a similar way, others (Martin, 2004; Wie, 2005) categorized cruise activity as a segment of tourism industry. A wider definition is provided by Wild and Dearing (2000) who argue that cruise business combines a blend of characteristics from other sectors, especially transport, tourism and leisure.

The plethora of the above definitions justifies the classification gap. For the purpose of our analysis we define cruise shipping as a diversified maritime activity with organizational characteristics similar to those of maritime transport, especially in terms of safety and security. The major difference is that its purpose is not the pure transport of a passenger from one place to another (Marti, 1990) but the luxury stay and the development of onboard and onshore activities. More specifically, the cruise package is produced similarly to a maritime product (ship, safety regulations, operational matters, provisions, annual inspections) but ‘consumed’ or experienced as a touristic one (hotel, food and beverage, services, etc).

In most countries, for many years, the cruise sector was governed by the national shipping legislation that restricted access to this sector to ships registered under their own flag. This was also the case in Greece. In the last twenty years, significant changes have been observed in the domestic cruise sector. In the context of market liberalization, the European Commission voted EC Regulation 3577/92 for the abolishment of cabotage restrictions among member states. Additionally, in 2010, the Greek government voted national law 3872/2010 which provides to non-European flags privileges similar to those of national or European fleet. The question raised is to what extent the reform of legislative regime have impacted the performance of the domestic sector.

The purpose of this paper is to evaluate the impact of the liberalization of the cruise services which took place in two distinct periods. To that effect, a survey was performed by asking experts stakeholders to evaluate the impact of deregulation. The paper is structured as follows: in Section 2 there is an introduction on the objectives of maritime policy and the cabotage regime; section 3 provides a short historical evolution of the Greek cruise sector and the reform process of the legislative framework while section 4 presents the applied methodology and the results of the survey. The last section summarizes the major conclusions.

many EU countries had repealed their cabotage regime or had applied more liberal frameworks. The European regime can be categorized as “semi-liberal” (Figure 1). In contrast, the Passenger Vessel Services Act (1886) and Merchant Marine (Jones) Act of 1920 which is applied in the United States is a “full restrictive” regime.

A number of advantages and disadvantages for liberalization can be found in the literature. The World Trade Organization recognises the following advantages: enhancement of the national economic performance, access of domestic enterprises to foreign countries, increase consumer savings, promotion of innovation, advance greater transparency and predictability and improve technology transfer (Chiu, 2007). Chiu and Huang (2004) study the liberalization in Taiwan and identify the following major advantages: the enlargement of the market and the raised opportunities for the domestic operators, the increase of the quality of services, the improvement of physical facilities and the restructuring of the industry through mergers and alliances.

On the other hand, numerous disadvantages exist. Kahn (1991) refers to the generalized effects of deregulation, with application in most economic sectors, and identifies the rise of competition, price war, business failures, consolidations and instability in labor conditions. Lane (1997) studies the impact of deregulation on the competences of seafarers and concludes there is a reduction of shipboard operational standards. In addition, he argues the potential decrease of ship's tonnage and flagging-out are major challenges and that the wide use of Flag of Convenience (FOC) has led to deregulation, affecting negatively on employment, the quality of working conditions and, finally, on security. Goulielmos (1998) reviews the Greek maritime policy and states that flagging-out “*cancel national prestige policies of the Government*”. National shipping policies are connected with labour employment, knowhow, foreign exchange and national based maritime companies.

In the case of Turkish maritime policy, Yercan (1998) admits that maritime cabotage is losing its economic advantage because of inefficiencies. Cotton Milan (1996) investigates the maritime policy of Spain and argues that the intervention of the state was high through compensation measures toward Spanish companies which were obliged to operate under non-competitive conditions (e.g., hiring Spanish crew or acquiring national ships). He also identified as a major disadvantage the abandonment of national flag in favor of FOC, the successive unemployment and, finally, the withdrawal of shipping companies from maritime sector. Chiu and Huang (2004) argue that the possible disadvantages from market liberalization include: the competition domestic operators will face from foreign operators, the decrease of the quality of the services provided and potential abandonment of the market from local operators.

The formulation of a specific policy is a multi-stage, circular procedure, in which the final step of the process can initiate a new round. Any policy process does not end with the formulation of a law and, respectively, its implementation. Birkland (2010) provide the schematic outline of policy process (Figure 2).

Figure 2
Policy process



Source: Birkland (2010)

Evaluation of policy is an equally important stage for achieving a set of goals or solving a distortion as is that of shaping the policy. Evaluation is not a single purpose process and it depends on the sector under evaluation. More so, this is a tool for planning, managing and monitoring since its outcome can be used as feedback input in the policy process. Parson (1995) defines the evaluation as the process with which public policy and the people involved in implementation stage can be appraised, audited, valued and controlled. Similarly, Rogers and Smith (2006) consider evaluation as an index showing what works or is needed and/or what needs improvement. This vantage point is used in this research.

The Greek cruise industry

Greek cruising is a maritime activity since the 1930s, when the first Greek cruise companies appeared, providing cruises in the Aegean Sea and the wider area of the Mediterranean. In any case, the number of cruise vessels was just a tiny percentage of all oceangoing cargo ships.

AKTEL was one of the first Greek companies to offer cruises in the Mediterranean from 1935 until WW2. ELMES (Hellenic Mediterranean Lines) followed from AKTEL and continued the activity in passenger and cruise shipping. Note that ELMES built the first Greek cruise ship (Aquarius) in 1972. Kavounidou Steam Navigation Ltd (founded in 1949), Sun Line (1958), Epirotiki (1965), Royal Cruise Line (1971) and Chandris (1974) are some of the most famous Greek cruise companies. However, due to fierce competition some of them went bankrupt and others were merged or sold.

The contemporary history of Greek cruise sector is written by Royal Olympic Cruises (1995), which appeared as a result of a merger between two older cruise companies, Epirotiki of the Potamianos family and Sun Cruise Lines of Charalambos Kisseoglou. This cooperation emerged after the decision by the Potamianos family not to proceed with a planned merger with Carnival Corporation. After this, a new partnership was signed in 1999, simultaneously with the beginning of liberalization, between Royal Olympic Cruises and the Cypriot Louis Cruise Line. Celebrity Cruises, owned by John Chandris, merged in 1997 with Royal Caribbean Cruises. The signature 'X' displayed on the funnel of Celebrity cruise ships is from the Greek letter 'chi', for 'Chandris'. Another cruise company, Festival Cruises (established in 1992) was proposed to merge with P & O Cruises in 2000, but the process was abandoned due to low value of the company's share at the time and the company went bankrupt in 2004. Another major player, Regency Cruise Lines founded in 1985 by Takis Kyriakides, collapsed in 1995. In 2004, Stelios Hatzioannou entered the Greek cruise industry with the establishment of Easy Cruise. The easy-jet concept did not have the expected resonance in the market and the project was abandoned five years later. At the end of 2011, there are only two Greek based cruise companies in operation.

The evolution of legislative process in Greece can be divided into the following three periods:

- Period A: prior to 1999 (cabotage restrictions in force);
- Period B: 1999 - 2010 (EC Regulation 3577/1992); and
- Period C: 2010 (August) to present (National Law 3872/2010).

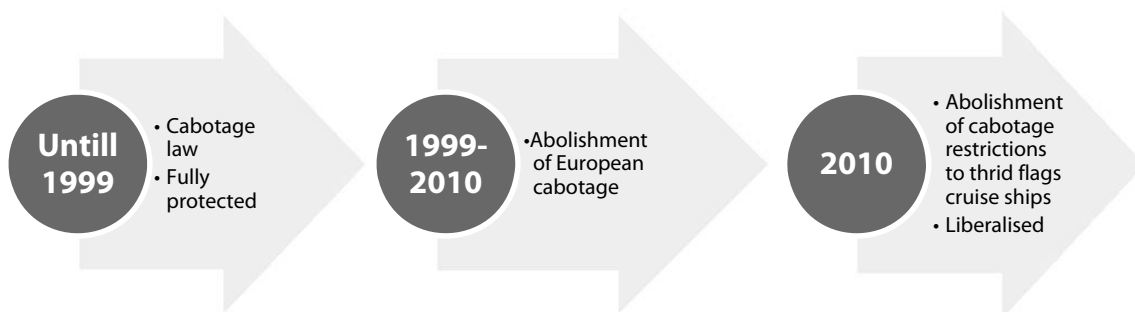
Until 1999, the Greek cruise sector operated under cabotage conditions. This means that only cruise ships flying the Greek flag had the right to offer cruise programs using any Greek port as homeport.

In 1992, Regulation 3577/92 was passed by the Council of the European Union, regarding the freedom of services in maritime cabotage trades. Its objective was to create a unified market among member states and to create a European cabotage environment by equating the European flags. The privilege of national cabotage was repealed and national regulations were harmonized with European law. In the case of Greece, there was derogation from the implementation of the regulation until 2004, due to socioeconomic cohesion reasons and only for regular passenger shipping calling at islands. Greek cruise shipping was liberalized to European flags from 1999.

The abolishment of cabotage was confronted in contradictory ways, by Greek and other European ship owners. The abolishment aimed at establishing markets free from the state's interventionism and protectionism and, at the same time, at creating more competitive conditions in order to facilitate access by all companies (Lekakou, Pallis & Papadopoulou, 2004). Main objections were raised by the fact that companies that did not work under the same conditions had to face the fear of other more competitive companies which threatened their activity so far protected. Even if the regulation was in force, in practice there was an "informal" cabotage regime since there were no cruise ships in European registries that developed the exact same activity as the Greek ones (e.g., the 'Zenith' in 2010, which flew the Maltese flag, selected the port of Piraeus for home porting and received fierce protests from Greek trade unions, leading to cancellation of the initial plans).

In August 2010, the Greek government voted Law 3872/2010, which provides to cruise ships flying flags of third registries (non-European) the right to provide touring trips using Greek home ports for their operation. This law was formulated for maximizing the benefits from cruise activity to local communities. In this way all kind of flags enjoyed exactly the same privileges as the Greek one. This new law provoked the strong opposition of seafarers' trade unions. As seen in Figure 3, the evolution of the Greek regulatory regime was a clear transition from a fully protected environment to a liberalized one.

Figure 3
Evolution of legislative regime in Greece



The impact of liberalisation

In Greece, the deregulation process has not been evaluated before. To ascertain the effects generated from the changes in regulatory regimes, during the two periods, it was necessary to conduct research to assess the impact of liberalization.

Impact assessment is a data intense process, so the survey was selected as a methodological tool because: a) the lack of aggregated data concerning the specific sector; b) the absence of any previous assessment study, in order to compare the expected values with the observed ones; and c) the absence of a central public service for carrying out diachronically the monitoring of the industry. These are also considered the major constrains to our research. Similar methodology was used in New Zealand by Cavana (2005), on behalf of the NZ Ministry of Transport, who used a qualitative study to examine the effects of re-introducing cabotage. Available data was also recognized as major constrain.

The first step was to identify in a range of potential impacts that policies and measures may have generated to the industry, based on which the impact scale and questionnaire were designed. The questionnaire was structured in three parts: Part A concerns the period 1992-2010 and the implementation of the European Regulation 3577/92; Part B concerns the implementation of the Greek law 3872/2010; and Part C concerns the attractiveness of the Greek flag.

The questionnaire was addressed to fourteen experts- stakeholders from various parts of cruise sector who were asked to provide their judgments on the impacts of the referred regimes to the present state of Greek cruise market (Table 1). Experts' judgment is a widely recommended method for systematic evaluation (Nevo, 1985) and is often used in field research such as cost of projects (Rus & Roy, 2001), education (Nevo, 1985), risk (Fumika, 2004), climate change (for further details on experts' evaluation see Nevo, 1989).

Table 1
Structure of participants

Expert category	No of participants
Cruise companies	2
Unions	2
Public	3
Agents	6
Ports	1

Initially, experts were asked to identify which of the stated variables are actual impacts. Next, if the variable was considered to have been affected by the law, participants were asked to rate each variable, on a five-point Likert-type scale from 1 "not at all important" to 5 "very important". Likert-type scale are commonly used to measure opinions and/or perceived impacts of projects (see Ryan & Garland, 1999; Mason & Cheyne, 2000; Jamieson, 2004; Byrd, 2009).

Results

Initially, participants were asked to express their opinion on EC Regulation 3577/92 and its contribution to the liberalization of cruise services among member states. The majority (79%) of the participants argue that this law actually accomplished its objective and has contributed toward the opening of the European market.

Next, respondents were asked to assess a set of 15 variables. In this stage, the objective is to provide us with the actual impacts derived from the implementation of the law and the degree of its impact. Table 2 summarizes the opinions of the experts - stakeholders. The first five columns present the percentages from rating process and the last column the weighted average.

The impact of liberalisation (1999 – 2010)

The first set of nine questions comprised impact variables concerning the evolution of the Greek cruise market during the period 1999-2010. Half of the participants believe the decrease in the number of the Greek cruise companies resulted from the implementation of the European Regulation. Specifically, almost 71.4% rate this element as “important” and “very important” (weighted average 4.45). Fifty percent of the participants agree that the Regulation resulted in a decrease in the number of Greek seafarers and successively to the decrease in the number of cruise ships flying the Greek flag (57.1%). Those who answered “no” (43%) expressed the opinion that the observed decrease in the number of cruise companies was a consequence from the changes in the international environment and the fact that Greek entrepreneurs did not adjusted to the new competitive conditions. They also argue that this fact triggered successive effects on the variables “number of cruise ships under the Greek flag” and “number of Greek crew members” since as companies terminated their operations, merged or bankrupted, there were fewer ships on the national registry.

The variable “increase in number of cruise companies” was evaluated as an impact only by 29% of the respondents, who argue that there was very little positive effect since the great majority (66.6%) rated the impact as “not important” or “of little importance”. During the 1990s one new cruise company was established and one more resulted from the merger of two older ones. In the next decade the majority of Greek companies bankrupted. In contrast, almost 65% agreed that the new law increased the number of new companies in service sector. It must be noted that in the rating process the majority believe that the impact was of little importance (37.5%). However, more than half of those in the service sector believe that the European regime had a positive impact on the quality of the services through competition processes, with 50% considering that the impact was important. Finally, concerning the cost and the quality of the Greek cruise product, participants support the idea that abolishment of cabotage contributed to the decrease of cruise package price (64.3%) and, respectively, to an increase in quality (50%). It is noted that observing the rating of the respondents there is a contradictory perception concerning the quality item, since all alternatives receive the same percentage. From those who gave low rating (1-3) this was justified by the fact that many cruise companies did not follow international trends.

Table 2
Evaluation of EC Regulation 3577/92

	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Weighted average (Mean)
Decrease in the number of Greek cruise companies	0.0	14.3	14.3	14.3	57.1	4.45
Decrease in the number of cruise ships in the national registry	14.3	0.0	14.3	28.6	42.9	4.33
Decrease in the number of Greek crew members	16.7	16.7	33.3	16.7	16.7	3.55
Increase in the number of newcomers in Greek cruise industry	33.3	33.3	0.0	0.0	33.3	3.75
Increase in the number of newcomers in service sector	25.0	37.5	0.0	12.5	25.0	3.63
Increase of the quality of the provided services to cruise ships	12.5	25.0	12.5	25.0	25.0	3.84
Decrease of the price of the cruise package offered by Greek cruise companies	42.9	0.0	0.0	14.3	42.9	4.27
Increase of the cruise package's quality, offered by Greek cruise companies	20.0	20.0	20.0	20.0	20.0	3.66
Increase of port fees	0.0	14.3	0.0	42.9	42.9	4.37
Increase of the number of calls from community's cruise ships	0.0	25.0	37.5	0.0	37.5	3.92
Increase in the number of passengers	0.0	25.0	12.5	12.5	50.0	4.29
Increase in the number of European cruise companies operating in Greece	25.0	25.0	0.0	0.0	50.0	4.23
Increase in the number of European cruise ships using Greek ports for homeports	12.5	37.5	12.5	12.5	25.0	3.66
Increase in the number of Greek crew occupied in European cruise ships	0.0	50.0	0.0	0.0	50.0	4.14
Increase in the number of port of call	14.3	0.0	42.9	0.0	42.9	4.12

The next six questions referred to the operation of European cruise companies in the Greek market. Specifically, 71% of the respondents believe that Regulation 3577/92 resulted in an increase of calls from community's cruise ships and consequently to the increase in the number of cruise passengers. Even though respondents considered positive the impact of the law in attracting European cruise ships to operate in Greek waters, they believe that it has not resulted in an increase of business in terms of establishment of European companies in Greece. This is why only 37% accepted it as impact, while half of them rated it very low.

The variables "increase in the number of home-ports" used by European cruise ships and "increase in the number of port of call" was judged from the majority of participants (64.3%) as two parameters affected by the new environment. Again, the rating of the experts reveals a contradictory perception. In the first case 37.5% argue there was some impact but it was not very important, whereas one quarter believe the impact is of high importance. Finally, almost 80% of the respondents agree that there was

no increase in the number of Greek seafarers on European cruise ships. This is view is justified by a belief that national collective agreements imposed heavy conditions.

The impact of Law 3872/2010

In the next section of the questionnaire experts were asked to evaluate the recent reform (2010) of the legislative regime concerning the abolishment of cabotage restrictions for non-European flags. The process followed by the authorities for the formulation of the new framework included consultation, but it was not accompanied by an impact assessment study. Searching for the justification of the new law the only reference to impact were the following statements “*the liberalization will not cause any burden to State budget*” and ‘*will cause positive impacts*’. Table 3 summarizes the results from experts’ evaluations.

The majority of the participants believe that the new regime, with its current context, is not contributing to the further development of sector. Fifty-seven percent believe the impact of this regime is of “no” or “little importance” for development. Furthermore, another 21% believe this will have no impact. Combining these responses with the ones given for the obstacles arising from the law (question 3, part B), it results that the obligation for signing a contract of agreement between the Greek state and the cruise company has a negative impact in home port selection criterion (100% of the respondents).

Table 3
Evaluation of national Law 3872/2010

	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)	Weighted average (Mean)
Further development of Greek cruise sector	28.6	28.6	21.4	14.3	7.1	3.06
New Greek cruise companies	35.7	28.6	21.4	0.0	7.1	2.70
Increase of newcomer in the service sector	21.4	21.4	14.3	28.6	7.1	3.39
Greek crew- in Greek cruise ships	42.9	14.3	14.3	14.3	7.1	3.07
Greek crew- in non European cruise ships	42.9	21.4	14.3	7.1	7.1	2.85
Home-porting	14.3	35.7	35.7	0.0	14.3	3.16
Establishment of non-European cruise companies	21.4	35.7	21.4	14.3	0.0	2.73
Development of new destinations	21.4	21.4	21.4	28.6	7.1	3.36
Increase in the number of calls	21.4	14.3	21.4	28.6	14.3	3.62
Increase in the number of pax	21.4	14.3	28.6	28.6	7.1	3.40
Increase of income from supplies	28.6	14.3	21.4	14.3	14.3	3.46
Impact on port fees	35.7	28.6	21.4	7.1	7.1	2.87
Impact on the improvement infrastructure	21.4	28.6	28.6	14.3	7.1	3.11
Attraction of investment	28.6	50.0	14.3	0.0	7.1	2.59

Also, a high percentage (64%) of the participants believes that the new conditions will not have a positive impact in the establishment of new Greek cruise companies. Respectively, there is the estimation that the new regime will increase newcomers in service sector since 30% answered that there will be an important impact and another 7.1% very important. Also, a very important finding is the fact that experts believe that the new complicated regime will have no positive impact on the seafarers' employment (43% not at all important); the average weighted rating is 3, which means that present conditions will not alter. The same option prevailed among experts for the number of Greek seafarers in ships under no European flags.

The new regime aimed at providing to non-European flagged ships the right to use Greek ports as homeports on a contract basis. Only 14% believe that the law generated an important impact, while the great majority gave a rating among 1 to 3. The possibility for non-European cruise companies to operate in Greece is viewed negatively, since only 14.3% gave a 5-rating (max rating). The opening of the market was expected to have a positive impact on destination development. The evaluation of the participants revealed that this law does not favour the development of new destinations since equally 21% rate the potential impact as "not important at all", "slightly important" and "little important".

Regarding the remaining variables, respondents gave a low evaluation rating and base their options in the fact that the obligations coming from the new regime create a deterrent environment that does not favour the development for an attractive investment environment. Furthermore one year after the implementation of this law, two contracts of agreements were signed.

Part C: National registry attractiveness

At the end of the 1970s, there were almost 32 cruise ships flying the Greek flag. In 2000, the fleet was decreased to 18 ships (Diakomihalis, 2007). From this year on, a constant decrease is observed in the number of ships in the national registry. In 2005, a new law was passed from the Greek Parliament with a main aim to attract ships in Greek flag through the minimization of social security contributions. This measure resulted in the registration of five cruise ships. Five years later, in 2010, there were only two ships flying Greek flag and this is attributed to malfunctions in the implementation of the measure relating to the seafarers social security contributions.

Table 4
Perceived priorities of Greek national shipping policy

	Weighted average
Synthesis of crew	4.85
Cost of crew	4.57
Insurance cost	4.65
Fiscal motives	4.46
Administrative burden	4.37
Bureaucracy	4.59
Bare-boat chartering	4.51

In the last part of the questionnaire, participants were asked to evaluate a set of parameters concerning the national registry and the priorities that must be set by the policy makers in a reform aiming to attract cruise ships in the Greek Registry. The synthesis of the crew, the labor cost, insurance and bureaucracy are the main factors that should be reconsidered. As Corres (2007) suggests, cruise ships have been trapped in the Greek flag's draconian manning rules. According to Goulielmos (1998), manning cost is of high importance to total operating cost and is directly connected to competitiveness. Table 4 presents the responses of the participants.

Conclusions

The EU is the only significant trade partner that has implemented the virtual elimination of restricted access to cabotage among member states in the interest of promoting trade in maritime services and improving transportation efficiency. In other nations where cabotage restrictions have been relaxed, or exceptions allowed for foreign flag market entry, the motivation has been primarily one of addressing deficiencies in the services offered by domestic fleets (Transport Canada, 2005).

Motivated by the Greek case, where no impact assessment was performed for deregulation decision, we feel that a complete policy process should be preceded in order to identify all possible effects. In a second stage, impact mapping could be used as a valuable input for simultaneous policies formulation for the prevention of the potential negative outcomes (e.g. on Greek flag, labor etc). Public policy literature provides a variety of policy analysis and process frameworks (Patton & Sawicki, 1993; Bridgman & Davis, 2000; Anderson, 2010). No matter what the prevailed circumstances in each country are and the aims of the policy, policy makers should follow a sequence of analysis steps for rationalize decisions. Agenda setting, policy formulation, decision making, implementation and evaluation are considered to be a conventional way to describe the chronology of a policy process (Wegrich & Jann, 2007). In all policy models, impact assessment –ex post or ex ante- is a crucial step, as a procedure for weighing the pros and cons of the proposed alternatives. In this case impact assessment is focused on the advantages and disadvantages of liberalization against cabotage regime (current state). The results of this process will not conclude the same outputs apply for all cases, since each country has a certain economic structure, sectors' interrelations and production specialty as well different objectives to serve through policy.

Therefore the initial question to answer in a reform process is whether cabotage still serves its major objectives. Globalization has led many central governments to reevaluate their maritime policies by selecting more liberal regimes for achieving public policy's goals and objectives (e.g. Australia) while others still stand critical (US, China, Japan). Liberalization cannot be viewed as a "policy trend" or a "process of policy mimicry" responding to international competition, but as a policy option.

In many cases the lack of monitoring indexes leads to the adoption of indirect methods for making feasible evaluation and imprint the effects. The absence of impact assessment before the implementation stage reveals a gap in the whole policy process. Cavana (2005) referring to the re-introduction of cabotage in New Zealand, states that policy evaluation is a constant process. This is because a measure can be appropriate at present time but while changing the conditions of the market its impact is unknown and can be proved to be ineffective. This was his conclusion after repeating impact assessment applying force field analysis.

This is also the Greek case. At this phase of liberalization process (implementation stage) we identify numerous conditions/obligations derived from the new regime that work as constraints and obstacles to actual liberalization; furthermore an opposition from those stakeholders getting impacted from the changes. These limitations lead us to the adoption of a not conventional tool for impact assessment. The opinions of experts and stakeholders can be a valuable tool for completing this gap.

Stakeholders' views support that cruise market liberalization, as performed, has not reached the expectations to enhance the strength and the development of the European (and Greek) cruise sector although that Europe (and especially Greece) had become an even more attractive cruise destination. Strong representations, mainly from marine labour, demand to re-establish restricted cabotage (PNO's press release, 2010) because they believe that the real beneficiaries are the foreign cruise lines who would be able to operate entirely in Greece at the expense of Greek jobs and Greek business.

The period 1999-2010 assessment received average rating on impact variables ranging from 3.55 to 4.48. This means that the opening of the European market had impacted the operation conditions of the Greek sector. As admitted by the participants the shrinkage of the Greek market was not a single parameter result, but a complex process that is attributed to the new regime, the adjustment problem from the side of the entrepreneurs and the intensification of competition. This fact successively affects the national registry and the number of Greek seafarers. The European Regulation has not the expected impacts in the case of Greece. This has not resulted from any malfunction of the Regulation, but from the failure in the implementation process from the side of Greek government. This is justified at a first glance on the basis of results of the cruise market development in other European Mediterranean countries, such as Spain and Italy.

Regarding, the recent cabotage reform for the non-EU cruise flags, the majority of the respondents consider that the law is in the right direction but in a wrong framework. It should be noted that all respondents propose the removal of the contract term derived from this regime. To that effect and after the complaints of the majority of stakeholders and the unwillingness from the cruise companies, the Greek government announced in December 2011 that a new legislative proposal that removes all the identified constrains from the previous law will soon be submitted to the Greek parliament.

Having only the view of the impact and not the actual data, we conclude that the "unconditional" liberalization, without estimating the potential impacts and monitoring the process, could lead to the exactly opposite direction. This is also the case for ferry market where the liberalization of the Greek coastal market seems to have led to a decline in the number of companies operating suggesting higher levels of concentration, higher fares and a lack of new entrants into the market (Lekakou & Vitsounis, 2011).

Stakeholders were not well informed or/and merely participants in the reform process. This creates resistance and opposition to institutional changes. Straightening the national registry is inextricably related to involve the social partners and the experts, provide incentives and ensure a stable and safe business environment and simplify the bureaucratic procedures.

The assessment of liberalization or deregulation is a very complex issue. Further research is deemed necessary – including ex post evaluation – in the context of feedback process for the verification of the initial decision and the formulation of mitigation measures. In order to arrive at a sound policy, four

key elements must be addressed: 1) Assessment of the fleet (capacity, type, age, investment, etc.); 2) Amount/percentage of employment related to cruise activity (seafarers port workers etc); 3) Contribution to national or local economy, employment, tax revenues; and, 4) Impact to National economy by the national fleet. A further research path would develop an integrated evaluation system for cruise to enable the development of more focused policy and strategic decisions on those factors that are crucial for the development of cruise services and their impact on economies and societies.

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