

10 November 2017

Letter from CITIMA to the Corporate Services Scrutiny Panel

Dear Deputy Le Fondré,

Thank you for the opportunity to share the views of the Channel Island Tobacco Manufacturers & Importers Association (CITIMA) with the panel ahead of the budget debate.

Our main concern for the next budget is that changes to Tobacco Impôts should be transparent and offer more stability, both for the industry and for consumers. We are disappointed there isn't a mention of a particular rate, such as that used in Guernsey, which would avoid the last-minute scramble over pricing.

There is also the question of any out of proportion rise in Impôts, which would place a much bigger burden on tobacco consumers in the Island. Last year's rise of RPI plus 5% increased the price of 200 cigarettes by £4.29 (a 7.5% rise) - a large amount for tobacco users to shoulder. We all have to ask the question; at what point will tobacco users shun duty-paid tobacco in favour of non-duty paid sources?

While the 'grey' market is still a potential issue in Jersey at the moment, there will be a price point at which it becomes a more attractive option and you risk opening up the market to cheap imports from Eastern Europe, counterfeit cigarettes, and other sources which do not add to government tax revenues but eventually result in diminishing returns.

Should Jersey consider introducing a particular rate for Impôt rises, we would view a rate of RPI + a maximum of 2% as offering stability and helping ensure Channel Islanders continue to purchase tobacco through legitimate, duty-paid channels.

We hope you will take these views into consideration to help achieve a greater sense of balance to help look after the interests of both the government, and tobacco consumers over the longer term.

Yours Sincerely,

CITIMA
(Channel Island Tobacco Importers & Manufacturers' Association)