



CICRA media release

16 April 2014

CICRA release findings into tobacco prices in Jersey

Following a request from the Economic Development Department (EDD) CICRA (the Channel Islands Competition and Regulatory Authorities) has reviewed the level of pricing, costs and profit of tobacco products in Jersey.

CICRA has identified contributing factors towards the price difference of tobacco compared with the UK and Guernsey.

The EDD requested the market study into the supply and sale of tobacco in Jersey following concerns that the pre-tax products (i.e. when VAT/GST, impôts/duties) were significantly higher in Jersey than in the UK and that there was alleged profiteering by parties involved in the supply of tobacco products in Jersey.

Cigarettes sold in the duty-paid market in Jersey are roughly 90 pence (or around 55%) per pack more expensive than the UK and close to seven pence more than Guernsey in the duty paid market. This equates to Jersey consumers spending almost £4 million extra on cigarettes a year than in UK.

The vast majority of tobacco products supplied in the duty-paid market in Jersey are imported by just two companies under exclusive agreements with the manufacturers. Large retailers in the UK usually source directly from the manufacturer.

CICRA interim chief executive, Michael Byrne, said the biggest contributing factors to the high cost of tobacco in Jersey was impôts/duties, the need for packaging in the Channel Islands to be different from that of the UK (or anywhere else where tobacco is sold), the very small production runs for Channel Islands' cigarettes which make the price-per-unit higher

and the lack of parallel imports (when products are bought from another country where prices are cheaper).

“Leaving aside the public health issues, which are a matter for government, there is a potential need to find remedies to address some of the factors identified in the study,” Mr Byrne said.

ENDS

NOTES TO EDITORS:

The executive summary and full report can be found at www.cicra.je

All enquiries should be directed in writing to CICRA Interim Chief Executive, Michael Byrne, in Jersey at the Jersey Competition Regulatory Authority, 2nd Floor, Salisbury House, 1 - 9 Union Street, St Helier, Jersey JE2 3RF. Alternatively email info@cicra.gg.

About CICRA:

The Channel Islands Competition and Regulatory Authorities or 'CICRA' is the name given to the Jersey Competition Regulatory Authority (JCRA) and the Guernsey Competition and Regulatory Authority (GCRA) (formerly the Office of Utility Regulation). The JCRA was established under the Competition Regulatory Authority (Jersey) Law, 2001, and the GCRA was established under The Guernsey Competition and Regulatory Authority Ordinance, 2012. In Jersey, the telecoms and postal sectors are regulated by the JCRA, which is also responsible for administering and enforcing the Competition (Jersey) Law 2005. In Guernsey the telecoms, postal and electricity sectors are regulated by the GCRA, which is also responsible for the administration and enforcement of the Guernsey competition law since it came into force on 1 August 2012.

By working together and sharing resources and expertise between the islands, CICRA strives to ensure that consumers in all the Channel Islands receive best value, choice and access to high quality services.