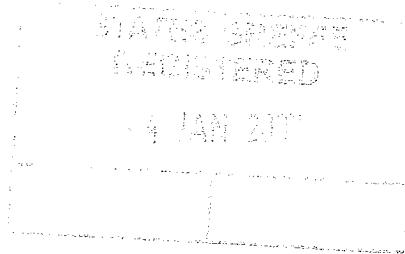


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Deputy P Ryan  
Corporate Services Scrutiny Panel  
Scrutiny Office  
States Greffe  
Morier House  
St Helier  
JE1 1DD

Thursday 3<sup>rd</sup> January 2008

Dear Deputy Ryan

Thank you for your letter dated 12<sup>th</sup> December 2007, bringing to our attention your need for information regarding the setting of a de minimus level for imports to the Island as well as the panel's idea to introduce a 'user pays' charge for goods of a value over £150 and under £400.

This response to your requests looks at the situation facing our members upon the introduction of GST as well as our reaction to the 'user pays' charge.

The AEOG is principally concerned with maintaining a smooth supply chain to the Island and is keenly aware that the introduction of GST on imports is likely to interrupt this, slowing the flow of goods to both individuals and businesses.

Causes of interruption to the supply chain are directly linked to the level at which the de minimus waiver is set and in previous representations to the Treasury Minister we argued strongly for the de minimus level to be set at £1000, to set it at a level below this will affect the smooth delivery of supplies to the Island. Having discussed the matter with the Minister, we understand the wider need for a de minimus level lower than £1000 and agreed that disruption to supplies could be kept to a minimum at the agreed level of £400.

To help you understand how the de minimus level affects the supply chain, it is worth outlining the process that will be undertaken for all goods being delivered to unregistered (for GST purposes) businesses and individuals, as well as the scale of our operations:

Air Express Operators' Group:

Hi Speed Freight Services Ltd, Huelin Renouf Airfreight Ltd, Interlink Express, Regency Logistics Ltd,  
UPS Jersey Ltd

lower de minimus level would have. AEOG members will still have to chase consignees for payment and a backlog will quickly be created.

It is also important to note that Internet purchasing will not disappear and regardless of the level of taxation or delivery charges people will increasingly shop online for more keenly priced items and the greater choice that is available, when compared to Island-based outlets. The effect of this global competition on Jersey's retailers is to spark innovation and higher service levels. It is the Jersey government's stated intention to promote competition in all areas and in today's interconnected world, this includes competition that comes to the Island via access to the Internet. It is at odds with this policy to adopt a protectionist stance that denies islanders the choice and value that they are looking for, particularly as the suggestions outlined by the GST sub panel are also likely to be inflationary.

We trust that you will listen carefully to the concerns that are outlined in this letter and continue to keep the AEOG updated with any developments regarding the setting of a de minimus waiver level and the possibility of introducing a 'user pays' charge. In order to help you better understand the difficulties that a lower de minimus level or 'user pays' charge would bring, we would like to invite you and the members of the GST sub panel to visit our operations at Jersey Airport at a time that is convenient for you.

Your sincerely,

The Members,  
Air Express Operators' Group

Cc: Minister T Le Sueur, Steve Lowthorpe, Ian Black, David Nurse

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