

DUTY FREE SALES
RESOLUTION OF THE JOINT COMMITTEE
ON MARITIME TRANSPORT

At its Plenary meeting on 27 February, the Joint Committee on Maritime Transport discussed the impact of the impending abolition of duty and tax free sales to intra-EU passengers as determined by Council Directives 77/388 and 92/12/EEC.

The Members of the Joint Committee:

- Recognising that over the last 50 years the duty and tax free business has developed into a major global industry in which the European Union leads the world.
- Recognising that within the EU the duty free turnover of ferries is some ECU 1.56 billion to some 110 million passengers per annum, that such sales are an integral part of the ferry transport product and, for many passengers, an indispensable element of their travel experience.
- Recognising that the overall duty free industry in the European Union employs some 140.000 people directly and indirectly and that recent research indicates that some 18-20.000 directly related jobs in the ferry sector could be lost following abolition.
- Recognising that duty free is of great importance to the successful operation of passenger and freight shipping services between Member States and that the revenue from duty free is vital to companies for whom competition is fierce and profit margins slim.
- Recognising that up to 60% of ferries' total net revenue is derived from duty free shop sales.
- Recognising that the investment that duty free helps fund is vital to the EU's long term objectives to develop efficient Trans-European Networks and supports the foundation of the Single Market; i.e. the free movement of goods and citizens and the strengthening of economic and social cohesion between Member States.

- Recognising that the contribution from Duty Free is a major factor in enabling continued heavy capital investment in tonnage, resulting in new vessels offering the public the highest standards in terms of safety, comfort and efficiency.
- Recognising that the consumer would face significantly higher fares, of up to 200%, and a consequent disincentive to travel.

Call on the European Commission and the Council of Ministers, in the light of the economic and social implications of the abolition of duty and tax free sales to intra - EU passengers on 30 June 1999, to carry out an urgent review of the relevant provisions of Council Directives 77/388 EEC and 92/12/EEC.