

JCRA Media Release

1 May 2008

JCRA Message to Consumers and Retailers on the Introduction of GST and the Competition (Jersey) Law 2005

As the 6 May implementation date for GST approaches, the JCRA would like to take this opportunity to provide guidance to both consumers and businesses on the potential implications the introduction of GST will have under Jersey's competition law, the Competition (Jersey) Law 2005.

The introduction of GST, by itself, does not raise an issue under Jersey's competition law. However, both businesses and consumers should be aware of the following:

- It is within the discretion of each individual business to adapt their prices to GST and whether to increase prices as a result.
- The introduction of GST does not, however, give businesses an excuse to artificially inflate prices. This would directly harm consumers. In addition, the charging of excessive prices by a dominant company violates Jersey's competition law and is subject to potentially serious penalties.
- Furthermore, businesses must not collectively decide to increase prices as the result of GST. Jersey's competition law prohibits anticompetitive agreements among businesses, the most serious of which are agreements among competitors to charge a common price or jointly increase prices. Agreements among businesses on how they will each respond to GST would violate this prohibition, and are subject to potentially serious penalties under Jersey's competition law. These would include agreements reached under the auspices of a trade association.

The JCRA would like to stress that it is releasing this message solely in the interests of informing consumers and businesses. We do not, to date, have any indication that these practices are being contemplated or undertaken by businesses in Jersey. As always, however, the JCRA largely depends on individual consumers to help be our 'eyes and

ears' in Jersey's markets for goods and services, and we urge consumers that suspect such practices to contact us. Doing so helps to keep Jersey's markets competitive, to the benefit of all consumers. Furthermore, should businesses have any questions concerning the introduction of GST and possible implications under the competition law, we are available to provide confidential advice.

All enquiries to the JCRA should be directed to the Executive Director, Chuck Webb, on +44 (0)1534 514990.

About the JCRA

The JCRA is an independent authority established by the States of Jersey to enforce Jersey's competition law and regulate its telecommunication and postal sectors. In each of these areas, the JCRA's primary mission is to promote consumer welfare through efforts that encourage lower prices and greater choice and innovation in the goods and services available in Jersey. The JCRA is recognized internationally as a leading voice in the application of competition law and policy in small economies.

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