



Economic & Trade Committee
Arnarhvoli við Lindargötu
101 Reykjavík
Iceland

29 November, 2023

Dear Sir,

Viking is very concerned to hear that the government is considering ending the customs exemption for cruise vessels (case 468). It is our opinion that the bill under consideration fails to properly account for the negative impact it would have on the Icelandic economy as a whole, including the consequences for local businesses and reduced tax revenue from fewer cruises.

This is an extremely important issue for our business and all those Icelandic business that depend on our vessels calling. As explained below, Viking's cruises contribute more than 26 million USD (3,5 billion ISK) to the Icelandic economy, not counting what our guests spend onshore.

I would kindly request a meeting with you at the earliest opportunity so that we might better explain our business and the positive impact we bring to the Icelandic economy.

Iceland has become an important part of our itineraries and our guests greatly enjoy sailing to Icelandic ports. In 2023 we operated our biggest season yet. We carried 24,662 guests on 4 ships operating 28 different voyages. This meant we spent a total of 132 days in 6 different Icelandic ports contributing to local economies and used a wide range of services, including Keflavik airport during the 19 turnaround operations we conducted.

In vessel costs we spent the following with Icelandic companies;

- Port Costs (fees, tariffs, in-port services) \$3,783,541
- Turnaround logistics (excluding flight costs) \$1,732,759
- Fuel \$5,521,906

This spend was spread throughout the ports we call at as follows;

- Reykjavik 45%
- Akureyri 16%
- Isafjordur 16%
- Seydisfjodur 11%



- Heimaey 6%
- Djupivogur 6%

In addition to the vessel operating costs we also spent heavily on shoreside services for our guests including 61 different shore excursions and 3 land programs. In total we carried 108,552 guests on shore excursions and a further 5,581 guests enjoyed a land program for which we used 13 different hotel properties across the season. This type of spending totaled;

- Shore Excursions, etc \$10,452,977
- Land Programs \$4,753,722

Therefore, across all cost centers, Viking put a total of \$26,244,905 directly into the Icelandic economy in 2023. These figures do not account for any direct spend from our guests whilst they are ashore. We do not track this spend so we are unable to comment but given our demographic we assume that discretionary spend is considerable.

If the Customs exemption is removed, this will significantly impact our operating costs. It will make Iceland a much less attractive destination for us and we would need to considerably reduce our presence there each year.

This would undermine the relationships with local vendors and suppliers that Viking have cultivated and supported for years. Further, it would incentivize cruise operators to spend less time in Iceland, as itineraries could be adapted to include calls to foreign ports, thus reducing the positive economic impact locally. It is precisely the ships that undertake circular voyages, with passenger exchanges in Iceland, that contribute the most to the local economy.

Finally, we have noted that Iceland has established a generous scheme for any film or TV production locating to Iceland, where a minimum 25 percent of production costs are refunded. This demonstrates that Icelandic authorities recognize that there is more to the economic impact than just the VAT payments from a company doing business in Iceland, with Icelandic suppliers.

We hope you recognize that the same is true for our cruises and reject the proposed changes to the customs exemption.



Yours faithfully,

Matt Grimes
Senior Vice President, Fleet Operations
Viking Cruises

cc: Thórdís Kolbrún Reykfjörð Gylfadóttir
Minister for Finance & Economic Affairs