

# Isle of Man Chamber of Commerce

## Research Note: Steam Packet Fuel Surcharge

Date: April 2026 | Survey responses: 58 member businesses | This document supports the Chamber media statement of April 2026

### Context

The Chamber of Commerce conducted a rapid member survey to assess the real-world business impact of the surcharge on Island businesses. This research note presents the findings. Its purpose is not to criticise the Steam Packet, which is operating within its commercial remit in challenging global conditions, but to provide Government with evidence of the economic impact and to make the case for Government engagement and action. 58 member businesses responded across a broad range of sectors including hospitality, retail, agriculture, construction, healthcare, logistics and haulage, food production, professional services, care and charity organisations, tourism, education and engineering.

### Survey Findings

#### Q1: What is the likely impact on your business?

Impact level	% of total
Severe impact: threatens viability or growth	15.5%
Significant cost increase: will affect pricing and margins	51.7%
Moderate cost increase: manageable	20.7%
No material impact	12.1%

88% of respondents report a meaningful negative impact. Of particular concern is that 16% of respondents, say the surcharge threatens their viability or growth. Only 12% report no material impact.

#### Q3: How will you respond to this cost increase?

Response	% of total
Pass on fully to customers	24.1%
Pass on partially to customers	24.1%
Absorb the cost	20.7%
Reduce costs elsewhere (e.g. staffing, investment)	19.0%
Other	12.1%

Only 21% of businesses are in a position to absorb the cost without consequence. 48% will pass it on to customers, either fully or in part. A further 19% will reduce costs elsewhere, including in staffing. This means the surcharge will generate inflationary pressure across a

wide range of goods and services, and may lead to a reduction in employment or investment on the Island.

#### Q4: What would you like to see happen next? (multi-select)

Outcome sought	% of total
Government intervention or mitigation	69%
Review of fuel pricing and surcharge mechanism	64%
Greater transparency about how the surcharge works	60%
Support for affected sectors	31%
No action required	0%

*Not a single respondent selected 'no action required'. This is a unanimous signal from the Island's business community that Government engagement is needed.*

### Open Responses

42 of the 58 respondents provided open text responses to questions about how the surcharge would specifically affect their business and any additional concerns.

#### Severe impact: threatens viability or growth

Guests are finding currently IOMSPC fares high even before any surcharge.  
Just another blow to the hospitality industry.

Our work is throughout the community, we rely on our minibuses and staff mileage to deliver care in peoples homes.

Hotels rely on bookings from coach parties from the UK.

We are a small charity with 500 members. The fuel increase will have a big impact and increase loneliness and isolation.

I currently export my sea salt products to various UK outlets including Selfridges. Margins have been incredibly tight. Shipping has always been the biggest cost and I have absorbed it in order to grow my brand and gain visibility in the UK. But these increases are pretty devastating. If I ship £2,000 worth of stock, once costs are deducted I suspect I will not break even.

The Steam Packet has been an issue for a long time before this current fuel crisis. It completely prices out small and medium IOM businesses who want to be competitive in the UK market or beyond. For example, I ship pallets to my UK distributor at a pre-crisis cost of roughly £230 each (that will now be approximately 25% higher). UK based businesses pay £50 to £60. It is completely unsustainable, devastating actually.

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Extra cost of essential imported animal feeds and fertilisers. Extra cost of exporting animals to market. The government-run meat plant can only process a fraction of animals produced on the Island.

The proposed surcharge will have a negative impact on all businesses, not just agriculture. The already struggling public will have to pay more for everything as businesses increase prices to try to stay in operation.

### **Significant cost increase: will affect pricing and margins**

It will not impact our costs directly, however with higher travel costs it will reduce demand as some of our clients will not be willing to pay the higher costs.

The government should cancel APD for a 3 month period helping airlines absorb the increased costs of fuel which will in turn assist in mitigating the increase of airline fares.

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Travelling to clients.

As fuel is taxed twice there is room for them to reduce this significantly!

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Delivery costs on products sourced on behalf of clients.

We're all under BIG pressures currently. Hospitality shouldn't always be considered as priority one. Please champion the pressures faced by SMEs who don't easily fit into categories for support.

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We get all raw core ingredients from UK/Italy. This will have a huge impact on us. Add this to the 5% adult minimum wage increase and the 12% under 18 rate it will be a nightmare.

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Considerable increase in fuel costs for our large vehicle fleet and plant and machinery, combined with material cost increases and delivery costs.

This is a real issue and will have a major impact on business and the economy, which could be felt for many years if not addressed immediately.

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Production and distribution costs will be impacted.

IOMSPC charges are an issue, without question. An equally important issue is the volume of freight not shipped to the Island in a timely manner. I am aware of one haulier who has 25 trailers in Heysham waiting to be shipped. The Chamber should investigate!

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Carrier charges are already high. We will need to increase our prices to incorporate the rise in costs, which then affects our customers and the business as a whole.

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Will affect customer confidence and will likely stall or stop projects from starting.

This coupled with all manufacturer price rises will have an effect.

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Steam Packet surcharge is just another added fuel surcharge as we are being hit in the UK first, then SP, then by our own fuel increases.

The 3 month SP surcharge should be monthly. Due to Covid the increase was passed on much longer than it needed to be.

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40 to 50% of end product costs are energy costs.

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Will lead to a substantial cost increase in products and services. We are already seeing huge raw material cost increases in the last 12 months. This is now combined with a 25% increase in fuel surcharges.

We have seen a 500% increase in Tungsten prices in the last 12 months due to China holding exports. This has led to a 20% increase in production costs. This will put a huge pressure on inflation and jobs.

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The increase will impact on the shipping for outbound and inbound parcels and packages as well as the shipment of specialised engineering parts and products.

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Will increase construction costs. Projects likely to be cancelled. Cost of travel to sites and meetings will increase.

Government urgently needs to formulate a self sufficiency and resilience strategy for the Isle of Man, covering fuel and energy, food and essential materials including construction materials. The focus should be brought back to using on-island providers and resources across all sectors wherever possible. We need to grow more food and produce more products in the Isle of Man. Ideally we should be able to produce all our own electricity. Government should focus their capital programmes on providing local manufacturers, producers and suppliers with long term stability to set up and operate sustainably on the island. Alf Cannan's announcement that prices would rise triggered panic buying last week, leading to unavailability of diesel.

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Shipping goods on and off the Island and potentially increased prices from local and global suppliers.

Fuel shortages: concern for our business that exports and imports items, plus impact on our team and our ability to meet expectations for salary increases to compensate for something we cannot control.

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More and more suppliers are refusing to ship goods to the IOM which means we have to ship in at our own cost. This causes major profitability issues and the fuel crisis will only make that situation worse. On top of that, delivering goods internally and to customers becomes more expensive. Consumer ability to spend becomes less as their budgets are cut and confidence falls.

This on top of other increases in costs like minimum wage are becoming incredibly difficult to manage.

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The cost of goods and contractors will increase.

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It will inflate all prices. Most of what is used on the Island will be impacted. It will probably suppress tourist traffic, such as coaches.

What is the point of owning the ferry company if we cannot act on behalf of our citizens? Government is taking in at least 10p per litre of fuel extra over the existing VAT and Excise duty. They can afford to be kinder.

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Any IOMSPC costs will be 100% passed to the customer.

This is not proposed, it is already implemented. The fuel impacts are massive to those who use fuel as the lifeblood of their business. In the grand scheme it is £31 per 40ft trailer one way. Everything focuses on the IOMSPC but what about businesses like ours? We don't have a bottomless pit or IOM Government backing.

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Orders have been placed based on previous shipping rates. Customers have paid deposits and we cannot reprice. Therefore in a tight profit margin there becomes no profit.

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Our products are imported so the additional cost we will have to pay for carriage will have to be passed on to the customer. Fuel for our work van will be absorbed by the business until we fully understand the impact.

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More price increases along with everything else increasing and us having to pass it on to the customer.

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Cost of bringing equipment to the Island. Our equipment for customers cannot be manufactured on the Island due to complexity.

More transparent pricing practices are needed from logistics firms with regards to the impact they are seeing from the Steam Packet on their pricing model.

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Cost of materials will increase which will have to be passed on to patients. But more significantly, suppliers may stop delivering to the Island. This would cause closures of dental and medical practices.

It is already expensive to travel on and off the Island and some companies will already not deliver here. If our dental supplies cannot be delivered we will not be able to provide much needed healthcare.

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Severe impact. Retail is already struggling with low footfall and purchasing power affected by the economic climate.

It is known that Steam Packet freight costs are among the highest in the world. An independent report commissioned by the Manx National Farmers Union found costs are high both in total and per mile. The quoted rate is about £35.46 per mile for a freight lorry, compared to much lower vehicle fares on Isle of Wight ferry services. Retail businesses on the Isle of Man can only struggle for so long. The situation is very serious. Before long the Island will only be left with UK companies, many of which do not contribute to our taxes or economy.

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Rising cost of living will affect our payroll costs.

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Increase in freight costs, but not just Steam Packet. All hauliers we use are increasing fuel surcharges.

We cannot keep going to the Government for bailouts. The sad reality is businesses need to stand on their own and customers have to pay.

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Impact on staff.

Relief is needed for IOM workers. The tax increase to 21% has still not been reduced to 20% as promised by government.

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### **Moderate cost increase: manageable**

Heating prices, likely to see some staff working from home to avoid petrol costs, and travel cost increases.

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All stock sold is shipped to the Island.

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Our immediate area of concern will be the increase in food prices. We have already had to increase our charges to cover rising operating costs and salary uplifts resulting from the Charities commitment to pay above the Living Wage, at a time when sales have declined. The viability of many smaller businesses and charities is being threatened by the incremental costs and enhanced compliance being required. It feels like this Government does not recognise the value of small businesses and the Charitable sector to the health and wellbeing of the Manx community. Our request would be for Government to develop a broader matrix to measure the contributions being made by the Third sector and small businesses that extend beyond turnover and profitability, and make support from DoE and other Departments more available and flexible.

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Unsure if this will affect posting. We use flights weekly for our business so that would impact us more.

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Wondering if I can use AI Agents to offset people related costs I currently incur. Would be good to see this modelled.

We should not underestimate the impact on the wider economy of higher food prices and the inevitable fall in disposable income and consumer confidence.

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I book the ferry as part of my customers' connections to their holidays. Most people choosing the ferry over planes are on a tighter budget so this may mean they choose not to holiday at all. Less bookings for me.

Although I only deal with outbound tourism, this has got to impact inbound tourism where the cost of getting here is often stated as a barrier to visiting the Island.

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Travel costs for clients and meetings. Physical service cannot be done online.

Transparency is key!

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We use the Steam Packet to take students on UK trips for sport and educational visits. This is a significant and important part of the educational process.