

## Summary: Intervention & Options

<b>Department /Agency:</b> Defra	<b>Title:</b> Impact Assessment on the implementation and enforcement of the EC marketing standards in fresh fruit and vegetables as revised by Commission Regulation (EC) No. 1221/2008	
<b>Stage:</b> Development	<b>Version:</b> 2	<b>Date:</b> 11/02/2009
<b>Related Publications:</b> Commission Regulation on HMI website		

Available to view or download at:

<http://www.>

**Contact for enquiries:** Amanda Scarfe

**Telephone:** 020 7238 6780

**What is the problem under consideration? Why is government intervention necessary?**

EC Marketing Standards for fresh fruit and vegetables exist for a wide range of produce. These standards impose both quality standards and labelling requirements. They were implemented to ensure that buyers had sufficient information and to facilitate trade. The European Commission has revised the marketing standards as they are believed to have been too burdensome, and to have removed a market for lower grade products. Commission Regulation (EC) No. 1221/2008 reduces the current 36 Specific Marketing Standards (SMS) to 10 and introduces a General Marketing Standard (GMS) for all other fresh produce not covered by a SMS. The Regulation is directly applicable in the UK and comes into force from 1 July 2009.

**What are the policy objectives and the intended effects?**

To continue to protect the consumer from the purchase of fruit and vegetables which are not of sound, fair and marketable quality' whilst allowing the purchase of lower grade produce. Also, reducing costs of the marketing standards imposed on the fruit and vegetable industry.

**What policy options have been considered? Please justify any preferred option.**

It is a requirement that the Regulation is implemented so whilst there is some subsidiarity within that, we have no choice but to implement it. The policy options are therefore to implement the Regulation (i) taking account of a derogation from the specific marketing standards for products presented for retail sale to consumers for their personal use and specifically labelled as intended for processing and enabling an extension of the Approved Trader Scheme and (ii) taking account of the derogation as mentioned in option (i) but not extending the Approved Trader Scheme. At present the costs and benefits to traders of joining ATS is not clear. The consultation gives us the opportunity to establish the extent to which traders will wish to join the ATS and the costs and benefits that might entail. The decision on implementation of the ATS extension will be informed by industry feedback during consultation.

**When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?**

We intend to review this policy within three years of implementation, including any effects that it might have on competition on quality and standards.

**Ministerial Sign-off** For consultation stage Impact Assessments:

*I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.*

Signed by the responsible Minister:

Jane Kennedy

.....Date:

## Summary: Analysis & Evidence

<b>Policy Option: 1</b>	<b>Description:</b> To implement the Regulation taking account of a derogation from the specific marketing standards for products presented for retail sale to consumers for their personal use and specifically labelled as intended for processing and extending the Approved Trader Scheme.
-------------------------	--

<b>COSTS</b>	<b>ANNUAL COSTS</b>	Description and scale of <b>key monetised costs</b> by 'main affected groups' Additional administrative costs to industry of around £13k per annum. One-off costs to RPAI of approximately £57k.
	<b>One-off</b> (Transition) <b>Yrs</b>	
	£ <b>57k</b> 1	
	<b>Average Annual Cost</b> (excluding one-off)	
	£ <b>£13k</b>	<b>Total Cost (PV)</b> £ <b>143k – 193k</b>
Other <b>key non-monetised costs</b> by 'main affected groups' Consumers may lose out if there is an increase in unsuitable produce sold, or if any of the information that would no longer be provided is valued by consumers. There may also be one-off costs to businesses in developing their understanding of the new regime.		

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>	Description and scale of <b>key monetised benefits</b> by 'main affected groups' Industry will benefit from reduced delays and the removal of the need to re-grade or re-label produce, currently costing around £250k per annum. RPA will save costs associated with reduced inspections, of around £135k per annum.
	<b>One-off</b> <b>Yrs</b>	
	£      -	
	<b>Average Annual Benefit</b> (excluding one-off)	
	£ <b>£385k</b>	<b>Total Benefit (PV)</b> £ <b>2.7M – 3.8M</b>
Other <b>key non-monetised benefits</b> by 'main affected groups' Opens a market for products sold for home processing. Increased availability of information about goods not covered by specific marketing standards. Added consumer protection as the GMS will introduce a basic level of protection and information to consumers. The Approved Trader Scheme would provide further deregulatory benefits.		

**Key Assumptions/Sensitivities/Risks** There are large sensitivities around many of the monetised estimates. With the inclusion of costs and benefits which are not currently quantified the net benefit could change. Consultation should give an indication of the likely costs and benefits of and the level of interest in extending the ATS facility.

Price Base Year 2009	Time Period Years      10	<b>Net Benefit Range (NPV)</b> £ <b>2.5M – 3.6M</b>	<b>NET BENEFIT (NPV Best estimate)</b> £ <b>3.0M</b>
-------------------------	------------------------------	--	---

What is the geographic coverage of the policy/option?		England and Wales	
On what date will the policy be implemented?		1/7/09	
Which organisation(s) will enforce the policy?		RPA	
What is the total annual cost of enforcement for these organisations?		£ (65k-205k)	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		No	
What is the value of the proposed offsetting measure per year?		£ 0	
What is the value of changes in greenhouse gas emissions?		£ 0	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium      Large
Are any of these organisations exempt?	No	No	N/A      N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)
Increase of      £      12k	Decrease of      £      2k	<b>Net Impact</b>	£ 10k Increase

Key:      Annual costs and benefits: Constant Prices      (Net) Present Value

## Summary: Analysis & Evidence

<b>Policy Option: 2</b>	<b>Description: To implement the Regulation taking account of the derogation as mentioned in option 1 but not extending the Approved Trader Scheme</b>
-------------------------	--

<b>COSTS</b>	<b>ANNUAL COSTS</b>		Description and scale of <b>key monetised costs</b> by 'main affected groups' Additional administrative costs to industry of around £13k per annum. One-off costs to RPAI of approximately £57k.
	<b>One-off</b> (Transition)	<b>Yrs</b>	
	£ <b>57k</b>	1	
	<b>Average Annual Cost</b> (excluding one-off)		
	£ <b>£13k</b>	<b>Total Cost (PV)</b> £ <b>143k – 193k</b>	
Other <b>key non-monetised costs</b> by 'main affected groups' Consumers may lose out if there is an increase in unsuitable produce sold, or if any of the information that would no longer be provided is valued by consumers. There may also be one-off costs to businesses in developing their understanding of the new regime.			

<b>BENEFITS</b>	<b>ANNUAL BENEFITS</b>		Description and scale of <b>key monetised benefits</b> by 'main affected groups' Industry will benefit from reduced delays and the removal of the need to re-grade or re-label produce, currently costing around £250k per annum. RPA will save costs associated with reduced inspections, of around £135k per annum.
	<b>One-off</b>	<b>Yrs</b>	
	£ -		
	<b>Average Annual Benefit</b> (excluding one-off)		
	£ <b>385k</b>	<b>Total Benefit (PV)</b> £ <b>2.7M – 3.8M</b>	
Other <b>key non-monetised benefits</b> by 'main affected groups' Opens a market for products sold for home processing. Increased availability of information about goods not covered by specific marketing standards. Added consumer protection as the GMS will introduce a basic level of protection and information to consumers.			

**Key Assumptions/Sensitivities/Risks** There are large sensitivities around many of the monetised estimates. With the inclusion of costs and benefits which are not currently quantified the net benefit could change.

Price Base Year 2009	Time Period Years 10	<b>Net Benefit Range (NPV)</b> £ <b>2.5M-3.6M</b>	<b>NET BENEFIT (NPV Best estimate)</b> £ <b>3.0M</b>
-------------------------	-------------------------	--	---

What is the geographic coverage of the policy/option?		England and Wales	
On what date will the policy be implemented?		1/7/09	
Which organisation(s) will enforce the policy?		RPA	
What is the total annual cost of enforcement for these organisations?		£ (65k-205k)	
Does enforcement comply with Hampton principles?		Yes	
Will implementation go beyond minimum EU requirements?		No	
What is the value of the proposed offsetting measure per year?		£ 0	
What is the value of changes in greenhouse gas emissions?		£ 0	
Will the proposal have a significant impact on competition?		No	
Annual cost (£-£) per organisation (excluding one-off)	Micro	Small	Medium      Large
Are any of these organisations exempt?	No	No	N/A      N/A

<b>Impact on Admin Burdens Baseline</b> (2005 Prices)			(Increase - Decrease)
Increase of	£ 12k	Decrease of	£ 2k
<b>Net Impact</b>			£ 10k Increase

Key: Annual costs and benefits: Constant Prices (Net) Present Value

## Evidence Base (for summary sheets)

[Use this space (with a recommended maximum of 30 pages) to set out the evidence, analysis and detailed narrative from which you have generated your policy options or proposal. Ensure that the information is organised in such a way as to explain clearly the summary information on the preceding pages of this form.]

### Background

Council Regulation (EC) No 1234/2007 established a common organisation of agricultural markets which includes specific rules as regards the fruit and vegetable sector, including marketing standards. Commission Regulation (EC) No 1580/2007 lays down the implementing rules in the fruit and vegetable sector, which again covers marketing standards.

EC Marketing Standards for fresh fruit and vegetables exist for a wide range of produce (although not all) i.e. there are currently 36 separate standards. Subject to certain exceptions, they apply to all stages of distribution (import, export, packing, distribution, wholesale, retail) although there are certain exceptions (see RPAI website for further details). Their objective is to keep products of unsatisfactory quality off the market, as well as ensuring that produce is accurately labelled; guiding production to meet consumer requirements and facilitating trade under fair conditions. However, over recent years retailers, in particular supermarkets, often have their own more exacting standards.

Often the full impact of the standards goes largely unseen by the consumer and their benefits are taken for granted, for example defects such as maggots in apples and lettuces full of grit are rarities these days due to the requirements of the standards and the way that they are enforced. In addition, they help determine whether produce is of the right maturity and ensure that produce is not marketed too early. In addition, consumers benefit from labelling requirements at the retail stage where labelling or shelf displays must give details of the nature of produce: quality class (Extra, Class I or II); country of origin and variety.

Commission Regulation (EC) No. 1221/2008 amends Commission Regulation (EC) No 1580/2007 laying down implementing rules of Council Regulations (EC) No. 2200/96, (EC) No 2201/96 and (EC) No 1182/2007 in the fruit and vegetable sector. The aim of the new regulation is to harmonise, consolidate, simplify and deregulate the EC marketing standards and their application for all fresh fruit and vegetables.

The key features of Commission Regulation (EC) No 1221/2008, which enters into force on 1 July 2009, are:

- There should be a strengthening of the role of risk assessment in selecting products for checks.
- A reduction from 36 to 10 Specific Marketing Standards (SMS) which are to be enforced as at present at all stages of the marketing chain (i.e. import, grower, wholesale, distribution and retail).
- A General Marketing Standard (GMS) is to be introduced that will apply to all fresh produce not covered by a Specific Marketing Standard (see Annex D of consultation document for a list of products).
- This will be legally binding on all traders in these products. Member States may opt to adjust the frequency of selective checks on low risk products based on risk assessment..
- The database of traders needs to be maintained (RPAI will update and extend to cover all products).
- Data on the conformity of all products is required to ensure conformity checks can be carried out with appropriate frequency based on risk.

## **ANNEX B PARTIAL IMPACT ASSESSMENT**

- Approved Inspection Services (AIS) for selected approved Third Countries to remain.
- Approved Trader Scheme (ATS) may be extended to allow traders to self certify consignments at import and export.
- Removal of requirement to notify and certify consignments for processing.
- Extension of regulatory powers to distance selling, such as internet.
- Option for derogation from the Specific Marketing Standards for products presented for retail sale to consumers for their personal use and labelled as intended for processing.

The fresh fruit and vegetable industry in the United Kingdom is worth around £1.5bn a year for home produced fruit and vegetables, along with £3.6bn of imports<sup>1</sup>.

### **Rationale for Government intervention**

This Regulation is directly applicable and Defra and the Welsh Assembly Government therefore need to implement it in England and Wales.

The aim of this revision was to harmonise, consolidate, simplify and deregulate the marketing standards and their application for all fresh fruit and vegetables. Whilst there is an element of deregulation the whole market is not deregulated as some 10 Specific Marketing Standards will remain as well as a new General Marketing Standard being introduced for all other products covered by the Regulation.

The main rationale for the change is that the current regulation imposes costs on businesses and government which may not be necessary to maintain the standards to protect consumers. In addition, the current regulations are considered to lead to excessive waste, where produce do not meet the standards – the new regulation will enable sellers to market such produce for 'processing at home'. The GMS will allow consumers of produce which do not have a Specific Marketing Standard to benefit from the labelling and quality requirements.

### **Consultation**

#### **Within Government**

Defra has consulted with the FSA, Local Authorities Co-ordinators of Regulatory Services, the Welsh Assembly Government, the Scottish Government and the Department for Agriculture and Rural Development in Northern Ireland.

#### **Public consultation**

An 8 week public consultation is being undertaken. The consultation will combine a written exercise with industry and consumer focused workshops. The responses to that consultation will be analysed and a summary of responses will be published on the Defra website at the following link within 12 weeks of the consultation closing date <http://www.defra.gov.uk/corporate/consult/foodfarming.htm>

### **Policy Options**

The two policy options are broadly similar, save for the allowance for Approved Trader Status in option 1.

**Option 1** - To implement the Regulation taking account of a derogation from the specific marketing standards for products presented for retail sale to consumers for their personal use and specifically labelled as intended for processing and extending the Approved Trader Scheme.

---

<sup>1</sup> Basic Horticultural Statistics, see <https://statistics.defra.gov.uk/esg/publications/bhs/2008/default.asp>

## **ANNEX B PARTIAL IMPACT ASSESSMENT**

There are a number of key impacts on traders from this option:

- The reduction to 10 SMS from the current 36 will reduce for the remaining 26 products the requirement to:
  - Grade products into classes.
  - To label, indicating packer/dispatcher ID, size, class, etc
- Reduction of the burden on the trade imposed by the current level of Marketing Standard legislation e.g. each Specific Marketing Standard had its own specific regulation. The 10 remaining SMSs have been brought into this one new regulation.
- General Marketing Standard for an extended product range, which, for example, will require produce to be labelled with country of origin
- Auditable risk based checking system for 10 SMS to be consistently applied across England and Wales.
- Removal of requirement to notify and certify consignments for processing (for 2007 this amounted to 106,000 tonnes of produce, with 2,250 certificates being issued).
- The reduction of SMS to 10 accounts for 50% of the UK trade in fresh fruit and vegetables and so this has a potential (subject to risk assessment) to reduce RPAI inspections.
- Approved Trader Status to remain, with a provision for this to be extended to more traders. This allows the concession to be extended to allow these traders to issue their own certificates of conformity where there is a regulatory requirement for such a certificate. The extent to which the ATS might be extended is, at this stage, unknown. The consultation is expected to help form a view on the benefits (and costs) to individual traders, as these are currently unclear and the appetite for extending ATS. The decision for Defra/RPAI on extending the ATS will be determined by these indications from the consultation.

There are also a number of benefits to consumers from this option:

- Products not previously checked for quality are now covered by the GMS.
- Rural Payment Agency Inspectorate (RPAI) staff will be able to advise, educate and inform the trade over a broader range of fresh products.
- Requirement for country of origin labelling on all products which allows the purchaser to make an informed choice.
- The introduction of a transparent generic simple minimum standard to protect the consumer.
- New opportunities for consumers to buy appropriately labelled and specifically marketed product at retail for home processing, i.e. making jam, pickles, juicing, etc.
- Possibility for a price reduction in some fruit and vegetables due to reduced industry costs.
- Extends consumer protection to internet sales.
- Existing benefits of marketing standards to remain for all products:
  - Removal of rotten produce,
  - Transparency of marketing standards,
  - Facilitation of trade.

**Option 2** - To implement the Regulation taking account of the derogation as mentioned in option 1 but not extending the Approved Trader Scheme .

This will mean that RPAI will not allow the concession for these traders to issue their own certificates of conformity where there is a regulatory requirement.

### **Sectors affected**

This applies to all stages in the fruit and vegetable chain (import, export, packing, distribution, wholesale, retail and consumption).

## **ANNEX B PARTIAL IMPACT ASSESSMENT**

### **Implications for Government**

There will be some initial costs to RPAI/Government from changes that will be needed to IT systems such as PEACH, for example to allow for the incorporation of the General Marketing Standard and for retraining. Whilst the deletion of 26 Specific Standards effectively relate to 50% of UK trade and could in theory mean a sizable reduction in the number of inspections i.e. by 12,500, inspectors will now have to apply the General Marketing Standard to a number of products and a wider trader base so the exact impact is not currently measurable.

### Costs and Benefits

The costs and benefits for option 1 and 2 will be similar, except for those costs and benefits relating to the Approved Trader Scheme which do not accrue for option 2. The main parties affected are the RPAI and industry, as well as consumers.

#### Monetised Costs

The main costs to the RPAI relate to the one-off costs of modifying the IT systems and retraining staff.

The one off cost of modifying the IT systems is expected to be in the range of £25,000 to £75,000 (based on similar sized projects).

The average RPAI inspector will require one day's training relating to the changes to marketing standards. The salary for an HEO/EO is equivalent to around £130 per day, including employment-related costs, such as pensions and National Insurance. There are 57 staff who are expected to require this training. The total one off cost of retraining is therefore expected to be around £7,000.

The main costs to firms are likely to relate to the additional need to register consignments with the RPAI which will be covered by the GMS but which are not currently covered by any SMS.

The cost of registering additional consignments with PEACH, with a duration of 2 minutes and a salary of approximately £6.86 (taken from the standard cost model's Horticultural Trades wage uprated to 2009 prices), plus 30% non-wage costs is around 30 pence per consignment. The RPAI expect a 25% increase on the 180,000 current registrations, equal to 45,000 additional registered consignments, costing businesses around £13,500.

#### Monetised Benefits

The major benefit to the RPAI is the ability to reduce the number of inspections, as the regulation allows for inspections to be more targeted. This should lead to cost savings (estimated at £65,000 to £205,000) as activities are reduced and staff numbers can decline slightly (by approximately two full-time-equivalents).

It is likely that activities relating to grading produce will largely continue, however, benefits to industry are likely to arise relating to the reduction in activities relating to regrading and relabelling produce where the RPAI would currently deem this necessary, but would no longer be necessary for those 26 products which will be moving from having their own specific standard to the general standard (for example where foreign bodies must be removed from produce). Again we can consider the duration of activities as follows: around 2 hours per tonne, multiplied by 13,500 tonnes (relating to the number of tonnes of produce for which action was required in 2007) and the employment cost of £8.91 per hour, giving total cost savings of £240,500.

Another benefit to importers of consignments for processing is the removal of the need to register these using PEACH. In 2007 there were 2,250 certificates issued for these consignments. Using the same methodology as above,  $£8.91 \times 2250 \times 7$  minutes (90% will take around 5 minutes, 10% around 25) = £2,500.

Another benefit that could arise is a reduction in the delays to consignments awaiting inspection decisions due to more targeted risk assessment. The reduction in delays is estimated at around 17,000 consignments, for around four hours each. The benefit to traders of this reduction

## ANNEX B PARTIAL IMPACT ASSESSMENT

depends on the value of consignments, the rate of deterioration (if any) and the time value of money. The high, medium and low benefit scenarios in this Impact Assessment consider a range of average container values of £10,000, £20,000 and £25,000, with real interest rates on business overdrafts (i.e. the rate charged, adjusted for inflation) of 2.5%, 4.5% and 6.5%<sup>2</sup>. For the middle impact scenario, the delays are to produce worth £20,000 x 17,000 (£340M), but only for a very small proportion of the year, around a sixth of a day. This is equivalent to a delay of one year on around £150,000 worth of produce (£340M divided by 365, divided by 6). At 4.5% interest, this would bring benefits to traders/sellers of around £7,000 per annum.

Table 1 shows the sum of the monetised costs and benefits.

Table 1

Cost/Benefit Description	One-off/Annual	Amount	Present Value
Modifying IT Systems	One-off	(£25k-75k)	(£25k-75k)
Retraining RPAI Staff	One-off	(£7k)	(£7k)
Registration of Additional Consignments in PEACH	Annual	(£13.5k)	(£111k)
Reduction in RPAI Staff numbers	Annual	£65k-£205k	£0.5M-1.7M
Reduction in Re-grading/Re-labelling Costs	Annual	£241k	£2M
Reduction in Registration of Consignments in PEACH	Annual	£2k	£19.5k
Reduction in Delays of Containers	Annual	£2.5-£11.5k	£19.5k-£97k
Total			£2.5M-3.6M

### Non-Monetised Costs

Consumers who are aware of the changes could believe that a reduction in the number of inspections by the RPAI might lead to a reduction in the expected quality of produce, imposing a cost. Furthermore, where customers are used to buying graded produce, and the grade of a product is no longer provided, the consumer may suffer.

There may also be a cost imposed on industry in developing their understanding of the new regime. This would be a one-off cost, e.g. the time spent due to having to read through the regulation.

### Non-Monetised Benefits

Consumers will benefit from higher quality produce where fruits/vegetables which were not covered by the former standards are covered by the new GMS.

The main benefit which is not monetisable is the impact of allowing a new market for fruit and vegetables to be sold for processing at home. The possible benefits include: a reduction in costs of production for standard quality produce, which could benefit producers and/or consumers; consumer benefits from additional choice, and; producer benefits from increasing revenues. There is a large range as to the estimated extent of these benefits. The key uncertainties are (i) the potential size of the market, and (ii) the value added by selling produce 'for processing at home', compared with the current alternative use. The greatest benefit would arise where firms are able to sell produce that would otherwise be discarded at a price only slightly below the price of standard quality produce. The worst case scenario would exist if shops decline to sell produce for processing at home.

<sup>2</sup> 4.5% is close to the average from January 1999 to November 2008

## ANNEX B PARTIAL IMPACT ASSESSMENT

For background, wasted fruit/vegetables are said to amount to up to 40% of the cultivated product<sup>3</sup>, but only a smaller proportion, about one eighth, is due to not meeting quality standards. These standards are a combination of those imposed by supermarkets, as well as the current marketing standards. As such, there is a risk that a reduction in marketing standards would not have any impact – if supermarkets demand that suppliers continue to grade/label fruit and vegetables as they do currently.

Additional non-monetisable benefits may arise due to reduced delays to containers awaiting inspection decisions, such as more efficient haulage.

The benefits of the Approved Trader Scheme (only relevant for option 1) relate to the cost savings associated with gaining Approved Trader Status, which may be realised by both industry and the RPAI. Traders may all face different (one-off or ongoing) costs in meeting the requirements of ATS, these difficult to estimate with any certainty. The decision for each firm to participate in the scheme or not will depend on whether or not they believe that the benefits will outweigh the costs, as such it is hard to tell what appetite traders have for gaining ATS. As only traders who expect to benefit overall from the scheme are likely to join, it is suggested that including the extension to ATS is likely to represent a positive net benefit, the scale of which is currently not clear. Over the consultation it is hoped that an improved awareness of the potential extent of the benefits of ATS can be gained.

### Impact on Administrative Burdens

Some of the costs calculated above relate to Administrative activities which must be calculated in 2005 prices. Table 2 shows the impact on Administrative Burdens in 2005 prices.

Table 2

Cost/Benefit Description	Annual Amount
Registration of Additional Consignments in PEACH	(£12k)
Reduction in Registration of Consignments in PEACH	£2k
Net Impact	(£10k)

### Conclusion

The monetised costs and benefits of both options show a positive Net Present Value of around two and a quarter million pounds. It is likely that the non-monetised costs and benefits also represent a positive value. Option 1 includes the derogation to allow traders to seek Approved Trader Status, so is likely to have benefits which equal or exceed the benefits of Option 2.

<sup>3</sup> [http://www.foodchaincentre.com/FoodChainFiles/NEW%20foodchainfiles/Cutting%20Costs%20-%20Adding%20Value%20in%20Fresh%20Produce/u\)%20Applying%20Lean%20Thinking%20to%20the%20Fresh%20Produce%20Industry.pdf](http://www.foodchaincentre.com/FoodChainFiles/NEW%20foodchainfiles/Cutting%20Costs%20-%20Adding%20Value%20in%20Fresh%20Produce/u)%20Applying%20Lean%20Thinking%20to%20the%20Fresh%20Produce%20Industry.pdf)

### **Specific Impact Tests**

#### **Competition Test**

The Regulation is unlikely to have a negative impact on competition in the fruit and vegetable industry as all areas of the industry will have to adhere to the same rules.

#### **Small Firms Impact Test**

The proposal will have no disproportionate effect on small and medium sized businesses as the vast majority of the businesses that will be impacted by the changes are SMEs.

#### **Legal Aid**

Our current domestic regulations, which define the offences and penalties to ensure we are able to enforce the EC marketing standards, need to be replaced to ensure we can fully enforce the new requirements. The new Regulations will provide some additional powers to enforcement officers and contain the offences and penalties relating to the revised marketing standards. We are currently in discussion with the Ministry of Justice and Home Office on this issue, which will include undertaking a legal aid impact test.

#### **Sustainable Development**

The Regulation will not have an effect on sustainable development.

#### **Carbon Impact Assessment**

The Regulation will have no effect on carbon emissions.

#### **Other Environmental Issues**

The Regulation has no additional impact in relation to other environmental issues.

#### **Health Impact Assessment**

The Regulation will not directly impact on health or well being and will not result in health inequalities.

#### **Race/Disability/Gender**

This Regulation will not have an impact on these groups.

#### **Human Rights**

The Regulation is consistent with the Human Rights Act 1998.

#### **Rural Proofing**

There are no identified impacts on rural communities.

### **Enforcement and sanctions**

The standards are directly applicable in all EU Member States. In England and Wales, the standards are implemented by:

Agriculture & Horticulture Act 1964

The Grading of Horticultural Produce (Amendment) Regulations 1973

The Grading of Horticultural Produce (Forms and Labels) Regulations 1982

The Grading of Horticultural Produce (Amendment) Regulations 1983

Horticulture Produce Act 1986

The standards are enforced in England and Wales by the Horticultural Marketing Inspection arm of the Rural Payments Agency Inspection (RPAI) service. Separate arrangements apply in Scotland and Northern Ireland.

## **ANNEX B PARTIAL IMPACT ASSESSMENT**

The RPAI has invested heavily in risk based assessment in both assessing frequency of inspections as well as in targeting those that need to be guided in changing behaviours. The Hampton and Macrory Reviews have been central to the risk based approach. However, failure to comply with the legislation may give rise to a criminal offence. The inspectorate endeavours to assist traders to comply with the law, although in some cases where traders blatantly or persistently fail to meet their obligations prosecution may be considered as a last resort.

We will be introducing a new set of domestic regulations using s.2(2) of the European Communities Act 1972.

### **Monitoring and review**

We intend to review implementation of the Regulation within 3 years of implementation, including any effects that it might have on competition on quality and standards.

## Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

**Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.**

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	Yes	No
Small Firms Impact Test	Yes	No
Legal Aid	Yes	No
Sustainable Development	Yes	No
Carbon Assessment	Yes	No
Other Environment	Yes	No
Health Impact Assessment	Yes	No
Race Equality	Yes	No
Disability Equality	Yes	No
Gender Equality	Yes	No
Human Rights	Yes	No
Rural Proofing	Yes	No