

**Explanatory Memorandum
to
The Beef and Pig Carcase Classification (Wales) Regulations 2011**

This Explanatory Memorandum has been prepared by the Rural Affairs Department and is laid before the National Assembly for Wales in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

Minister's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of **the Beef and Pig Carcase Classification (Wales) Regulations 2011**. I am satisfied that the benefits outweigh any costs.

Alun Davies AM – Deputy Minister for Agriculture, Food, Fisheries and European Programmes

21 July 2011

1. Description

This instrument

- Revokes and replaces the (i) Beef Carcase (Classification) Regulations 1991 (S I 1991 No. 2242) and (ii) Pig Carcase (Grading) Regulations 1994 (SI 1994 No. 2155 as amended) in relation to Wales; and
- enforces EU provisions on beef and pig carcase classification and associated price reporting where applicable as contained in EU legislation - Council Regulation (EC) No. 1234/2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products and Commission Regulation (EC) No. 1249/2008 laying down detailed rules on the implementation of the Community scales for the classification of beef, pig and sheep carcasses and the reporting of prices thereof.

2. Matters of special interest to the Constitutional and Legislative Affairs Committee

These Regulations do not amend any provision of an Act or Measure and the Welsh Ministers have determined that they are to be subject to the negative procedure.

3. Legislative background

These Regulations are made in exercise of powers contained in section 2(2) of the European Communities Act 1972. The Welsh Ministers were designated to exercise these powers, in relation to the EU Common Agricultural Policy, by virtue of the European Communities (Designation) (No. 5) Order 2010, SI 2010/2690. This instrument is made under the negative procedure.

4. Purpose & intended effect of the legislation

This instrument is being made using the powers under the European Communities Act 1972 and has been the subject of consultation with interested Stakeholders.

Section 80 of the Government of Wales Act 2006 places Welsh Ministers under a statutory duty to give effect to EU obligations where they have the powers to do so. Welsh Ministers must give effect to the relevant EU legislation. Welsh Ministers are required to create a statutory enforcement mechanism to give effect to Commission Regulation (EC) No. 1249/2008. In the rest of the UK this was achieved in 2010.

The Beef and Pig Carcase Classification (Wales) Regulations 2011 will:

- Revoke and replace the (i) Beef Carcase (Classification) Regulations 1991 (S I 1991 No. 2242) and (ii) Pig Carcase (Grading) Regulations 1994 (SI 1994 No. 2155 as amended) in relation to Wales; and
- Enforce EU provisions on beef and pig carcase classification and associated price reporting where applicable as contained in EU legislation - Council Regulation (EC) No. 1234/2007 establishing a common organisation of agricultural markets and on specific provisions

for certain agricultural products and Commission Regulation (EC) No. 1249/2008 laying down detailed rules on the implementation of the Community scales for the classification of beef, pig and sheep carcasses and the reporting of prices thereof.

5. Impact

This instrument applies in relation to Wales. Similar instruments have already been introduced in England, Scotland, and Northern Ireland. Introducing this Instrument will bring Wales up to date and in line with the rest of the UK and avoid any distortion issues.

The EU legislation lays down rules on the implementation of the community scales for the classification of beef, pig and sheep carcasses and the associated price reporting to the EU Commission. EU beef and pig classification and deadweight price reporting continue to be compulsory for Member States, though under the EU legislation carcass classification according to the Community scale remains optional for the sheep sector; it has therefore been decided that the instrument will not cover the sheep sector.

Most of the new EU implementing legislation does not represent any significant change from the previous EU Regulation, except in the way beef carcasses may be presented on the slaughter line (their 'dressing specification') for classification and pricing. Ongoing discussions over a long period have been held with interested stakeholders (including farmer organisations and the meat industry) to reach agreement on a new UK beef dressing specification, which was subsequently approved by the European Commission in mid 2008. Following this agreement, Defra and the Rural Payments Agency (RPA) met with stakeholders in July 2008 to discuss the implementation of the new UK beef dressing specification, the details of which were subsequently incorporated into Commission Regulation (EC) No. 1249/2008.

There is no impact on charities or voluntary bodies, or the industry at large. No significant impact on the public sector is anticipated.

6. Consultation

The draft Regulations were the subject of a five-week consultation (which ended on 05 May 2011) with stakeholders in the Welsh red meat industry. Four responses were received [Farmers' Union of Wales, Hybu Cig Cymru - Meat Promotion Wales (HCC), the National Beef Association (NBA) and NFU Cymru]. No objections were received although a few corrections to the SI were suggested which have been considered and incorporated.

Regulatory Impact Assessment

Part

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1.1 Title of the regulatory proposal

The Beef and Pig Carcase Classification (Wales) Regulations 2011

1.2. Purpose and intended effect of the regulations

1. 2.1 The European Commission has consolidated legislation governing agricultural commodity markets into a single common organisation of the markets (Single CMO) regulation. This incorporates three regulations setting rules on the classification of and price reporting on beef, sheep and pig carcasses. Most of the EU implementing regulation does not represent any significant change, except in the way beef carcasses may be presented for classification and pricing.

1. 2.2 Wales (and the rest of the UK) is required to introduce measures to enforce EU legislation which was directly applicable from 1 January 2009 The purpose of the regulation is to comply with this requirement. This instrument applies in relation to Wales.

1.2.3 This instrument is being made using the powers contained in section 2(2) European Communities Act 1972 .

1. 2.4 Section 80 of the Government of Wales Act 2006 places Welsh Ministers under a statutory duty to give effect to EU obligations where they have the powers to do so. Welsh Ministers must give effect to the relevant EU legislation. Welsh Ministers are required to create a statutory enforcement mechanism to give effect to Council Regulation (EC) No. 1234/2007 and Commission Regulation (EC) No. 566/2008. In the rest of the UK this was achieved in 2010.

1. 2.5 These Regulations will be made in exercise of powers contained in section 2(2) of the European Communities Act 1972. The National Assembly for Wales was designated to exercise these powers, in relation to food and the primary production of food, by virtue of the European Communities (Designation) (No 5) Order 2010, SI 20102690.

Policy objective

1.2.6 The policy objective is to implement the consolidated articles of the Single CMO on carcase classification and price reporting into domestic legislation across the UK. A secondary objective is to reduce the number of dressing specifications for beef carcasses used in the UK from 5 to 3 with the new UK specification recently approved by the Commission becoming the standard one used in GB. It is aimed at improving transparency in price reporting on cattle sold between farmers and the meat industry.

Options - Compliance with EU legislation

1.3.1 The EU legislation must be given effect by domestic legislation. There is no option to do otherwise and a failure to make a SI could lead to infraction action being taken by the European Commission which could involve significant financial penalty. After considerable discussion between stakeholders, industry as well as Government agreement was reached and the UK specification approved by the EU in 2008. There has been consultation in other parts of the UK on parallel regulations which were introduced in 2010.

1.3.2 EU regulations are directly applicable in Member States and non-compliance or under-implementation would be in breach of EU obligations. Failure to make these Regulations could lead to costly infraction proceedings by the Commission against the UK with Wales having to meet the considerable sum from allocated funds. It is considered that the regulations should be introduced as they will ensure that the Welsh Government can fulfil its obligations under the EU law. The compelling argument is therefore to introduce as required. . There are no implications in respect of equality and fairness.

1.3.3 The instrument will not have any impact on economic, social or environmental sustainability issues.

4. Consultation

1.4.1 This RIA formed part of a formal consultation which raised no objections. There is a duty to introduce these regulations. The impact on the industry is expected to be minimal partly due to the fact that the EU regulations have already been implemented in other parts of the UK and the industry throughout GB is already working to these rules. It is recommended that the regulations are introduced in Wales as per the proposed SI.