# Explanatory Memorandum to the Marketing of Fresh Horticultural Produce (Wales) Regulations 2009 ("the Regulations")).

This Explanatory Memorandum has been prepared by the Department for Rural Affairs and Heritage and is laid before the National Assembly for Wales in accordance with Standing Order 24.1.

# (i) **Description**

EU Marketing Standards for fresh fruit and vegetables impose both quality standards and labelling requirements and 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 be 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 Commission Regulation is directly applicable in the UK.

# (ii) Matters of special interest to the Subordinate Legislation Committee None.

#### (iii) Legislative Background

The Marketing standards are directly applicable in all EU Member States. In England and Wales, the standards are currently 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 above legislation will be revoked and/or disapplied and replaced by the Marketing of Fresh Horticultural Produce (Wales) Regulations 2009. The Welsh Ministers have legal powers to make these Regulations under section 2(2) and paragraph 1A of Schedule 2 of the European Communities Act 1972. The Welsh Ministers are designated for the purpose of s2(2) in relation to the Common Agricultural Policy (CAP). The EC CAP designation relied on is set out in SI 2005/2766 in favour of the National Assembly for Wales and the power to exercise that designation was transferred to the Welsh Ministers by paragraph 30 of Schedule 11 to the Government of Wales Act 2006. The Marketing of Fresh Horticultural Produce (Wales) Regulations 2009 follow the negative resolution procedure.

# (iv) Purpose and intended effect of the legislation

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 includes 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). 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 ("the Regulation") 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 Regulation is to harmonise, consolidate, simplify and deregulate the European Commission marketing standards and their application for all fresh fruit and vegetables. The Regulation has been driven by the Commission's reform of the sector in 2007, while also ensuring that produce traded is 'sound, fair and of marketable quality'.

The key features of the Regulation, which applies from 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.
- Approved Inspection Services (AIS) for selected approved Third Countries to remain.
- Approved Trader Scheme (ATS) will 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 (Basic Horticultural Statistics, see

https://statistics.defra.gov.uk/esg/publications/bhs/2008/default.asp).

# (v) Implementation

Our current domestic Regulations referred to at para (iii) provide for certain offences and penalties for breach of the EU marketing standards; these will be replaced by the 2009 Regulations to ensure we can fully enforce the new requirements. The 2009 Regulations also provide additional powers to authorised officers and contain the offences and penalties relating to the revised marketing standards.

The Regulation is directly applicable and Defra and the Welsh Ministers therefore need to enact domestic legislation in England and Wales respectively. 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 legislation imposes costs on businesses and government which may not be necessary to

maintain the standards to protect consumers. In addition, the current legislation is considered to lead to excessive waste, where produce does not meet the standards – the new EC 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.

This SI effectively consolidates those elements of the existing regulations which are still relevant, omitting any unnecessary elements and extending others to ensure that the offences and powers are fit for purpose. Some new offences and powers have been added in order to fully cover the requirements of the revised Marketing Standards and to strengthen the enforcement regime.

The new Regulations which apply in relation to Wales will:

- Carry over those existing powers, offences and penalties contained in current legislation which are used by the Rural Payments Agency Inspectorate.
- Designate the Welsh Ministers as the inspection body for Wales under Article 8(1)(b) of the Regulation
- Make provision for disclosure of information from the inspection body to other relevant bodies as required for the purposes of fulfilling Community marketing rules
- Makes provision for the Welsh Ministers to appoint authorised officers for the enforcement of the Regulations
- Make provision for exercise of the derogation in Article 3.3 of the Regulation in relation to the retail sale exemption to the Specific Marketing Standards for products sold to the consumer for their personal use and labelled as 'intended for processing'.
- Provides distinct definitions in relation to what is meant by 'community marketing rules', 'general marketing standards' and' specific marketing standards' which more fully reflect the produce which they now cover.
- Make it an offence to give an inaccurate or false description of information particulars required by the Community marketing rules for horticultural produce and non compliance with the requirements for invoices and distance contracts as contained in Article 4.
- Enhance the existing power to allow authorised officers to require production of documents so it includes electronic material.
- Update the penalty provisions to reflect Criminal Justice Act 1982.
- Remove sanction of imprisonment for obstruction.

The standards are currently 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. It is envisaged that after the Regulations are made, they will be enforced by RPAI as agents of the Welsh Ministers.

The Regulations will introduce legally binding regulatory requirements on new products and therefore upon new traders. There is a pertinent need and responsibility to advise these operators of the new requirements and their responsibilities. The technical inspectors within the RPAI can add value by fulfilling the initial and ongoing advice that is needed. Whilst the use of websites and explanatory leaflets is valuable in supporting this, the presence of inspectors in the pertinent sectors of the trade able to reference live produce will play a vital role.

# (vi) Regulatory Impact Assessment

Rural Payments Agency (RPA) has historically collated data on an England and Wales basis and as a result figures cited below are on an England and Wales basis.

Options (for achieving the policy objective – as set out in a) paragraph (iv) above The EC Regulation is directly applicable from 1 July 2009. The new 2009 Regulations enable the enforcement of the EC Regulation at domestic level in Wales. The policy options therefore consulted on to implement the Regulation were (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 extending the Approved Trader Scheme or (ii) taking account of the derogation as mentioned in option (i) but not extending the Approved Trader Scheme. As a result of the consultation Option 1 has been taken forward as this would provide the trade with the opportunity of utilising the additional derogations which are optional for Member States and therefore provide the possibility for industry to realise the full deregulatory benefits of the revised system.

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

Option 1 - To implement the Regulation taking account of 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.

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.
  - o 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 the 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 and can 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 consultation was expected to help form a view of the benefits (and costs) to individual traders as these were unclear and the appetite for extending ATS. Unfortunately, the consultation has not given any specific information on the likely costs and benefits of extending the ATS facility other than the fact it would be beneficial and there is a high level of interest in seeking approval.

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:
  - o Removal of rotten produce,
  - o 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 would 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).

#### <u>Implications for Government</u>

There will be some initial costs to RPAI/Government from changes that will be needed to IT systems such as PEACH and ICRAS, 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 in England and Wales i.e. by 12,500. However, inspections will still have to take place in Wales to cover the ten SMS still required under 1580/2007 as well as GMS inspections which will be undertaken simultaneously. 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.

#### b) **Benefits**

The costs and benefits for option 1 and 2 were 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 Benefits**

The major benefit to the RPAI is the ability to reduce the number of inspections, as the "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 at import points in England (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 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. These reductions will apply in Wales at wholesale points with fewer SMS standards applying in future.

A benefit to importers will be from reduced registrations on PEACH. Importers will not be required to make PEACH applications for products subject to the General Marketing Standard as proposed in our pre consultation IA. This means there will be a benefit in relation to the 26 products that will be moving from having their own specific standard to the general standard. In 2008/09 there were approximately 194,000 PEACH applications. Of these applications it has been estimated that approximately 83,000 were for HMI only regulated crops that will be covered by the GMS. Therefore there is an estimated reduction of 83,000 applications multiplied by the average agent fee of £15, giving a total cost saving of £1,245,000.

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 in England and Wales and this multiplied by the £15 agent cost per application would bring benefits of £33,750.

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 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%. For the middle impact scenario, the delays are to produce worth £20,000 x 17,000, but only for a very small proportion of the year. This is equivalent to a delay of one year on around £150,000 worth of produce. At 4.5% interest (this is close to the average from January 1999 to November 2008); this would bring benefits to industry of around £7,000 per annum.

#### Non-Monetised Benefits

Consumers will benefit from higher quality produce where fruit and 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.

For background, wasted fruit/vegetables are said to amount to up to 40% (http://www.foodchaincentre.com) of the cultivated product, 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 relate to the cost savings associated with gaining Approved Trader Status, which may be realised by both industry and the RPAI. Traders may face different (one-off or ongoing) costs in meeting the requirements of ATS; these are 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 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 joint, it is suggested that including the extension to the ATS is likely to represent a positive net benefit, the scale of which is currently not clear. Over the consultation period it was hoped that an improved awareness of the potential extent of the benefits of ATS could be gained. However, the consultation has not given any specific information of the likely costs and benefits of extending the ATS facility other than the fact it is considered to be beneficial and there is a high level of interest in seeking approval.

#### c) Costs

## **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). These costs will not directly affect Wales due to no active importers presently trading in Wales.

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 which includes two staff members based primarily in Wales.

#### Non-Monetised Costs

It is acknowledged that there will be some labelling changes required as a result of these policy changes and intend to mitigate this by allowing a period of transition to allow stocks of existing labels to be used up. Also labels are changed by packers on a regular basis to meet their customers changing demand, and so it is believed that any changes necessary can be made as part of these routine changes and thereby limit the cost to industry. These changes and have not been included in the monetised costs section as they are not expected to be significant.

Rather than requiring complete PEACH notification for GMS produce, which pre consultation was estimated at approximately £13,000, and based on figures supplied during the consultation would be more in the region of £675,000 (based on an extra 45,000 PEACH applications multiplied by £15 agent costs) it has been decided not to require GMS produce to be notified via PEACH. However, GMS produce may occasionally be inspected at import point if in-country risk assessment has shown that there is a perceived risk and trade once notified have not dealt with this risk sufficiently. In the event of this being necessary this could cause some delays to an importer and thereby increase costs. However, these inspections are likely to take place only after trade have been made aware of the issues and have not been able to rectify the problem and only until the risk has reduced sufficiently. For these reasons we are unable to quantify how much of a cost this could add to industry and it will obviously vary on an annual basis. There are no active importers presently trading in Wales.

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.

The Table below shows the sum of the monetised costs and benefits.

| Cost/Benefit Description        | One-off/Annual | Amount     | Net Present Value |
|---------------------------------|----------------|------------|-------------------|
| Modifying IT Systems            | One-off        | (£25k-75k) | (£25k-75k)        |
| Retraining RPAI Staff           | One-off        | (£7k)      | (£7k)             |
| Reduction in RPAI Staff numbers | Annual         | £65k-£205k | £0.5M-1.7M        |
| Reduction in Re-grading/Re-     |                |            |                   |
| labelling Costs                 | Annual         | £241k      | £2.0M             |
| Reduction in Registration of    |                |            |                   |
| Consignments in PEACH           | Annual         | £1.3M      | £10.6M            |
| Reduced delays                  | Annual         | £7         | £58k              |
| Net Present Value               |                |            | £13.2M-14.3M      |

#### Impact on Administrative Burdens

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

| Cost/Benefit Description                         | Annual<br>Amount |
|--------------------------------------------------|------------------|
| Registration of Additional Consignments in PEACH | (£0)             |
| Reduction in Registration of Consignments in     |                  |
| PEACH                                            | £1.1M            |
| Net Impact                                       | (£1.1M)          |

The monetised costs and benefits of both options show a positive Net Present Value of around 14 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.

As a result of the consultation Option 1 has been taken forward.

#### d) Competition Assessment

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. 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.

| The competition filter test                                                                                                               |                  |  |  |
|-------------------------------------------------------------------------------------------------------------------------------------------|------------------|--|--|
| Question                                                                                                                                  | Answer yes or no |  |  |
| Q1: In the market(s) affected by the new regulation, does any firm have more than 10% market share?                                       | No               |  |  |
| Q2: In the market(s) affected by the new regulation, does any firm have more than 20% market share?                                       | No               |  |  |
| Q3: In the market(s) affected by the new regulation, do the largest three firms together have at least 50% market share?                  | No               |  |  |
| <b>Q4</b> : Would the costs of the regulation affect some firms substantially more than others?                                           | No               |  |  |
| <b>Q5</b> : Is the regulation likely to affect the market structure, changing the number or size of firms?                                | No               |  |  |
| <b>Q6</b> : Would the regulation lead to higher set-up costs for new or potential suppliers that existing suppliers do not have to meet?  | No               |  |  |
| <b>Q7</b> : Would the regulation lead to higher ongoing costs for new or potential suppliers that existing suppliers do not have to meet? | No               |  |  |
| <b>Q8</b> : Is the sector characterised by rapid technological change?                                                                    | No               |  |  |
| <b>Q9</b> : Would the regulation restrict the ability of suppliers to choose the price, quality, range or location of their products?     | No               |  |  |

#### e) Consultation

As many of the key stakeholders are common and the RPAI will enforce in both Wales and England, an 8 week joint consultation was carried out with colleagues in Defra, with Defra taking the lead. The consultation was e-mailed directly to 142 organisations across the industry from growers, packers, wholesalers, importers and retailers, as well as trade associations and other Government Departments.

A written consultation was combined with 3 industry workshops, and also as part of the consultation Defra met with consumer representatives at one of their Consumer Engagement meetings and with the British Retail Consortium. The trade were also notified of the consultation via industry representatives, and article in GWLAD, the Fresh Produce Journal and an e-mail to all registered PEACH users.

6 written responses and a total of 40 organisations attended the 3 workshops. As well as key consumer groups and retailers being represented at the meetings referred to above. The key outcomes and points raised were:

- Widespread support for the aim of the revised EC Marketing Standards e.g. to simplify and deregulate;
- General support for the reduction from 36 to 10 Specific Marketing Standards, although a few suggested that they should be retained;
- General concern over the introduction of a General Marketing Standard e.g. having a definitive list of the products it covers and the fact it is seen as being a subjective standard;
- Very strong opposition to the proposal to require PEACH<sup>1</sup>
  notification for all products subject to the General Marketing
  Standard due to the increased cost and burden this would place on
  industry;
- Widespread support for the home processing derogation (derogation from the Specific Marketing Standards for products sold at retail to consumers for their personal use which are specifically labelled as such), although there was some concern over whether it would in fact lead to cheaper fruit and vegetables or a reduction in waste;
- Widespread support for extending the Approved Trader Scheme;
- Support for the existing risk based criteria to be maintained;
- Strong view that the current limit of 4 consignments per PEACH application should be raised as this would reduce costs for importers;
- There would be practical difficulties on an online shopping site to be definitive about the country of origin of a product e.g. different stores around the country would receive say for example apples from a variety of different countries; and
- Request for guidance in a number of areas like distance selling, home processing derogation, Approved Trader Scheme.

#### The Government has responded to this by:

- Not requiring import notification via PEACH of products subject to the General Marketing Standard. Instead as an alternative an incountry risk assessment will be built up via Inspectors' routine trader visits. We estimate this will result in substantial cost savings for industry (see Impact Assessment);
- Implementing the home processing derogation;
- Extending the Approved Trader Scheme; and
- Providing guidance to industry of areas of concern like distance selling, home processing derogation, Approved Trader Scheme, and a list of products subject to the General Marketing Standard.

A full summary of responses is available on the Welsh Assembly Government and Defra websites at the following links: <a href="http://wales.gov.uk/consultations/closedconsultations/environment/?lang=en">http://wales.gov.uk/consultations/closedconsultations/environment/?lang=en</a> and

http://www.defra.gov.uk/corporate/consult/foodfarming.htm

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## f) Post implementation review

A Service Level Agreement will be agreed with the RPA and this will include the provision of information for monitoring purposes. We intend to review this policy within three years of implementation.

# g) **Summary**

The Welsh Assembly Government and the RPAI will be making sure that advice and guidance is available to stakeholders which will be placed on the RPAI website and the Fresh Produce Consortium (main trade association) has agreed to notify industry of the availability of the guidance and where it can be accessed. This will not be 12 weeks prior to the 1st July implementation date as the consultation did not end until 24 April and the timetable for implementation did not allow for this period of time. However, the RPAI will be focusing their enforcement efforts from July to October on advising and educating industry to allow the new requirements to bed in and will in their day to day inspections be essentially training and advising the trade on what they need to do to comply with the Regulations.