

## **EXECUTIVE NOTE**

### **THE BEEF AND PIG CARCASE CLASSIFICATION (SCOTLAND) REGULATIONS 2010**

**SSI 2010/330**

#### **1. Introduction**

1.1 The above instrument was made in exercise of the powers conferred upon Scottish Ministers by section 2 (2) of the European Communities Act 1972. It is subject to negative resolution procedure.

#### **2. Purpose of the Instrument**

2.1 This instrument will:-

- Revoke and remake with amendments the provisions of The Pig Carcase (Grading) Regulations 1994 (SI 1994/2155), as amended, and The Beef Carcase (Classification) (Scotland) Regulations 2004 (SSI 2004/280), and
- Enforce new EU provisions on beef and pig carcase classification and associated price reporting where applicable contained in 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) 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.

#### **3. Legislative Context**

3.1 The European Commission has consolidated legislation governing agricultural commodity markets into a single common organisation of the markets under Council Regulation (EC) No.1234/2007 (the “Single CMO”). In the meat sector this now incorporates three earlier regulations setting rules on the classification of and price reporting on beef (EC Regulation 1186/90), pig (EC Regulation 3220/84) and sheep (EC 2137/92) carcasses. New Commission implementation legislation was adopted from 1 January 2009 combining detailed rules governing the three sectors into a single Regulation (Commission Regulation (EC) No. 1249/2008).

3.2 The new 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 carcase 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.

3.3 Given the consolidation of the EU law, we have taken this opportunity to update, simplify and consolidate the domestic regulations to give effect to the new structure of EU law. Previously, separate secondary legislation has been made relating to the classification of beef carcasses on the one hand and pig carcasses on the other. These have now been brought together in one SSI.

#### 4. **Policy Background**

4.1 The instrument enforces the new consolidated EU legislation concerning beef and pig carcase classification and price reporting. The EU implementing rules were agreed and published in December 2008 and came into force on 1 January 2009. Although most of the new EU legislation does not represent any significant change from the previous EU Regulations, except in the way beef carcasses may be presented on the slaughter line for classification and pricing (their ‘dressing specification’) the EU Regulation is detailed and highly technical. Implementation raised a number of issues concerning their domestic operation which required further consideration and on-going consultation with the Rural Payments Agency, DEFRA and in Scotland with the Scottish Government’s Meat and Livestock Inspectors (who have responsibility for the enforcement of the Regulations in Scotland) resulting in a delay in the implementation across the UK.

4.2 The change to dressing specifications was in response to a request from the UK to standardise dressing specifications used by the UK industry, following discussions with the industry over several years. Discussions were held with interested stakeholders (including the NFUS and the meat industry) to reach agreement on the new UK beef dressing specification, which was subsequently approved by the European Commission and incorporated into Commission Regulation (EC) No. 1249/2008. The industry were generally supportive of, and we understand have since been compliant with, the changes.

#### 5. **Consultation**

5.1 Stakeholders representing the market chain were consulted on these Regulations on 21 October 2009. A shortened consultation period of 6 weeks took place as the industry were largely aware of the content of the new EU legislation. There were 3 responses to the consultation, which were generally supportive.

5.2 The consultation document stated that offences would be punishable at level 5 on the standard scale. However, we have decided that the offence of misleading marks should attract a higher penalty, in order to maintain consistency with the other GB jurisdictions.

#### 6. **Business Regulatory Impact Assessment**

6.1 A Business Regulatory Impact Assessment has been produced for this instrument; this is attached.

7. **Monitoring and Review.**

7.1 The impact of the policy will be reviewed in the UK in 2012.

8. **Contact**

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**The Scottish Government Rural Directorate  
September 2010**

## **BUSINESS REGULATORY IMPACT ASSESSMENT**

### **1. Title of Proposed Regulations**

- The Beef and Pig Carcase Classification (Scotland) Regulations 2010

### **2. Purpose and Intended Effect**

#### **Objectives**

- To implement the consolidated articles of the Single CMO on carcase classification and price reporting into domestic legislation across the UK.
- To reduce the number of dressing specifications for beef carcasses in the UK from 5 to 3 with the 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.

#### **Background**

- The consolidation of a wide spectrum of agricultural commodity regulations into one Single Common Organisation of the Market Council Regulation (EC) (No.) 1234/2007 (the Single CMO Regulation) is now being completed through a series of Commission implementing regulations. The provisions of the Single CMO are directly applicable in all Member States and therefore require specific Statutory Instruments (SIs) across the UK to provide for domestic enforcement.
- Three Council Regulations governing the classification and price reporting of beef (Regulation 1186/90) sheep (Regulation 2137/92) and pig carcasses (Regulation 3220/84) across the EU have been consolidated into the Single CMO. New EU Commission legislation has also been adopted from 1 January 2009 incorporating the detailed rules governing the three sectors into a Single Regulation (Commission Regulation (EC) No.1249/2008).
- Beef and pig classification and deadweight price reporting continue to be compulsory for Member States but these requirements remain optional for sheep. A number of textual amendments will also need to be included in the new domestic legislation, The Beef and Pig and Carcase Classification (Scotland) Regulations 2009 which will revoke and replace:
  - The Beef Carcase (Classification) (Scotland) (Regulations 2004 (SSI 2004/280)
  - The Pig Carcase (Grading) Regulations 1994 (SI 1994/2155 as amended).

- The consolidation of the existing SIs covering Scotland into one represents a useful and timely simplification and updating of the domestic legislation. The changes are expected to be cost neutral to the industry. Defra, the Welsh Assembly Government and the Department for Agriculture and Rural Development in Northern Ireland are responsible for enforcing the EU Regulations in their respective jurisdiction and will be making similar domestic legislation.

### **Rationale for Government Intervention**

- Council Regulation (EC) No. 1234/2007 (as amended) and the EU Commission implementing rules (Commission Regulation (EC) No. 1249/2008) are directly applicable and therefore the UK must adopt appropriate domestic measures to enforce the provisions.

## **3. Consultation**

### **Within Government**

- Liaised closely with Defra, through a project board

### **Public consultation**

- Ongoing discussions over a long period have been held with interested stakeholders (including farmer organisations and the meat industry) to reach agreement on the new UK beef dressing specification. Following the approval by the European Commission in mid 2008, a meeting was held with stakeholders 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.
- Following this meeting, the Rural Payments Agency (RPA) issued a guidance booklet and posters, which were circulated to abattoirs, industry bodies and other stakeholders clearly showing the correct dressing specifications. In order to raise awareness further, the RPA issued a press release on the changes, which featured in several trade publications.
- Stakeholders representing the market chain were consulted on these Regulations. There were 3 responses to the consultation, two from the industry representative bodies most affected by these Regulations. Both expressed their support for the new rules, which they believe will improve transparency in price reporting on cattle sold between farmers and the meat industry.
- One local authority did, however, express concern over our proposal that the period for the retention of records be changed from 2 years to 6 months. They pointed out that investigations relating to where individual carcase or consignment of beef or pig meat came from or went to may well be required

after the 6 month period. In view of the concerns expressed, we have decided to stick with the original period of 2 years.

## **Business**

- The 2 main industry bodies, the National Farmers Union Scotland (NFUS) and the Scottish Association of Meat Wholesalers (SAMW), were consulted on these Regulations. They consulted with their members, which includes, in the case of SAMW, a number of small, medium and large abattoirs throughout Scotland. All expressed their support for the new rules, which they believe will improve transparency in price reporting on cattle sold between farmers and the meat industry.

## **4. Options**

- The EU legislation must be implemented by domestic legislation. The new beef carcass dressing specification was one of several considered since 2000 by the Scottish and UK Governments, the former Meat and Livestock Commission and industry. After considerable discussion between farmer organisations and meat industry, agreement finally was reached and the new UK specification was approved by the EU in 2008. Following consultation on the various derogations available to Member States under the new EU implementing legislation, all appropriate derogations are being adopted in Scotland to help industry.

## **Sectors and groups affected**

- Those in the EU involved in the production and slaughter of beef and pigs (i.e. farmers and slaughterhouses), and the UK enforcement authorities which are required to enforce the Regulations. Most of the implementing regulation does not represent any significant change, except in the way beef carcasses may be presented for classification and pricing which is in response to a request from the UK to standardise dressing specifications used by the UK industry.

## **Benefits**

These can be summarised as follows:

- The change in dressing specification should improve transparency in price reporting on cattle sold between farmers and the meat industry.
- Exemption of small-scale operators from record keeping unless they choose to adopt Community scale for carcass classification in the beef sector.

Although specific questions were included in the consultation document, stakeholders were unable to provide any quantifiable (financial) assessment in relation to these benefits.

## **Costs**

## **Costs to Industry**

- No tangible costs have been identified for farmers or livestock abattoirs.

## **Costs to Scottish Government**

- The Scottish Government's Meat and Livestock Inspectors will enforce the new Regulations in Scotland. We do not anticipate any increase in enforcement costs as a result of these regulations.

### **5. Small/Micro Firm Impact Test**

- It is proposed that the UK will apply certain derogations available to it in the EU implementing the EU implementing legislation. Under these proposals, small abattoirs will be exempt from compulsory scales and will not be required to keep records, unless they opt to implement the Community classification scale for beef.
- In the beef sector compulsory price reporting shall not apply to abattoirs that kill less than 20,000 cattle per year or send for slaughter up to 10,000 cattle per year, with the exception of those who are designated by Government to do so to make up the required national kill numbers for price reporting in the regulation.

## **Competition Assessment**

- There will be no adverse effects on competition from this measure. It should lead to increased transparency in carcase classification and hence in market price reporting. Although these would not be sufficiently tangible to enable them to be measured in money terms, they should improve the clarity and consistency of pertinent market information.

## **“Test Run” of Business Forms**

- There are no new forms being introduced as part of these regulations.

### **6. Legal Aid Impact Test**

- The proposal does not create new criminal sanctions or civil penalties.

### **7. Enforcement, Sanctions and Monitoring**

- The Scottish Government's Meat and livestock Inspectors will continue in their current enforcement role. The inspection and enforcement arrangements, however, will undergo some changes under the new regulation. These are related to the fact that although there is a derogation proposed for abattoirs

that slaughter not more than 75 adult bovine carcasses and not more than 200 pig carcasses per week, extra inspection visits are required under the new EU legislation. Where an abattoir slaughters less than this number the inspector would be frequently required to return on an additional day (or days).

- A person guilty of an offence under any provision of these regulations shall be liable on summary conviction to a fine not exceeding level 5 on the standard scale.

## 8. Implementation and delivery plan

See Annex.

### Post-implementation review

- These Regulations implement EU Council and Commission Regulations. The Scottish Government Rural Directorate will monitor the effectiveness of the domestic legislation. The impact of the policy will be reviewed in 2012.
- We have no option but to introduce these regulations. DEFRA, the Welsh Assembly Government and the Department of Agriculture and Rural Development are responsible for enforcing the EU Regulations in their respective jurisdiction and will be making similar domestic legislation.

## 9. Summary and Recommendation

<b>Option</b>	<b>Total benefit per annum: - economic, environmental, social</b>	<b>Total cost per annum: - economic, environmental, social - policy and administrative</b>
<b>1</b>	The EU legislation must be implemented by domestic legislation. All derogations available to Member States under the EU implementing legislation are being adopted in Scotland to help industry. Although stakeholders were unable to provide any	No tangible costs have been identified for either Farmers or Livestock abattoirs.  The Scottish Government's Meat and Livestock Inspectors will enforce the new Regulation in Scotland.



	<p>quantifiable (financial) assessment in relation to benefits, the change in the dressing specification will lead to increased transparency in price reporting. There are no environmental or social implications associated with this proposal.</p> <p>Recommendation: Agree measure to enforce the EU legislation.</p>	<p>Additional UK annual enforcement costs are estimated at £64,000</p>
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I have read the Business Regulatory Impact Assessment and am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs I am satisfied that business impact has been assessed with the support of businesses in Scotland.

Signed by the responsible Minister

----- Date:

**SCOTTISH GOVERNMENT**  
**September 2010**

## **IMPLEMENTATION AND DELIVERY PLAN**

### **Implementation**

The EU rules on the implementation of the Community scales for the classification of beef, pig carcasses and the reporting of prices thereof are directly applicable and came into effect from 1 January 2009. The Scottish Government has well established procedures to enforce these Regulations.

- The Scottish Government's Meat and Livestock Inspectors (MLIs) will enforce the new Regulations. Monitoring checks are included in the duties of the MLIs.

This work is led by the Rural Directorate – Food and Drink Division, who have responsibility for carcase classification in Scotland.