POLICY NOTE

THE PUBLIC INTERVENTION AND PRIVATE STORAGE AID (AMENDMENT AND SUSPENSION) (SCOTLAND) REGULATIONS 2023

SSI 2023/150

The above instrument was made in exercise of the powers conferred by sections 6(1) and 21 of the Agriculture (Retained EU Law and Data) (Scotland) Act 2020 ("the ARELDS Act"). The instrument is subject to *negative procedure.*

This instrument amends retained EU legislation in order that rules around *intervention purchasing* are suspended and rules around *private storage aid* are brought into line with the rest of the UK. The schemes were two of the main market intervention mechanisms under the Common Agricultural Policy for supporting prices during periods of market volatility.

Policy Objectives

Two of the main market intervention mechanisms under the Common Agricultural Policy for supporting prices during periods of market volatility were public intervention (PI) and private storage aid (PSA) but usage has declined since the 1990s.

Intervention would be through the purchase of product by public authorities and its removal from the market (intervention purchasing) or by paying private companies to store product rather than placing it immediately on the market (private storage aid). Both policies relate to the removal of products from the market, including when prices fall below certain thresholds.

The Single CMO Regulation (Regulation (EU) No 1308/2013 of the European Parliament and of the Council of 17 December 2013 establishing a common organisation of the markets in agricultural products) requires PI to be available for certain products at certain times of year. PI schemes are widely considered not to be an efficient form of market support and also have high associated costs. The schemes are rarely used largely due to the fact that the specification is rarely met and/or market price rarely falls below the PI price. There has been limited activity in most sectors over the past 20 years and activity has mainly been in PSA.

In England, the Market Measures Payment Schemes (Amendments, Revocation and Transitional Provision) (England) Regulations 2023 came into force on 28 February 2023. Those Regulations amend retained direct EU legislation in order to remove the framework related to public intervention (otherwise than in connection with exceptional market conditions) and to tailor the framework relating to private storage aid to domestic requirements.

This instrument makes equivalent changes to the market intervention measures, with the exception that instead of removing PI, this instrument provides that PI will cease to have effect in Scotland for a period of 5 years.

This instrument will retain the framework for PSA with some minor changes, and preserve the framework for PI only for circumstances where Scottish Ministers have to take measures to address *threats of market disturbance*. PI for the specified commodities will no longer operate for a period of five years from 01 July 2023.

For Scotland, powers were taken in the ARELDS Act to allow the provisions for the schemes to cease to apply for a period – this instrument will temporarily dis-apply the PI provisions for a period of five years, pending a longer term decision on the future of PI and PSA schemes and on EU alignment. Scottish Ministers could in the meantime choose to make it available in the event of a threat of market disturbance.

If Scotland chose not to mirror the rest of the UK to the extent that Scotland temporarily ceases PI provisions, it would run the risk of supporting the whole of the UK market and for PSA, potentially leave Scottish applicants at a disadvantage.

Most of the retained EU provisions relating to PSA will remain in place, with minor amendments:

- there will no longer be interim checks on products being stored for the purposes of PSA, streamlining inspection requirements, but there will be a corresponding increase to the minimum percentage of product checked at the opening and closing of a scheme from 5% to 10% (inspections at intake and at the end of the storage period provide sufficient checks to confirm scheme adherence)
- cheeses with PDO/PGI status will no longer be treated in a different way from those without such status
- securities will no longer need to be provided - security was in place to ensure the applicant placed the contracted quantity into store as an indication of their genuine intent to use the scheme but since the scheme payment is not made until the end of the storage period, and the intake inspection ensures the product goes into store, the payment of a security is deemed unnecessary
- tenders for PSA schemes will now be set in pounds sterling.

Consultation

Whilst there is no statutory consultation requirement, officials carried out light touch stakeholder engagement. The National Farmers Union of Scotland (NFUS) and the Scottish Agricultural Organisation Scoiety (SAOS) were informed of the proposed amendments and policy objectives.

SAOS agreed with the proposals and that there was no longer a need for PI. NFUS recognise that there needs to be some form of framework for market support for sectors in a crisis and cautioned that the proposed changes may not offer the same stability or confidence for sectors. However they also stated that the forthcoming Agriculture Bill would offer the adequate provision of such powers for Scottish Ministers to intervene where necessary.

Impact Assessments

Impact assessments were not carried out as the SSI is for a temporary period and and will continue to afford protection through powers to address threats of market disturbance and continuing to allow for PSA schemes to be created.

Financial Effects

The Cabinet Secretary for Rural Affairs, Land Reform and Islands confirms that no BRIA is necessary as the instrument has no financial effects on the Scottish Government, local government or on business.

Scottish Government
Agriculture & Rural Economy Directorate

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