

Title: The Official Controls (Miscellaneous Amendments) Regulations 2024 IA No: N/A RPC Reference No: RPC-DEFRA-5337(1) Lead department or agency: DEFRA Other departments or agencies: N/A	Impact Assessment (IA)
	Date: 29/05/2024
	Stage: Final
	Source of intervention: Domestic
	Type of measure: Secondary Legislation
Contact for enquiries: anna.molyneux@defra.gov.uk,	
Summary: Intervention and Options	RPC Opinion: GREEN

Cost of Preferred (or more likely) Option (in 2019 prices)

Total Net Present Social Value	Business Net Present Value	Net cost to business per year	Business Impact Target Status
£8,280m	£5,940m	-£690m	-£3,450m Qualifying provision

What is the problem under consideration? Why is government action or intervention necessary?

Please note: This impact assessment (IA) is the first in a series of IAs for the Border Target Operating Model (BTOM) focusing on the changes coming into force in April 2024. As such, the analysis in this and future IAs should not be considered in isolation. Nor should this analysis be compared with the analysis outlined in the BTOM publication because there are variations in scope of the analysis and counterfactuals for accounting purposes.

To protect our biosecurity and public health, meet our World Trade Organization obligations and fulfil our role as Central Competent Authority, we need to move to a global, risk-based approach for sanitary and phytosanitary (SPS) controls on imports across our trading partners. This means continuing the phased introduction of SPS controls on imports from the EU and reforming the current SPS control regime for imports from non-EU countries to target activity at higher risk consignments while simplifying processes where it is safe to do so, in order to facilitate trade. The SPS model as set out in the BTOM delivers a risk based, proportionate and efficient regime.

What are the policy objectives of the action or intervention and the intended effects?

Legislation to enable the implementation of the most efficient model for SPS controls, which balances the UK's trade and biosecurity interests, whilst being dynamic to respond to emerging biosecurity and public health risks. The BTOM sets out the policy objectives in full ([Final Border Target Operating Model.pdf \(publishing.service.gov.uk\)](#))

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base, can be found on Page 14)

- A 'baseline' option (As Is): this represents the current transitional period between SPS regimes where controls are applied to non-EU imports and very limited controls are applied to EU goods. This is a time-limited scenario that is non-viable and reverts to the counterfactual option with no further legislative changes.
- Counterfactual option (OCR): this represents the position if no further legislation was introduced. The time-limited transitional legislation would expire and the aspects of SPS controls that this legislation seeks to change would revert to the Official Controls Regulations (OCR). **Whilst this is not a viable option from a policy, delivery or business and consumer impact point of view, it nonetheless represents a scenario with no further legislation.**
- Previous policy option (July 2022): the import control regime which was previously proposed for July 2022. This would not deliver a sufficiently targeted, risk-based model for our needs and would constitute an expensive regime for traders, including higher burdens for certification and check rates when compared to the Border Target Operating Model (BTOM) option.
- Preferred option (BTOM): The SPS import control regime as published in the BTOM delivers a global risk-based model of SPS border controls for GB.

Will the policy be reviewed? It will not be reviewed. **If applicable, set review date:** Month/Year

Is this measure likely to impact on international trade and investment?		Yes		
Are any of these organisations in scope?	Micro Yes	Small Yes	Medium Yes	Large Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded:		Non-traded:

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](#): Robbie Douglas-
Miller Date: 03/06/2024

Summary: Analysis & Evidence

Policy Option 4

Description: The import control regime for Sanitary & Phytosanitary (SPS) goods as published in the BTOM.

FULL ECONOMIC ASSESSMENT

Price Base Year 2019	PV Base Year 2020	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 4,280	High: 12,280	Best Estimate: 8,280

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low			
High			
Best Estimate			

Description and scale of key monetised costs by 'main affected groups'

No additional estimated cost to businesses compared to the counterfactual OCR scenario except familiarisation costs. (See Section 5 for a full comparison of the costs to business compared to the baseline and July 2022 scenarios).

Other key non-monetised costs by 'main affected groups'

n/a

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	0	495	4,280
High	0	1,425	12,280
Best Estimate	0	960	8,280

Description and scale of key monetised benefits by 'main affected groups'

The BTOM SPS modelling assesses the relative costs for traders of the different SPS control regimes (options). The main benefits are the relative cost efficiencies for traders of SPS goods under the BTOM SPS regime relative to the counterfactual OCR scenario. See Section 5 for a full comparison of the costs to business compared to the baseline and July 2022 scenarios.

Other key non-monetised benefits by 'main affected groups'

The BTOM will deliver a global model and a more agile and adaptable approach to the protection of the UK's domestic food safety, animal and plant health, and welfare. It will result in improved biosecurity for GB, reducing the risk of disease outbreaks and public health risks. This reduces the risk of HMG spending resources to tackle future biosecurity and public health emergencies.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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Assumptions: Volume of products of animal origin (POAO) and plant and plant products (P&PP) goods imported to the UK from the EU, check rates and costs of border processes.

Sensitivities: Estimates were calculated as ranges to reflect uncertainty in the assumptions and 20% uplift was applied to P&PP data to capture any uncertainty.

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:	Score for Business Impact Target (qualifying provisions only) £m:

Costs: 0	Benefits: 690	Net: -690	-3,450
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Evidence Base

Section 1: Introduction

1. Defra is the Central Competent Authority (CCA) with responsibility for policy, regulation and assurance of animal and plant health and animal welfare¹. A key aspect of this is having an evidence-based approach to official controls on Sanitary and Phytosanitary (SPS) goods (such as live animals, germinal products, animal products, plants and plant products and high-risk food and feed of non-animal origin) to minimize the risk of disease incursion. All countries implement controls on SPS goods as a fundamental part of their regulatory systems. Without controls we not only risk animal and plant health, but also our reputation as a global trading nation.
2. The Official Controls Regulations² (OCR) represented the default legislation for official controls on SPS goods when the UK left the EU. Since leaving the EU the UK has operated a Transitional Staging Period (TSP) that limits the OCR legislation to controls on non-EU imports and limited controls on EU imports. The TSP is designed to provide a time-limited window in which to prepare to implement a new SPS regime. Some elements of the default OCR legislation have been updated to reflect BTOM implementation and this IA covers the next step in moving away from those default controls.
3. The as-is situation under the TSP is not a viable long-term solution as it risks Defra's ability to perform its duties as CCA, presents unacceptable risks to UK biosecurity and could impact on our international obligations such as to the World Trade Organisation (WTO).
4. Controls had therefore been planned to be phased in from July 2022 with industry starting to prepare for these controls and build the necessary infrastructure. However, the UK Government decided in April 2022 to not introduce these SPS controls as they were still considered to be overburdensome, and instead committed to developing a Border Target Operating Model (BTOM) which would be published later.
5. The Final Border Target Operating Model was published in August 2023³ following a period of stakeholder engagement. This BTOM sets out a new global model that will be introduced in stages. The model applies risk based import controls on SPS goods, with controls appropriately weighted against the risks posed both by the commodity and the country of origin.
6. A series of Statutory Instruments (SIs) will be laid to implement the BTOM ahead of the published milestones. The first major milestone of the BTOM was implemented from 31 January 2024, where secondary legislation (The Official Controls (Extension of Transitional Periods) (Miscellaneous Amendments) Regulations 2024⁴) introduced health certification on imports of medium risk animal products, plants, plant products and high-risk food and feed of non-animal origin from the EU; and removed pre-notification requirements for low-risk plant and plant products from the EU. it was determined that an IA was not necessary for this SI as it did not involve the implementation of new policy, it made amendments that reflected the impact of EU Exit due to elements of the transitional arrangements in place for EU goods being amended, or falling away, thereby removing exemptions for some EU goods.

¹ <https://assets.publishing.service.gov.uk/media/5fe218e28fa8f56af0ac66ca/agri-food-chain-assurance-narrative.pdf>

² <https://www.legislation.gov.uk/uksi/2020/1481/contents/made>

³ https://assets.publishing.service.gov.uk/media/64f6e2629ee0f2000db7be8e/Final_Border_Target_Operating_Model.pdf

⁴ <https://www.legislation.gov.uk/uksi/2024/20/contents/made>

7. Whilst 5 SIs⁵ are planned to implement the April milestone, this IA refers to the changes implemented under The Official Controls (Miscellaneous Amendments) Regulations 2024 which will come into force on 30 April 2024 and will implement the following:
 - The majority of BTOM SPS policies for commercial goods, such as removing checks on certain low-risk goods from non-EU countries, the re-categorisation of some regulated plants and plant products according to their risk and introducing checks on certain medium risk POAO goods⁶ from the EU; and
 - Operational requirements which will support BTOM delivery.
8. This aligns with the agreed delivery milestone as published in the BTOM⁷
 - 30 April 2024 - The introduction of documentary and risk-based identity and physical checks on medium risk animal products and high-risk food and feed of non-animal origin from the EU. This excludes EU fruit and vegetables (except potatoes) as current exemptions will continue to apply (and will be dealt under a different SI). Existing inspections of high-risk plants/plant products from the EU will move from destination to Border Control Posts. We will also begin to simplify imports from non-EU countries, which will include the removal of health certification and routine checks on certain low-risk animal products, plants, plant products.
9. Other measures coming into force in April 2024 which are not included in this SI are being legislated for separately and do not require an Impact Assessment as the policies implemented are either a) covered by Better Regulation Framework exemptions as they implement changes to fees or charges; or b) covered by the guidance from the Better Regulation Executive that any measures that are a result of EU Exit, by treating the EU as any other third country, do not require a full IA or De Minimis Assessment (DMA) as they are not introducing a substantive policy change. This SI is required to implement the second milestone of the published BTOM, which is the preferred option. The counterfactual OCR scenario is the option that reflects no further legislation.

Section 2: BTOM legislation and Impact Assessment Approach

10. The measures in this SI, The Official Controls (Miscellaneous Amendments) Regulations 2024, have been reviewed individually and consideration has been made as to which measures are classified as a regulatory provision as per the guidance set out in the Better Regulation Framework and require an assessment of impacts⁸. This IA provides a detailed overview of the costs and impacts on business expected for the measures which are in scope.
11. The evidence presented in this impact assessment shows estimates of the costs and benefits of implementing the SPS regime as set out in the BTOM specifically in relation to the legislative changes made by The Official Controls (Miscellaneous Amendments) Regulations 2024 in April 2024. We have outlined the benefits of the BTOM SPS regime as a whole as well as, where possible, the benefits connected to the legislative changes themselves. We have also outlined the non-monetisable costs of significant public, plant, and animal health risks associated with the importation of goods without sufficient border controls in place (please see Section 6).
12. As outlined above, further SIs will be required to implement the BTOM in full. The impacts of the legislative changes will be assessed in line with the Better Regulation Framework and published

⁵ (The Plant Health (Fees) (England) and Official Controls (Frequency of Checks) (Amendment) Regulations 2024 and The Official Controls (Fees and Charges) (Amendment) Regulations 2024)

⁶ Checks on medium risk P&PP goods are being introduced by The Plant Health (Fees) (England) and Official Controls (Frequency of Checks) (Amendment) Regulations 2024 (TBC)

⁷ Page 13 – [2023 Border Target Operating Model](#)

⁸ Better Regulation Framework pg. 6

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/872342/better-regulation-guidance.pdf

accordingly as these SIs are laid. Plans for the policy implementation review will be set out at a later stage across the complete suite of legislation (reflecting the BTOM as a whole).

Section 3: Policy rationale, objectives, and options

Problem under consideration and rationale for intervention

13. Official controls are one important part of a robust import system to ensure our food is safe and that we are protected from animal and plant diseases. Since the UK left the EU we have operated under a Transitional Staging Period (TSP). This TSP suspended the Official Controls Regulation from applying to all EU goods from Exit Day to allow time for infrastructure, and a new SPS regime to be developed. During this time, official controls on EU goods and other relevant countries would be implemented on a risk-basis. In April 2022, the UK Government decided not to introduce a new SPS regime which would have applied controls to EU to GB imports of animal products, plants, plant products, and high-risk food (and feed) of non-animal origin. These controls had previously been planned to be phased in from July 2022. This decision was taken to ensure a proportionate regime was put in place, which balanced security and biosecurity with trade facilitation, whilst acknowledging the increased risk of biosecurity threats to GB from EU goods whilst controls on EU goods were not in place. Therefore, the UK and Devolved Governments, in collaboration with traders and the border industry, have developed a new Border Target Operating Model (BTOM) in order to meet our World Trade Organization obligations.

Options

14. The options considered for the BTOM SPS model are as follows:

Option	SPS Control Scenarios
Baseline - 'As is'	<p>This represents GB's import control regime as it operates at present. The current model has different levels of controls and checks on imports from the EU and imports from non-EU goods - with only a partial implementation of official controls on SPS goods from the EU. For example, only the highest risk products of animal origin (POAO), live animals, and plants and plant products (P&PP) from the EU undergo physical inspections, meaning the vast majority of EU products enter our borders without any checks or certification. This is not a long-term solution to meet UK biosecurity needs. Official controls are required to provide data on regulated goods and assurance through certification and enable the targeting of more intensive risk-based checks.</p> <p>This option is a transitional arrangement which continued following the decision to pause the proposed July 2022 border regime. However, it is not effective as a long-term solution to managing biosecurity risks from EU imports and meeting our World Trade Organisation (WTO) obligations to give trading partners a level playing field. As a global trading nation, the UK is exposed to biosecurity risks (disease outbreaks in animals or plants), and border controls are a key tool to manage them. Section 6 provides further details of the biosecurity benefits of the BTOM as a whole. This option is included to compare how business impacts under the BTOM compare to what businesses currently experience, however time-limited that current experience actually is.</p>
Counterfactual OCR	<p>The OCR scenario represents the position if no further legislation was introduced. The time-limited transitional legislation would expire and controls as per the Official Controls Regulations (OCR) would apply. <u>Whilst this is not a viable option from a policy, delivery or business and consumer impact point of view, it nonetheless represents a scenario with no further legislation.</u> The reasons that this scenario is non-viable are:</p>

	<ul style="list-style-type: none"> • Controls as per the OCR regulations would mirror the current non-EU regime, where currently around 25% of consignments undergo a physical or ID check. This would result in large costs to traders (see Tables 5 and 6 below) and subsequently consumers. • Such controls would also require much larger investment in infrastructure and resourcing to facilitate checks and would risk disruption at the border. • In policy terms, controls as per the OCR legislation would offer no biosecurity benefit as compared to the preferred BTOM option, given that the BTOM implements an evidence-based set of controls based on country and commodity that specifically assess risks to UK biosecurity.
Previous policy option - July 2022	<p>The ‘July 2022’ option represents full implementation of the controls which were planned to be phased in from July 2022 as set out in the previous Border Operating Model. Whilst this regime was not implemented, it was ready to be legislated for with industry preparing for these controls and building infrastructure, and could therefore be implemented relatively quickly.</p> <p>In April 2022, the UK Government decided not to introduce further SPS controls on imports into GB from the EU that were planned for July 2022 onwards. This was because although the July 2022 regime represented a reduction in controls as compared to the counterfactual OCR legislation, it was still considered to be overburdensome. Instead, the UK Government announced that it would review how to implement these remaining controls in an improved way.</p> <p>This option would have introduced higher burdens for certification and check rates resulting in higher costs to businesses when compared to the Border Target Operating Model option (see Tables 5 and 6 below).</p>
Preferred option - BTOM	<p>This scenario entails the full application of the BTOM SPS model, applying a proportionate, risk-based approach to SPS imports from all assessed countries into GB, balancing biosecurity, and trade facilitations. Details on the BTOM were published in August 2023⁹.</p> <p><i>This is the preferred option.</i></p>

Policy objective

15. The proposed package of legislative measures enables the implementation of the majority of the second phase of the BTOM, which will introduce a new global risk-based import regime for both EU and non-EU goods.
16. The new regime will also continue to uphold and deliver on the objectives of the World Customs Organisation’s SAFE framework¹⁰, whilst balancing the needs of national security with the burden placed on traders.

Preferred option

17. The BTOM is being implemented through a phased approach, enabled by a series of legislative changes ahead of the published milestones. The analysis below assesses the impacts of the model for the changes in April 2024. Further assessment of the impacts of subsequent secondary legislation will be produced at later stage.

Section 4: Summary description of measures in The Official Controls (Miscellaneous Amendments) Regulations 2024

⁹ https://assets.publishing.service.gov.uk/media/64f6e2629ee0f2000db7be8e/Final_Border_Target_Operating_Model.pdf

¹⁰ https://www.wcoomd.org/en/topics/facilitation/instrument-and-tools/frameworks-of-standards/safe_package.aspx

18. This SI introduces the following key measures:
- Risk based checks will start taking place at the border on certain medium risk EU SPS goods¹¹ except on EU and non-qualifying goods arriving into GB from the island of Ireland.
 - Documentary checks can happen remotely (for POAO; P&PP checks can already occur remotely) in advance of the goods' arrival.
 - All goods to which import controls apply will be required to enter via a point of entry that has a relevant Border Control Post (BCP), or in the case of plant products a Control Point (CP) designated for those goods except for live animals, where they can enter through any point of entry specified.
 - Health certificates and routine checks at the border will no longer be required for low-risk animal products for import from non-EU countries. There may however be intelligence-led interventions on low-risk animal products. These would take place at the BCP within the vicinity of the entry point.
 - The global risk-based model will apply to goods imported from non-EU countries. Controls will be reduced and/or removed from low-risk products. Requirements for import controls on certain low risk plants and plant products from non-EU countries will start to be removed, where supported by risk assessments. Health certificates and routine checks at the border will not be required for such products.
 - Medium risk animal products will be subject to reduced levels of intervention at the border with most identity and physical check levels being lower than now for non-EU imports.
19. Whilst this SI implements many policies to deliver the BTOM from 30 April 2024, the combined impact of the following measures has met the threshold for an Impact Assessment:
- Re-categorisation of certain regulated plants and plant products according to risk.
 - Introduction of the new risk categorisation model for animals and animal products from EU and non-EU countries) and introduces risk based¹² SPS controls on consignments from the EU transiting the landbridge of GB for animals and animal products.
 - Documentary checks to take place remotely (both away from the commodity, and away from the BCP) in advance of the goods' arrival.

Categorisation of certain regulated plants and plant products according to risk (Plant Health)

20. The requirements for import controls on certain low risk plants and plant products from non-EU countries will be removed. Phytosanitary certificates and routine checks at the border will not be required for such products.
21. On the basis of technical assessments, it has been concluded that certain plants and plant products should be re-categorised according to the risk they pose to GB biosecurity. The UK Plant Health Risk Register¹³ and published scientific data (including EPPO¹⁴ and CABI¹⁵ databases) was utilised for this assessment, to establish which pests could be associated with the commodities, in addition to interception and trade volume data for both GB and the EU to establish what had been found associated with these commodities in trade.

¹¹ Checks on medium risk P&PP goods are being introduced by The Plant Health (Fees) (England) and Official Controls (Frequency of Checks) (Amendment) Regulations 2024 (TBC)

¹² Risk based check refer to the amendment of inspection rates of SPS imports according to the level of risk they are deemed to pose. These are outlined in the plant health portal: <https://planthealthportal.defra.gov.uk/assets/uploads/Method-002.pdf>. These risk-based checks are in line with WTO/SPS principles and consistent with our obligations under the EU Withdrawal Act.

¹³ [UK Plant Health Risk Register \(defra.gov.uk\)](https://www.defra.gov.uk/plant-health/risk-register/)

¹⁴ [EPPO Global Database](https://www.epppo.org/)

¹⁵ [Horizon Scanning Tool - invasive species decision support tool premium version | CABI](https://www.cabi.org/isc/)

22. Consequently, the regulatory status of some goods will be updated. This change will remove import controls on certain goods where they are judged to be not proportionate to the risk, increasing the number of commodities which do not require a phytosanitary certificate (PC), and are not subject to any import checks. Other commodities will be subject to reduced or enhanced import checks. This dynamic risk based approach that ensures controls are proportionate to the risks posed supports the objectives of the BTOM:
- These measures ensure that import controls are appropriately targeted, by assessing risks from all origins and ensuring that goods are subject to the most relevant and up to date category as regards their regulation. The risk model is dynamic, and the risk categorisation will change. Some medium risk goods (e.g., spinach), or goods from a certain region, will be subject to a higher level of checks on import into GB.
 - low-risk goods (e.g., plums, cherries from certain regions) will be subject to a lower level of checks on import into GB, though still require a phytosanitary certificate.
 - goods of negligible risk to GB (e.g., fresh coffee berries, papaya) do not require phytosanitary certificates to enter GB and do not require phytosanitary inspection.
23. Where there is an identifiable risk, PC requirements and import checks will not be removed. Horizon scanning for new threats associated with deregulated products will continue and any new threats will be subject to the risk assessment process. Any new threats associated with these commodities that are considered to pose a significant risk will result in PC requirements being reintroduced and/or import checks being increased.
24. To note, the re-categorisation of fruit and vegetables is a small element of this SI, affecting a small number of non-EU goods whilst all medium risk fruit and vegetables from the EU, Switzerland and Liechtenstein will not be subject to import checks from 30 April 2024. This easement is set out in The Plant Health (Fees) (England) and Official Controls (Frequency of Checks) (Amendment) Regulations 2024. As a result, the analysis excludes impacts from the re-categorisation of goods from the analysis.

Allows all documentary checks to take place remotely (both away from the commodity, and away from the BCP (note, this is already the case for P&PP)) in advance of the goods' arrival (Animal Health).

25. All importers must complete prior notification (commonly referred to as pre-notification) of their consignment's arrival to competent authorities at Border Control Posts (BCPs).
26. Providing prior notification of a goods arrival enables competent authorities to commence documentary checks. Whilst documentary checks on EU goods can already take place remotely, documentary checks on non-EU imports are currently required to take place at the BCP of the point of entry in GB. This SI extends the current approach for EU goods to non-EU goods so that from the 30 April 2024, documentary checks on goods from both EU and non-EU countries can be carried out:
- away from a BCP; and
 - before the animals/goods they relate to arrive in GB including those transiting GB.
27. Documentation for animals, animal products, plants, plant products and High Risk Food and Feed of Non-Animal Origin (HRFNAO) requiring a documentary check will be submitted to the IPAFFS system (a web based service for the application and issuing of documentation for SPS imports)¹⁶:
- For plants: Four hours before arrival for goods arriving via air and roll-on-roll-off transportation for plants; and 24 hours before arrival in GB for all other modes of transport although traders will be able to apply to a Port Health Authority for a derogation that reduces the time frame to 4 hours; and

¹⁶ <https://www.gov.uk/guidance/import-of-products-animals-food-and-feed-system>

- For animals, animal products and High Risk Food and Feed of Non-Animal Origin (HRFNAO): one working day before arrival, although traders will be able to apply to a Port Health Authority for a derogation that reduces the time frame to 4 hours.

28. A temporary easement is proposed for a period of 3 months from 30 April 2024 to allow the full requirements of a documentary check to be satisfied when a scanned copy of an original Export Health Certificate (EHC) or phytosanitary certificate is provided in an importer's prenotification. This will remove the requirement for the original EHC to be presented on arrival unless the consignment is called for a physical or identity check. Where a scanned copy has been uploaded to IPAFFS and the original certificate is not presented on arrival, the original certificate must be retrospectively provided to the competent authority for record keeping within five business days of the good's import.

Introduction of the new risk categorisation model for animals and animal products from EU and non-EU countries and introduces risk based SPS controls on consignments from the EU transiting the landbridge of GB for animals and animal products (Animal Health).

29. Animals and animal products from assessed countries will be categorised as low, medium, or high risk. SPS goods from assessed non-EU countries will be categorised based on the inherent risk (high, medium, or low) that the commodity poses to animal health and welfare, food safety and biosecurity, alongside any risk specific to the country of origin. The level of controls applied will be proportionate to the risk, for example the prevalence of pests or diseases and the standard of official controls. Risk categorisation is a dynamic process drawing on the most current data and reflecting changes in disease status, however, by design, it is not expected that the initial risk categorisation will change for most commodities. This will provide businesses with stability and avoid the need for frequent operational changes.
30. The introduction of risk categorisation means that for the first time, routine ID and physical checks on medium risk animals and animal products from the EU will be introduced, bringing assessed non-EU and EU trading partners into the same risk-based regime whilst checks on medium risk products from non-EU trading partners will continue, although not necessarily at the same rate as they take place now.
31. Similar, risk-based controls will be introduced on consignments of animals and animal products from the EU transiting the landbridge of GB. The levels of controls will be in line with the risk categorisations for animals and animal products from the EU. This would involve routine seal checks of medium risk goods from the EU and removing low-risk animal products from the EU from the list of goods subject to official controls at border control posts. The longer-term ambition is to move to a global risk-based regime for all SPS consignments using GB as a landbridge including those from outside the EU. However, these movements are subject to further assessment of risk and determination of the extent to which additional technological and/or trader solutions can provide additional assurance. Until then, we will continue to apply existing checks to SPS consignments from the rest of the world using GB as a landbridge.
32. Non-EU countries however will benefit from simplification of import controls, including the removal of health certification and routine checks on low risk animal products, and a reduction in physical and identity check levels on medium-risk animal products. Low risk goods will also be exempt from certification and checks at BCPs.

Section 5: Assessment of costs and benefits

33. This section outlines the analysis carried out to support the changes introduced under this SI, as part of the April changes for the BTOM. It is important to note, that this IA will not provide a complete picture of the BTOM SPS changes, when compared to the figures published in the BTOM publication because:

- This IA focuses on the changes coming into force in April 2024 under this SI only.
- The analysis does not include the costs and benefits of live animals and HRFNAO policy.
- The analysis does not include the Single Trade Window or Trusted Trader benefits mentioned in the August BTOM publication¹⁷.
- The figures in the BTOM publication include the Safety and Security elements of the new model.

As such, the following impacts, which have a direct impact on business and are most significant in scale, have been considered:

Products of Animal origin (POAO):

- Implementation of risk-based regime for POAO including transits (this considers impact of range of relevant measures as a whole) – *monetised*.
- Familiarisation costs - *monetised*
- Enabling measures for the BTOM such as remote documentary checks – *non-monetised*

Plant and Plant Products (P&PP):

- Removal of import requirements for low-risk goods – *monetised*.
- Familiarisation costs - *monetised*
- Enabling measures for the BTOM including phytosanitary certificates for EU medium risk goods – *non-monetised*.

Products of Animal Origin (POAO): Implementation of risk-based regime

34. The assessment of impacts relates to the implementation of the BTOM in April 2024 which introduces a new risk categorisation model for EU and non-EU imports. The main impacts on businesses stem from the changes in the number of SPS checks required on imports of products of animal origin (POAO). Compared to both the counterfactual OCR scenario and the July 2022 scenario the new SPS model under the BTOM will reduce the overall volume of documentary, physical and identity checks and the associated costs to traders.

Data and methodology

35. Monetised benefits are based on Defra modelling of volumes and costs which was undertaken to support the development of the BTOM.
36. Defra estimates of the volumes of consignments for the EU are based on 2021/22 HMRC customs declarations data. There is a large range in the estimates due to uncertainties in categorisation goods into risk categories using the data and their eligibility for SPS checks. Estimates are based on existing trade flows and do not take account of possible changes in behaviour or trusted trader schemes which are being piloted throughout 2024. There are estimated to be up to 3 million POAO consignments imported from the EU and, of these, between 45% and 85% are excluded from checks as they are low-risk goods under the BTOM. There are around 90k to 100k consignments of POAO imports from non-EU countries. In total, between 490k and 1.7 million POAO consignments are estimated to be in scope for an SPS check under the BTOM. Note that, after the implementation of the BTOM, data monitoring of trade flows of SPS consignments will be carried out as part of the monitoring and evaluation strategy (see Section 9).

¹⁷ Single Trade Window: Page 82 in BTOM publication: The UK Single Trade Window will provide a simplified, secure gateway where traders and intermediaries will be able to meet their border obligations by submitting information to Government in one place. Trusted Trader (page 2 in the BTOM publication), where a trader goes through an upfront assurance process in order to be granted authorisation to use facilitations not available to traders by default.

37. Monetised costs to businesses are based on Defra estimates for check volumes by applying the following assumptions to estimated POAO consignment volumes.
- **In the ‘As-Is’ scenario**, certification requirements, and documentary, identity, and physical check requirements are only assumed to apply to imports from non-EU nations and a small number of high-risk imports from the EU.
 - **In the ‘OCR’ counterfactual scenario**, all consignments – regardless of their risk category – must be accompanied by an export health certificate and complete a documentary check. Identity and physical check requirements are applied to EU consignments at the rate that they currently apply to non-EU consignments. Whilst the costs of this scenario can be quantified conceptually, this option represents a non-viable solution.
 - **In the ‘July 2022’ scenario**, all consignments - regardless of their risk category - must be accompanied by an export health certificate and complete a documentary check. Identity and physical check requirements are applied to consignments at rates aligned with the assessed risk arising from both the commodity and country of origin.
 - **For the ‘BTOM’**, this introduces a risk-based, targeted approach to official border controls on imports of all origins. All high risk goods will be checked. Low risk goods (such as processed shelf stable products) will no longer require certification. Medium risk goods (such as selected meat and fishery products) will be subject to full SPS requirements alongside revised check rates aligned with the assessed risk arising from both the commodity and country of origin. Further details on risk categorisation have been published for EU and non-EU goods (see Annex for further details).
38. To estimate the costs to business the number of checks is costed using unit price estimates, covering documentary and certification submissions, ID, physical and documentary checks. These are based on externally commissioned research of non-tariff measures costs to business carried out prior to the UK’s exit from the EU and stakeholder intelligence. These estimates are based on pre-existing process underpinned by legislation and so do not take account of efficiencies under the BTOM or future operational decisions on fees and charges. Goods which are subject to checks are processed in a Border Control Post (BCP), the operating costs of which are assumed to be recouped by the port from the trader in the form of a port tariff. A low and high range in unit costs has been presented to capture the range in uncertainty over the costs.

Assessment of impact on businesses

39. Under the preferred option, the BTOM, the analysis indicates that the total costs of the proposed model for import controls under the BTOM are estimated at £125m with a range of £75m and £180m annually for POAO (in physical and identity check related costs). This includes fees associated with physical and identity checks at ports and costs incurred due to port waiting times. It should be noted that importers will already be accruing interlinked costs associated with certification and documentary checks which were introduced from 31 January 2024. These are estimated to be around £135m per year with a range of £80m to £185m but are out of scope of this impact assessment (this is to isolate the impacts of this SI as closely as possible).
40. In comparing the BTOM against the other options, we estimate that, for the change for identity and physical costs only (to isolate the impacts as at 30 April 2024):
- The annual cost increases represented by the BTOM compared to As Is are around £85m with a range of £55 to £120m. Excluding fees and charges this becomes a saving of £10m with a range of £5m to £20m
 - The annual cost reduction compared to the counterfactual OCR scenario is £1,070m with a range of £465m to £1,675m. Excluding fees and charges this is £760m with a range of £265m to £1,250m

- The annual cost reduction compared to July 2022 is £145m with a range of £80 to £205m. Excluding fees and charges this is £20m with a range of £5 to £30m.

41. Note that these estimates exclude the impacts of the Single Trader Window efficiencies and reductions in costs due to the introduction of trusted trader schemes as these are out of scope and will be covered by separate impact assessments. Please refer to the Annex for further information on analytical assumptions underpinning these estimates including the volumes and unit cost assumptions.

Transits

42. Transits are a small proportion of overall imports, there will be cost savings because transits are subject to seal checks, which tend to have lower costs to traders, as opposed to ID and physical checks. We estimate annual cost savings of between £0.05m and £0.13m. As the transit legislation only changes in the BTOM scenario these savings are the same when comparing to each other scenario. This is also based on the above Defra modelling framework of volumes and costs (please see the Annex for further details).

Summary of estimated impact for POAO measures in this SI

43. The tables below summarise the costs and savings in scope for POAO physical and ID check related costs in this IA for the BTOM (preferred option) against the other scenarios. The tables include total costs and savings both including and excluding fees (in line with the Better Regulations Framework). All figures are rounded to the nearest £5m.

Table 1: Estimated costs of each scenario, POAO

Scenario	Total cost	Total cost excluding fees
As-is	£40m (£20m to £60m)	£25m (£10m to £40m)
OCR Counterfactual	£1,195m (£540m to £1,855m)	£770m (£270m to £1,270m)
July 2022	£270m (£155m to £385m)	£30m (£10m to £50m)
BTOM	£125m (£75m to £180m)	£15m (£5m to £20m)

Table 2: Estimated differences between the BTOM and each scenario, POAO

Scenario	Difference	Difference excluding fees
BTOM vs As-is	£85m (£55m to £120m)	-£10m (-£5m to -£20m)
BTOM vs OCR Counterfactual	-£1,070m (-£465m to -£1,675m)	-£760m (-£265m to -£1,250m)
BTOM vs July 2022	-£145m (-£80m to -£205m)	-£20m (-£5m to -£30m)

44. For accounting purposes, the table below summarises the savings in scope for POAO physical and ID check related costs in this IA for all scenarios against the OCR counterfactual. The table shows savings both including and excluding fees. All figures are rounded to the nearest £5m

Table 3: Estimated differences between each scenario and the OCR counterfactual, POAO

Scenario	Difference to counterfactual	Difference to counterfactual excluding fees
As-is	-£1,160m (-£520m to -£1,795m)	-£745m (-£260m to -£1,230m)

July 2022	-£930m (-£385m to -£1,470m)	-£740m (-£260m to -£1,220m)
BTOM	-£1,070m (-£465m to -£1,675m)	-£760m (-£265m to -£1,250m)

Plant and Plant Products (P&PP) measures

45. The assessment of impacts for P&PP relates to the implementation of the BTOM in April 2024, relating to the deregulation of low-risk goods. Compared to both the counterfactual OCR scenario and the July 2022 scenario the new SPS model under the BTOM will reduce the overall volume of import requirements and the associated costs to traders.
46. The categories set out in Annex 11, Part A of the retained EU Regulation 2019/2072 (“the Phytosanitary Conditions Regulation”)¹⁸ (Part A, B or C) determine the level of import requirements for P&PP goods which include, physical, ID and documentary inspection, pre-notification (PN) requirements and phytosanitary certificates (PC) for high risk (Article 72 high risk), medium risk (Article 72 low risk) and low risk goods (Article 73) P&PP goods.

Assessing the impacts for P&PP changes

47. The data used in the analysis is based on Defra estimates for check volumes for P&PP which are derived by applying the relevant risk rating to the estimated import volumes for P&PP commodities. Risk ratings can be found on the UK Plant Health Portal and scale from high risk to low-risk goods (excluding those that are prohibited and unregulated) and ascertain the frequency at which a good is inspected¹⁹. This can fall anywhere between 1-100%.
48. Import volumes used in this analysis reflect the time period of 2021/22 and the data sources used include: HMRC trade dataset for EU imports and the Animal and Plant Health Agency datasets (PEACH and IPAFFS) for declaration data for non-EU imports²⁰. To mitigate any issues or gaps in the data, including any impacts from Covid-19, a cautious 20% uplift was applied to the trade volumes as agreed by subject matter experts at Defra²¹.
49. The following methods were used to estimate the impacts to businesses from the change in import requirements for P&PP, with further detail provided in the P&PP annex.
50. The total cost of the estimated inspections was measured via the Animal and Plant Health Agency (APHA²²) cost-recovery model. The aggregate cost of carrying out the inspections under each regime is estimated based on the expected resource required, enabling the appropriate fees to be set. This method follows the process used by APHA under existing legislation to set fees (and therefore does not take account of efficiencies under the BTOM or future operational decisions on fees and charges).
51. For estimating the cost of phytosanitary certificates, the relevant number of consignments is multiplied by the cost of a phytosanitary certificate, sourced from exporting countries.
52. For estimating the cost of pre notifying imports, the unit cost of purchasing this service via intermediaries (based on government commissioned research) as well as the estimated cost of completing a pre notification by oneself (measured by time) was applied to the relevant number

¹⁸ <https://www.legislation.gov.uk/eur/2019/2072#:~:text=Part%20A%20of%20that%20Annex,accompanied%20by%20a%20phytosanitary%20certificate.>

¹⁹ <https://planthealthportal.defra.gov.uk/trade/imports/imports-from/tom-risk-categories-from-non-eu-countries/>

²⁰ <https://planthealthportal.defra.gov.uk/trade/imports/imports-from-the-eu/import-it-systems/ipaffs/> and [PEACH - UK Plant Health Information Portal \(defra.gov.uk\)](#)

²¹ An uplift of 20% has been applied to account for COVID-19 disruption and disruption of trade patterns due to exiting the EU. It is assumed that trade levels will recover and grow as the trade returns to post-pandemic normality and also adapts to the new regime.

²² Animal and Plant Health Agency

of applicable consignments.

Outputs

53. Under the preferred option, the BTOM, the analysis indicates that the total costs of the proposed model for import controls under the BTOM for this SI are estimated at £45m annually for P&PP. This includes de-regulation of all low-risk goods²³(excluding EU Fruit and Veg). It should be noted that importers will already be accruing related costs associated with EU phytosanitary certification which were introduced from 31 January 2024. These are out of scope of this impact assessment in order to isolate the impacts of this SI as closely as possible.
54. In comparing the BTOM against the other options, and to isolate the impacts as at 30 April 2024, we estimate that (rounded to nearest £5m):
- The annual cost savings represented by the BTOM compared to As Is are under £100k, representing the removal of phytosanitary certificate for low-risk goods.
 - The annual cost reduction compared to the counterfactual is £180m. Excluding fees and charges, this is estimated at £140m.
 - The annual cost reduction compared to July 2022 is £140m. Excluding fees and charges, this is estimated at £140m. (Rounded)
55. Note that these estimates reflect the measures captured under this SI only and also exclude the impacts of the Single Trader Window efficiencies and reductions in costs due to the introduction of trusted trader schemes as these are out of scope and will be covered by separate impact assessments.
Please refer to the P&PP annex for further information on analytical assumptions underpinning these estimates including the volumes and unit cost assumptions. The following tables present results for P&PP in the same format as Tables 1 and 2. All figures are rounded to the nearest £5m.

Table 4: Estimated costs of each scenario, P&PP

Scenario	Total cost	Total cost excluding fees
<i>As-is</i>	£45m	£35m
<i>OCR Counterfactual</i>	£230m	£175m
<i>July 2022</i>	£185m	£175m
<i>BTOM</i>	£45m	£40m

Table 5: Estimated differences between the BTOM and each scenario, P&PP

Scenario	Difference	Difference excluding fees
<i>BTOM vs As-is</i>	<-£0.1m	<-£0.1m
<i>BTOM vs OCR Counterfactual</i>	-£180m	-£140m
<i>BTOM vs July 2022</i>	-£140m	-£140m

²³The exemption is *Spinacia oleracea* which is moving to the medium risk category following the result of Defra risk assessments and therefore higher import requirements. However, as mentioned earlier (see paragraph 21), the impacts of this are not included in the analysis.

56. For accounting purposes, the table below summarises the savings in scope for P&PP in this IA for all scenarios against the OCR counterfactual. The table shows savings both including and excluding fees. All figures are rounded to the nearest £5m.

Table 6: Estimated differences between each scenario and the OCR counterfactual, P&PP

Scenario	Difference to counterfactual	Difference to counterfactual excluding fees
<i>As-is</i>	-£180m	-£140m
<i>July 2022</i>	-£40m	<-£0.1m
<i>BTOM</i>	-£180m	-£140m

Familiarisation costs for POAO and P&PP

57. Importers of animals, animal products, plants and plant products would need to familiarise themselves with the new processes and estimated check levels. Analysis of ONS data²⁴ shows that around 47,000 businesses are involved in importing products that fall under Official Controls Regulations (OCR), in addition to around 450 local authorities and about 3,000 registered businesses on the Plant health Portal²⁵.
58. Assuming a median hourly wage for full time managers in logistics, warehousing, transport (£16.86), managers and directors in retail and wholesale (£16.07) and office managers (£17.17)²⁶, we estimate an average hourly cost of £20, once non-wage costs of 22% have been included. The central case assumes a familiarisation time of 2 hours, based on discussion with policy experts on the expected average time taken for businesses to familiarise themselves with the detail of the legislation. This leads to a one-off familiarisation cost of £2.1m with a range of £1.1m to £3.1m under the counterfactual, the July 2022 and the preferred option.

Summary of overall impacts for POAO and P&PP

59. The following tables summarise the impacts of The Official Controls and Phytosanitary Conditions (Amendment) Regulations 2024 estimated under this IA for the BTOM (preferred option) against the other scenarios. Over a 10-year period, comparing the BTOM (preferred option) to the OCR counterfactual, the present value of the total estimated savings is £8,280m and the estimated equivalent annual direct savings on business, which excludes fees, is £690m.

Note: figures in the tables below may not equal the sum from the individual POAO, P&PP and familiarisation cost sections due to rounding. Figures have been rounded to the nearest £5m.

Table 7: Estimated costs of each scenario, POAO and P&PP

Scenario	Total cost	Total cost excluding fees
<i>As-is</i>	£80m (£60m to £105m)	£60m (£45m to £75m)
<i>OCR Counterfactual</i>	£1,425m (£765m to £2,085m)	£945m (£445m to £1,450m)

²⁴ The analysis involves combining the total number of businesses in each division from table 19 of UK business: activity, size and location - Office for National Statistics (ons.gov.uk) with the proportion of businesses in that division that are importers from Exporters and importers by industry breakdown (Annual Business Survey) - Office for National Statistics (ons.gov.uk) and summing for the relevant divisions covered by OCR.

²⁵ <https://planthealthportal.defra.gov.uk/>

²⁶ Earnings and hours worked, occupation by four-digit SOC: ASHE Table 14 - Office for National Statistics (ons.gov.uk)

July 2022	£455m (£340m to £570m)	£205m (£185m to £230m)
BTOM	£170m (£120m to £225m)	£55m (£40m to £60m)

Table 8: Estimated differences between the BTOM and each scenario, POAO and P&PP

Scenario	Difference	Difference excluding fees
BTOM vs As-is	£90m (£55m to £120m)	-£10m (-£5m to -£15m)
BTOM vs OCR Counterfactual	-£1,255m (-£650m to -£1,860m)	-£895m (-£405m to -£1,390m)
BTOM vs July 2022	-£285m (-£225m to -£345m)	-£155m (-£145m to -£170m)

60. For accounting purposes, the table below summarises the savings in scope for POAO and P&PP in this IA for all scenarios against the OCR counterfactual. The table shows savings both including and excluding fees. All figures are rounded to the nearest £5m.

Table 9: Estimated differences between each scenario and the OCR counterfactual, POAO and P&PP

Scenario	Difference to counterfactual	Difference to counterfactual excluding fees
As-is	-£1,345m (-£705m to -£1,980m)	-£885m (-£400m to -£1,375m)
July 2022	-£970m (-£425m to -£1,510m)	-£740m (-£260m to -£1,220m)
BTOM	-£1,255m (-£650m to -£1,860m)	-£895m (-£405m to -£1,390m)

Enabling measures which ensure BTOM is operational.

61. Under the BTOM, documentary checks will take place remotely (both away from the commodity, and away from the BCP) in advance of the goods' arrival. The proposed regulatory change will enable the effective operation and enforcement of the new border's regime, while maintaining a high level of biosecurity, animal health and food safety. The proposed regulatory change is expected to deliver the benefits of the BTOM through ensuring the continued flow of goods into the country, reducing burdens on importers, and maintaining UK reputation as a trusted trading partner.
62. Infrastructure has been planned on the basis of a risk-based checking regime under the BTOM and would not have the capacity to undertake 100% documentary checks at the border. Without this regulatory change, the lack of infrastructure capacity at BCPs would likely lead to disruption at ports, BCPs and the transport infrastructure leading to inland BCPs. This would increase costs to importers and potentially disrupt food supply chains.
63. The re-introduction of certification for medium risk P&PP goods from the EU ensures that all relevant goods comply with the appropriate certification to safeguard the biosecurity risk to GB. This measure was applied under The Official Controls (Extension of Transitional Periods) (Miscellaneous Amendments) Regulations 2024 and came into force on the 31 January 2024, meaning that medium risk EU goods were now subject to the same level of documentary checks as non-EU goods and is therefore a delayed impact of EU Exit. Risk based checks on EU medium goods ensures checks are taking place for EU goods but reflective of the risk they pose

and will be introduced under The Plant Health (Fees) (England) and Official Controls (Plant Health) (Frequency of Checks) (Amendment) Regulations 2024 in April 2024. Future SIs will also bring further benefits such as reduction in documentary fees for medium risk EU goods and impacts will be measured in the appropriate IAs for those SIs.

Section 6: Non-monetised costs and benefits – maintaining UK biosecurity

64. Defra is the Competent Central Authority (CCA) with responsibility for policy, regulation and assurance of animal and plant health and animal welfare. A key aspect of this is having an evidence-based approach to official controls on Sanitary and Phytosanitary (SPS) goods (such as live animals, germinal products, animal products, plants and plant products and high-risk food and feed of non-animal origin) to minimize the risk of disease incursion. All countries implement controls on SPS goods as a fundamental part of their regulatory systems. Without controls we not only risk animal and plant health, but also our reputation as a global trading nation. More than this, without being able to provide assurance over what is entering the country, we would not be able to provide assurances on what is being exported and, at least over time, this would severely hamper trade.
65. The UK's Biological Security Strategy²⁷, published in 2023, sets out the challenges faced in maintaining our biological security and how those threats are managed. It recognised that one of the most serious risks societies face today comes from outbreaks of disease. Such outbreaks threaten lives and livelihoods and generate significant social, economic and environmental impacts. Large scale disease outbreaks in animals or plants do not respect international boundaries and the threat they pose has grown as the world becomes increasingly interconnected. As a global trading nation, the UK is exposed to these risks, and border controls are a key tool to manage them.
66. SPS border controls are managed through our legislation, systems, infrastructure and assurance mechanisms. Border controls are one important part of a robust import system to ensure food is safe and that we are protected from animal and plant diseases. The UK only imports from countries we already know are managing their animal health appropriately through country listing. These exporting countries are audited, and their production establishments are inspected by their own competent authorities with a need to meet specific requirements to export to the UK. For plant health, if exports are permitted from a country, then any business can export provided their goods meet the relevant import requirements and are accompanied by a Phytosanitary Certificate issued the plant health service of that country.
67. Border controls are based on data about regulated goods, which enables the targeting of more intensive checks, the assurance of official certification, and physical inspection to provide assurance that goods have been accurately certified. The three critical components of import health controls systems are:
 - Pre-notification, which supports action at points of entry, allowing officials to target their activities at shipments posing the biggest risk. The detail allows traceability, enabling animal, plant and public health authorities to identify and respond to an outbreak or emerging threat.
 - Health certification, which requires qualified officials in exporting countries to certify that the goods have been produced to the safe standards required by the importing country and meet the relevant phytosanitary import requirements for plant health as well as a process to monitor those through documentary checks.

²⁷ UK Biological Security Strategy (2023) [UK Biological Security Strategy \(HTML\) - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/121212/UK_Biological_Security_Strategy_HTML.pdf)

- Physical inspection, usually at a border control post, which allows health officials to check that goods match the health certification, to identify any trends of concern in non-compliance and, where needed, to sample the goods for any pests and diseases.
68. Under the temporary 'As is' option, goods from the EU enter the UK without certification and checks, apart from those required for the highest-risk live animals, germinal products and plants. The Border Target Operating Model introduces proportionate controls to these EU goods that will protect the agri-food sector and public health. These are vital to avoid diseases that could devastate UK industries, the environment, and our ability to export food and goods globally.
69. The measured approaches to official controls taken under the 'July 2022 baseline' option and 'Border Target Operating Model' option will therefore decrease the risks compared to the 'As is' option. Compared to the 'July 2022' option the 'Border Target Operating Model' option further improves the trader experience by reducing the complexity of the UK's border controls whilst maintaining biosecurity; reducing the paperwork and certification required; aligning the requirements and frequency of physical checks to the risk presented; and, where action is required from importers the digitisation of data submission processes will minimise the need to resubmit data.
70. The risks from inadequate controls are significant and dynamic. There are significant disease hazards associated with a wide range of imported commodities. For example, biosecurity measures reduce the risk of importing zoonotic diseases; the majority (c.75%) of new and emerging infectious diseases in humans are zoonotic (including those with pandemic potential). Figure 1 further highlights the importance of SPS controls to the UK.

Figure 1: Socioeconomic impacts of biosecurity outbreaks

Outbreaks associated with imported food, and subsequent public health implications, can reduce consumer confidence in the safety of food supply, which in turn may impact on business
The agri-food sector contributed £115 billion or 6% to UK national gross value added in 2020.
Should there be an outbreak/media coverage associated with a specific commodity - such as eggs - consumers may be unable to identify imported versus domestic products, and trust in government may deteriorate. This could in turn reduce consumption of certain products, impacting upon domestic firms' sales. Historical examples include Beef in BSE crisis; Eggs in Enteritidis PT4 epidemic and multiple Spanish eggs associated outbreaks.
An effective SPS regime contributes towards the protection of animal and plant health and welfare and is expected to provide significant benefits.
The number of diseases and invasive pests are increasing due to factors such as increased trade and climate change, providing more entry pathways for pests and diseases. Currently, the UK Plant Health Risk Register ¹ has assessed over 1,400 pests and pathogens and identified over 700 for either further research or as a potential threat to the UK, whilst the global database of the European and Mediterranean Plant Protection Organisation ² has more than 90,000 species of interest to agriculture, forestry, and plant protection. The cost of outbreaks associated with imported pests and diseases can be significant and an effective SPS regime can help contribute to the mitigation of this. For example, the eradication cost for a small outbreak of Asian Longhorn Beetle in Kent in 2012 was estimated to cost ~£2m while a larger endemic disease such as Ash Dieback, which arrived in the UK in 2014 is predicted to cost over £15 billion over the next 100 years ³ . The foot and mouth disease outbreak in 2001, one of the largest animal health outbreaks in recent times was estimated to cost £5 billion in direct costs to public sector (in 2022 prices) ⁴ .
Facilitating exports
In 2021, the UK exported £20 billion of food and drink (6.2% of total good exports) and 21.5 million tonnes of P&PP, valued at £15.8 billion, were imported and exported between the UK and the rest of world.
To facilitate economic growth, our import controls must be seen to be robust by trading partners or they may simply refuse to import our products. This could mean that trade to entire countries is placed in jeopardy even without a specific food incident. Our trading partners assess our import regime when auditing the UK for market access ; they assess the need for Export Health Certification on the basis of the confidence they have in our food safety systems, including the robustness of our imports regime to detect non-compliance and health risks and key export markets such as the EU, the US and China will scrutinise UK borders policy to determine whether existing assurances that underpin our trade are maintained.

Section 7: Potential trade implications

71. The UK is party to World Trade Organisation treaties that require a level playing field for Sanitary and Phytosanitary controls across our trading partners. The World Trade Organisation Sanitary and Phytosanitary Agreement recognises the rights of all members to apply necessary controls to

¹ <https://planthealthportal.defra.gov.uk/pests-and-diseases/uk-plant-health-risk-register/>

² <https://www.eppo.int/>

³ [https://www.cell.com/current-biology/fulltext/S0960-9822\(19\)30331-8](https://www.cell.com/current-biology/fulltext/S0960-9822(19)30331-8)

⁴ Para 55, https://assets.publishing.service.gov.uk/media/64f6e2629ee0f2000db7be8e/Final_Border_Target_Operating_Model.pdf

protect their public, animal, and plant health. Measures must not be applied in an arbitrary or discriminatory way.

72. In April 2023, the United Kingdom notified the WTO SPS Committee of the publication of the draft 'Border Target Operating Model'(BTOM) ([G/SPS/N/GBR/30](#)) which outlined the process of updating and streamlining its border control measures and mechanisms. An addendum dated 30 August 2023 ([G/SPS/N/GBR/30/Add.2](#)) notified Members of the publication of the final version of the Border Target Operating Model (BTOM), setting out the new Sanitary and Phytosanitary controls at the UK's borders. The measures contained in the BTOM will apply to imports of live animals, germinal products, animal products, plants and plant products.
73. A further Addendum is being prepared to notify the WTO on some measures in this IA.

Section 8: SME impacts

74. The measures being introduced under the BTOM will impact most businesses who trade across the UK border. While data exists about what goods move across the border, and the business population, it is not possible (because controls are not mandated on EU import movements) to link those data sets robustly. This means we cannot easily understand the relationship between business characteristics (including size) and declarations for the entire population that will be impacted by the 'Border Target Operating Model' option - but we can make inferences about this and therefore the impact of the model.
75. **All else being equal, increased or decreased costs to trade that scale with trade value would impact large businesses the most in absolute terms.** Analysis of ONS Input-Output and Supply and Use tables⁵ suggests that SPS goods are used by a total of 91 industries. The majority (56%) are used in the manufacture of food products. Within this industry, 72% of import value is accounted for by large businesses, with more than 250 employees; a further 20% of import value is accounted for by medium businesses, with between 50 and 249 employees; and the remaining 8% of import value is accounted for by small or micro businesses, with between 0 and 49 employees.
76. Of the sectors that rely on SPS imports, the food and beverage services sector have the largest economic output. This is also the sector that, compared to the manufacture of food products, uses the next greatest amount of SPS goods - 10% of SPS goods are concentrated in this sector. Within this industry, 40% of import value is accounted for by large businesses, 34% by medium businesses, and the remaining 25% by small or micro businesses.
77. The structure of the industry will impact how costs and administrative burdens would be distributed throughout the supply chain, including the extent to which intermediaries absorb or pass-down these costs.
78. **However, when introducing vital biosecurity controls on imports as part of the BTOM or the postponed July 2022 controls, the additional costs compared to the 'As is' will undoubtedly impact the profit margins of some small and micro businesses. The policy approach is based on a risk-based model to protect biosecurity therefore it is not possible to exempt small and micro businesses from regulation. An exemption would also not be possible within WTO MFN rules.** Defra-run stakeholder engagement from the haulage industry has suggested that the cost of certification, EHCs, and - by inference - checks could bear a disproportionate burden on smaller firms. It is currently not possible to estimate how many certificates would be required by businesses of certain sizes, due to limited data on imports by

⁵ 2023 Cabinet Office Analysis of ONS (2022) 'Supply and Use Tables'
<https://www.ons.gov.uk/economy/nationalaccounts/supplyandusetables/datasets/inputoutputsupplyandusetables>. Note: this does not align with the better regulations definition of medium business (50-499 employees) and large businesses (over 500 employees) because published data is not available at that level.

business characteristics. As inspection costs are based on consignments, rather than vehicles or containers, groupage loads will likely face a higher barrier to import than consolidated loads. It is therefore possible that large volume traders could consolidate their imports to reduce their admin costs, whereas this might not be possible for smaller firms. We note that this issue was raised through stakeholder feedback but has proven difficult to substantiate due to a lack of available additional evidence.

79. Since the publication of the draft BTOM on 5 April 2023, in addition to regular dialogue with industry representative bodies, Defra and Cabinet Office has engaged with the full range of border stakeholders to ensure that every actor is as prepared as possible to navigate changes to imports from 30 April 2024. From publication of the draft, the government undertook a six-week feedback period to capture input into the design of the BTOM. Defra worked directly with large trade associations, logistics organisations, border operators and with businesses of all sizes to cover a wide range of audience insight, facilitating effective policy design.
80. After the publication of the final BTOM on 29 August 2023, Defra began an intensive programme of engagement and communications to ensure trader preparedness for both 31 January 2024 and 30 April 2024 milestones. This work included monthly sector focused webinars that are recorded and hosted on YouTube, digestible content leaflets on gov.uk to support traders in preparing, EU focused activity and translations to ensure whole supply chain readiness and much more. This work continues as we drive towards businesses being as ready as possible for 30 April 2024.
81. We have encouraged micro, small and medium sized firms (SMEs) to reach out with their issues and suggestions for how HMG can support them, but providing SMEs with an exemption from the controls introduced by the BTOM would not achieve the policy objectives of protecting biosecurity in Great Britain and could be considered a breach of international obligations.
82. SMEs will use groupage models to move goods and save transport and other costs, groupage loads can consist of a single consignment with mixed products or a mixed load of multiple consignments. To support SMEs Defra has identified and issued guidance on a number of facilitations and mitigations to reduce the burden of SPS import requirements using groupage:
 - A certification logistics pilot on the trusted trader scheme removes the need for additional inspections and certificates at a logistics hub that collates and exports groupage loads in the EU.
 - Health certificates have been changed to allow more products of the same type to be certified on a single health certificate and schedules with the detail can be attached to a health certificate.
 - Details about the means of transport for groupage loads does not need to be provided on the health certificate at time of certification, to allow greater flexibility.
 - The exporter and haulier can use their own methods to secure a load and/or identify consignments within a mixed load, unless specific methods are required in a health certificate or other regulations. This reduces the delay and cost of specific seal requirements and allows flexibility to ensure easy identification if goods are selected for a border check.
83. The SME analysis for the BTOM was conducted prior to the facilitations above being developed therefore the assumption was that SMEs would be more reliant on the groupage model than large volume traders that could have one product per consignment. This informed the assertion in Defra's IA that the BTOM "checks could bear a disproportionate burden on smaller firms".

However, there has been no evidence gathered which suggests that this will be a widespread issue, or one which will persist following the facilitations outlined above.

Section 9: Monitoring and evaluation

84. A statutory review clause is not included for this specific instrument. This is because further legislative changes will enable further milestones of the Border Target Operating Model, establishing the long-term import controls regime. Additionally, the measures in regulations 4, 7, 8, and 9 will be kept under review following any new or revised risk assessments, pest interceptions, changes in pest distributions and other developments. Therefore, we plan to evaluate the BTOM as a whole rather than undertake specific reviews of each individual element of the BTOM legislation.
85. As this instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015 Lord Douglas-Miller has made the following statement:

“A statutory review clause is not required as the majority of the measures in this instrument are transitional or transitory, and it is proposed to make further legislative changes within the calendar year to enact the next milestone of the Border Target Operating Model establishing the long-term import controls regime. Additionally, the measures in regulations 4, 7, 8, and 9 will be kept under review following any new or revised risk assessments, pest interceptions, changes in pest distributions and other developments.”
86. The monitoring and evaluation strategy for the BTOM as a whole will take guidance of the Green Book (HMT, 2023), the Magenta Book (2022) and Theory of Change Toolkit (Defra, 2022). This will encompass a range of evaluation approaches including process, outcomes, outputs, impacts, learning and accountability. Data appraisal, baseline development and testing will occur from the outset. It will also take account of wider initiatives including the work of the Target Operating Model analytical working group⁶, 2025 UK Border Strategy⁷, and the Biological Security Strategy⁸,
87. Initial steps on the monitoring of the programme outcomes and benefits have included visits to inform evaluation of the process at the border, workshops to produce a Theory of Change, analysis of the available SPS imports and biological invasion data with advanced modelling software, a Randomised Control Trial methodology for evaluation, and strategic discussions with the administrators and stakeholders of UK import trade data (CO, HMRC, APHA, Border Force). Fundamental data sources include IPAFFS notifications (Import of products, animals, food and feed system), HMRC import declarations, and a range of sources of biological surveillance data.
88. The Theory of Change workshops, which took place in 2023 emphasised the important role that increased surveillance, big data access, and investment in biosecurity will play in unleashing efficiencies in the Border Target Operating Model.
89. The most powerful monitoring of impacts of the changing SPS controls on imports will be generated by modelling government trade datasets across time - IPAFFS and HMRC, together with external spatially-explicit surveillance data on species outbreaks. These analyses allow the detection of biosecurity states which are more or less extreme than historical timepoints, therefore both tracking and informing the impacts of intervention.

⁶ <https://www.gov.uk/government/publications/the-border-target-operating-model-august-2023>

⁷ (<https://www.gov.uk/government/publications/2025-uk-border-strategy>),

⁸ June 2023: <https://www.gov.uk/government/publications/uk-biological-security-strategy>)

