

Cynulliad Cenedlaethol Cymru | National Assembly for Wales
Y Pwyllgor Newid Hinsawdd, Amgylchedd a Materion Gwledig | Climate Change,
Environment and Rural Affairs Committee

Fframweithiau cyffredin y DU ar amaethyddiaeth a'r amgylchedd | UK common
frameworks on agriculture and environment

UK 04

Ymateb gan : Ffederasiwn Bwyd a Diod
Evidence from : Food and Drink Federation

This submission is made by the Food and Drink Federation, the trade association for food and drink manufacturing. Food and drink is the largest manufacturing sector in the UK (accounting for 19% of the total manufacturing sector) turning over £97.3bn per annum; creating GVA of £28.8bn and employing over 400,000 people.

Policies and Regulations covering Climate Change and Energy

Three areas of regulation are of interest to FDF members.

- Energy Savings Opportunity Scheme (which enacts Article 8 of the Energy Efficiency Directive)
- F-Gas Regulations
- EU Emissions Trading System (EUETS)

Once the UK leaves the EU, FDF understand that these regulations will be transposed into UK legislation with the intention that they will continue to apply as at present. We also understand that in the future either the UK Government or the devolved administrations could propose, consult upon and introduce changes to these regulations. However, the scope to do so will be determined by the nature of the final relationship and agreement between the UK and the EU which has yet to be determined.

This issue is particularly pertinent with regard to the EUETS. The UK Government has indicated its preferred position is to remain in the EUETS until the end of Phase 3 in 2020 - to coincide with the proposed transition phase. It has not yet expressed a view on participation in the EUETS Phase 4 (2021 – 2030) though, in the October 2017 Clean Growth Strategy, it has made clear its commitment to reducing emissions and, specifically, to carbon pricing as an emissions reduction tool.

All three policy areas are currently implemented and regulated on a UK wide basis. The specific regulatory requirements and compliance procedures are now well established and understood by FDF and its members as are the underlying environmental drivers that underpin these regulations.

FDF would be concerned that any divergence from the current UK wide approach in these policy areas would add further complexity and burdens on companies. This would be on top of what is already seen as a complex and uncertain policy landscape. If a different approach is proposed for these policies the Welsh Assembly (or other administrations for that matter) would need to justify the reason for that divergence, why different goals and targets were being proposed and why possible different reporting and compliance procedures would be needed. Any additional administration or financial burdens placed on companies would need to be considered and justified in a full impact assessment looking at any proposed changes.

Policies and regulations covering waste and its recovery/recycling

FDF is very keen to ensure that policy relating to producer responsibility for packaging and associated business recycling targets linked to the implementation of the EU Waste Framework and Packaging and Packaging Waste Directives continues to be taken forward on a UK-wide basis. This also applies to any changes to the producer responsibility obligations arising from the current

national debate around reform as well as possible new interventions such as a Deposit Return System or tax or charge on single use plastics. Any divergence from this UK wide approach would add considerable complexity and thereby cost to UK food and drink manufacturers for very little environmental benefit, particularly at an already difficult time as the industry prepares for Brexit. With taxes or deposit systems there is also potential for fraud if different approaches are taken within UK countries.

This concern about business impacts appears to be well understood by the Welsh Government. On 8 May the Environment Minister, Hannah Blythyn, announced that the Government will work with Defra and/or HM Treasury and other devolved administrations on the consideration currently being given to a DRS, amendments to the producer responsibility obligations for packaging and a possible single use plastics tax.

Stephen Reeson