

Summary Intervention & Options

Department /Agency: Department for Food, Environment and Rural Affairs	Title: Impact Assessment of a EC proposal in respect of animal-by-products not intended for human consumption	
Stage: Development	Version: 1.b	Date: 13 November 2008
Related Publications: The Commission's proposal and draft Impact Assessment is available from: http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=2&procnum=COD/2008/0110		

Available to view or download at:

<http://www.defra.gov.uk/animalh/by-prods/legislation.htm>

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What is the problem under consideration? Why is government intervention necessary? The existing Animals By-Products (ABP) regulation (EC1774/2002) protects animal and public health by controlling the use and disposal of ABPs not intended for human consumption. The European Commission (EC) is now proposing amendments to the Regulation in order to address:- (i) a lack of clarity in the regulation's scope; (ii) the categorisation of ABPs, which is not always proportionate to the risks they pose; (iii) the requirement for some premises to have to undergo double approval (i.e under ABP and other Regulations); and (iv) some issues for derogations (e.g for research,disasters) not addressed in the current regulation.

What are the policy objectives and the intended effects?

The objectives of the proposal are to adjust the regulatory framework to respond to the risks posed by animal by-products, improve legal clarity and adapt requirements in line with the advancements in science and technology. This will make ABP controls more effective and efficient, reducing unnecessary burden for operators, whilst ensuring that the protection of public and animal health and food safety are not undermined.

What policy options have been considered? Please justify any preferred option.

The Government's position is to support the Commission's proposals whilst seeking to negotiate further improvements. Opposing the proposals or accepting them as they stand will not address the current shortfalls or meet the UK's policy on better regulation.

When will the policy be reviewed to establish the actual costs and benefits and the achievement of the desired effects?

A timescale for review will be available in the final Impact Assessment.

Ministerial Sign-off For consultation stage Impact Assessments:

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:Jane Kennedy.....Date: 2 November 2008

Summary: Analysis & Evidence

Policy Option: 2 & 3	Description:
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COSTS	ANNUAL COSTS	Description and scale of key monetised costs by ‘main affected groups’. Key new costs could potentially affect : sea fish industry, biodiesel industry, pet horse owners and the wild game sector. Information to monetise costs is not available and is being sought from affected sectors. See also schedule of economic impacts table in the evidence base.
	One-off (Transition) Yrs	
	£	
	Average Annual Cost (excluding one-off)	
£	Total Cost (PV)	£
Other key non-monetised costs by ‘main affected groups’ The proposed change in definition of pets, in particular, re: horses no longer qualifying for the derogation which enables owners to bury their animals when they die could give rise to distress to pet owners .		

BENEFITS	ANNUAL BENEFITS	Description and scale of key monetised benefits by ‘main affected groups’ Key benefits arise from more uses for ABPs e.g. small quantities, wild game, shellfish and reduction in burdens re: dual approvals, registration. Information to monetise benefits is not available and is being sought from the affected sectors.
	One-off Yrs	
	£	
	Average Annual Benefit (excluding one-off)	
£	Total Benefit (PV)	£
Other key non-monetised benefits by ‘main affected groups’ A simplified set of rules - which better address risks - will be better understood and should encourage compliance in the affected sectors and therefore reduce the risk to animal or public health.		

Key Assumptions/Sensitivities/Risks A lack of information and diversity of the sectors affected make accurate analysis difficult. The key assumption is that the UK will be able to influence the implementing rules to mitigate any negative impacts of the proposal.

Price Base Year	Time Period Years	Net Benefit Range (NPV) £	NET BENEFIT (NPV Best estimate) £
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What is the geographic coverage of the policy/option?	UK
On what date will the policy be implemented?	2010
Which organisation(s) will enforce the policy?	Local Authorities
What is the total annual cost of enforcement for these organisations?	£
Does enforcement comply with Hampton principles?	Yes
Will implementation go beyond minimum EU requirements?	No
What is the value of the proposed offsetting measure per year?	£
What is the value of changes in greenhouse gas emissions?	£
Will the proposal have a significant impact on competition?	No
Annual cost (£-£) per organisation (excluding one-off)	Micro Small Medium Large
Are any of these organisations exempt?	Yes/No Yes/No N/A N/A

Impact on Admin Burdens Baseline (2005 Prices)		(Increase - Decrease)
Increase of £	Decrease of £	Net Impact £

Key:	Annual costs and benefits: Constant Prices	(Net) Present Value
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Evidence Base (for summary sheets)

A. Background

1. The current Animal By-products (ABP) - Regulation 1774/2002/EC was introduced in 2002 in response to a number of crises affecting the safety of public and animal health as regards products of animal origin - linked in particular to Transmissible Spongiform Encephalopathies, dioxin contamination, and outbreaks of Classical Swine Fever and Foot and Mouth Disease. The Regulation consolidated, simplified and replaced 19 previous legal acts.
2. It also introduced stricter rules for the approval of certain premises, the channelling and traceability of ABPs and controls based on risk categories for different types of ABP in order to guarantee the safety of final products intended for feed or technical uses.

B. Scope of the ABP Regulation

3. The ABP Regulation controls the use and disposal of animal by-products (i.e. entire bodies, parts of animals and products of animal origin) not intended for human consumption. The regulation has a very wide scope covering all animal products including meat, fish, milk and eggs when they are not intended for human consumption and other products of animal origin including blood, hides, feathers, wool, bones, horns and hoofs. In addition, it covers carcasses of fallen stock on farms, pet animals, and wild animals where they are suspected of being diseased.
4. It also controls the use of ABPs for example as feed (including pet food), fertiliser and for technical products and lays down rules for their transformation through composting and biogas and their disposal via rendering and incineration. It also prevents catering waste being fed to livestock.

C. Rationale for Changes

5. In 2005 the Commission submitted a report to the European Parliament and Council reflecting on the experience of Member States in implementing the regulation. The report stated that although the legislation was working well and generally met its overall objectives, there were areas where changes need to be considered in order to update the legislation and to provide legal certainty, simplify it and thereby reduce administrative burdens. It also raised the issue that the Regulation needed to be updated to reflect new information which has emerged since the adoption of the Regulation. For example, the products and industries in relation to ABP was wider ranging than foreseen by the legislators at the time of the adoption of the Regulation; and further information on the risks posed by certain ABP material, and the effectiveness of treatment standards in producing a "safe" product, has now become available.

6. The Commission considered retaining the current rules unchanged or adopting non-regulatory tools but concluded that a regulatory review was most likely to provide effective solutions. Following extensive consultation, the Commission has produced a proposal to recast the regulation by addressing the identified shortfalls, in particular:

- Clarity of scope
- Proportionate categorisation of ABPs
- Double approvals
- Derogations

7. These themes and the specific proposals within them are set out below.

D. Commission Timescales

8. Discussions in Council under the French Presidency began in July, with three further Council working groups planned before the end of 2008. A report to Council from the Presidency is expected by the end of the year. The proposal has been sent to the European Parliament and a *rapporteur* from the Environment Committee has been appointed to consider the dossier, but the Committee has not yet considered it and will not do so until later this year. In early September Commission working groups also started looking at the implementing rules for the proposal. However, since the implementing rules are incomplete, we will have to await further clarification before we can determine the likely impact they will have on the proposed Regulation: e.g. the conditions for registration of establishments approved under other legislation, and the derogation for small quantities of ABP. Negotiations on these implementing rules will be important for determining the eventual impact of the proposal on ABP operators.

E. Consultation by Defra

9. Defra has consulted with stakeholders in writing twice in 2006, as part of the response to the Commission on-line questionnaire issued in 2007, and by holding ad hoc meetings with key stakeholders at various intervals since 2005. This partial Impact Assessment will accompany a full consultation now that the final proposal has been issued.

F. The Government's Initial Position

10. At this early stage, the Government's preferred approach is to support the Commission's proposals whilst seeking to negotiate improvements. The proposal provides a more risk-based approach to controls on the use and disposal of

ABPs and the Government agrees with the Commission that this could not be achieved by a more piecemeal approach to amending the existing Regulation.

11. This is an assessment of the impact of the proposal for a Council Regulation, but it should be noted that there are a number of issues where the appropriate controls will only be clear when implementing rules are agreed by the Commission. For example, the proposed Regulation would make possible a derogation from the usual controls where only small quantities of low risk ABP's are involved. At present, the draft implementing rules are silent on the circumstances under which this derogation might be applied and the extent to which a derogation will permit lesser controls to be applied. It may be considered appropriate to derogate from the ABP requirements in closely defined circumstances or more widely. It is therefore difficult, at this stage of the discussions, to determine the likely impact of the future controls.

12. The UK will be seeking to achieve improvements to the Commission's proposals for both a Council Regulation and for implementing rules which are consistent with better regulation policy.

13. The proposal does not make changes to the basic principles and structure of the Regulation. A detailed analysis of each of the four main areas identified above by the Commission and the UK's initial views on the Commission's proposed approach to them are set out below. Two areas of particular importance to the UK are also analysed further (the burning of tallow and disposal of fallen stock).

(i) Clarifying the Scope of the Regulation

End of the ABP Life Cycle

14. The current rules are not clear in some places about when material ceases to be a controlled ABP. The legal uncertainty resulting from the lack of a clear definition of the end of the ABP life-cycle can mean inconsistent enforcement that may lead to health risks and/or distortion of competition or application of disproportionate rules when there is a negligible risk to health from the products in question.

15. The proposal would ensure that the end point is determined by the animal by-products being treated or tested in a way which ensures that the remaining risks are minimal, for example by treatment by heat or chemical substances or testing for the absence of bacteria or viruses. If these conditions are fulfilled, the processed animal by-product would no longer be subject to any specific health rules. Instead, under product safety rules, there would be an obligation on the manufacturer to place only "safe" products on the market. (e.g. use of tallow derivatives and materials for the pharmaceutical industry).

16. Clearly there are burdens associated with compliance with the current ABP Regulations. In some cases, the current Regulations continue to apply to

products which no longer present human or animal health risks, and such burdens should be lifted. For example, some of the oleochemical processes are considered to produce safe products which should not continue to be subject to the ABP Regulations. It is anticipated that something will be done to remove an anomaly whereby products of the biodiesel process are considered to be safe, but co-products are still subject to the requirements of the Regulations - this is welcome. The current Regulation also recognises that certain products may be considered to be safe when they have been processed to standards which meet bacteriological and virological safety criteria. It remains to be seen whether the detailed implementing rules will significantly change this approach.

17. The Government considers that the controls applied should be proportionate to the risk. Where it has been demonstrated that there is no significant risk, the ABP controls should be removed, and, under the implementing rules, it should be possible to exempt the rules to existing processes where there is new evidence to show that safety criteria can be achieved. The impact of this proposal cannot be assessed until the implementing rules are sufficiently clear to allow a comparison to be made between the existing and the new controls.

The Government supports these proposed changes, which will remove restrictions on processed animal by-products and so remove the burdens currently on industry, but it will need to ensure implementing rules reflect that approach.

Application to Wild Game

18. The Commission has proposed that where wild game is processed in approved game handling establishments, the disposal of ABPs should be controlled under the regulation, in other circumstances ABPs arising from wild game should be disposed of in accordance with good hunting practice.

The Government supports this in principle, as ABP's derived from handling wild game in game handling establishments or ABP derived from wild game supplied to the local market by hunters could potentially pose a risk to public and/ or animal health. Additionally, wild game handling establishments are covered by the recently revised food hygiene legislation. This legislation contains provisions on the handling of wild game which obliges operators to ensure hygienic conditions and in particular to prevent contamination of meat from other animal material present. These changes will ensure consistency with Community food hygiene legislation, while any duplication will be avoided. However we wish to consider further whether the proposed wording is the best way of achieving that end.

ii) The Categorisation of ABPs is not always Proportionate to the Risk they Pose

19. ABPs are classified into 3 categories; with Category 1 material being of the highest risk and Category 3 comprising materials of low or negligible risk. Materials that are not Category 1 or 3 are, by default, placed in Category 2. The following tables provide examples of ABPs in each category, and their currently allowed uses and means of disposal.

<p>Category 1 - Destruction is generally compulsory. Some derogations for pet animal disposal and for research, diagnostic and educational purposes, for taxidermy and in very limited circumstances for feeding of specified animals.</p>	<p>ABP from animals suspected of being infected with a transmissible spongiform encephalopathy (TSE), specified risk material, pet animals, zoo and circus animals, wild animals when suspected of being infected with diseases communicable to humans or animals.</p>
<p>Category 2 – Disposal by incineration either directly or following processing is main option but has certain uses e.g – may go for composting or biogas after processing, and then used as an organic fertiliser or soil improver and may also be used in an approved oleochemical plant.</p>	<p>Fallen stock, manure and digestive tract content; products of animal origin containing residues of veterinary drugs and contaminants (listed); by default any ABP not categorised as 1 or 3.</p>
<p>Category 3 – Used for pet food and a variety of technical purposes. May also be disposed of either directly or following processing as waste by incineration where there is no use.</p>	<p>ABP obtained from animals that were fit but not intended for human consumption.</p>

20. The Commission considers that the current classification system is not always risk proportionate for certain ABPs, which in turn has significant implications for the industries. The proposal is to reclassify certain ABPs from category 2 to 3, where the risk is low increasing the scope for their usage (e.g. blood from young ruminants, and ruminants which have passed a TSE test, day-old chicks, invertebrates and casein, which can thus be used for various purposes such as pet food and fish food and cosmetics).

The Government supports this approach. The current legislation contains no simple facility for updating the categorisation of ABP other than via the adoption of transitional measures, which do not result in a coherent legal framework. This means that the legislation is not always risk-proportionate and may to some extent impose unnecessary burdens on the manufacturing industries using these products, or indeed preventing use of ABP which are safe and of economic value.

(iii) Duplication of approvals for some type of premises

21. The Commission highlighted that the relationship between the ABP regulation and other Community sectors was not always clear and there was overlapping in some cases. This has created uncertainties on the application of different regulations to some operators. For example, certain premises that are already approved under food/feed legislation (e.g. for the production of tallow, eggs, gelatine, etc) or under technical sector legislation (e.g. on cosmetics, medicinal products and medical devices) must also be approved under the ABP Regulation. The Commission proposes to remove the need for dual approval.

22. The Commission's proposal would still require plants handling animal by-products which are approved under other legislation to be *registered* under the ABP Regulation. The extent to which this approach will be beneficial to the industry and Government will depend on the details in the implementing rules. Where certain plants may in future be required to be registered under ABP Regulations rather than approved, this might, at one extreme, involve a level of control which is little different to the current requirements for approval. In the other extreme only notification that the plant is operating may be required. It is the Government's view that the implementation of this proposal should be proportionate to the risks involved. Where the controls under other legislation are sufficient to control the animal and public health risks, they should not be duplicated in ABP legislation, and simple registration would be sufficient. However, where there would be animal or public health risks arising from removal of ABP approval, there should be sufficient controls attached to registration to ensure that such risks are mitigated. The details of how this level of control will be achieved will be discussed in the context of the implementing rules.

The Government supports this in principle. Experience has shown that the relationship between the ABP Regulation and other Community sector legislation is not always clear and in some cases overlapping. As a consequence, there are legal uncertainties how the requirements laid down in different legal acts are supposed to apply to certain operators. Also, certain operators have to be approved twice by the relevant authorities for similar objectives. However, we will need to assess the details in the implementing rules to ascertain how this will impact on UK business.

(iv) Derogations for research, human health & safety and natural disasters.

23. The regulation currently prevents import of high risk category 1 materials for research. The Commission proposes to remove that restriction as long as measures are in place to protect animal and public health.

24. In relation to fallen stock the proposal extends the derogation on burial or burning in areas where access is practically not possible (e.g. due to geographical conditions) or presents a risk to health and safety of those charged with the operation, and where there is a unacceptable discrepancy between the requirements for occupational safety and the potential risks to animal health. Similarly it argues that the derogation should be extended to areas where there is a natural disaster. There are not expected to be large numbers of unrecoverable carcasses. Where carcasses are unrecoverable, the proposed amendment would provide legal cover for a derogation from the ABP Regulations, but the availability of this legal certainty is unlikely to alter the occurrence. A pragmatic approach to the recovery of carcasses in situations where there would be a risk to health and safety is already applied.

The Government supports this proposal. The strict rules of the Regulation on derogations need to take into account specific circumstances. The import of a wide range of ABP is sometimes necessary for research purposes. Under emergency situations, disposal of ABP through the normal channels is not practically feasible. The current rules do not provide for risk-adequate solutions to these problems.

(v) Interaction of the ABP regulation and Waste Incineration Directive with regard to the burning of tallow

25. Clarity on the application of waste legislation to the burning of tallow is an issue of importance to the UK. Currently the ABP regulation requires incineration of tallow to be carried out in compliance with the Waste Incineration Directive (WID). The reference to WID compliance has been removed from the proposal and provision made for tallow to be used as a fuel for combustion. However, the proposal also says that where tallow is a waste it must be disposed of or recovered in an approved or registered co-incineration plant. The issue of whether it is waste is only something that can be determined only on a case by case basis under Waste legislation

The Government considers this proposal as insufficient for providing legal certainty about the circumstances when burning of tallow needs to comply with WID. It will therefore seek further clarification by the Commission.

(vi) Burial of Fallen Stock Including Horses

26. Where horses are considered as pets, the UK applies the pet animal derogation that allows them to be buried. This proposal removes that possibility by defining equidae as exclusively farmed animals.

The Government does not support the change on horses and there are indications that this view will be supported by some other Member States. Although this proposal is unlikely to significantly increase costs to pet horse owners as the cost of burial would likely offset the cost of incineration, it would carry a sentimental cost to such owners who can no longer bury their pets, which is disproportionate to the risks involved.

27. Current government policy is to support the ban on routine burial of fallen stock. It should be noted that it is unlikely there would be support from other Member States for any widespread relaxation of the ban and this is unlikely to be negotiable. However, the burial ban is costly for livestock keepers in the UK, and reasonable modifications to the ABP legislation which would enable livestock keepers to continue to comply with the burial ban but at a lower cost might be possible.

The Government continues to support the ban on routine burial of fallen stock. However, in order to facilitate development of alternative on-farm solutions for containment of fallen stock pending collection for disposal, the Government has proposed that some modification of the interpretation of the requirement for disposal “without undue delay” could be introduced. This would have the effect of lowering compliance costs for UK livestock keepers without compromising animal or public health.

G. Economic Analysis and Evidence

28. The Commission's proposals give rise to a number of diverse impacts in various sectors associated with the animal by-product industries. So far these impacts have been very difficult to quantify in any detail. The Commission has experienced similar problems in quantifying its own impact assessment. These difficulties stem partly from a lack of clarity in the proposals (in many cases the Commission still need to clarify or refine the meaning of their proposals or they have to set out how the proposal will operate in detail in the implementing rules). There is also a lack of data on the volumes and price effects as the impacts tend to be on sectors where such data is not collected. In most cases the impacts are expected to be small but Defra would like to gain a better understanding of the Commission proposals through quantification and valuation of the more important impacts in order to inform its negotiating position and gauge the impacts on industry. It will seek to do this through the consultation process and by engagement with stakeholders. *The following table gives more details on the effects of the proposals.*

Animal By-Products Regulation – EU Proposal: Impact Assessment

Schedule of Economic Impacts

Proposal	Current Situation	Affected Sectors	Costs ⁱ	Benefits ⁱⁱ	Comments/Data requirements
<p>1. Sea fish: Commission's intention is unclear but a worst case interpretation is that sea fish showing signs of disease must be brought ashore for disposal</p>	<p>Diseased fish disposed of at sea</p>	<p>Sea fishing sector</p>	<p>Potentially a significant increase in costs for the sector</p>		<p>Defra is seeking clarification from the Commission on their intention. As it stands the measure appears to be unenforceable and therefore ineffective. We welcome information from those likely to be affected as to costs e.g alterations needed to shipboard design to accommodate such provisions</p>
<p>2. Catering Waste/Biodiesel: Introduction of controls on the use of used cooking oil (UCO) for manufacturing biodiesel</p>	<p>No controls – catering waste for such use is out of scope</p>	<p>Operators using UCO for the manufacture of biodiesel</p>	<p>Increased costs of approval and control as sector is regulated</p>		<p>Operators using exclusively UCO for biodiesel are currently unregulated under the ABPR and so little is known about the number of operators and scale of activity. We welcome any information from trade organisations or individual businesses that would help determine the effect of these changes</p>

Proposal	Current Situation	Affected Sectors	Costs	Benefits	Comments/Data requirements
<p>3. Pet Horses: Horses to be defined as farm animals and their carcasses will have to be disposed of in line with ABPR</p>	<p>UK applies a derogation which allows burial of pet horses</p>	<p>Owners of pet horses</p>	<p>The costs of incineration will be offset by savings on burial costs. There might also be some loss of sentimental value from not having a pet grave</p>	<p>A small reduction in risks associated with burial</p>	<p>The actual number of pet horses buried each year unknown. We estimate that there are approx 1.35m horses in UK and that some 50,000 foals require identification each year. The number which are pets and which may be buried when they die is unknown and there are a wide range in the costs of incineration (depending on the type of service) although the difference in the basic service and the costs of burial is unlikely to be large. We would welcome further information on such costs.</p>
<p>4. Shellfish: relaxation of controls on use of shellfish shells when soft tissue has been removed</p>	<p>Various specific allowed uses and means of disposal</p>	<p>Shellfish sector</p>		<p>Potential sale of shells for productive uses</p>	<p>UK shellfish production amounts to about 160,000t pa (farmed and wild) with exports of 100,000t and imports of 60,000t. But the amount of shell material will vary by species and degree of processing (some shellfish being sold in-shell to consumers). Overall the impact is likely to be small relative to industry turnover, but we expect there to be a saving. The views of trade associations and individual businesses are invited</p>

Proposal	Current Situation	Affected Sectors	Costs	Benefits	Comments/Data requirements
<p>5. Removal of Dual Approvals: Approval under Animal By-Products Regulation (ABPR) no longer necessary for premises approved under other specific legislation</p>	<p>Certain premises that are already approved under technical sector legislation must also be approved under the ABPR</p>	<p>Cosmetics, pharmaceuticals and medical sector</p>	<p>Cost savings associated with reduced bureaucracy for those affected in the cosmetic, pharmaceutical and medical industries</p>	<p>(See cost savings)</p>	<p>The views on potential cost savings from trade organisations and businesses that may be affected are invited.</p>
<p>6. Zoo Feeding: Zoos will be permitted to feed category 1 material to zoo animals.</p>	<p>Category 2 material may be fed to zoo animals</p>	<p>Zoos</p>	<p>Costs to zoos will be reduced as will be able to feed a wider range of material</p>	<p>(See cost savings achieved at no extra risk)</p>	<p>Impact likely to be small. Defra is trying to ascertain the number of zoos likely to be affected and the scale of the impact. Zoos and aquaria are licensed by Local authorities, and central records of the numbers of premises approved, and which of these keep carnivorous species, are not kept. Defra has been informed of 370 licensed premises in England, but most of these do not appear to keep carnivorous species and will not be affected by the proposal. Any information about the likely impact of this proposal is invited.</p>

Proposal	Current Situation	Affected Sectors	Costs	Benefits	Comments/Data requirements
<p>7. Wild Game: disposal of animal by-products from wild game processed in approved game handling establishments would be controlled under the Regulation.</p>	<p>Such by-products are currently disposed of under Environmental Regulations</p>	<p>96 Approved Game Handling Establishments (AGHEs) in the UK</p>	<p>Some increase in costs of control and bureaucracy</p>	<p>Potential sale of ABP for eg pet food</p>	<p>There are fewer than 100 AGHEs in the UK Their total annual throughput is about 80,000 large animals (mainly deer and boar) and about 3 million birds and rabbits Comments are invited from AGHEs on the likely effect of this proposal.</p>
<p>8. Re-categorisation: Reclassification of certain by-products from category 2 to category 3 where the risk is low.</p>	<p>The Regulation classifies ABPs according to risk with category 1 being the highest risk category and category 3 the lowest.</p>			<p>Allows wider economic uses of by-products without increasing risks significantly</p>	<p>The Commission's impact assessment identifies changes to the treatment of casein, insects and ruminant blood. The effect of these changes is expected to be limited, but comments are invited from those who may be affected.</p>
<p>9. End products: clarification of the point at which ABPs become finished products. Such ABPs if treated or tested in a way which ensured remaining risks were minimal would then not be subject to ABPR</p>	<p>Use/disposal according to ABP rules</p>	<p>Potentially several sectors including: pharmaceuticals, oleochemicals, pet food manufacturers and tanneries</p>		<p>Remove some burdens on industry. There will instead be an obligation to place only safe products on the market</p>	<p>Difficult to assess scale of impacts in advance of detailed implementation rules, comments sought from those most likely to be affected on potential benefits</p>

Proposal	Current Situation	Affected Sectors	Costs	Benefits	Comments/Data requirements
<p>10. Small Quantities: Establishments which only handle small quantities of ABP would be able to dispose of these outside of the control of the ABPR.</p>	<p>All ABPs must be disposed of in line with ABPR</p>		<p>Takes small operators out of scope and may save costs</p>		<p>The Commission has yet to come forward with a definition of small quantity so it is difficult to ascertain the number of premises affected and the potential saving in costs. Views on the possibility of using a derogation for small quantities to reduce the regulatory burden are sought, and comments are invited on the likely impact of this proposal.</p>
<p>11. Import of Category 1 Animal By-Products: relaxation of the ABPR to allow imports of certain high risk material for research purposes</p>	<p>ABPR currently prohibits the import of such material</p>			<p>Better use of material for research purposes</p>	<p>Such material has a number of potential research uses and it is difficult to assess what take up might be. Some may in any case already be being imported illegally. Comments are sought on the likely impact of this proposal.</p>
<p>12. Fallen Stock: Extension of the derogation on burial and burning in areas where access is impractical or there are health and safety risks of collection.</p>	<p>Fallen stock must be collected and disposed of in line with ABPR except in a very few specific circumstances.</p>	<p>Livestock farmers</p>			<p>Uncertain impact but likely to be small as the economic impact will be driven by the numbers of carcasses which are not recoverable. However, comments on the likely impact of the proposal will be welcome.</p>
<p>13. Approval and Registration: Plants may just need to be registered</p>	<p>Plants need to be approved.</p>	<p>Current ABPR approved plants</p>		<p>Some savings in bureaucracy</p>	<p>Scale of impact will depend on what registration entails which will be set out in the implementing regulations. Comments on the numbers of businesses affected, and the potential impact of this proposal are invited.</p>

Proposal	Current Situation	Affected Sectors	Costs	Benefits	Comments/Data requirements
<p>14. Waste Controls/Tallow: Reference to Waste Incineration Directive (WID) have been removed from the ABPR and provision made for ABPs (including tallow) to be used as a fuel for combustion.</p>	<p>ABPR requires the incineration or co-incineration of tallow to be carried out in compliance with the WID</p>	<p>Rendering industry and incinerator operators</p>		<p>Burning tallow as fuel</p>	<p>Few rendering plants have implemented WID so any benefit will be from not having to comply in the future. In addition changes to the ABPR alone will not remove the need for compliance – parallel changes are also needed in waste legislation. Furthermore the issue of whether tallow is waste within the meaning of the Waste Framework Directive is something that can only be determined on a case by case basis. This proposal is not sufficient to provide legal certainty about the circumstances when burning of tallow as fuel must take place in compliance with the WID.</p>
<p>15. Derogation: increased scope for use of Category 2 (and possibly Category 1 material) for pet food.</p>	<p>Only category 3 material can be used</p>	<p>Around 150 Pet food manufacturers in the UK</p>	<p>Cost saving as more potential source material for use as pet food</p>		<p>Many pet food manufacturers may not take up material as they are concerned over reputation and image. Views on the potential impact of this proposal are invited.</p>
<p>16. Controls on placing on the market: ABPs not used for food or feed or application to land will have fewer controls applied to them</p>	<p>All ABPs have same controls applied.</p>	<p>Wide variety of sectors</p>			<p>Waiting for implementing rules for clarification about how will affect current practice.</p>

Specific Impact Tests: Checklist

Use the table below to demonstrate how broadly you have considered the potential impacts of your policy options.

Ensure that the results of any tests that impact on the cost-benefit analysis are contained within the main evidence base; other results may be annexed.

Type of testing undertaken	<i>Results in Evidence Base?</i>	<i>Results annexed?</i>
Competition Assessment	No	Yes
Small Firms Impact Test	No	Yes
Legal Aid	No	Yes
Sustainable Development	No	Yes
Carbon Assessment	No	Yes
Other Environment	No	Yes
Health Impact Assessment	No	Yes
Race Equality	No	Yes
Disability Equality	No	Yes
Gender Equality	No	Yes
Human Rights	No	Yes
Rural Proofing	No	Yes

SPECIFIC IMPACT TESTS

The following assessments are preliminary and will be consolidated once relevant information is available from the Commission or following consultation with the industries.

Competition Assessment

On the whole the proposals will promote competition by increasing the scope for using animal by-products productively and removing distortions which have arisen from lack of clarity in the current regulation with the potential for resultant inconsistent enforcement of controls in some cases. (For example in relation to the end point in controls - see above). In terms of the OFT Competition Filter the following questions are negative in each case for the proposal:

- Directly limit the number of suppliers?
- Indirectly limit the range of supplier?
- Limit the ability of suppliers to compete?
- Reduce suppliers' incentives to compete vigorously?

Small Firms Impact Test

The Commission has proposed a derogation from the normal ABP disposal requirements for operators who generate only small quantities of ABPs. This should benefit mainly small businesses (although some larger businesses may also benefit if they only generate small quantities of ABPs). However, the Government is not in a position to make any assessments on the impact of the proposals on small firms until the detailed criteria for the derogation is available.

Legal Aid

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

Sustainable Development

The changes in the proposal are consistent with the 5 principles of sustainable development and in particular using sound science responsibly, as it attempts to more closely align the level of controls proportionate to the risk.

Carbon Impact Assessment

The proposal will have no significant effect on carbon emissions, as the nature and scale of the handling, collection, transport, use and disposal of ABPs is likely to remain similar. There will be individual winners and losers in terms of increased or reduced trade opportunities, and therefore some change to the carbon footprint of individual businesses, but the overall impact for the industry as a whole is unlikely to alter substantially.

Other Environment

The proposal is likely to have some impact on waste management but data is not currently available to assess its scale. There is unlikely to be any significant on climate change, landscapes, water and floods, habitat and wildlife or noise pollution.

Health Impact Assessment

The use and disposal of ABPs will be more risk-based on the basis of scientific evidence. It will not therefore directly impact on health or well being of humans and will not result in health inequalities.

Race /Disability/Gender

There are no limitations on meeting the requirements of the proposal on the grounds of race, disability or gender. The proposal does not impose any restriction or involve any requirement that a person of a particular racial background, disability or gender would find difficult to comply with. Conditions apply equally to all individuals and businesses involved in the activities covered by the proposal.

Human Rights

The proposal is consistent with the Human Rights Act 1998.

Rural Proofing

Many of those involved in the production, use and disposal of ABPs are based in rural areas and the proposal is designed to facilitate their activities.

ⁱ, 2 Further information and data is being sought so that where feasible costs and benefits can be quantified. In general the benefits may include a small reduction in the risks to animal and human health associated with the use and disposal of animal by-products although It is not possible to quantify this. The table shows other benefits including reductions in costs, reductions in the administrative burden and new potential productive uses for animal by-products.