

Title: Update of statutory notification scheme in the Plant Health (England) Order 2015 to include imports of Prunus planting material: Validation IA IA No: Defra1949 Lead department or agency: Department for Environment, Food and Rural Affairs Other departments or agencies:	Impact Assessment (IA)		
	Date: 02/02/2016		
	Stage: Final		
	Source of intervention: Domestic		
	Type of measure: Primary legislation		
Contact for enquiries: Richard McIntosh 01904 465632 richard.mcintosh@defra.gsi.gov.uk			
Summary: Intervention and Options			RPC Opinion: GREEN

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Two-Out? Measure qualifies as
-£43,000	-£43,000	£5,000	Yes IN

What is the problem under consideration? Why is government intervention necessary?
Imports of Prunus (e.g. cherry, plum, apricots, laurels) planting material from third countries are regulated, but not movements within the EU. Prunus species are at risk from a number of harmful organisms which are present elsewhere in the EU, but not in the UK. This includes EU regulated pests such as Xylella fastidiosa, Citrus longhorn beetle, Granulate ambrosia beetle and Xanthonomas arboricola pv pruni as well as unlisted pests such as Omnivorous leafroller and Red-necked longhorn beetle. There have been recent examples of infected plants being received in the UK and causing outbreaks.

What are the policy objectives and the intended effects?
The discovery of Chalara fraxinea has highlighted the increasing threat to the health of our trees from pests and pathogens which are already present in continental Europe. We are continuing to review the top risks to tree health and are proposing action to prevent incursion of organisms which would be damaging to tree health. Prunus planting material has been identified as being at risk from harmful organisms not present in GB. The new measures will introduce a statutory notification scheme for imports from other EU member states of Prunus to strengthen measures already in place in relation to imports of certain other trees.

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
Option 0 - Maintain the status quo. This option is not favoured, as it means we would have no means of knowing the precise details of consignments arriving in the GB and so there remains a risk that infected trees could be imported.
Option 1 - Regulation to extend the existing statutory notification scheme to require notification of imports of all Prunus planting material. This will provide comprehensive intelligence, as well as avoiding confusion in the trade as to whether particular species are covered or not. This is the preferred option.
Option 2 - Regulation to extend the existing statutory notification scheme to require notification of imports of a limited range of Prunus species. Restricting the notification requirement would reduce the burden on importers but risks missing species which could be an as yet unknown host.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 01/2018					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)		Traded: N/A		Non-traded: N/A	

I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.

Signed by the responsible Minister: _____ Lord Gardiner _____ Date: 19/02/2016

Summary: Analysis & Evidence

Policy Option 1

Description: Regulation to extend the existing statutory notification scheme to require notification of imports of prunus planting material

FULL ECONOMIC ASSESSMENT

Price Base Year 2014	PV Base Year 2015	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: -£43,000

COSTS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate			£5,000	£43,000

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

Administration (time) costs to nurseries and other importers: £43,000

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

BENEFITS (£m)	Total Transition (Constant Price) Years		Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional		Optional	Optional
High	Optional		Optional	Optional
Best Estimate				

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

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

The overall social, environmental and commercial "value at risk" for prunus, if harmful organisms that could damage it spread through the UK, cannot readily be monetised - but the addition of prunus to the existing Statutory Notification Scheme helps to safeguard this value that society derives from Prunus.

Key assumptions/sensitivities/risks

Discount rate (%) 3.5%

The time cost for companies to make notifications for imports of prunus, is based on a high-end wage assumption (based on wages prescribed in ONS ASHE 2013).

The estimated number of notifications that will be required per year is again cautious, as it has been based on the highest volume import species (out of those species already included within the statutory notification scheme).

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OITO?	Measure qualifies as
Costs: £5,000	Benefits:	Net: -£5,000	Yes	IN

Evidence Base (for summary sheets)

Summary

Improved protection is required for *Prunus* planting material to combat the threat posed harmful organisms which are present elsewhere in the EU, but not in the UK. Urgent action is needed to minimise the risk of introduction, as winter is the main import and planting season for trees, while they are dormant.

We are proposing to lay in Parliament an order under the Plant Health Act which will, inter alia, add *Prunus* planting material to the current statutory notification scheme for imported tree genera from other EU member states. The order, due to come into force on 24 February 2016, will amend the Plant Health (England) Order 2015. Similar measures are being planned by the other Devolved Administrations.

Policy background and rationale for intervention

A statutory notification scheme is in place for imports of certain plant/tree imports from other Member States, whereby deliveries of imported plants from elsewhere in the EU must be notified in advance to the Animal and Plant Health Agency (APHA). The current scheme, which extends to oak, plane, sweet chestnut, pine, elm and ash trees, is intended to help APHA's Plant Health and Seeds Inspectorate build intelligence about particular trades, particularly those where there is a risk of introducing harmful organisms, and to help arrange targeted inspections of such trees. The information is also valuable in the event of an outbreak, to facilitate tracing of trees which may be implicated.

The Plant Health Risk Group, which is a monthly meeting of UK Plant Health Authorities, has reviewed the scope of the scheme to determine if there should be any changes to the list of species covered. While there remains strong justification to retain the current genera included (for example in response to the threat from Oak processionary moth, Plane wilt, Sweet chestnut blight, Pine processionary moth and Chalara) we have concluded that species of *Prunus* should be added to the notification scheme. This is in response to the threat from a number of harmful organisms which are present elsewhere in the EU, but not in the UK, where the main hosts include *Prunus* species. This includes EU regulated pests such as *Xylella fastidiosa*, *Anoplophora chinensis* (Citrus longhorn beetle), *Xylosandrus crassiusculus* (Granulate ambrosia beetle) and *Xanthomonas arboricola* pv *pruni* (which causes leaf spot and canker of certain *Prunus* species), as well as unlisted pests such as *Platynota stultana* (Omnivorous leafroller) and *Aromia bungii* (Red-necked longhorn beetle). Information about these pests and their impacts can be found on the UK Plant Health Risk Register, at <https://secure.fera.defra.gov.uk/phiw/riskRegister/>. Some of these pests are already regulated at EU level and some are not. There have been recent examples of infected plants being received in the UK and causing outbreaks.

We have already recently negotiated with the EU strengthened protection against pests such as the Asian longhorn beetle and *Xylella fastidiosa*. In response to several findings of *Xanthomonas arboricola* pv. *pruni* on imported plants last year, we are making a case to be recognised as a Protected Zone for this organism. We will keep under review the need for additional actions against other pests, in light of evidence. In the meantime, statutory notification will generate information about the scale of trade and will facilitate targeted inspections. The information generated will determine whether additional measures are needed.

The views of stakeholders have been sought on this proposal and 5 replies from retailers, nurseries, growers and the main trade association representing this sector (Horticultural Trades Association) were received. These were supportive, although two wanted assurances that it would not create significant new burdens or slow down business. In implementing the system APHA are working with the industry to ensure that these concerns are addressed. While stakeholders were given the option of adding only certain *Prunus* species, they supported the recommended approach of including the whole genus, given the range of risks involved and the fact that this would help to identify and control potential new and unknown threats. This will increase the volume of plants to be covered by the scheme, but past experience has indicated that there is limited burden associated with making notifications. The EU Plant Health Directive places an obligation on Member States to carry out targeted checks where there is evidence the Directive is not being complied with (e.g. when there is a risk of a pest being introduced from another Member State). The notification scheme gives us information to help carry out those checks, so is part of our compliance with EU requirements. APHA will ensure that the views of retailers

are accommodated, who are not caught to any great extent by the current scheme (due to the species covered).

The notification scheme is a relatively low cost and low burden means of building awareness and enhancing protection against plant health threats. Where a significant and continuing risk is identified, this may lead to further measures, such as seeking EU Protected Zone status. In recent years we have designated new Zones to better protect oak, plane and sweet chestnut trees. In relation to *Prunus*, we have already recently negotiated strengthened protection against pests such as the Asian longhorn beetle and *Xylella fastidiosa*. In response to several findings of *Xanthomonas arboricola* pv. *pruni* on imported plants last year, we are making a case to be recognised as a Protected Zone for this organism. We will keep under review the need for additional actions against other pests, in light of evidence.

In response to these developments the Secretary of State proposes to take action to minimise the risk to *Prunus* trees. We are proposing to lay in Parliament an order under the Plant Health Act which will add *Prunus* species to the current statutory notification scheme for imported plane, oak, sweet chestnut, ash, elm and pine planting material. The order will amend the Plant Health (England) Order 2015. Introducing such measures in England will cover the vast majority of imports into the UK, but similar measures are being considered by the Devolved Administrations. Scotland has already confirmed it will introduce equivalent legislation and the other Devolved Administrations have also agreed in principle to such a scheme.

The market doesn't naturally provide incentives to fully protect plant health, due to the presence of 'negative externalities'. For instance, if a trader exports/imports diseased crops then they will not face the full cost of that damage, which is felt by wider society. In addition, if an exporter/importer seeks to protect or enhance plant health through their efforts, then others will also benefit but without having paid for the service – and this creates incentives to free-ride on others' efforts. For this reason, a system of plant health protection is justified.

The **rationale for this policy amendment is therefore to address the current lack of information**, for example, associated with the inspection of consignments, and therefore help to target such surveillance to make a more effective use of budget.

Options considered

Option 0 - Maintain the status quo. This option is not favoured, as it means we would have no means of knowing the precise details of consignments arriving in the GB and so there remains a risk that infected trees could be imported.

Option 1 - Regulation to extend the existing statutory notification scheme to require notification of imports of all *Prunus* planting material. This will provide comprehensive intelligence, as well as avoiding confusion in the trade as to whether particular species are covered or not. There is some uncertainty as regards the range of hosts for certain organisms (particularly ornamental *Prunus*), but including the whole genus in the scheme will ensure that all potential hosts are covered. The main disadvantage to this approach is that it creates an additional burden on the industry. However, the system is designed to be quick and easy to use and notifying all *Prunus* species will avoid the situation where importers have to check guidance about whether particular species are covered and then analyse individual orders to filter out those which do not need to be notified. Under this option we would only require an importer to notify "*Prunus* sp." rather than the individual species involved, to reduce the level of burden involved. Additional information would then be sought, as necessary, by the relevant Inspector, for example during inspection visits.

Regulation is more likely to be effective than voluntary notification in securing the desired behaviour because non-compliance will attract a fine of £5,000 under existing plant health legislation. This is the preferred option.

Option 2 - Regulation to extend the existing statutory notification scheme to require notification of imports of a limited range of *Prunus* species, particularly those which are known to host organisms which fall into the category described above (which are present elsewhere in Europe, but not the UK). Restricting the notification requirement to this list would reduce the burden on importers (although it would be necessary to filter through orders as explained below) but risks missing species which could be an as yet unknown host, and would also mean that the amount of information gathered for horizon scanning purposes would

be limited. Under this option, the particular *Prunus* species would need to be identified at the time of notification, as a means of checking compliance with the requirements and to make best use of this more limited dataset. Visually it is not easy to distinguish between *Prunus* species, particularly young plants or bare rooted plants. Inspectors would be reliant on labelling and documentation to identify certain species / types, making monitoring and enforcement more difficult.

Proportionate Assessment of Direct Costs & Benefits to Business (following OITO methodology)

The statutory notification scheme introduced in January 2013, required pre-notification of imports of plane, oak, ash and sweet chestnut. Pine was added in Autumn 2013 and elm in Spring 2014. The proposal is now to add *Prunus* to the list also.

Costs of Regulation

Amendments to the Plant Health (England) Order 2015 will introduce measures that extend the statutory notification scheme to include planting materials of the genus, *Prunus*. These measures will require businesses involved in the import and trade of this particular species to notify the relevant authorities APHA of any impending arrivals. There will be small additional administrative costs to importers arising from notification requirements that cover details on the host genus, supplier, date of introduction and quantity of the plants for incoming import consignments.

Notification Requirements

Businesses importing *Prunus* plant material will be required to notify the relevant authorities (PHSI) in advance of any impending arrivals from outside the UK. Details for each separate identifiable delivery are provided below and cover information regarding the destination, supplier, country of origin, date of introduction and size of the consignment.

- the intended date of introduction of the plants;
- their intended first destination;
- the quantity of the plants;
- the suppliers identity; and
- the country from which they have been, or are to be, consigned.

The details of each import consignment will be input onto an existing online system, developed as part of the statutory notification scheme for other plant genera (plane, sweet chestnut, pine, oak) introduced in January 2013. As a result, the additional costs of including *Prunus* to the list of plants subject to statutory pre-notification will be minimal.

The cost to businesses is estimated using the labour costs (see detail below, based on published ONS ASHE figures) for providing the relevant information about the consignment in question shown above. Based on evidence from the inclusion of previous species to the statutory notification scheme, we estimate a time cost of 5-10 minutes per notification in order to input details of the consignment onto an existing online system or to make a phone call to a local plant health inspector. In reality, on occasion email notifications are sent instead, but the time cost is not expected to be significantly different. There is little data on the number of businesses involved in the import or trade of *Prunus* planting material, however, we estimate that this time cost could be applicable to around 980 businesses in England, registered with APHA as importing plant and tree material (includes all businesses that import branches with foliage, bulbs, cut flowers, fruit/veg, seeds, shrubs and other planting material). There may also be additional importers (e.g. landscape contractors) that are importing ornamental *Prunus* trees or plants outside the nurseries supply chain that are not included in this estimate, because they do not fall within the scope of the requirement to be officially registered or to issue plant passports. APHA are working with trade associations representing this sector to raise awareness. We don't have information on this, but the number of any such imports is expected to be minimal. Table 1 presents figures on pre-notifications of tree species imported from Europe under the existing statutory notification scheme. This provides a basis to estimate the number of notifications that may be required from the inclusion of *Prunus*.

Table 1: Notifications to APHA between January 2013 and January 2015

Tree/Plant Species	Notifications	Trees
Ulmus (Elm)	42	3,908
Quercus (Oak)	1,768	1,023,691
Pinus (Pine)	493	332,047
Platanus (Plane)	128	10,056
Castanea (Sweet Chestnut)	101	34,434
Median	128	34,434

Source: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/405242/RFI_7170_Copy_of_Tree_notifications_Jan_2015_amended.pdf

We estimate that the number of pre-notifications required for *Prunus* trees and planting material to range from 21 to 884 per year (half of the lowest or highest notifications based on the table above that covers a two year period), illustrating the wide range of uncertainty regarding the number of businesses involved in the importation of the *Prunus* plant material. As a result, we have taken a cautionary approach and estimated that the number of new notifications could be up to that for Oak (884 notifications per year), which has by far the largest number of notifications based on the data above. At a total time cost of up to 10 minutes per notification, the total time taken by businesses to comply with the statutory notification scheme for *Prunus* could be between 3.5 hours to 150 hours per year. We use the upper bound estimate on the number of notifications per year and multiply by the upper bound wage rate per hour (gross) taken from the top decile of earnings for all full-time workers in ONS ASHE 2013, at £25.38¹. This is expressed in 2014 prices at £25.77 per hour, using the GDP deflator series provided by HM Treasury². We also apply an uplift of 30% to reflect non-labour costs which results in a total hourly cost of £33.50. This results in an overall cost estimate of around **£5,000** per year linked to the inclusion of *Prunus* plant material on the list of species subject to the statutory notification scheme.

¹ Office for National Statistics (2013) Annual Survey of Hourly Earnings 2013, Table 16a – Hourly Pay – Gross – For all employee jobs: <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-337429>

² HM Treasury (2015) *GDP deflators at market prices and money GDP: July 2015*, Summer Budget 2015): <https://www.gov.uk/government/collections/gdp-deflators-at-market-prices-and-money-gdp>

Summary of Total Costs to Business

If projected forwards over ten years, and expressed as the ‘Equivalent Annual Net Cost to Business’ (EANCB), as defined in the latest BIS Impact Assessment calculator, the **EANCB is around £5,000 (2014 Prices, 2015 Present Value)**, or an NPV of around £43,000 over a ten year appraisal.

Wider impacts

Consideration has also been given as to whether there are likely to be any additional costs associated with (i) follow-up inspections, or (ii) costs to Plant Health authorities for adapting existing systems, maintaining any online systems, or monitoring notifications.

Any follow up inspections carried out would be funded by Government, re-prioritising existing surveillance activities (therefore focussing the existing budget on the highest risk areas). There would be a small burden on business in co-operating with Inspectors during such inspections. An online system is already in place to notify imports of the tree genera concerned (as well as seed potatoes and some ware potatoes, which have been subject to statutory notification for a number of years). We will continue to work with those in the industry to improve this system and ensure it can be used with minimum burden. Any monitoring and enforcement costs would initially be light touch.

Although there is a risk that by providing more checks and inspections, this could lead to importers taking less care themselves, the aim is that by updating the notification scheme, that this will make importers more aware of potential risks. The direct intention of this scheme is to provide useful intelligence and facilitating targeted checks, which in turn will help to reduce the risks of importing diseases into the country.

The benefits of adding *Prunus* to the SNS are that it will help to protect the health and value of species in this genus, as well as other plant species affected by the same organisms.