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By email

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Product Regulation and Metrology Bill

During the first day of committee for the Product Regulation and Metrology Bill (the Bill) on the 20 November you raised a number of questions for which I promised to provide a response.

The first group of questions focused on the analysis that government has undertaken on the impacts of divergence from the EU on business and the costs on imports and exports:

- 1. What analysis has government undertaken on the impacts of divergence from the EU on business?**
- 2. What calculations have the Government made of the effect of divergence on exports and imports?**

Throughout 2023 DBT, in collaboration with other government departments, undertook 46 roundtables with over 300 stakeholders, both domestically and internationally. These focused on UK product regulation, including the recognition of EU requirements and the use of the CE and UKCA markings.

Some businesses indicated that where ending CE recognition would mean that additional product testing was required to place goods on the GB market, these costs would likely be passed on to consumers and could restrict innovation and growth. The roundtables also indicated there would likely be reduced product availability and choice in GB, with some manufacturers choosing not to take the necessary steps to comply with different requirements for the EU and GB markets. This was due to a range of factors including cost and production complexity.

The previous Government brought forward a Statutory Instrument, which was passed by Parliament in May 2024, to continue the recognition of certain EU requirements, including the CE marking, for 21 product regulations. This is estimated to lead to net savings of

£640.5m over 10 years. These calculations are set out in the full impact assessment for the Statutory Instrument. This work to reduce business burdens was in parallel to the work undertaken on the Product Safety Review (PSR).

In addition to addressing new and emerging product safety risks, the powers we are seeking within the Bill will allow us to respond to changes in the EU legislation that we currently recognise and future EU legislation. This will ensure the UK product regulatory framework can be updated to support economic growth, provide regulatory stability and protect consumers.

The Bill's provisions give us the ability to update our own laws to either continue or to end recognition or mirroring of EU product requirements where it is in the interest of our businesses and consumers. We will continue to conduct economic analysis and engagement with businesses and consumers whilst undertaking a series of sectoral reviews of the UK's product regulatory framework.

You also asked about revised Impact Assessments:

3. Will the Government publish a revised IA on costs to businesses of alignment or divergence?

On the Bill's impact assessment specifically, an Impact Assessment was published when the Bill was introduced. The Regulatory Policy Committee, the UK's independent regulatory scrutiny body, gave the Bill IA a 'fit for purpose' rating on 18 September 2024. The Committee noted that the:

"Bill's powers themselves do not result in costs or benefits to business or households. Instead, [the IA] provides a qualitative assessment and indicative figures to illustrate the likely scale of impacts, including estimating the size of the potential markets involved... The IA confirms that costs and benefits will be analysed further for the related secondary legislation. This is consistent with RPC guidance on assessment of impacts of primary legislation...". In line with the Better Regulation Framework, when we lay secondary legislation under this Bill which seeks to update or amend product requirements, an impact assessment will be undertaken.

You also asked about ministerial and official engagement with businesses and the EU in the following questions:

- 4. What discussions has the Minister had with industry on the impact of divergence or alignment with the EU?**
- 5. What discussions has Minister had with EU counterparts regarding this legislation?**

As I mentioned above, the Government recognises the importance of business engagement. The PSR call for evidence in 2020-21 received 158 written responses, from a wide range of stakeholders. These views informed the consultation proposals in 2023, on which 126

written responses were received. During the PSR consultation 53 engagement events were held reaching 400 different businesses, consumer groups, trade associations, local governments and experts. Over 50% of the written consultation responses were from industry (trade associations or individual businesses).

Alongside the industry roundtables held across the UK and internationally in 2023, DBT officials met with, and continue to engage with, industry stakeholders through attending trade fairs, business conferences, hosting virtual events and visiting manufacturers on their sites. These stakeholder engagements frequently highlight the need to update the product safety framework and, in the context of CE recognition, manage updates to EU law.

This Government recognises the importance of maintaining an effective dialogue with industry leaders, trade unions and civil society as work on the EU reset progresses. For example, the Minister for Services, Small Businesses and Exports and the Minister for Trade Policy and Economic Security co-chaired an EU trade business roundtable on 5 September 2024 to gather views from business stakeholders on how we can improve the UK- EU trading relationship. The Minister for the Cabinet Office also engages regularly with industry, including via the Domestic Advisory Group established under the Trade Cooperation Agreement.

Following their meeting in Brussels on 2 October, the President of the European Commission and the Prime Minister have agreed to strengthen the relationship between the EU and UK, putting it on a more solid, stable footing.

The Paymaster General and the Minister for the Constitution and European Union Relations is also taking forward discussions with his counterpart Executive Vice President Maroš Šefčovič on the reset of the UK-EU relationship. Looking forward, there will be regular UK-EU Summits at leader level to review progress, starting in the first half of next year. We will continue to work with the EU to identify areas where we can strengthen cooperation for mutual benefit, such as the economy, energy, security and resilience.

Regarding your questions on future decisions to mirror or diverge from the EU:

- 6. Under what conditions would divergence from EU product regulations be good for UK business?**
- 7. What would be the process the Government would take to select which regulations the UK would align or diverge from?**

Regarding the process and conditions for divergence, now that we have left the EU, we have the opportunity to consider what works best for UK consumers and businesses. This Bill will provide powers that give the UK greater flexibility in setting and updating our own product-related rules.

The process for making changes to regulations under the PRAM Bill would follow the usual process for laying statutory instruments where secondary legislation is needed to make a change to underlying regulations. This is where such changes have either been identified by government as potentially needing to be made or evidence has been brought to us by industry or other stakeholders.

Examples could include where the government identifies a hazard or risk which can be reduced or mitigated through obligations in new regulations; secondly, if wider government, businesses, or consumers identified a technological, efficiency, or trade reason to amend regulations to support businesses or consumers; thirdly, the EU was updating or reviewing a piece of legislation which we currently recognise, this would initiate a review by the UK to review whether we should amend domestic legislation to recognise the updated EU legislation, or, to stop recognition. These reasons are not necessarily comprehensive but hopefully provide a sense of why government may consider regulating and would be reasons to consult industry via calls for evidence, roundtables, or more formal consultation.

We have recently concluded a call for evidence on noise emissions by outdoor equipment where the EU has proposed changes to align its measuring methods with recent technological progress. We will carefully consider the views received from this call for evidence which closed on 11 November before setting out our proposed response.

A second call for evidence on the changes the EU has proposed to the Common Charging Directive, closes on 4 December. My officials would be happy to provide you the links to the respective government web page if helpful.

In addition, the Government response to the Product Safety Review (published on 5 November 2024), set out next steps to implementing the Review including for a series of sector reviews.

An example of where the Government could consider a different approach from the EU is digital labelling. As part of the Product Safety review, we have continued to work with business and consumer groups to determine the benefits of digital product labelling to save businesses time and money, along with working on how such a change could be implemented whilst not compromising safety, accuracy or efficiency.

I also mentioned in the debate on Wednesday 20 November, an example where the UK has chosen to diverge on product standards in respect of refuse collection vehicles. We understand the EU is now following the UK's lead by designating an updated standard.

As I hope I have explained, this Bill does not mean that we are obliged to follow EU requirements. What it will mean is that we will be able to choose whether to recognise or to mirror EU requirements, where this is in the interest of our businesses and consumers. We would assess these changes on a case-by-case basis, and implement them by bringing forward secondary legislation, which would be subject to appropriate Parliamentary scrutiny.

I hope my letter has provided additional clarity and reassurance regarding the important issues that were raised in the debate.

I am copying this letter to all Noble Lords who spoke in the debate. I am also depositing a copy of this letter in the Library of the House.

Yours Sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'L' followed by a series of loops and a final downward stroke.

Lord Leong CBE
Lord in Waiting (Government Whip)