The Marking of Retail Goods Regulations 2025

Lead department	Department for Environment, Food and Rural Affairs
Summary of proposal	The proposal is to extend "Not-for-EU" labelling across a sub-set of GB goods, in order to protect consumers in NI.
Submission type	Impact assessment (IA) – 4th April 2025
Legislation type	Secondary
Implementation date	2026
Policy stage	Final
RPC reference	RPC-DEFRA-5369(1)
Opinion type	Formal
Date of issue	22/05/2025

RPC opinion

Rating[1]	**RPC opinion**
Fit for purpose	The EANDCB calculation is fit for purpose. The IA identifies the main groups and the relevant direct business impacts. Given that the proposal only provides the power to enact GB-wide labelling and does not directly implement the policy, the EANDCB ranging from £0m is considered appropriate. The IA provides a sufficient SaMBA, exempting SMBs from the policy.

Business impact target assessment

	Department assessment	**RPC validated**
Classification	Qualifying regulatory provision	Qualifying regulatory provision
Equivalent annual net direct cost to business (EANDCB)	£0 to £38.7 million	£0 to £38.7 million *(2019 prices, 2020 pv)*
Business impact target (BIT) score	N/A	N/A
Business net present value	£0 to -£339.3 million	
Overall net present value	-£6.8m to -£348.0 million	

[1] The RPC opinion rating is based only on the robustness of the EANDCB and quality of the SaMBA, as set out in the Better Regulation Framework. RPC ratings are fit for purpose or not fit for purpose.

RPC summary

Category	Quality[2]	RPC comments
EANDCB	**Green**	The IA identifies the main groups and the relevant direct business impacts. Given that the proposal only provides the power to enact GB-wide labelling and does not directly implement the policy, the EANDCB ranging from £0m is considered appropriate. However, whilst the minimum and maximum estimate is helpful, the IA could further present the most likely scenario for implementation from within this range. The IA could also provide more detail on the types of businesses impacted by labelling costs.
Small and micro business assessment (SaMBA)	**Green**	The IA provides a sufficient SaMBA, exempting SMBs from the policy, whilst demonstrating that the benefits of the policy can still be maintained. The IA could be improved by including any relevant mitigation measures for medium sized businesses.
Rationale and options	**Satisfactory**	The IA evidences the problem under consideration, referencing the negative results from the 2024 consultation indicating the lack of benefits for businesses introducing “not for EU” labelling. As the preferred policy option does not address this lack of benefits, the Department could instead focus the evidence in the rationale on the downstream negative impacts faced by NI consumers. The IA explains that non-regulatory work has already been undertaken and could consider combining this with the regulatory options.
Cost-benefit analysis	**Good**	The IA uses a variety of different data sources and explains clearly how the data has been extrapolated and sourced. The Department also conducts sensitivity analysis on a range of uncertain input variables. The IA could benefit from including a more indicative assessment of the reduced delisting of the NI market benefit to help illustrate its scale, as well as providing some further clarity on the appraisal period selected.
Wider impacts	**Very weak**	The Department briefly considers the wider impacts of the policy but should also consider whether the proposal will have any disproportionate impacts on different NI or GB regions or impact individuals with protected

[2] The RPC quality ratings are used to indicate the quality and robustness of the evidence used to support different analytical areas. The definitions of the RPC quality ratings can be accessed here.

		characteristics. The IA should also consider the impact of the proposal on innovation.
Monitoring and evaluation plan	**Satisfactory**	Monitoring and evaluation is built within the proposal itself and the Department sets out the data metrics that it expects to monitor. However, the IA could be improved by including more detail on the data sources that will be used to retrieve these metrics.

Summary of proposal

As a central part of the Windsor Framework, The Northern Ireland Retail Movement Scheme (NIRMS) allows eligible retail goods that are not intended for the EU to move between Great Britain (GB) and Northern Ireland (NI) and avoid costly certification and assurance procedures. To prevent onward movement, relevant products require a “Not-for-EU” label to be printed on the packaging. For some businesses, the additional cost and complexity to apply labels and maintain separate product lines for different markets will not be financially viable. Manufacturers may choose not to label, leading to product removal from the NI market, known as delisting, if an alternate route to market is not available. This would negatively impact NI citizens.

The impact assessment therefore proposes an extension of the requirement for “Not for EU” labelling across Great Britain, in addition to the existing requirement to label only goods moving GB-to-NI. Expanding labelling requirements to products sold anywhere in the much larger GB market, intends to incentivise retailers and manufacturers to make the changes necessary for compliance with the smaller GB-NI route, by unifying labelling requirements across the UK. This in turn ameliorates the adverse effect on NI consumers caused by NI-specific delisting.

The Department considers three options within the IA:

- **Option 0 - NIRMS Labelling only (Do Nothing)** - This option entails the UK Government taking no formal action if goods are delisted from NI as a result of the labelling requirements under NIRMS. The Government would continue to implement its legal obligation of applying “Not-for-EU” labelling for agrifood products moving between GB and NI under NIRMS, as agreed in the Windsor Framework. The labelling requirements come into effect in phases, with Phase 1 and Phase 2 having already taken place (October 2023 and October 2024 respectively) and Phase 3 due to come into force in July 2025. Under this option, a requirement to label goods as “Not-for-EU” would not be extended across GB.
- **Option 1: NIRMS labelling + “Switch-on” GB-labelling powers (Preferred Option)** - In the preferred option secondary legislation is introduced to provide

for a contingency power to require 'Not-For-EU' labelling in Great Britain, where there is a risk of suppliers withdrawing products bound for Northern Ireland ("delisting"), with the ability to do so on a product-by-product basis if needed. This power would only be used if evidence demonstrates that certain products have been or are at risk of being delisted from sale in NI.

- **Option 2: GB-Wide mandatory labelling across all products in scope of NIRMS, timed in line with NIRMS phases** - This option would make it a legal requirement for businesses to apply "Not-for-EU" labels for all NIRMS products placed on the market in GB. This would be a pre-emptive approach and would apply irrespective of whether evidence that specific products have been or are at risk of being delisted from sale in NI.

The Department has modelled the preferred option (Option 1) to have an EANDCB between £0m and £38.7m with an NPSV estimate of -£6.8m to -£348.0 million. This consists of one-off and ongoing labelling costs for businesses supplying goods to NI and the associated familiarisation costs faced by manufacturers and inspectors. There are also enforcement costs and monitoring costs, as well as the indirect impact of trade diversion. Benefits have not been quantified.

EANDCB

The EANDCB calculation is fit for purpose. The IA identifies the main groups and the relevant direct business impacts, estimating the net cost to business per year to be between £0m and £38.7m. This consists of labelling costs for businesses supplying goods to NI and the associated familiarisation costs faced by manufacturers.

The range within this central EANDCB estimate reflects the contingency nature of the measure, as the extension of "not for EU" labelling to GB will only be implemented if certain monitoring evidence indicates necessary. Therefore, the lower bound (£0m) reflects the scenario that no products will be required to label in GB and the upper bound (£39.4m) reflects the scenario where 100% of NIRMS Phase 3 products will be labelled. The EANDCB focuses on Phase 3 products, as the existing earlier phases have not indicated any need for labelling requirements. Given that the proposal only provides the power to enact GB-wide labelling and does not directly implement the policy, the EANDCB ranging from £0m is considered appropriate. However, whilst the minimum and maximum estimate is helpful, the IA would be improved by further considering the most likely scenario for implementation, and drawing a mid-point from this EANDCB range. For instance, the Department should present the scenario where labelling is required for 50% of NIRMS Phase 3 products halfway through the appraisal period. Whilst the policy only provides a power to extend the labelling, the current range approach appears to present a slightly blunt instrument. Including this mid-point estimate would indicate a more likely central estimate between the two extremes presented.

The labelling cost from the proposal represents the one-off and ongoing costs faced by businesses if they are required to mark relevant products sold in GB with a “not for EU” label, including labour, package redesign, transportation and storage costs. The IA estimates these costs by scaling up responses from the ‘Marking of retail goods’ consultation, with outliers removed. The Department notes that these costs will vary for different businesses and acknowledges that some of the respondents were larger businesses. Whilst the IA details the number of consultation responses to each cost category question, it would be improved by providing more detail on the size of businesses that responded, their business model (including whether they already label for NIRMs phase 1 and 2 products) and where in the supply chain they fall. This would help to identify the main business groups impacted by labelling costs.

Familiarisation costs represent the amount of time taken for staff members at GB food manufacturers to understand the changes associated with the legislation. The Department assumes that 10 individuals from each manufacturer will need to familiarise and combines this with data from the ONS on the number of manufacturers and wage costs, as well as informed internal assumptions on length of guidance. Whilst the Department varies the number of individuals required to familiarise in the sensitivity analysis, the IA could be improved by explaining the basis behind this original assumption and providing more detail on the grades and roles of these individuals.

The RPC accepts that the Department’s treatment of these impacts as direct is in line with RPC guidance. The trade diversion costs, which may occur from businesses increasing their export prices, are correctly classified as having an indirect impact.

Counterfactual

The IA accounts for the counterfactual scenario conservatively, assuming that all business labelling costs are relative to the baseline, scaling up the costs received from the consultation to cover the industry as a whole. This does not account for the proportion of businesses who may have already voluntarily applied “not for EU” labels in GB (to streamline packaging processes) but is an appropriate assumption given the level of uncertainty.

SaMBA

The IA provides a sufficient SaMBA, exempting SMBs from the policy, based on the Companies House definition of SMBs (which includes the criteria of no more than 50 employees, alongside other criteria). The Department justifies why SMBs have been exempt, as these businesses are less likely to export to NI and unlikely to be involved in the exporting of “prominent” GB brands. This exemption therefore helps to mitigate any disproportionate impacts of the policy on SMBs, whilst ensuring that the intended benefits from the regulation can still be maintained. In addition, the IA calculates that 13% of market revenue is attributed to SMBs, further demonstrating that (whilst 88% of relevant GB enterprises are SMBs) the benefits of the policy can still be maintained by exempting them.

The Department explains why medium size businesses are not exempt, as this would undermine the objectives of the policy and increase the risk of delisting due to their larger presence in exporting goods to NI. In light of this, IA could be improved by including any relevant mitigation measures for medium sized businesses.

Rationale and options

Rationale

The IA sets out the problem under consideration, explaining how the additional costs from NIRMS labelling requirements may make specific products unprofitable, leading to these goods being removed from the NI market, negatively impacting food availability and choice for NI. The Department explains that the volume and type of products in scope of Phase 3 of NIRMS (which will be introduced in July 2025) poses a greater risk of this problem occurring. The Department evidences this problem, referencing the negative results from the 2024 consultation indicating the lack of benefits for businesses introducing “not for EU” labelling. The IA could have drawn more explicitly on evidence gathered in the consultation to support the rationale for intervention. This could have included any data gathered on the costs incurred by businesses introducing labelling, as well as further detail on the size and representativeness of the businesses consulted.

Furthermore, as the preferred policy option to extend “not for EU” labelling does not address costs (or lack of benefits) faced by businesses, the Department could instead focus the evidence in the rationale on the downstream negative impacts faced by NI consumers. This could include relevant case studies evidencing the possibility of delisting in NI.

The rationale for intervention also could be improved by focusing on the existence of market failures, such as the inefficiencies in production and allocation by market forces.

Options

The IA presents two regulatory options for intervention, which differ based on the proportion of products in scope of GB wide labelling. The IA explains that non-regulatory work has already been undertaken to safeguard against the risk of delisting, including providing guidance, funding and supporting businesses directly to find routes to continue to supply Northern Ireland. The IA could consider combining these non-regulatory interventions with the regulatory options.

The IA could also benefit from explaining the process which led to the development of options. This could help the Department consider (or justify against) including any further policy options to address the problem under consideration and protect the supply of NI goods.

Cost benefit analysis

Evidence and data

The IA uses a variety of different data sources to underpin the cost-benefit analysis, such as the 'Marking of retail goods consultation', consumer purchasing panel data and data from the ONS on food expenditure, household expenditure and the annual business survey.

The IA explains clearly how the data has been extrapolated and sourced to form the cost-benefit estimates. However, the IA could provide further detail on the nature of the data that has been gathered in the analysis. In particular, the Department could provide more information on the consultation responses that drive the labelling cost estimates, detailing the types of businesses that responded, and examples of the cost estimates they provided for each component.

Methodology

The Department presents the impacts of the proposal on businesses (including food manufacturers), local authorities and central government. These impacts include familiarisation costs, trade diversion costs, the enforcement costs faced by inspectors and labelling costs. The latter impact was calculated by scaling responses from the 'Marking of retail goods' (with outliers removed) to cover the industry, using the revenue of respondents and the total expenditure on potential products affected by the proposed GB-wide labelling regulations. The IA then scales down these total costs for different product scenarios (including a scenario for 100% of Phase 3 products) by applying the number of SKUs (stock keeping units) in NI under the NIRMS phases attributed to each product type. The IA could benefit from giving some examples of this calculation so the steps that have been taken to reach the monetised estimates can be easily followed.

The enforcement, monitoring and familiarisation costs have all been estimated by combining the relevant staff salaries with the estimated time taken to complete the related activity. The IA could benefit from clarifying whether the inspector and civil service salaries have been up-lifted to account for non-wage costs, as has been set out for familiarisation costs.

The benefit from the reduced delisting of the NI market, remains non-monetised. As this is the main benefit of the proposal, driving the rationale of the intervention, the IA could be improved by including a more qualitative assessment of this benefit to help illustrate its scale, with any indicative figures to support its impact. As this benefit is reliant on increased labelling costs (which is incurred by GB consumers), this impact reflects a trade-off between GB consumers and NI consumers. The IA could benefit from explicitly setting out the transfer aspect of this impact, even if non-monetised.

The Department explains that the IA does not appraise for 10-years from the statutory instrument being passed through parliament but instead appraises the costs and benefits for a 10-year period following a point where the mandatory marking of GB products is required and implemented. However, the IA also states that lower bound of the headline estimates assume that no products will be required to label in GB, with the headline NPSV estimate reflecting only the costs to government associated with the monitoring programme. This suggests that the appraisal period does begin from when the statutory instrument is passed through parliament. Therefore, the IA could benefit from providing some further clarity on the appraisal period selected.

Risks and assumptions

The IA clearly outlines the assumptions made in the cost-benefit analysis, explaining their source and appropriateness. However, the IA could provide further detail on the source and appropriateness of the assumptions used in the manufacturer's familiarisation cost estimates. For instance, it is not clear whether the estimated time taken to read the guidance also includes the time taken to apply it, and the £19 per hour staff cost does not appear to recognise that the familiarisation time would need to be undertaken at a senior level.

The Department also acknowledges that there is inherent uncertainty within the cost-benefit analysis and conducts sensitivity analysis on a range of uncertain input variables in the analysis, including the pass-through rate in the trade diversion cost and the scaling methodology used in the labelling costs. The IA then combines the sensitivities to produce a final high and low scenario. Whilst the low scenario is calculated by applying all low-cost estimates to the central scenario (0-100% of Phase 3 products required to label in GB), the high scenario applies the high-cost estimates to 0-100% of all NRIMS products. For consistency, it would be beneficial for the IA to also apply the high-cost estimates to the central scenario, where only Phase 3 products require labelling.

Wider impacts

The Department briefly considers the wider impacts of the policy, explaining the positive impact that the proposal will have on political stability and food security, as well as stating that quantifying environmental impact has been possible due to a lack of data. In light of this, the IA could be improved by providing a qualitative environment assessment to further explain any environmental impacts. The IA should also consider whether the proposal will have any disproportionate impacts on different NI or GB regions or impact individuals with protected characteristics, as part of an equalities impact assessment.

The Department also summarises the trade impacts of the policy which have been discussed in detail throughout the IA. The wider impacts section could benefit from considering some additional trade impacts, such as the wider impact of manufacturers choosing to use move goods to NI via the red lane. The IA could also consider any downstream supply chain issues from the proposal. The IA could also consider the potential wider impacts that would occur if the UK chose to align with

EU rules on agri-food in the future. This would mean the NI and GB would return to the same regulations on these products.

The IA should also consider the impact of the proposal on innovation, particularly as the labelling requirements will change the internal production process. This could impact the organisation methods and efficiency.

The IA could also consider the wider impacts that occur from defining the conditions for the power to be triggered as whether delisting is 'significant'. This definition appears slightly vague, and the OA could consider the impact of this condition resulting in a marking of a good where only a small subset of NI consumers would like to access them.

Monitoring and evaluation plan

The IA states that as the legislation uses the European Withdrawal Act as its primary power, it is not necessary to conduct a statutory review. However, monitoring and evaluation is still built within the proposal itself, as the preferred way forward will establish a monitoring mechanism to continuously monitor the supply and availability of key products in NI. The Department sets out the data metrics that it expects to monitor, including food sales and availability in NI, sales anomalies and trade flow data. However, the IA could be improved by including more detail on the data sources that will be used to retrieve these metrics and how it will be gathered, as it is not clear how the field work or electronic point of sales data will be utilised. The IA could also consider expanding the evaluation to monitor additional metrics indicating the success of the policy, such as the labelling costs faced by businesses. Whilst the IA references business engagement, the Department could expand on how it expects to gather stakeholder feedback, including the questions that would be asked.

The IA could also be improved by setting out the research questions that will be used to shape the monitoring and evaluation activities, as well as considering any high-level external factors that will have an impact on the success of the intervention, as well as detailing how it will adjust for these.

Regulatory Policy Committee

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