

## THE UK INTERNAL MARKET AND THE INTERNAL MARKET ACT (IMA) 2020

### Summary

1. The UK Internal Market is critical to the interests of Scottish agriculture and the vitally important food and drinks sector it underpins.
2. NFU Scotland stresses the need for agricultural support policies to diverge where necessary to reflect different needs and objectives. However, the free movement of goods and services and the regulations governing agricultural production, animal welfare, the environment, etc. must be aligned so there is no competitive (cost) advantage or disadvantage from farming in one part of the UK over another.
3. It is the clear view of NFU Scotland that the principles embedded in the UK Internal Market Act (IMA) 2020 pose a significant threat to the development of Common Frameworks and to devolved policy.
4. Common Frameworks would ensure that the UK Internal Market effectively continues to operate as it does now – providing a level playing field of minimum regulatory standards to enable the free movement of goods and services without unfair distortion. Common Frameworks would manage policy differences on the basis of agreement and is founded on respect for devolution.
5. However, the UK IMA 2020 appears to limit the devolved administrations' ability to act if any standards were lowered and give the UK Government a final say in areas of devolved policy.
6. The UK IMA 2020 potentially undermines the Common Frameworks process both in principle, as they move from agreement to imposition, and in practice by removing the incentive for the UK Government and devolved administrations to agree ways to align and manage differences when mutual recognition and non-discrimination rules require acceptance of standards from other parts of the UK.

### Background

7. The regulatory fields of agriculture, environment and food have a hugely important role in agricultural practice and trade within the UK. They also require close co-operation between the UK Government and devolved administrations.

8. NFU Scotland supports the principle of Common Frameworks as an important component of safeguarding the integrity of the UK Internal Market. This support has always been predicated on the frameworks being 'commonly agreed' through mutual agreement between the UK Government and the devolved administrations and not by imposition from the centre.
9. Common Frameworks are integral to the functioning of the UK Internal Market. They must operate effectively to preserve the UK Internal Market and to ensure that the UK does not breach its international obligations and should respect the devolution settlements and democratic accountability of the devolved legislatures.
10. NFU Scotland believes that Common Frameworks should:
  - enable the functioning of the UK Internal Market, while acknowledging policy divergence
  - ensure compliance with international obligations
  - ensure the UK can negotiate, enter into and implement new trade agreements and international treaties
  - enable the management of common resources
  - administer and provide access to justice in cases with a cross-border element
  - safeguard the security of the UK
11. NFU Scotland remains concerned that the UK IMA 2020 could potentially override all Common Frameworks relating to agricultural support, environmental and animal welfare standards, and food. In addition, it does not include any proposals for how UK Internal Market disputes may be resolved or how Common Frameworks might operate and be governed. This is a major omission.

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