

Scottish Consumers benefit enormously from open and frictionless trade within the United Kingdom. That sizeable open market allows retailers to operate at scale across the four nations. They are able to develop business models which can be replicated at scale, and in doing so are able to benefit significantly from economies of scale (thus lowering business costs and in turn prices for consumers), including spreading the costs of new product development. This allows businesses to operate high volume low margin businesses which create a highly competitive market which incentivises businesses to provide the best range, value, quality, and service to consumers.

It is of course right that each of the four nations should be able to take distinct positions on the policy areas which have been devolved. The retail industry recognises the value of the devolution settlement. This, of course, brings with it consequential regulatory divergence. Of course, we hope Governments will only look to bring forward divergent regulation when other alternatives have been exhausted and there is a definite public good. Our experience suggests home nation governments often have similar or reasonably similar policy goals and so a collegiate approach is optimal.

However, we believe there is significant value in ensuring the underlying principles of the Internal Market Act, of non-discrimination and mutual recognition. Those principles open up trade opportunities within the United Kingdom, making it simpler for businesses to sell products as widely as the market allows. Whilst the Act is not perfect, we believe the underlying framework is valuable and continue to be advantageous in delivering relatively frictionless trade within the United Kingdom.

We support the high-level exclusions from the Act covering threats to health, taxation, chemicals and fertilisers and pesticides.

Broadly we believe the market access principles have been protected since the Act came into force. Our experience working in the devolved nations indicates the Act has an effect on regulatory policy in those nations, eventually encouraging a more considered approach.

However, it is also true the Act has created some uncertainty in policymaking. At the moment the Act provokes significant debate on whether a policy is applicable to the internal market principles which creates a level of uncertainty about whether a policy will be enacted, whether an exclusion is required, or whether and under what terms an exclusion may be granted.

We believe that the exclusions process for goods works reasonably when governments agree, but where there is disagreement it becomes challenging. There is little transparency on whether an exclusion is required, how it is applied for, and the timetable for it being granted. This tends to lead to uncertainty which is challenging for businesses who simply wish to implement policy. Greater transparency, including market access principles in consultation, and certainty on whether an exclusion will be granted before setting implementation dates would all be steps which would improve this situation for businesses.

We broadly hold the same perspective on the market for services as we do for the sale of goods. Whilst many of the services our Members provide are currently covered by reserved legislation, there are areas where mutual recognition is appropriate. This includes delivery of age-restricted products and cross-border sale of services.

We would note that there is a significant lack of transparency over the current operations of the Internal Market. Discussions over Common Frameworks tend to exclude businesses whilst decisions over whether an exclusion is required are conducted at a Government level. To build greater confidence in the operating of the Internal Market there needs to be greater opportunities for stakeholder consultation and engagement.

**Scottish Retail Consortium**