

 <b>Regulatory Policy Committee</b>	<b>Opinion</b>	
<b>Impact Assessment (IA)</b>	Agricultural or Forestry Tractors Exhaust Emissions - Extended Flexibility Scheme Amendment	
<b>Lead Department/Agency</b>	Department for Transport	
<b>Stage</b>	Final	
<b>IA number</b>	DfT00220	
<b>Origin</b>	European	
<b>Expected date of implementation (and SNR number)</b>	October 2013 (SNR No. 6)	
<b>Date submitted to RPC</b>	24/07/2013	
<b>RPC Opinion date and reference</b>	23/08/2013	RPC13-DfT-1795(2)
<b>Overall Assessment</b>	<b>GREEN</b>	
<p><b>RPC comments</b></p> <p>The IA is fit for purpose. The comments in our previous opinion (17/06/13) have been addressed and the One-in, Two-out position now appears to be robust.</p>		
<p><b>Background (extracts from IA)</b></p> <p><b>What is the problem under consideration? Why is government intervention necessary?</b></p> <p>Pollutants from agricultural and forestry tractors cause health problems which are external costs, as they are not faced by tractor users and manufacturers, so that government intervention to reduce emissions is necessary. The Agricultural and Forestry Tractors Emissions Directive (2000/25/EC) sets progressively more stringent emissions standards for new tractors. However, emission reduction is costly and the move from the Stage IIIA to the Stage IIIB standard requires significant redesign of tractors which is particularly burdensome in the current economic climate. This IA considers the transposition of an amendment to the Directive which increases the "flexibility scheme", reducing costs for manufacturers and purchasers.</p> <p><b>What are the policy objectives and the intended effects?</b></p> <p>The objective of the amending Directive is to ease the exceptional burdens on industry that arise in consequence of a requirement to redesign tractors to accept Stage IIIB engines whilst simultaneously dealing with the effect of an economic downturn. The intended effect is to reduce the risk of retrenchment in the sector, and so maintain employment and an industrial base ready to take advantage of improved economic conditions.</p>		
<p><b>Comments on the robustness of the OITO assessment</b></p> <p>As this proposal is of European origin and there is no evidence that the increase in regulation would go beyond minimum requirements, or of a failure to take available derogations which would reduce the costs to business [and civil society organisations], it is out of scope of One-in, Two-out (Better Regulation Framework Manual - paragraph 1.9.8. ii).</p> <p>The re-submitted IA now puts this measure as Zero Net Cost. This is because</p>		

*"Whilst there is insufficient evidence to permit us to monetise these benefits, they will evidently outweigh, for any operator who chooses to purchase a tractor made available as a result of the additional flexibility, the costs to business that we have been able to quantify and monetise."* (Paragraph 9.5, page 18). This appears to be a reasonable assessment and in accordance with the BRFM.

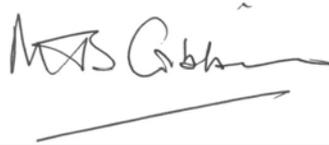
**Comments on the robustness of the Small & Micro Business Assessment (SMBA)**

The proposals are not of domestic origin and the SMBA is therefore not applicable.

**Quality of the analysis and evidence presented in the IA**

As noted in our previous opinion (17/06/13), the IA provides a detailed and generally clear assessment of the impacts of the proposals.

**Signed**

A handwritten signature in black ink, appearing to read "Michael Gibbons", with a long horizontal line extending to the right below the signature.

**Michael Gibbons, Chairman**