

Title: Introduction of a full cost recovery charging regime for the delivery of the CITES licensing service IA No: DEFRA1436 Lead department or agency: Defra Other departments or agencies: AHVLA	Impact Assessment (IA)			
	Date: 16/03/2012			
	Stage: Consultation			
	Source of intervention: Domestic			
	Type of measure: Secondary legislation			
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Summary: Intervention and Options	RPC: GREEN
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Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£0m	-£1.86m	£0.18m	No
			NA

What is the problem under consideration? Why is government intervention necessary?
 The Control of Trade in Endangered Species (Fees) Regulations 2009 set charges to cover the costs of issuing licences to control the trade in endangered species of wild fauna and flora.

 Current fees do not reflect the true cost to government of providing this statutory service resulting in a subsidy for users and a financial cost to the general taxpayer. Government intervention is necessary to remove the subsidy and relieve the burden on the general taxpayer and it is intended to increase the charges to users to full cost recovery levels.

What are the policy objectives and the intended effects?
 The objective of this policy is to relieve the burden on the taxpayer of providing this statutory service without compromising the Governments' objectives of enabling the sustainable trade in endangered species of wild fauna and flora.

 The intended effect of the policy is a more efficient use of public resources by transferring the cost of service provision from the general taxpayer to the direct beneficiaries of this licensing service and move toward Full Cost Recovery (FCR), in line with Government policy (Managing Public Money (Oct. 2007) HM Treasury).

What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)
 Option 0: No intervention. Under this option charges would be maintained at current levels. This option represents the baseline against which other options are compared.
 Option 1: Introduction of a full cost recovery charging regime for all applicants in two phases: a 25% increase to the current charges in October 2012 and, subject to review, a further increase in October 2014 to enable full cost recovery .
 Option 2: Introduction of a full cost recovery charging regime for all applicants in October 2012.

 Option 1 is preferred to allow a period of time to assess the impacts of increases on the numbers of applications received (and hence revenues) and to allow time for reviews of IT provision and scientific advice to be completed as these could have an impact on operating costs of the licensing service.

Will the policy be reviewed? It will be reviewed. If applicable, set review date: 10/2013					
Does implementation go beyond minimum EU requirements?				N/A	
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.		Micro Yes	< 20 Yes	Small Yes	Medium Yes
What is the CO ₂ equivalent change in greenhouse gas emissions? (Million tonnes CO ₂ equivalent)				Traded:	Non-traded:

I have read the Impact Assessment and I am satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impact of the leading options.

Signed by the responsible Minister: _____ Date: _____

Summary: Analysis & Evidence

Policy Option 1

Description: Introduction of a full cost recovery charging regime for all applicants in two phases (Oct 2012 and Oct 2014)

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: £0m

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.21	1.75

Description and scale of key monetised costs by 'main affected groups'

Increasing CITES charges to recover full costs will result in an average increase in costs to businesses of about £210k a year, averaged over a 10 year period (see table 1 in evidence section).

Other key non-monetised costs by 'main affected groups'

Marginal reduction in ability to compete in EU and global markets, and marginal increase in costs to customers. There is also a potential minor impact on rates of compliance as a result of individuals not applying for CITES licences due to increased costs.

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.21	1.75

Description and scale of key monetised benefits by 'main affected groups'

The benefit to the taxpayer is the revenue from the increased charges (equivalent to the cost to business above).

Other key non-monetised benefits by 'main affected groups'

None identified

Key assumptions/sensitivities/risks

Numbers of applications received are assumed to remain constant. There is a small chance that their numbers will reduce resulting in lower recovery rates. Market variability and data accessibility limits degree to which accurate assessments of impacts can be made. Further investigation of potential compliance effects will be undertaken through the consultation exercise.

Discount rate (%)

3.5

BUSINESS ASSESSMENT (Option 1)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.20	Benefits: 0	Net: -0.20	No	NA

Summary: Analysis & Evidence

Policy Option 2

Description: Introduction of a full cost recovery charging regime for all applicants in October 2012

FULL ECONOMIC ASSESSMENT

Price Base Year 2012	PV Base Year 2012	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: Optional	High: Optional	Best Estimate: 0

COSTS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.25	2.12

Description and scale of key monetised costs by 'main affected groups'

Increasing CITES charges to recover full costs will result in an average increase in costs to businesses of about £250k a year, averaged over a 10 year period. (see table 1 in evidence section of IA)

Other key non-monetised costs by 'main affected groups'

Reduced ability to compete in EU and global markets, shifting patterns of trade to or through other EU markets where costs are lower, and increased costs to customers. There is also expected to be some effect on rates of compliance as a result of individuals not applying for CITES licences due to the increased costs

BENEFITS (£m)	Total Transition (Constant Price) Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low	Optional	Optional	Optional
High	Optional	Optional	Optional
Best Estimate		0.25	2.12

Description and scale of key monetised benefits by 'main affected groups'

The benefit to the taxpayer is the revenue from the increased charges (equivalent to the cost to business above).

Other key non-monetised benefits by 'main affected groups'

None identified.

Key assumptions/sensitivities/risks

Numbers of applications received are assumed to remain constant. There is a chance that their numbers will reduce resulting in lower recovery rates. Market variability and data accessibility limits degree to which accurate assessments of impacts can be made. Further investigation of potential compliance effects will be undertaken through the consultation exercise.

Discount rate (%)

3.5

BUSINESS ASSESSMENT (Option 2)

Direct impact on business (Equivalent Annual) £m:			In scope of OIOO?	Measure qualifies as
Costs: 0.25	Benefits: 0	Net: -0.25	No	NA

Evidence Base (for summary sheets)

IMPACT ASSESSMENT OF THE PROPOSAL TO INTRODUCE A FULL COST RECOVERY CHARGING REGIME FOR THE DELIVERY OF THE CITES LICENSING SERVICE

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1. Problem under consideration

The UK is a party to the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), an international agreement that regulates trade in endangered species¹ to ensure that they do not become or remain subject to unsustainable exploitation because of international trade.

CITES requires that trade in listed endangered species is subject to a series of controls, including that it is managed by a licensing system. CITES is implemented directly in the UK by European Union regulations^{2,3} which include details of the species which are subject to control, the circumstances under which licences must be sought, and the procedures and documents required for trading in listed species. In the UK the licences required by EU regulations for trading in CITES-listed species are issued by Animal Health and Veterinary Laboratories Agency (AHVLA).

It is Government policy to charge for many publicly provided goods and services⁴ as this relieves the general taxpayer of costs properly borne by users who benefit directly from a service and allows for a more equitable distribution of public resources and enables lower public expenditure and borrowing.

Fees for the processing and issue of CITES licences by AHVLA were last increased in 2009 and are set out in The Control of Trade in Endangered Species (Fees) Regulations 2009 (SI 2009/496).

When charges for CITES licences were increased in 2009 it was agreed that they should be phased in to allow businesses to adjust their practices in order to mitigate the expected impacts on them. The fees recovered as a consequence of the 2009 increases did not therefore reflect the true cost to the taxpayer of providing the licensing service and it was recognised that further increases would be necessary to recover the full cost of providing it.

The income that will be generated by the current suite of charges in the 2012/13 financial year is forecast as £0.42m. This accounts for 43% of the total cost to the taxpayer of providing the service (forecast as £0.97m in 2012/13). Current fees do not reflect the true cost to government of providing this statutory service resulting in a subsidy for users and a financial cost to the general taxpayer.

2. Rationale for intervention

Government intervention is necessary to remove the subsidy to users of the CITES licensing service and relieve the burden on the general taxpayer.

¹ Details of the species listed under CITES can be found at <http://www.cites.org/eng/app/index.shtml>

² Council Regulation (EC) No.338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein

³ Commission Regulation (EC) No. 865/2006 of 4 May 2006 laying down detailed rules concerning the implementation of Council Regulation (EC) No.338/97 of 9 December 1996 on the protection of species of wild fauna and flora by regulating trade therein

⁴ Managing Public Money. HM Treasury, October 2007. Available to view at http://hm-treasury.gov.uk/documents/public_spending_reporting/governance_risk/psr_managingpublicmoney_publication.cfm

3. Policy objective

The objective of this policy is to relieve the burden on the taxpayer of providing this statutory service without compromising the Governments' objectives of enabling the sustainable trade in endangered species of wild fauna and flora.

The intended effect of the policy is a more efficient use of public resources by transferring the cost of service provision from the general taxpayer to the direct beneficiaries of this licensing service and move toward Full Cost Recovery (FCR), in line with Government policy (Managing Public Money (Oct. 2007) HM Treasury).

4. Options considered

Two options for delivering the Government's policy objective are considered:

- **Option 0:** No intervention. Under this option charges would be maintained at current levels. This option represents the baseline against which the two options are compared.
- **Option 1:** Introduction of a full cost recovery charging regime for all applicants in two phases: a 25% increase to the current charges in October 2012 and, subject to review, a further increase in October 2014 to enable full cost recovery. This is our preferred option (see below).
- **Option 2:** Introduction of a full cost recovery charging regime for all applicants in October 2012.

Annex A1 shows proposed charges under a phased approach and at full cost recovery and compares these to the current fee schedule.

The current charging regime charges customers on the basis of each application received. Applications are defined in section 6 of The Control of Trade in Endangered Species (Fees) Regulations 2009, SI 2009 No.496 (the "2009 Regulations"). With some modifications, it is proposed to continue to charge on this basis. It is also proposed that fees would continue to be waived for those applying for licences for non-commercial activities which would have a benefit for the conservation of the species in the wild⁵.

In addition to the fee increases outlined in Annex A1 proposed changes to the charging regime are:

- Separate charging structures will be applied to animals and plants. This reflects the different costs in providing scientific advice for animals and plants and represents a fairer distribution of costs. It also takes account of the different way in which charges are calculated, i.e. by species for animals and by genus for plants.
- Where an application requires the issue of more than one permit or certificate the new charge will apply to the first issued plus an additional fee of £1.50 for each additional permit or certificate issued. This is to cover the administrative costs associated with their production and will replace Regulation 4 of the 2009 Regulations which provides for the charging of fees for certain multiple

⁵ Section 5 of SI 2009/496

permits or certificates. This will ensure that charges are more fairly distributed across all users of the service.

Charges have been calculated according to the time taken by licensing service staff to administer applications received, based on work-time recording statistics and estimated volumes of applications (internal cost). Charges have also taken account of the input of the UK Scientific Advisers, Wildlife Inspectors and the non-enforcement activities of the compliance team, each of which were allocated pro rata to the internal cost of each relevant animal or plant application. The costs related to the enforcement activities of the compliance team (forecast as £0. 28m for 2012/13) are not included in the costs to be recovered.

The Animal Health and Veterinary Laboratories Agency (AHVLA) is considering replacing a number of IT systems, including to support the CITES licensing service. This will include consideration of options for online applications and the issue of electronic permits. The CITES licensing service is also reviewing with the scientific authorities possibilities for streamlining the way in which advice is provided. Both of these could result in a reduction in the operating costs of the licensing service and potentially mitigate against the need for substantial increases in fees.

Given the scale of some of the increases and the potential impact on some sectors our preferred option is **Option 1: Introduction of a full cost recovery charging regime for all applicants in two phases: a 25% increase to the current charges in October 2012 and, subject to review, a further increase in October 2014 to enable full cost recovery.** This would also allow us time to assess more accurately the likely impacts of the increased charges on business competitiveness, rates of compliance, and on volumes of applications. It will also allow review and consideration of options for improving IT systems and streamlining the provision of scientific advice and their implications on the costs of providing the licensing service. The new additional £1.50 charge will be introduced in October 2012. Following the decision to distribute costs more fairly between the animals and plants sectors, the cost of some animal-related applications is expected to fall. These charges are proposed to be reduced in October 2012. Increasing charges by 25% will in some cases increase the charge above the amount proposed at full cost recovery. Where this is the case charges will only be raised to the full cost threshold. For example, increasing the charge for export permits by 25% would increase the charge to £75. The charge proposed for export permits at full cost is only £63 so the charge will only be increased to £63 in October 2012.

5. Costs and benefits

This section considers the key costs and benefits arising from the proposed fee increases in terms of the following impacts:

- Business impacts
- Impacts on taxpayers
- Compliance impacts
- Animal welfare impacts
- Impacts on sustainable use
- Cumulative impacts

Annex A2 includes more detailed market analysis which was used in understanding the impacts identified. In summary the main costs and benefits identified were:

Costs - The main costs to businesses resulting from an increase in fees for CITES licences under options 1 and 2 are expected to be an increase in operating costs, some reduction in competitiveness in EU and global markets, and some minor shifts in patterns of trade to or through other EU markets where costs are lower. In relation to option 1 (phased approach) the impacts arising from a 25% increase in fees are not expected to be significant. The costs incurred by businesses are expected in part to be transferred to customers. There may also be some effect on rates of compliance as a result of individuals not applying for CITES licences due to the increased charges at full cost recovery rates.

Benefits - In economic terms fees and charges are regarded as a form of transfer, i.e. the costs are transferred from one party to another. In this case the additional cost is being transferred from the government (taxpayer) to those who receive the service. The taxpayer therefore enjoys a benefit of equal magnitude to the cost borne by the user of the service.

The costs and benefits of options 1 and 2 are assessed in more detail in the following sections. This assessment is based primarily on records kept by the CITES licensing service and analyses undertaken by eftec (Economic for the Environment Consultancy) prior to the increase in charges in 2009^{6,7}.

5.1 Business impacts

The introduction of higher charges would have an impact on all businesses dealing in CITES goods to varying extents and predicting how businesses would adapt following the introduction of higher charges is difficult given the variation in the market structure. Nonetheless, from the information outlined in Annex A2 and the two eftec reports it is possible to build a picture of commercial activity in CITES goods. From this we can begin to analyse, evaluate and describe the expected impacts of increased charges.

The cost of providing the CITES licensing service is forecast at £0.97m for 2012/13 of which £0.42m is expected to be recovered in charges under the current charging regime leaving £0.55m funded from general tax receipts. Of this £0.27m relates to the enforcement-related costs of the compliance team which will not be recovered. This leaves a total of £0.28m relating to the cost of the licensing service being subsidised by the taxpayer.

Under option 1, for the six month period October 2012 – March 2013 an additional £0.04m will be transferred to users of the service, rising to £0.07m for the 2013/14 financial year. For this full financial year the amount recovered will be £0.49m, leaving £0.48m to be funded from general tax receipts. The cost of continuing to fund the fee waiver is expected to increase marginally in

⁶ eftec (2008) Impact of Increased CITES Charges on Conservation and Illegal Trade, Report to Defra – June 2008.

⁷ eftec (2008) Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008.

year 1 although recovery rates are not expected to be significantly impacted as a result (see section 5.2 for more information on the fee waiver).

Subject to review, fees will be increased again in October 2014. For the six month period October 2014 – March 2015, a further £0.14m will be transferred to users of the services above the current level. This will rise to £0.26m for the 2015/16 financial year and for each full financial year thereafter, i.e. £0.28m minus the £0.02m cost of the taxpayer continuing to fund the fee waiver (section 5.2).

Under option 2 an additional £0.14m will be transferred to service users between October 2012 – March 2013, rising to £0.26m from 2013/14 and for each full financial year thereafter and taking account of the continued funding of the fee waiver.

Table 1 below shows the increased cost to business and other users of CITES goods as a consequence of higher charges by financial year, taking account that increases are introduced mid-year (October) as described above. These costs are shown on the summary pages at the beginning of this document and are equivalent to the reduced need for subsidy from the general taxpayer. They are also therefore the benefits of these options.

Table 1: Increase in costs to business from higher CITES charges (equivalent to benefit to taxpayer) (financial years,£m)

		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Total
<i>At constant prices</i>	Option 1	0.04	0.07	0.18	0.26	0.26	0.26	0.26	0.26	0.26	0.26	2.10
	Option 2	0.14	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	0.26	2.48
<i>Present Value</i>	Option 1	0.04	0.07	0.16	0.23	0.23	0.22	0.21	0.20	0.20	0.19	1.75
	Option 2	0.14	0.25	0.24	0.23	0.23	0.22	0.21	0.20	0.20	0.19	2.212

In 2008 UK CITES trade was estimated to be worth between £10 and £50 million per year (see Annex A2). The increases under full cost recovery represent only a very small proportion (between less than 1% and 3%) of the estimated value of the market for CITES goods so the transfer of burden is not expected to have a significant impact on the market as a whole.

This assumption is supported by the fact that following the increase in charges in 2009, the number of licences issued between 2008/09 and 2009/10 did not show a substantial change. This suggested that the impact of the increased charges was less than expected. It is believed that this was because in many cases, businesses chose to adjust their practices to mitigate the impacts of the increase by including more specimens⁸ in a single application.

⁸ Of the same species, with the same source and purpose code, and transported between the same importer and exporter (Reg.6 of 496/2009).

Increased costs for UK businesses as a consequence of higher charges could make it more difficult for them to compete with other international competitors which do not face similar levels of charges. This could have an impact on businesses dealing in goods which are financially marginal.

Free movement of goods within the EU facilitates competition across the EU and no CITES import or export permits are required for movement within the EU. Current levels of charging make the UK one of the most expensive in Europe and the proposed increase will result in levels of UK charges being considerably higher than all other EU Member States⁹. This has the potential to impact on the competitiveness of UK traders in comparison to EU competitors.

Setting charges in the UK that are significantly higher than other EU countries (in particular higher than those in France, Italy and Germany, major transit countries for CITES trade) will also increase the incentive to adopt trade routes via the EU to the UK, in order to avoid the high costs of UK fees.

All these impacts will be limited by practical constraints on import methods for CITES materials. Whilst there are established EU trade routes and the possibility exists of some shift in trade to other EU countries in some sub-sectors, the transport, insurance and other costs of importing by different routes will be an influencing factor as to whether this is a suitable proposition. Sectors most likely to take advantage of alternative trade routes are some of those exporting high value goods (e.g. birds of prey) and commercial bulk imports (e.g. coral, plants, and leather products).

These impacts are expected to be more significant under option 2 as this is unlikely to give UK businesses sufficient time to adjust their business practices to respond to the increased fees.

Whilst overall impacts of a move to full cost recovery on the market for CITES goods are expected to be small some sub-sectors are expected to be more affected than others. Whilst it is not possible to assess the likely cost impacts on most business sub-sectors, drawing from the analysis in Annex A2, informal consultations with traders, and the previous eftec reports, the following assumptions can be drawn:

- In the trade in tortoises and some reptiles the particular effects of the requirement to accompany the onward sale of each specimen with a CITES commercial use certificate (Article 10) will increase the average cost per specimen. A large part of this cost is likely to be passed on to consumers, which may reduce demand and therefore affect the viability of some smaller retailers.
- In the coral trade competition from imports via other EU countries (such as France which has a large coral sector) may result in loss of trade

⁹ Based on charges at November 2009. More up to date information is not readily available.

from UK importers if they cannot compete on prices. Reduced sales may affect both importers and smaller retailers. Together these factors could affect the viability of smaller businesses involved in the trade.

- In the export trade, such as falcons and leather products, a small price increase could disadvantage UK traders against competitors from elsewhere in the EU.
- In the plant trade where high volumes of individual specimens are imported which require the issue of individual licences, the additional charge per licences issued could impact on specific businesses. It may be more cost-effective for such businesses to adopt alternative trade routes through other EU countries to avoid UK licence fees.

The proposed increase of 25% under option 1 is not expected to have a significant impact on any of these sectors.

Only once higher charges are introduced will it be possible to ascertain more accurately the effect on numbers of applications and therefore assess the ability of achieving full cost recovery.

Proposals for increases in charges in other areas of AHVLA's responsibilities will have a cumulative impact on some traders of CITES goods. For example, increases to charges related to Border Inspection Posts, which form part of the current proposal for increasing charges for AHVLA services, are likely to affect some sub-sectors trading in CITES goods. Other fees and charges may also be increased or introduced over time in line with the Government's policy to recover the full cost of services it delivers. Some of these charges may also impact on those subject to the charges under consideration in this impact assessment

Further evidence of the potential impacts on businesses will sought through the consultation exercise (see section 7).

5.2 Impacts on taxpayers

The introduction of a full cost recovery charging regime would end the subsidisation of the trade in CITES goods by the general taxpayer. The cost to the taxpayer of operating the CITES licensing service in 2012/13 is forecast as £0.97m. Applications received during 2010/11 generated £0.44m in income and this is expected to remain constant.

Currently charges may be waived where the specimens concerned are to be used for non-commercial purposes which are deemed to have a conservation benefit to the species in the wild. The waiver system introduced in 2009 covers a range of conservation activity¹⁰ and is planned to continue.

¹⁰ Guidance note 17 on the waiving of fees for applications for CITES licences (<http://animalhealth.defra.gov.uk/about/publications/cites/guidance/GN17.pdf>)

Continued application of the waiver scheme will result in a continued cost to the taxpayer. In 2010/11 a total of £10.6k in fees was waived, the large majority for EC certificates, and import/export permits. Data from the first half of 2011/12 indicate that this pattern is likely to continue or marginally increase. Taking account of the increase in charges the value of fees waived is expected to increase to approximately £20k at full cost recovery, with only a marginal increase in the first year if costs are phased in. The taxpayer will continue to carry this cost as it helps to deliver Government's conservation objectives.

Taking into account fee waivers, it is expected that the additional transfer of costs from the taxpayer to users of the service at full cost recovery will be £0.26m (full cost minus fee waiver minus enforcement costs).

Under the phased recovery option (option 1), for the six month period October 2012 – March 2013 an additional £0.04m will be recovered, rising to £0.07m for the 2013/14 financial year. This would increase by a further £0.14m between October 2014 – March 2015, rising to £0.26m for the 2015/16 financial year and for each full financial year thereafter. At this point subsidisation by the taxpayer would end with the exception of covering the costs associated with the fee waiver and the provision of enforcement-related activities.

Under option 2 all costs would be transferred to service users in October 2012. See Table 1 above for an aggregate picture of the benefits.

The transfer of costs from the taxpayer to users of the service would contribute to reducing pressures on public finances and would release Government revenue for the wider public benefit. Society would benefit from more efficient allocation of resources compared to a 'do nothing' situation, and the transfer of costs would enable the more efficient delivery of Government objectives.

5.3 Compliance impacts

Illegal trade in CITES listed species (either moving CITES goods fraudulently under a licence, or without a licence at all) is poorly understood and therefore difficult to regulate and control. It is a highly variable crime, with a range of criminality, deception, methods and routes involved. In general it is difficult to monitor, detect, prove and prosecute, and doing so is usually dependent on intelligence-led policing. The lack of information complicates attempts to analyse the behaviour of those involved. However, their behaviour is key to predicting the likely impacts of the proposed CITES charges on the illegal wildlife trade.

Increased charges could result in an increase in non-compliance and in illegal trade. Non-compliance could arise because people may be more willing to risk not applying for the appropriate licence. Increased charges will increase the costs of trading in CITES-listed species and as a result will likely increase

their market value within the UK. This could increase the attractiveness of trading illegally within the EU or across its borders.

In the UK CITES trade is regulated by The Control of Trade in Endangered Species (Enforcement) (Amendment) Regulations 2005. Prosecutions may also be brought under the Customs and Excise Management Act 1979. In 2010/11 there were 10 convictions and 10 cautions by Police forces, and the UK Border Agency made 386 seizures. Over the previous decade there were on average 5.6 prosecutions and a further 4 cautions/warnings per year. Seizures have steadily increased over the period. However, it is not possible to determine from these figures whether there has been a change in the level of illegal activity or whether it is a consequence of increased and better coordinated enforcement action.

A recent sensitivity analysis¹¹ showed that the majority of respondents felt that the objectives of CITES regulations and requirements to complete CITES applications are reasonable and considered that complying with them was important to their reputation. Most respondents felt there was little to gain from breaking the regulations. The notable exception was those trading in orchids and tortoises¹². These two groups also indicated a degree of indifference to the need to comply with government regulation. However, this analysis was based on only a small proportion of all traders dealing in CITES goods so is unlikely to be statistically significant¹³.

Where illegal activity does occur there is a limited chance that it will be detected and so will create a negative impact on UK taxpayers, both through lost licensing and tax revenues, and less effective enforcement of CITES. The numbers of traders likely to change their behaviour is difficult to calculate. The import of live animals is thought to be a lower risk group because of the practical constraints, but there are thought to be many commercial traders of non-live goods who are potentially a risk. However, only a small minority of these are thought likely to adopt illegal behaviours.

There is no evidence that the 2009 increase in fees has caused a decline in compliance from applicants from the trade areas involved. It is not expected therefore that the 25% increase proposed under option 1 would result in a significant increase in non-compliance. However, the effect of a move to full cost recovery is more difficult to assess and further evidence of the potential impacts on rates on compliance will sought through the consultation exercise.

5.4 Animal welfare impacts

No significant impacts on animal welfare are expected because any changes in transport practices would be regulated by EU animal welfare regulations

¹¹ The "Table of 11" (T11) (<http://www.it11.nl/it11/>) which poses a series of questions designed to help understand the effects of policy changes where individuals' response behaviour is a key factor

¹² During a police operation (Operation RAMP) internal trade checks were made on almost 100 premises trading in CITES Annex A tortoises. Of these up to 10% of the non-compliance detected was claimed to be due to the cost of licences.

¹³ At the time of writing this analysis has not been verified by statisticians.

and the suitability of handling facilities for CITES specimens is assessed by the authorities as part of the applications process.

5.5 Impacts on sustainable use

The increased charges may impact on the conservation of species in source countries if it alters demand for CITES products in the UK. If UK demand is reduced then this might reduce the economic value of wildlife in source countries, and reduce the incentive for people to conserve biodiversity in order to provide a sustainable supply of these products. A majority (around 75%¹⁴) of the UK's CITES imports come from developing countries. The proposed charges may reduce the purchase of wildlife goods by UK citizens from collectors in developing countries whose revenue from these sales provides an incentive for the sustainable use and therefore conservation of wildlife resources. However, the extent of this impact on wild populations, and its interaction with poverty concerns, is not possible to assess with current data. While the impacts of the charges on the UK's demand for CITES goods, and therefore on global conservation has the potential to be negative, evidence that a significant negative effect is likely is not available.

6 Wider impacts

Specific impact analyses are included at Annex A3.

7 Rationale and evidence that justify the level of analysis used in the IA

Data for this analysis has been drawn primarily from the Unicorn database which includes details of the permits and certificates issued by the CITES licensing authority. It also draws on previous analyses undertaken for Defra when charges were last increased in 2009^{15,16}.

Further consultation with stakeholders will be undertaken as part of the consultation exercise to assist in preparing a more robust analysis of potential impacts. This consultation will aim, *inter alia*, to identify:

- the number and size of businesses likely to be affected;
- the scale and value of their trade in CITES goods, including numbers of applications and volumes of goods traded;
- potential impacts on profit margins;
- potential impacts on rates of compliance.

8 Risks and assumptions

In interpreting this assessment a number of risks and uncertainties should be noted:

- Charges have been set based on the number of applications received. This assumes that the number of applications will remain constant year

¹⁴ effec (2008) Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008.

¹⁵ effec (2008) Impact of Increased CITES Charges on Conservation and Illegal Trade, Report to Defra – June 2008.

¹⁶ effec (2008) Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008.

on year. However, application numbers may rise or fall over time due to fluctuations in trade patterns. They may also fluctuate as a consequence of increased charges. Due to uncertainty over the extent to which application numbers will be affected by the increase in charges full cost recovery is not guaranteed in the short-term.

- The data available on CITES trade is not comprehensive and this should be considered when reviewing the evidence. Whilst information can be drawn from the data relating to permits and certificates issued, other analyses in this IA are based on assumptions related to the purpose for which applications are made.
- The different types and scales of trading activity, the variability of the data available, the types of goods traded under each licence (ranging from thousands of plants, to clothing accessories, to individual carved ivory antiques), and the use of different measurements for recording volumes make comparisons difficult and make it difficult to establish common trends.
- It is not possible to assess the likely change in numbers of applications because there is a difference in the way applications are input onto the Unicorn database and how charges are applied to them. The two recording systems are not comparable.
- Increased charges may result in changes to business practices and fluctuations in trade patterns which are not possible to predict with any degree of accuracy without wider public consultation with those trading in CITES goods.
- No sensitivity analysis has been undertaken to assess possible impacts on rates of compliance.

9 Direct costs and benefits to business calculations

One-In-One-Out methodology has been followed. However, it should be noted that these proposals are not under the scope of One-In-One-Out in line with the statement by the MoS for Business and Enterprise that ‘fees and charges should only be considered in scope of the Government’s One in One Out policy where they resulted from an expansion in the level of regulatory activity.’ These proposals do not expand the level of regulatory activity. Treasury’s Managing Public Money clearly states that it is government policy to charge for many publicly provided services and the norm is to cover full costs services and all options presented work towards this aim.

10 Summary and preferred option with description of implementation plan

Given the scale of some of the increases and the potential impact on some sectors our preferred option is **Option 1: Introduction of a full cost recovery charging regime for all applicants in two phases: a 25% increase to the current charges in October 2012 and, subject to review, a further increase in October 2014 to enable full cost recovery.** This will allow a period of time to assess the impacts of the increased charges on businesses, on the numbers of applications received, and the need for any

further variation in charges. It will also allow review and consideration of options for improving IT systems and streamlining the provision of scientific advice and their implications on the costs of providing the licensing service.

To assess the longer term impact of the increase in charges, the Government will monitor and review:

- Patterns of trade in the UK and impacts on businesses trading in CITES-listed species, including impacts on numbers of applications for different types of chargeable licence.
- Extent of non-compliance and illegal trade in the UK and the effectiveness of enforcement measures.
- The extent to which the full costs of the CITES licensing service are being recovered.

Annex A1

Schedule of current fees and proposed fees under a phased approach and at full cost recovery

Application for	Current fee (£)	ANIMALS		PLANTS	
		Proposed fee (£) at phase 1 of option 1	Proposed fee (£) at full cost recovery ¹⁷	Proposed fee (£) at phase 1 of option 1	Proposed fee (£) at full cost recovery ¹⁷
Certificate of origin	25	31	119	31	169
Commercial use certificate - Article 10	25	31	68	31	121
Pre-issued certificate under Article 63 of the Commission Regulation (certificates for certain breeders or traders in dead specimens)	25	Discontinued	Discontinued	Discontinued	Discontinued
Re-export certificate	47	37	37	59	179
Pre-issued re-export certificate under Article 18 of the Commission Regulation (biological samples)	47	44	44	59	181
Pre-issued re-export certificate under Article 19 of the Commission Regulation (dead specimens)	47	44	44	59	181
Export permit	59	63	63	74	213
Import permit	59	67	67	74	153
Pre-issued export permit under Article 18 of the Commission Regulation	59	72	72	74	120
Pre-issued export permit under Article 19 of the Commission Regulation	59	72	72	74	120
Pre-issued export permit under Article 29 of the Commission Regulation (nursery permits)	59	72	72	74	120
Personal ownership certificate under Article 37 of the Commission Regulation	59	74	212	74	212
Sample collection certificate	59	74	212	74	212

¹⁷ Proposed fees under option 1 from October 2014 and, under option 2 from October 2012.

Travelling exhibition certificate	59	74	212	74	212
Movement certificate - Issued under Article 9	70	88	133	88	182
Scientific institution certificate - Issued under Article 60	177	146	146	195	195
CITES registration	177	221	500	221	500

Annex A2

Analysis of the market for CITES traded specimens

CITES-related trade in the UK is complex and occurs in many forms and impacts on businesses dealing in CITES goods are likely to vary according to the types of goods in which they trade. CITES-related trade in the UK is complex and occurs in many forms with substantial variations in the types and scales of trading activity. There are a wide variety of businesses dealing in CITES goods, from companies dealing in antiques or luxury goods, to smaller companies dealing in live animals or plants. Most businesses dealing in CITES goods are small enterprises.

To understand the costs and benefits for businesses trading in CITES goods it is necessary to understand the market for CITES goods. Indicative data on trade volumes was obtained from the Unicorn database which is used by the UK CITES licensing authority to record permits and certificates issued. However, there are limitations to this data:

- It is not possible to analyse precisely the market for CITES goods because the available trade data is so complex it precludes an efficient breakdown of the whole sector, for example by not comprehensively or consistently identifying the different economic sectors involved in CITES trade.
- The way in which the Unicorn system records applications received and the way charges are applied to them are different. For example, a case officer may receive 5 application forms covering 3 different species with the same purpose code, source code, and being transported between the same importer and exporter. The case officer may enter these as 5 records, whereas the trader will only be charged 3 fees according to the definitions in the 2009 Regulations. This means it is not possible to make a cross-comparison of Unicorn data with chargeable applications.
- Permits and certificates may be issued covering a number of specimens or individual specimens. Some permits for example, may cover 50 specimens whereas others are issued covering just a single specimen. This means it is often difficult to extract precise details of the volumes of species in trade.

A separate record of chargeable applications is maintained by the licensing service which shows that the UK received 8690 chargeable applications in 2009/10 and 9599 in 2010/11¹⁸. These records do not, however, include a breakdown of the applications received by purpose, species, volumes etc.

Table 1 shows the number of licenses (i.e. permits and certificates) issued in 2010/11.

¹⁸ Following revisions to the definition of application in the 2009 Regulations it is not possible to draw comparisons with the period before April 2009.

Table 1: UK CITES licenses issued by type and purpose, 2010/11						
Purpose	EC Certificate	Export Permit	Import Permit	Re-export Permit	Total	% of licenses
Breeding in captivity or artificial propagation	0	6	79	1	86	<1%
Educational	0	0	21	20	41	<1%
Botanical gardens	0	0	0	0	0	0%
Hunting trophies	0	0	33	0	33	<1%
Law enforcement / judicial / forensic	0	0	0	0	0	0%
Medical (including biomedical research)	0	78	499	428	1005	2%
Reintroduction or introduction into the wild	0	0	2	2	4	<1%
Personal	0	71	393	355	819	1%
Circuses and travelling exhibitions	0	7	71	57	135	<1%
Scientific	0	8	148	133	289	<1%
Commercial	2	1901	27141	7348	36393	62%
Zoos	0	68	92	3	163	<1%
(blank)	18925	0	0	0	18925	33%
Total	18927	2139	28479	8347	57892	100%
% licenses	33%	4%	49%	14%	100%	

Table 1 also shows that most licences issued in the UK in 2010/11 were for commercial purposes (62%). It also shows a large number of applications for which no purpose is recorded (blanks). The blanks are assumed to relate to commercial trade as it is this which dominates the declared purpose for other licences issued and because the species to which they relate are commonly in commercial trade. Including these figures gives a new total of 95% of licences issued for commercial purposes.

It is possible that other applications may be related to commercial trade, e.g. bio-medical research, circuses and exhibitions. However, due to the fact that they constitute such a small proportion of applications received, they are considered to be insignificant for the purposes of this assessment.

The majority of licences issued are for EC certificates and import permits, but the use of all types of licence shows that the significance of the UK as a trading economy extends to CITES goods.

When numbers of licences issued are compared to the number of chargeable applications it shows that a large proportion of the applications made were for multiple licences, i.e. for each application a number of licences were issued.

Table 2 shows the number of licences issued by the source of the specimen(s) involved.

Table 2: Licences issued by type and origin, 2010/11						
Source	EC Certificate	Export Permit	Import Permit	Re-export Permit	Total	% of all licences
Artificially propagated plants (A)	0	261	18933	1	19195	33%
Captive bred specimens for commercial purposes (D)	4475	432	182	6	5095	9%
Captive bred animals (C)	13106	1316	1508	1641	17571	30%
Captive born specimens (F)	78	109	814	186	1187	2%
Wild taken specimens (W)	646	11	6145	3459	10261	18%
Ranched specimens (R)	4	0	58	117	179	<1%
Confiscated or seized specimens (I)	14	0	27	44	85	<1%
Pre-convention specimens (O)	305	1	777	1512	2595	4%
Unknown (U)	299	9	35	1381	1724	3%
Total	18927	2139	28479	8347	57892	

Table 2 shows that most EC certificates issued relate to source code C (Annex A animals bred in captivity for non-commercial purposes and Annexes B and C animals bred in captivity). As the large majority of CITES trade is for commercial purposes it can be assumed that this relates to trade in Annex B and C specimens. The businesses most affected by the increase in charges in this category will be those trading in tortoises (more than 9000 licences issued), birds of prey, particularly falconry (more than 3600), and reptiles (more than 2700).

Of import permits issued the majority are for source code A (Annex A plants artificially propagated for non-commercial purposes and artificially propagated Annexes B and C plants and their parts and derivatives). Again it can be assumed that this relates primarily to Annex B and C specimens in commercial trade. However, it is known that the large proportion of these import permits relate to a single trader and thus a wider market impact on this sector cannot be assumed.

Another notable point that can be seen from Table 2 is the relatively high proportion of licences issued for wild taken specimens, particularly in relation to imports and re-exports, constituting 17% of licences issued. Due to the numbers involved it can be assumed that the majority are in commercial trade. Businesses most affected by the increase in charges in this category will be those trading in coral (more than 4200 licences issued), and reptiles (more than 3800).

In view of this analysis the following sub-sectors are considered as representing the main commercial users of CITES licences applying for the majority of licences issued for commercial purposes:

- Live birds, in particular birds of prey
- Reptiles
- Tortoises
- Coral
- Leather products
- Plants and plant products (not timber)

Table 3 summarises the key sub-sectors¹⁹.

Table 3: Key sub-sectors	
Sub-sector	Structure of Activity
Live birds	Large proportion of licences issued relate to captive bred birds of prey. Mostly EC certificates but significant export market for falcons.
Reptiles & tortoises	High volume of imports. When sold on through pet trade in the domestic market individual specimens likely to require individual EC certificate.
Coral	High volumes of wild taken specimens imported annually.
Leather goods	Mainly high volume imports, often for re-export market.
Plants and plant products	High volume of imports, mainly entering domestic horticultural market.

In a report to Defra, prepared in 2008²⁰, the volume of trade and prices of individual items were used to estimate a value for each trade sub-sector (Table 4).

Table 4: Estimated value of UK CITES trade						
Sector	Volume	unit	Price (£ per unit)		Value (£)	
			low	high	low	High
Falcons	6,000	No.	300	500	1,800,000	3,000,000
Other birds of prey	3,000	No.	50	100	150,000	300,000
Other live birds	8,000	No.	50	100	400,000	800,000
Tortoises	26,500	No.	100	150	2,650,000	3,975,000
Reptiles	25,000	No.	20	50	500,000	1,250,000
Leather products	46,000	No.	20	100	920,000	4,600,000
Antiques	10,000	No.	50	1,000	500,000	10,000,000
Carvings	74,500	No.	5	100	372,500	7,450,000
Taxidermy	3,800	No.	100	300	380,000	1,140,000
Bulb	35,000	No.	2.5	40	87,500	1,400,000
Orchid	615,000	No.	5	20	3,075,000	12,300,000
Coral	233,000	Kg	2.5	5	582,500	1,165,000
	210,000	No.	2	3	420,000	630,000
Total					£10 million	£50 million

¹⁹ Based on analysis by etec in Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008.

²⁰ Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008

This shows that the UK CITES trade was estimated to be worth between £10 and £50 million per year. Adjusting for inflation since 2008 (at approximately 5-7% over the period) will result in a marginal increase in the value of trade between £10.5 and £53.5 million per year. However, due to the wide range and considerable uncertainty in these figures, the inflationary increase is not considered significant in terms of this assessment.

Table 5 outlines the possible impacts on the main sub-sectors trading in CITES goods. This is based on several qualitative characteristics of the different sub-sectors that were considered in evaluating the likely reaction of the market to increased charges. The characteristics, and reasons for their selection, are presented in Table 6²¹.

Table 5: Estimated changes in applications by key sub-sectors	
Sub-sector	Impact on application nos.
Live birds	Some increase in illegal trade practices for lower value birds of prey expected to reduce applications. Higher-value falcon trade likely to be less affected.
Reptiles & tortoises	Reduced demand for tortoises due to need for EC certificates for sale of individual specimens.
Coral	More bulk imports likely, or where this is not possible, price increases to consumers and reduction in trade.
Leather products	Significant value/volume of goods means charge increase unlikely to significantly affect price.
Live plants and plant products	Modest impact on high-volume trade.

²¹ eftec (2008) Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008.

Table 6: Market characteristics of CITES goods

Characteristic	Means of Measurement	Notes
(A) Product characteristics: <ul style="list-style-type: none"> Perishability, Weight, Bulk, Quantities in which they are traded. 	Through qualitative judgement, using expert stakeholder knowledge where possible.	These product qualities are key determinants of the methods by which the CITES materials are transported for trade. For example, the role of live goods in a sub-sector, and the sensitivity of the live species to transport/storage conditions (their perishability) plays a major role in determining the way they are transported and the cost and difficulty (i.e. the requirement for specialist skills) of providing the necessary conditions.
(B) The cost of transporting/storing the goods concerned.	Largely determined through (A), defined as additional cost compared to standard freight costs: High: specialist care/packaging in transit adds significantly to costs. Medium: some additional costs, but economies of scale or lower specialism. Low: No or little additional cost.	Key information to determine the relative significance, and impact, of the proposed charges increase: firstly, longer trade routes will lead to increased (fuel and manpower) transportation costs. Secondly, some CITES goods will require specialist transport facilities, with associated costs. Judgements reliant on information from stakeholders and expert knowledge on the trade.
(C) The volumes of the goods on trade routes within the EU (e.g. Italy, France)	Data on import and exports from EU countries with significant volumes of trade.	To assess the presence of established alternative trade routes to which trade might shift as a result of the proposed increase in charges.
(D) Feasibility of without-permit movements (smuggling).	Largely determined through (A).	'Smuggling' refers to without-permit methods to illegal trade. With-permit is less relevant because it still involves paying a licence charge, although putting similar specimens (e.g. of falcons) under the same permit can reduce numbers of licences and charges.
(E) Whether goods can be stored in order to stockpile and delay import to get larger volumes of material under a single application.	Expert judgement, perishability (as assessed in (A)). Data on current sizes of consignments in existing imports (measured through the quantity under a single licence).	This will influence whether traders are able to import fewer consignments of a larger number of items, thus making fewer applications.
(F) Motivations for importing the goods.	Qualitative assessment. Numbers of traders importing small quantities of the goods.	Whether imports are for purely commercial profit, or also for some other motivation (e.g. a cultural reason) can determine behaviour (as identified under the Table of 11 (T11)). Traders importing small quantities of a CITES good are unlikely to be commercial traders, and are more likely to be hobbyists or have very specialist uses.
(G) T11, Compliance Dimension <ul style="list-style-type: none"> Knowledge 	Qualitative assessment for key sub-sectors at risk of non-compliance.	Balance of costs and benefits not included under T11 because dealt with elsewhere.

<ul style="list-style-type: none"> • Acceptance • Respect for authority • Social control 		
T11, Enforcement Dimension <ul style="list-style-type: none"> • Knowledge 	Qualitative assessment for key sub-sectors at risk of non-compliance.	
(H) Number of businesses that are specialists in imports from 3 rd countries.	Numbers of businesses making more than 24 or 50 applications in a sub-sector.	Traders making less than 24 applications will face relatively small overall cost increases and/or be trading in relatively small volumes of the good, in the context of commercial business operations (but this depends on other costs associated with the goods as above).
(I) The level of business capital invested in CITES-related business operations. This might be physical capital (e.g. facilities for keeping live specimens) or human capital (e.g. skills relevant to CITES goods), and the flexibility to transfer this capital to other activities.	Qualitative assessment, with reference to factors noted in (A) and (C), and also the facilities needed for any specialist/ value-added activities carried out after import.	Traders fixed costs (e.g. investments in storage/handling facilities), and whether this capital can be re-deployed, will influence the overall cost impact of changes to CITES practices.

Impact tests

Small Firms Impact Test

1. Analysis of the market structure for CITES goods indicates that the vast majority of the businesses involved in CITES trade, and therefore impacted by the proposed increase in charges, are small businesses and a large proportion of applicants may be micro businesses. However, the size of businesses is not recorded in the CITES Unicorn database, making small business impacts hard to establish. Further details of potential impacts will be sought through the consultation exercise.
2. The only sectors likely to involve traders who are not small businesses are those dealing in leather products (involving major fashion traders / retailers) and antiques (involving some large auction houses). The vast majority of the other impacts identified are expected to relate to small businesses. In addition, many are likely to be micro-businesses, and may be run on a part-time or hobby basis. The choice of individuals in these activities to continue them (and to pay the increased charges) may be partly a business decision and partly a personal choice about how to use their leisure time. This makes the behaviour of the individuals and micro-businesses harder to determine.
3. SMEs may be less able to adapt to the new proposed charges due to: greater difficulties in buying or selling in bulk; application costs representing a larger proportion of business costs; fewer economies of scale; and less scope to diversify. However, if the trade also reflects their personal hobby, and they have significant costs invested into the activities (e.g. facilities for keeping live specimens), they may continue to trade. These factors may influence the capacity of many SMEs to continue trading as a result of the proposed charges.
4. Below is a summary of impacts on small businesses in the sub-sectors analysed. These assessments are based on the analysis above and on the results of the 2008 analysis by *eftec*¹. However, traders in the sub-sectors concerned will need to be consulted to ensure more accurate assessments.
 - i. *Live birds (in particular birds of prey)* - The traders affected are all likely to be small businesses, including many micro-businesses. This sector will potentially be affected by some loss in export trade.
 - ii. *Reptiles and tortoises* – Likely to be significantly affected by increase in costs of Article 9 and 10 licences. Low margins on many specimens so potentially high impact. A large part of this cost is likely to be passed on to consumers, which may reduce demand and therefore affect the viability of some smaller retailers, all of whom are likely to be small businesses. Commercially, smaller pet traders are most likely to be effected. There may be some change to move more specimens in bulk under each application in the middle of the supply chain, but housing costs, supply constraints and other logistical factors are expected to limit such mitigating activity.
 - iii. *Coral* - Overall, the numbers of applications are expected to reduce, with cost increases expected to affect the viability of some smaller traders in this sub-sector. Increased illegal activity is unlikely as the large volumes of specimens involved in the trade are difficult to transport by illegal without-permit methods. The majority of these impacts are expected to relate to small businesses.

¹ *eftec* (2008) Impact of Increased CITES Charges on Conservation, Welfare and Trade, Report to Defra – October 2008

- iv. *Leather goods* - A large number of the businesses affected are likely to be small businesses dealing in low value goods for the re-export market. This sector will potentially be affected by a loss in export trade.
 - v. *Plants and plant products* - The majority of impacts are expected to relate to small businesses. This sector will be potentially affected by increased import costs.
5. The majority of the impacts are expected to fall on small businesses. However, the Government does not consider it appropriate to exempt small firms from the increase in charges as this will preclude delivery of its objective of transferring the cost burden from the taxpayer to users of the licensing service.

Competition assessment

6. A competition assessment has been conducted using the competition filter and it is not expected that this measure will affect competition between UK businesses as increased charges will be applied equally to all sectors.

Legal Aid

7. The policy does not create new criminal sanctions or civil penalties.

Sustainable development

8. The proposal contributes to the Government's sustainable development principle of achieving a sustainable economy by transferring the cost burden of delivering the CITES charging regime from the taxpayer to users of the service, thus enabling the more efficient allocation of public money.

Carbon impact assessment

9. The policy is expected to result in some changes in trade routes for CITES goods. This is expected to increase transportation of CITES goods. It is not possible to assess the expected change in trade routes and the consequent impact on emissions of greenhouse gases. However, due to the relatively small scale of trade in CITES goods and the limited ability of many traders to adopt alternative trade routes this impact is expected to be negligible.

Other environmental issues

10. If UK demand for selected CITES-listed species is reduced there is the potential that this might reduce the economic value of wildlife in source countries, and reduce the incentive for people to conserve biodiversity in order to provide a sustainable supply of these products. However, it is expected that this impact would be insignificant as other businesses are likely to move into these markets.

Health impact assessment

11. The policy will not directly impact on health or well being and will not result in health inequalities.

Race / Gender / Disability equality

12. Conditions apply equally to all individuals and businesses involved in the activities covered by the policy.

Human rights

13. The policy is consistent with the Human Rights Act 1998.

Rural Proofing

14. Conditions apply equally to all individuals and businesses involved in the activities covered by the proposal. There should be no equity issues arising for individuals or businesses wherever they are based.