

Mechanically Separated Meat Guidance Implementation: Impact Analysis Summary

A summary of the impact analysis carried out for Mechanically Separated Meat

Summary of Impact Analysis

Mechanically separated meat (MSM) must be prepared and handled in accordance with the Regulations and, when used as an ingredient in a product for consumers, it must be labelled as distinct from the meat content percentage of that product.

In 2012, the European Commission (EC) disagreed with the FSA's position in allowing a category of meat to be marketed in the UK as desinewed meat (DSM) and advised it should be categorised as MSM instead. The FSA issued a moratorium reflecting the EC's view which meant that products previously marketed as DSM could no longer be produced from bovine, ovine or caprine bones (or bone-in cuts) and could only be produced from poultry and pork if classified and labelled as MSM.

The decision to implement the moratorium attracted a legal challenge. This culminated in a 2022 High Court Judgment, upholding the EC's view. The series of Court Judgements clarified how the definition of MSM should be interpreted and applied. The FSA developed new Guidance to Food Business Operators to assist their understanding of how to comply with the clarified definition.

The FSA carried out a public consultation on the draft MSM Guidance, and the consultation invited industry to provide evidence to support respondents' views and concerns about wider impacts. FSA Economists considered the potential costs and benefits that stakeholders may experience because of any changes in practice necessary for businesses to comply with the Regulations.

During the consultation, the FSA received insufficient evidence regarding the operational and financial impact of the new MSM guidance. Consequently, a comprehensive impact assessment could not be conducted as initially intended. The FSA's intention was to utilise the results of the impact assessment to inform the design of the implementation and enforcement strategy. Unfortunately, due to the lack of evidence provided, the analysis is unlikely to be a fair representation of the costs businesses face across the industry. Therefore, it cannot be used to inform enforcement.

Monetised costs to businesses

Information on potential costs was only provided by a small number of consultation respondents. Publicly available data was used to fill information gaps, alongside several assumptions.

FSA data on approved food establishments was used to estimate the number of food businesses affected, by identifying businesses that undertake MSM activities, meat preparation activities, or both. As not all businesses that only produce meat preparations will be affected by the changes, it

is assumed that 10% of these businesses are in scope of this analysis.

UK Business Counts data from the Office for National Statistics was used to estimate the number of additional manufacturers affected, who are not captured in FSA datasets. The Standard Industrial Classification (SIC) 2007 code 1013: Production of meat and poultry meat products, was the most appropriate category for this. The changes will not be relevant for all businesses in this category. Therefore, as 18% of businesses responding to the consultation were manufacturers, it is assumed that 18% of businesses in this category will be affected by the changes.

Due to the paucity of evidence and the necessary use of assumptions, the estimates should be interpreted with caution and may not be representative of the actual costs faced by businesses.

The monetised costs include familiarisation costs, labelling costs and package wastage costs. Products not previously classified as MSM that remain on the market will require relabelling. The consultation responses suggested that businesses purchase up to 6 months' worth of labelling stock at any one time and may therefore incur wastage costs, if the transition period towards adopting the agreed definition is less than this.

The total estimated monetised costs range between £8.9m and £9m, depending on guidance implementation.

Non-monetised costs

There may be other impacts that have not been monetised. These include:

Production process changes

Some businesses may decide to alter their production processes, for example, by reformulating products. This is regarded as a commercial decision for businesses and not a direct impact. However, consultation responses did provide estimates for production process changes, such as the costs of alternative meats, which range from the low millions to the mid-10s of millions.

Food waste

The FSA will look to introduce the changes to minimise food waste costs to businesses. However, some consultation respondents still provided estimates of food waste, particularly if an alternate market for products such as wishbone meat could not be found, which ranged from around 1,800 to 5,500 tonnes per year.

Difference in value of MSM and non-MSM products

There are greater restrictions in terms of the permitted uses of MSM and it cannot count towards the meat content stated on product labels. Consequently, it is of lesser commercial value. Businesses producing or using any products that must be classified as MSM may experience a fall in demand for those products.

Impact on consumers

Whether, and to what extent, changes will have an impact on consumer purchasing decisions is currently unknown, as it is not yet known what products will be affected. We also have little evidence on consumer attitudes and behaviour towards purchasing of products containing MSM or towards meat content of products. However, it is likely that any impact on consumer purchases will be driven by things that affect consumers' purchasing decisions in general, such as availability, price and judgement of quality.