

Explanatory Memorandum to the Closure of European Union Legacy Agriculture Schemes (Wales) Regulations 2026

This Explanatory Memorandum has been prepared by the Department for Climate Change and Rural Affairs of the Welsh Government and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1.

Cabinet Secretary's Declaration

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of The Closure of European Union Legacy Agriculture Schemes (Wales) Regulations 2026. I am satisfied that the benefits justify the likely costs.

Huw Irranca-Davies MS

Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs

20 January 2026

Part 1 – Explanatory Memorandum

Description

1. The Closure of European Union Legacy Agriculture Schemes (Wales) Regulations 2026 (“the Regulations”) close three EU legacy agricultural schemes in Wales. These are the Fruit and Vegetable Aid, Public Intervention and Private Storage Aid Schemes.

Matters of special interest to the Legislation, Justice, and Constitution Committee

2. None.

Legislative background

3. The Welsh Ministers make the Regulations in exercise of the powers conferred on them by section 23 and 50(3) of the Agriculture (Wales) Act 2023 and section 14(1) of the Retained EU Law (Revocation and Reform) Act 2023.

Agriculture (Wales) Act 2023

4. Section 23 of the Agriculture (Wales) Act 2023 gives the Welsh Ministers the power to make regulations to modify retained direct EU legislation in relation to public market intervention or aid for private storage, so far as it has effect in relation to Wales.
5. Section 50(3) of the Agriculture (Wales) Act 2023 provides that a power to make regulations under the Act, includes the power to modify retained direct EU legislation.
6. Regulations made using section 23 of the Agriculture (Wales) Act 2023 are subject to the approval Senedd procedure in accordance with section 50(6) of that Act.

Retained EU Law (Revocation and Reform) Act 2023

7. Section 14(1) of the Retained EU Law (Revocation and Reform) Act 2023 gives a relevant national authority the power to make regulation to revoke any secondary retained EU law without replacing it. The Welsh Ministers are considered to be the “relevant national authority” in accordance with section 21(1) of that Act.
8. Regulations made using section 14(1) of the Retained EU Law (Revocation and Reform) Act 2023 are subject to the annulment procedure in accordance with paragraph 8(3) of Schedule 5 to that Act.

Legislation (Wales) Act 2019:

9. As the powers in the Agriculture (Wales) Act 2023 and the Retained EU Law Revocation and Reform) Act 2023 are subject to two separate procedures, Section 37G of the Legislation (Wales) Act 2019 would therefore apply.
10. Section 37G of the Legislation (Wales) Act 2019 applies where the responsible authority makes or proposes to make subordinate legislation by Welsh statutory instrument that would otherwise be subject to two or more different procedures. Section 37G(2) states that the Senedd procedure that is mentioned first in subsection (3) applies and none of the other Senedd procedures apply.
11. The approval procedure is listed first at 37G(3) and is therefore the relevant procedure that applies to these Regulations.

Purpose and intended effect of the legislation

12. The purpose of these Regulations is to close the Fruit and Vegetable Aid, Public Intervention and Private Storage Aid Schemes in Wales.

Fruit and Vegetable Aid Scheme

13. The Fruit and Vegetable Aid Scheme is an EU legacy scheme established in 1996, which offers Producer Organisations financial assistance to improve fruit and vegetable production. Since its inception in 1996, there have been no applications from Welsh Producer Organisations for the scheme.
14. The Regulations amend Regulation (EU) No 2013/1308 of the European Parliament and of the Council establishing a common organisation of the markets in agricultural products to close the Fruit and Vegetable Aid scheme in Wales.

Public Intervention and Private Storage Aid Schemes

15. Public Intervention and Private Storage Aid were two of the main market intervention mechanisms under the Common Agricultural Policy for supporting market prices. Both schemes relate to the removal of agricultural products from the market when prices fall below certain thresholds.
16. Currently, Public Intervention schemes may be opened under two circumstances. Mandatory Public Intervention schemes are opened automatically if the market price falls below the threshold, requiring the Rural Payments Agency (RPA) to buy in the products up to a certain quantity. Public Intervention in exceptional market conditions are schemes opened at the discretion of Ministers when there is an impact upon specific market sectors due to a crisis.
17. Private Storage Aid schemes are market support measures used by the Welsh Government to stabilise agricultural markets during periods of surplus or price volatility. Under these schemes, producers or processors are given financial incentives to temporarily store certain agricultural products. These schemes have not been used in Wales since at least the year 2000.

18. To continue to make these schemes available to farmers would put a large administrative and financial strain on the Welsh Government. This is because the existing agreement for the provision of these schemes has come to an end and the Welsh Government would need to employ new staff and procure new facilities to continue running them.
19. Welsh Ministers have the power to provide support to farmers with direct payments in times of exceptional market conditions using powers provided in the Agriculture (Wales) Act 2023. This is a more efficient method of intervention to aid farm businesses than the use of Public Intervention or Private Storage Aid.
20. The Regulations amend assimilated law which relate to the Public Intervention and Private Storage Aid Schemes, so that they will no longer apply in relation to Wales following the coming into force of the Regulations.

Consultation

21. From 2 June to 25 August 2025 the Welsh Government ran a consultation, seeking views on our proposal to close the Fruit and Vegetable Aid scheme and Public Intervention and Private Storage Aid schemes in Wales.
22. The consultation was published online and shared with key stakeholder groups in the agriculture sector and the wider public to gather views on the proposed changes set out in the consultation document. The consultation asked for views on the use of the schemes in Wales and what impact the discontinuation of the schemes could have.
23. There was a total of three responses, two of which agreed with the changes suggested and the third not containing pertinent responses to the subject matter. Respondents highlighted the lack of use of the Fruit and Vegetable Aid Scheme in Wales and that horticulture growers would be best supported in other ways. They stated that the scheme was overly complicated and this is why people had not entered the scheme.
24. Most respondents were unaware of what the Public Intervention and Private Storage Aid schemes were and were happy for the schemes to be closed.
25. As the consultation responses were broadly in agreement with the proposals, no amendments to the proposals were subsequently made due to the consultation. A summary of response can be found on the [Welsh Government Website](#).

Part 2 – Regulatory Impact Assessment

1. The primary aim of the policy is to close the Fruit and Vegetable Aid and Public Intervention and Private Storage Aid Schemes in Wales.
2. By removing these schemes, the Welsh Government will reduce the financial and administrative risk on public finances to develop, run and maintain schemes that are no longer fit for use to the agriculture sector in Wales.
3. These changes will negate the need to introduce a new set of processes that the Welsh Government does not currently administer. It will also negate the need for a series of updates to systems that were used to run both schemes that are out of date. Keeping the schemes would also require storage to be procured, the training of new technical officers and restarting technical contracts with laboratories, all of which would need significant financial investment.
4. Overall feedback suggests that these schemes are of no use to the agricultural sector in Wales and closing them will have no impact on the sector in Wales.

Options

Option 1 – Keeping the status quo

5. This option would continue all schemes in Wales into 2026, offering support to fruit and vegetable Producer Organisations through the scheme and continuing provision of Public Intervention and Private Storage Aid in Wales. As the RPA are unable to continue running the schemes on behalf of Welsh Government, a new delivery mechanism would need to be developed to implement the schemes, as well as increased staffing, training and administration costs which would need to be realised by the Welsh Government. Due to time constraints this would be unlikely ready for 2026.

Option 2 - End the Fruit and Vegetable Aid Scheme and close Public Intervention and Private Storage Aid Scheme schemes except for exceptional market circumstances

6. This option would mirror changes made in England between 2022 to 2025, by closing the Fruit and Vegetable Aid scheme in Wales as well as close the Public Intervention and Private Storage Aid except for in exceptional market conditions. This would allow Welsh Ministers to retain the option of running a Public Intervention or Private Storage Aid Scheme should market disturbance indicate that help is needed in a specific sector.
7. Both Public Intervention and Private Storage Aid schemes are unlikely to offer value for money, as the RPA will not continue to administer future schemes on behalf of Welsh Government, and such schemes are outside the purview of the Rural Payment Wales (RPW) operating model. This option suffers from similar obstacles to implementation as Option 1. Furthermore, the market intervention powers in the Agriculture (Wales) Act 2023 allow Welsh Ministers to support

farmers through direct payments in exceptional circumstances. This change provides a much more direct and effective method of intervention to aid farm businesses and negates the need for the above schemes.

Option 3 - End the Fruit and Vegetable Aid Scheme, Public Intervention and Private Storage Aid Schemes in Wales. (Preferred option)

8. This option would end the Fruit and Vegetable Aid Scheme, Public Intervention and Private Storage Aid Schemes in Wales.
9. As there have never been any Welsh applications for the Fruit and Vegetable Aid schemes and there are no current fruit and vegetable Producer Organisations in Wales this would have a minimal impact on the sector and reduce the administrative and financial risk to the Welsh Government of setting up, administering and running a grant that has never been used. This issue also applies for the Public Intervention and Private Storage Aid Schemes in Wales as they were previously run by the RPA which will stop running schemes on behalf of developed governments from the start of 2026.
10. The implementation of the Agriculture (Wales) Act 2023 gives Welsh Ministers market intervention powers to support farmers in exceptional circumstances. These powers provide a more effective method of intervention to aid farm businesses. This has rendered both the Public Intervention and Private Storage Aid schemes out of date and obsolete, not offering value for money for the public sector in Wales to set up and run.

Costs and benefits

Option 1 – Keeping the status quo

11. As the RPA are unable to continue running the schemes on behalf of Welsh Government, this option would need additional resources given to RPW to run and administer the schemes. This would involve the creation of new administrative systems, increased staff costs, training costs and further administration costs to the Welsh Government, on top of further funding for storage facilities in Wales as these would also no longer be run by the RPA. This would also include any potential cost of keeping the Fruit and Vegetable Aid scheme open and any payments that would be needed to be paid to Producer Organisations applying for the scheme.
12. The scheme allows for Producer Organisations with members in other UK nations to apply for funding as long as the Producer Organisation's headquarters are in Wales and the majority of members are based in Wales (*more than 50% of either the members or the marketed produce must be Welsh to qualify*). This option would also incur further costs needed for farm inspections and travel costs associated with this. No assessment has been made of the costs associated with this option.

Option 2 - End the Fruit and Vegetable Aid Scheme and close Public Intervention and Private Storage Aid Scheme schemes except for in exceptional market circumstances

13. This option would have a lesser cost than Option 1 as there would not be any cost associated with the Fruit and Vegetable Aid scheme but there would be cost associated with running Public Intervention and Private Storage Aid Scheme schemes in exceptional market circumstances. Similar to the above option, the RPA are unable to continue running the schemes on behalf of Welsh Government, creating the need for additional resources for RPW to run and administer the schemes during exceptional market circumstances. This option would also need for the Welsh Government to purchase storage facilities in Wales as these would also no longer be run by the RPA.

Option 3 End the Fruit and Vegetable Aid Scheme, Public Intervention and Private Storage Aid Schemes in Wales (Preferred option)

14. There would be no financial implications as a result of choosing Option 3. This option would close all three schemes in Wales and would negate the need for the development of any new systems, teams or administration by the Welsh Government. It should also have no meaningful impact on farm businesses or food processing businesses, as none has applied for any of these schemes in twenty-five years. As a result, this option offers the best value for money for government without negatively affecting the private sector.