

Wales' future relationship with Europe

Part one: a view from Wales

March 2018



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Wales' future relationship with Europe

Part one: a view from Wales

March 2018



About the Committee

The Committee was established on 28 June 2016. its remit was agreed on 15 September 2016 and can be found at: www.assembly.wales/SeneddEAAI

Committee Chair:



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Welsh Conservatives
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Jane Hutt AM
Welsh Labour
Vale of Glamorgan



Mark Isherwood AM
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Steffan Lewis AM
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Welsh Labour
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Jack Sargeant AM
Welsh Labour
Alyn and Deeside

The following Member was also member of the Committee during this inquiry:



Dawn Bowden AM
Welsh Labour
Merthyr Tydfil and Rhymney

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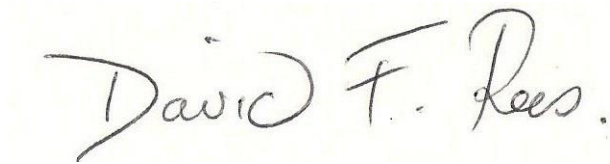
Chair's foreword

Wales has always been an outward-looking, internationally-engaged nation and some feared that the referendum decision to leave the European Union was a rejection of this proud tradition. However, as this report highlights, these fears are unfounded. We are clear that whilst Wales is leaving the EU as the UK does, it is not leaving Europe. The last forty-five years of cooperation and integration cannot be lightly discarded, whatever the eventual outcome of Brexit negotiations may be. Our report looks at Wales' future relationship with Europe, and reaffirms the view that Brexit should be seen as a realignment of old relationships together with the beginning of new ones.

We received a wealth of evidence about how Wales' relationship with Europe could work in the future. The report identifies all the important aspects of this relationship spanning trade, culture, health, the arts, education and more. The breadth and depth of evidence from all sectors of the public, private and third sectors gives significant weight to this report's findings and recommendations.

The key findings include the importance of ensuring that Wales' vital trading relationship with the European Union is preserved not damaged in any future relationship. It is also clear to us that Wales has benefited from involvement in a number of agencies and programmes including Horizon 2020, Erasmus+ and the European Medicines Agency. This report makes the case for finding solutions to the question of whether, and how, Wales can play a role in these in the future. More broadly, there are a number of formal, and informal networks and relationships that have shaped the Welsh relationship with Europe, and vice versa, over the years that we think are important. To that end, we have set out some ideas for future cooperation and relationship building, and will be looking to the Welsh Government to lead on this work as we look ahead to the future.

Finally, it is important to note that we have decided to break our work into two parts. This part one report comprises the “view from Wales”. It is because we recognise that the views of our friends and colleagues in Europe are so important for the eventual outcome in terms of Wales’ future relationship, that we now intend to start a dialogue with others to inform a second phase of work on the view from Europe.

A handwritten signature in black ink on a light yellow background. The signature reads "David F. Rees." in a cursive script.

David Rees AM

Chair, External Affairs and Additional Legislation Committee

Recommendations

Recommendation 1. We recommend that the Welsh Government negotiates with the UK Government to ensure that preferential market access, free from both tariff and non-tariff barriers, is prioritised in the forthcoming negotiations on the UK's future relationship with the European Union. Page 26

Recommendation 2. We recommend that the Welsh Government in its engagement with the UK Government calls on them to ensure that the interests of the farming, fishing and food industries are safeguarded during the withdrawal process. Page 28

Recommendation 3. To that end, we call on the Welsh Government to collate evidence on the reliance of these sectors on the EU market and to present these findings to the UK Government in order to strengthen the calls that it makes. Page 28

Recommendation 4. We recommend that the Welsh Government urges the UK Government to bring forward credible proposals with regards to the UK's future customs arrangements with EU at the earliest possible opportunity. Page 31

Recommendation 5. In undertaking work to prepare for a "no deal" scenario, we recommend that the Welsh Government considers the impact alternative customs arrangements may have on Wales and what action it may need to take to prepare for these. Page 31

Recommendation 6. We recommend that the Welsh Government seeks clarity from the UK Government on the timescales for moving to a future immigration system at the earliest opportunity in order to provide businesses and public sector bodies with much needed certainty on the recruitment issues that they may face in the future. Page 38

Recommendation 7. We recommend that the Welsh Government publishes a list of European agencies that it has identified as important to Wales in terms of continued involvement after Brexit. Page 43

Recommendation 8. We recommend that the Welsh Government works with NHS bodies, public health stakeholders and health organisations in Wales to identify current links with these agencies to suggest potential options for how collaboration could continue after Brexit. Page 45

Recommendation 9. We recommend that the Welsh Government calls on the UK Government to ensure the UK's continued participation in the European Centre for Disease Prevention and Control, and the European Medicines Agency after Brexit.Page 46

Recommendation 10. If no agreement on Horizon 2020 and any successor programmes is reached between the UK Government and the EU, we recommend that the Welsh Government explores ways in which it could provide continued support for Welsh institutions to collaborate with European counterparts after Brexit.Page 48

Recommendation 11. We recommend that the Welsh Government explores the potential for a new international student mobility programme after Brexit, and reports back to the Committee within six months.Page 52

Recommendation 12. We recommend that the Welsh Government maps all existing EU networks, across all sectors, in which Welsh organisations play a role. The results of this mapping exercise should be published by June 2018.Page 60

Recommendation 13. Following publication of the results of this mapping exercise, the Welsh Government should consult with stakeholders on the importance of these different networks, their benefits to Wales and which networks should be prioritised for access after Brexit. The consultation should be concluded by autumn 2018.Page 60

Recommendation 14. We recommend that, based on the results of the consultation, the Welsh Government should set out plans for investing in Welsh participation in these networks, and consider the funding opportunities and implications for Welsh civil society to continue to collaborate with partners in key networks.Page 60

Recommendation 15. We recommend that the Welsh Government, in its response to this report, sets out its anticipated end state for Wales' future relationship with, and participation in European Territorial Cooperation programmes (particularly those involving Ireland), after Brexit.Page 62

Recommendation 16. We recommend that the Welsh Government sets out in its response to this report, what discussions it has had on Wales' future relationship with the Committee of the Regions after Brexit and how those discussions are progressing.Page 64

Recommendation 17. We recommend that the Welsh Government explores the opportunities for both governmental and non-governmental organisations in Wales to effectively engage with the EU and its institutions after Brexit.Page 66

Recommendation 18. The Welsh Government must call upon the UK Government to protect the human rights and equalities standards that Welsh citizens have benefited from as being citizens of the EU.Page 66

OUR VIEWS

The future relationship with the European Union must prioritise frictionless trade, free from tariff and non-tariff barriers after Brexit. Page 23

We note the inverse relationship between regulatory divergence and the level of EU market access available to the UK after Brexit. Page 25

From the evidence received, we are not persuaded of the value of regulatory divergence after Brexit and note that the evidence overwhelmingly prioritises the maintenance of equivalent regulatory standards to ensure preferential market access over regulatory divergence after Brexit. Page 25

We note the commitment made by the UK Government through the Joint Ministerial Council on EU Negotiations (JMC(EN)) to set out a mechanism by which the devolved governments will be involved in the negotiations on the framework for a future partnership with the EU. We welcome this commitment and believe it is essential to ensuring that the concerns and interests of all UK nations are reflected in the final negotiating position. We hope that the UK Government will publish the details of this proposal imminently. Page 25

We note that the Prime Minister stated in her recent speech, that the UK Government will seek a trade agreement with the EU and a possible customs arrangement. The UK Government should be under no illusion as to the views expressed to us about the potential adverse economic consequences for Wales of not securing market access free from both tariff and non-tariff barriers.Page 26

We expect UK Ministers to take account of the implications for every constituent part of the United Kingdom and will continue to invite them to appear before us as a Committee to explain their negotiating position and how the views of Welsh stakeholders have been taken into account. Page 26

We call on the UK Government to prioritise preferential market access, free from both tariff and non-tariff barriers in its forthcoming negotiations with the European Union on the future relationship between the UK and the EU.....Page 26

We recognise the challenges faced by industries that trade in more perishable goods – such as farming, fishing and food – by the erection of new non-tariff barriers after Brexit. In particular, new non-tariff barriers such as plant and animal health checks would pose a threat to the continued export of Welsh agricultural, fishing and food products to the EU. It is vital for Wales that preferential market access, free of tariff and non-tariff barriers, is secured after Brexit. We note the UK Government's commitment to maintaining current funding levels for farm support in the UK until 2022..... Page 27

We note that although staying in the Customs Union limits the UK's ability to strike new trade deals after Brexit, it does not exclude entirely that possibility. We also note the evidence which states that remaining in some form of customs union with the EU could ensure that the risk of delays at the border are minimised. Furthermore, we note that maintaining a customs arrangement with the EU would increase the ease with which the UK can "grandfather" the EU's existing 65 Free Trade Agreements after Brexit..... Page 30

We also note that a new customs arrangement with the EU, that broadly mirrors the current arrangements, could help to reduce the risks of customs delays at borders and ports..... Page 31

We note the concerns of stakeholders that uncertainty may be having an effect on the number of EU and EEA nationals leaving the UK and the particular concerns of the healthcare sector in that regard.....Page 35

We welcome the Phase One agreement, and the agreement on transition, in respect of citizen's rights and hope that it provides greater certainty for EU citizens in the UK and also UK nationals living and working in the EU. We note that some issues in relation to citizen's rights remain subject to the final negotiations and hope that these discussions are concluded as soon as possible.
..... Page 35

We further note the emphasis placed on citizen's rights by the European Parliament Brexit Taskforce and concur that an agreement on this is in everyone's interests..... Page 35

We accept the concerns raised with us by stakeholders that some sectors are more susceptible to the adverse impact of losing EU migrant workers than others and that there are risks associated with the abrupt end of freedom of movement.

It is clear to us that the transition to a new immigration system must be carefully managed in order to help mitigate the risks to the Welsh economy. We hope that the agreement on the transition period will give Welsh organisations and businesses more time to prepare for future changes..... Page 37

Whilst we welcome the Prime Minister's comments on facilitating recruitment of EU workers and vice versa after Brexit, we are disappointed that the UK Government's anticipated Immigration Bill has been delayed until December 2018..... Page 38

We welcome the Prime Minister's acknowledgement that there are a number of agencies where continued participation would be mutually beneficial for the UK and the EU. We conclude that the UK Government should publish a list of all European agencies with which it wishes to continue its participation as soon as possible. It is also important that early clarity is sought on whether the EU is prepared to offer associate membership to the UK of these bodies. If not, the UK Government needs to work urgently with the devolved governments and stakeholders to establish how any governance gaps created as a result of loss of access to these bodies will be filled..... Page 43

Whilst acknowledging that the Welsh Government cannot, in and of itself, negotiate to maintain membership of these agencies, it is important that it seeks ways in which both the Welsh Government and Welsh organisations can maintain relationships with these agencies post Brexit. Page 43

We believe that the UK's continued membership of, and/or involvement in, agencies relating to the field of disease prevention and public health in Europe would be unequivocally beneficial to all parties concerned..... Page 45

We agree with the views expressed to us by stakeholders that continued membership of the European Medicines Agency should be a priority for Wales, and the UK, after Brexit..... Page 46

We recognise that European funding, principally through the Horizon 2020 programme, has provided a significant portion of investment in research and development. Page 47

We welcome the references made to potential cooperation in areas of research and innovation by the UK Government, European Parliament and European Council and believe that this should be a key priority in the negotiations. Page 47

We call on the UK Government to ensure that the UK continues to participate in Horizon 2020 and any successor programmes after Brexit..... Page 48

We note the concerns raised with us that the loss of access to programmes that support research collaboration in the field of clinical trials and health research would be a retrograde step for UK and EU citizens alike and could ultimately lead to worse outcomes for patients.....Page 49

We view the role of Erasmus+ in enhancing the student experience, and fostering greater Wales-European links, as a positive for all parties concerned. Furthermore, we note from the evidence that many stakeholders would like to see access to this scheme retained after Brexit. We also note that Erasmus+ is open to non-members of the European Union and therefore hope that continued participation could be negotiated with relative ease.Page 52

We call on the UK Government to ensure continued participation in Erasmus+ and other educational mobility and student cooperation schemes (such as Cedefop and the Marie Skłodowska-Curie Actions) after Brexit. We would ask that the Welsh Government, set out in its response to this report, how discussions on continued participation in Erasmus+ are progressing.....Page 52

Wales' ambitions for international cooperation and student mobility could extend further. As such, the creation of a new, Welsh, outward student mobility programme merits further exploration.Page 52

We recognise the unique and valuable role in terms of policy learning and collaboration that involvement in European networks can have across all sectors. We are proud of the positive impact, in both directions, of such engagement in the past . We hope to see these links grow from strength to strength in the future. However, we recognise that participation in many of these networks in the past has been directly due to the availability of EU-funded projects and programmes and that as a consequence of Brexit, Wales may have a diminished role in many of these networks in the future. We believe that steps should be taken by the UK Government, the Welsh Government, civil society and others to mitigate the risks of this diminution where possible.....Page 60

We note the important role assigned in the CPMR Cardiff Declaration, and by the Welsh Government, to the development of relationships not only through networks but directly with individual nations, regions, and cities in Europe. Through our work on the negotiations to date, we have had constructive discussions with representatives from a number of regions of Europe who share similar concerns to Wales. We acknowledge the important role these relationships will play in future and will return to consider this issue further in Part Two of our report.....Page 60

We have previously highlighted the importance of Wales' relationship with our nearest EU neighbour, Ireland. During our inquiry into the implications of Brexit for Welsh ports we highlighted the important trading relationship: 70 per cent of Irish cargo passes through Welsh ports.....Page 62

The Welsh Government should prioritise the important bilateral relationship between Wales, Northern Ireland and the Republic of Ireland to ensure that it continues to strengthen and grow after Brexit.Page 62

We acknowledge the important and beneficial role that Wales' membership of the Committee of the Regions has played in the past. We also note the calls for Wales' continued relationship with the Committee after Brexit.Page 64

Brexit should not signal a move away from Wales's proud tradition as an outward-looking, internationally engaged nation and Wales' relationship with Europe will continue to be important after the UK leaves the EU.Page 66

It is important that the future relationship protects and safeguards equalities and human rights standards. We support the continuation of the rights enshrined in the Charter of Fundamental Rights in the UK after Brexit and in any future trading relationship between the UK, the EU and other future partners.Page 66

We believe that the Welsh Government should explore the willingness of the EU and its institutions to engage with both governmental and non-governmental organisations in Wales after Brexit. The Welsh Government should report back to this Committee in that regard by December 2018.Page 66

It is also critical to ensure that Welsh Government officials retain equivalent accreditation and diplomatic status as UK Government officials (whatever those arrangements may be) as part of any agreement on the UK's future relationship with the EU.Page 66

1. Introduction

With the Brexit negotiations now moving on to discussions between the UK Government and the European Union on the framework for the future relationship, we commenced an inquiry into what Wales' future relationship with Europe should look like.

1.1. Background

1. In the immediate aftermath of the EU referendum, our first phase of work looked at the implications for Wales of leaving the European Union (EU). Subsequent inquiries into **the future of regional policy**, and the **implications of Brexit for Welsh ports**, and work on **how the Welsh Government is preparing for Brexit** developed some of the more practical themes raised during our first inquiry. We have closely followed the progress of the negotiations to date. We have also scrutinised Welsh and UK ministers, worked with colleagues in other UK parliaments and engaged with colleagues in the European Parliament, other EU institutions and EU organisations to consider how Brexit will affect Welsh citizens and businesses. This body of work has given us a good understanding of what Brexit could mean for Wales and the UK. Having understood what it could mean, we decided to focus on what Wales might need from the future relationship.
2. In January 2017, the Welsh Government and Plaid Cymru publishes a joint White Paper, **Securing Wales' Future**, which set out their position on withdrawal from the EU. The UK Government has, on several occasions, iteratively set out its view on the relationship it would like to see the UK and the EU have after exit.
3. At its meeting on the 14 December 2017, the **European Council (of 27 leaders) agreed that sufficient progress had been achieved** in Phase One of the Brexit negotiations. On that basis, they adopted draft guidelines to move to the second phase of negotiations where both parties have started discussions on a transition period and the framework for the future relationship.
4. In light of these developments, we decided to conduct an inquiry into Wales' future relationship with Europe.

1. 2. Terms of reference

5. Our objectives for the inquiry were to:

- identify the most essential aspects of the UK's future relationship with the European Union from a Welsh perspective;
- ensure that the issues of most importance to Wales are being adequately represented in the negotiations; and
- identify opportunities for continued engagement with the European Union and its institutions after Brexit.

1. 3. Evidence gathering

6. In order to inform our inquiry we held a public consultation and received **33 written submissions** from a range of sectors including business and industry, education, farming, environment, academia, local government, health, trade unions, the third sector, culture, transport, and construction. The evidence we received was detailed, authoritative and reflected the importance that Welsh stakeholders place on Wales' future relationship with the EU. We also held a stakeholder conference with representatives from 28 different organisations. Our work was greatly enhanced by our visits to Aston Martin in St Athan and Toyota in Deeside, and we are grateful to those organisations for the warm welcome we received. Finally, we took evidence from Mark Drakeford AM, Cabinet Secretary for Finance, who is responsible for the Brexit negotiations in the Welsh Government.

1. 4. The current context of the negotiations

7. The status of the negotiations remains extremely fluid. At the time of writing this report the EU's Chief negotiator Michel Barnier and the UK's Secretary of State for Exiting the EU, David Davis have just reached a political agreement on the transition period and the European Council is expected to consider this agreement and its guidelines on a framework for a future partnership on 23 March. The Committee is following these developments closely and will continue to refine and reflect on its position in response to these events in its part two report.

8. On 2 March 2018, in the Mansion House, City of London, **the Prime Minister made a speech** on the UK's future economic partnership with the EU in which

she set out five tests for the relationship.¹ The Prime Minister reiterated the UK Government's view that a bespoke arrangement with the EU would be required with agreements that also cover areas such as security cooperation, data protection, research and innovation, and aviation in addition to the areas traditionally governed by a free trade agreement. The Prime Minister indicated that the UK Government would seek associate membership of some EU agencies and reiterated the UK Government's view that the future relationship should be governed by a new independent arbitration mechanism.

9. Draft negotiation guidelines were published by the European Council on 7 March 2018. In its draft guidelines we note the view of the President of the Council, Donald Tusk, that the only option for a UK outside of the Single Market and Customs Union is a Free Trade Agreement with the EU. We welcome the suggestion in the guidelines that tariff free access between the EU and UK markets could be secured in a future agreement. We note with interest, the suggestion in the draft guidelines, that subject to other conditions being met the EU could seek agreements with the UK on intellectual property rights, aviation and access to the EU's research, innovation, education and culture programmes based on the wider conditions agreed for third part participation in these programmes.

10. The European Parliament adopted its Motion on the framework for a future partnership on 13 March. We recognise the important role the European Parliament plays in the negotiation processes. We note with interest the views expressed by the Parliament including its views on citizens, market access, regulations and standards, and the potential for agreement on continued cooperation in areas such as research and innovation.

11. Many of the areas identified by the Prime Minister, the European Council and European Parliament are covered in this report and by its conclusions. There are some key areas however such as the governance of the future relationship between the EU and UK that are not covered in the evidence we have received to date but on which we intend to reflect further in Part 2 of our report.

1. 5. Our report

12. Given the importance to Wales of its future relationship with the EU and the timeframe within which the negotiations are taking place, we decided to undertake this inquiry in two parts. This report comprises our Part One findings as

¹ HM Government, "**PM speech on our future economic partnership with the European Union**" – 2 March 2018

part of the inquiry and focuses on views from Wales on the key elements that should form part of a future relationship between Wales and the EU. We acknowledge that what we as a Committee, Welsh citizens, the public sector and businesses want from a future relationship must also take account of the views and priorities of the EU. As such our Part Two report will focus on “the view from Europe” and how Welsh priorities can take account of these.





Chapter 2:

Market Access and the Customs Union

Our first chapter looks at the single most important area for the relationship between Wales and the European Union – trade. In particular, we look at access to the European single market and the questions around the UK's future customs relationship with the European Union.

2. Market Access and the Customs Union

Our first chapter looks at the single most important area for the relationship between Wales and the European Union – trade. In particular, we look at access to the European single market and the questions around the UK's future customs relationship with the European Union.

2.1. Wales' trading relationship with the EU

13. Figures from the Welsh Government show that in 2016, Wales exported £14.6 billion worth of goods, of which 61 per cent went to the European Union.² A large number of stakeholders told us that continued access to the EU's Single Market on the same, or as similar as possible terms, is a priority. In particular, the importance of frictionless trade and the need to avoid tariff and non-tariff barriers was highlighted extensively in the written evidence.³ The Farmers' Union of Wales (FUW), the British Medical Association Cymru (BMA Cymru), the Wales Fisherman's Association (WFA), National Farmers' Union Cymru (NFU Cymru) and the Federation of Small Businesses Wales (FSB Wales) also supported this view during the stakeholder conference.

14. The Association of the British Pharmaceutical Industry (ABPI) and BMA Cymru stated that ensuring frictionless trade and the avoidance of tariff and non-tariff barriers were a priority for the pharmaceutical, medical devices and medicines markets because many goods are subject to "just-in-time" delivery.⁴ Both organisations expressed concerns about how barriers to trade could negatively impact the supplies available to the Welsh NHS.⁵

² Welsh Government, "**Trade Policy: the issues for Wales**" – 2 February 2018

³ **Food and Drink Federation and the British Soft Drinks Association; Association of British Pharmaceutical Industry (ABPI), Wales Council for Voluntary Action, National Farmers Union (NFU) Cymru, Welsh Local Government Association (WLGA), Federation of Small Businesses (FSB) Wales, the Countryside Land and Businesses Association (CLA) Cymru, the National Sheep Association Wales, Aston Martin – rapporteur summary, the Arts Council for Wales and Wales Arts International.**

⁴ **FRL03 Association of the British Pharmaceutical Industry;** Record of Proceedings, **paragraph 120 – 121** – 29 January 2018

⁵ **FRL03 Association of the British Pharmaceutical Industry;** Record of Proceedings, **paragraph 121** – 29 January 2018

15. During the stakeholder conference, Ben Cottam from FSB Wales told us that the issue of frictionless access to the Single Market was “disproportionately important in terms of exports for smaller businesses”.⁶

OUR VIEWS

The future relationship with the European Union must prioritise frictionless trade, free from tariff and non-tariff barriers after Brexit.

2. 2. The role of standards and regulation

16. Many stakeholders, including ABPI, the Wales Environment Link, the Welsh NHS Confederation, the Institute of Civil Engineers, the Food and Drink Federation (FDF) and the British Soft Drinks Association, Aston Martin and Toyota, called for continued regulatory alignment or harmonisation of standards after Brexit.⁷ These organisations argued that requiring companies to comply with one set of standards to sell in the UK and a different set of standards to sell to the EU could increase company costs.

17. Stakeholders in the automotive sector told us, during our visits to Aston Martin and Toyota, that the UK should not seek to introduce a UK-only standards regime after Brexit.⁸

18. ABPI highlighted similar concerns about the need to avoid a single standalone UK regulatory regime. They told us that this could have knock-on effects for access to new medicines in the UK:

“A standalone UK medicines regulatory system, with inherent duplication of processes, increased costs and divergence of standards will lead to increased considerable delay or no regulatory submission to develop new medicines in the UK. For global companies, the UK market - 3% of global pharmaceutical sales - is not sufficiently large to justify significant additional costs. There is a risk that this would lead to the UK becoming a second priority market for new products.”⁹

⁶ Record of Proceedings, **paragraph 81** – 29 January 2018

⁷ **Association of the British Pharmaceutical Industry, Wales Environment Link, Welsh NHS Confederation, Institute of Civil Engineers, Food and Drink Federation and the British Soft Drinks Association**, Aston Martin and Toyota – rapporteur summary

⁸ Summary of the rapporteur discussions

⁹ **FRL03 Association of the British Pharmaceutical Industry**

19. The FDF and British Soft Drinks Association emphasised the need for certainty and mutual recognition of standards. They told us that:

“The UK and EU negotiating teams must swiftly agree practical solutions which provide certainty for businesses around the future of the seamless and highly valuable market in food and drink that exists between Great Britain, Northern Ireland and the Republic of Ireland. Agreement on mutual recognition of product standards and regulations will be crucial to avoiding burdensome health or veterinary checks.”¹⁰

20. The FDF and British Soft Drinks Association also told the Committee that maintaining EU standards for products was also important for maintaining UK consumer confidence. The Welsh NHS Confederation and the Royal College of Nursing (RCN) Wales stated in their evidence that Welsh medical professionals and patients have benefitted from EU Health and Safety standards.

21. The BMA argued that ensuring alignment in areas such as the regulation of laboratories, research standards and clinical trials will be important to ensure UK organisations can continue to collaborate with counterparts in Europe post Brexit.

22. Cardiff Airport and ABPI listed in detail the EU regulatory regimes and standards that the UK currently complies with and stated that they would not wish to see divergence from these in the future. They also noted the potential adverse effects that divergence from these regulations might have on market access.¹¹ Cardiff Airport also called for the continuation of over 250 EU regulations and directives that allow the UK to participate in the European Aviation Safety Agency.¹²

23. The British Veterinary Association (BVA) called for the continuation of the EU veterinary medicines approval system as this would ensure safety and quality for the profession and for animals. Furthermore, they state that remaining part of the current EU system would be more efficient.¹³

¹⁰ **FRL22 Food and Drink Federation and British Soft Drinks Association**

¹¹ **FRL29 Cardiff Airport; FRL03 Association of the British Pharmaceutical Industry**

¹² **FRL29 Cardiff Airport**

¹³ **FRL27 British Veterinary Association**

24. In her submission, Dr Victoria Jenkins highlighted the fact that the European Parliament has stated that it would not support a trade deal that led to reduced environmental standards in the UK.¹⁴

25. Dr Ludivine Petetin and Dr Annegret Engel of Cardiff Law School highlighted the relationship between standards and market access. They told us:

“On the day of exit, Wales (and the rest of the UK) will no longer be part of the EU discussions to develop agricultural and environmental standards but will have to abide by them if it wants to continue trading with the EU. This phenomenon is called the ‘Brussels effect’ or ‘extra-territoriality’ of EU legislation and standards.”¹⁵

Welsh Government's view

26. During oral evidence, the Cabinet Secretary for Finance (the Cabinet Secretary) highlighted the various options available to the UK as a result of the agreement reached during the Phase One negotiations. Mark Drakeford told us:

“We think that, from a Welsh perspective, ongoing regulatory alignment with the European Union will be the safest way of securing non-tariff barrier trade, particularly in areas such as agriculture.”¹⁶

OUR VIEWS AND RECOMMENDATIONS

We note the inverse relationship between regulatory divergence and the level of EU market access available to the UK after Brexit.

From the evidence received, we are not persuaded of the value of regulatory divergence after Brexit and note that the evidence overwhelmingly prioritises the maintenance of equivalent regulatory standards to ensure preferential market access over regulatory divergence after Brexit.

We note the commitment made by the UK Government through the Joint Ministerial Council on EU Negotiations (JMC(EN)) to set out a mechanism by which the devolved governments will be involved in the negotiations on the framework for a future partnership with the EU. We welcome this commitment and believe it is essential to ensuring that the concerns and interests of all UK

¹⁴ **FRL20 Dr Victoria Jenkins**

¹⁵ **FRL14 Dr Ludivine Petetin and Dr Annegret Engel**

¹⁶ Record of Proceedings, **paragraph 186** – 5 March 2018

nations are reflected in the final negotiating position. We hope that the UK Government will publish the details of this proposal imminently.

We note that the Prime Minister stated in her recent speech, that the UK Government will seek a trade agreement with the EU and a possible customs arrangement. The UK Government should be under no illusion as to the views expressed to us about the potential adverse economic consequences for Wales of not securing market access free from both tariff and non-tariff barriers.

We expect UK Ministers to take account of the implications for every constituent part of the United Kingdom and will continue to invite them to appear before us as a Committee to explain their negotiating position and how the views of Welsh stakeholders have been taken into account.

We call on the UK Government to prioritise preferential market access, free from both tariff and non-tariff barriers in its forthcoming negotiations with the European Union on the future relationship between the UK and the EU.

Recommendation 1. We recommend that the Welsh Government negotiates with the UK Government to ensure that preferential market access, free from both tariff and non-tariff barriers, is prioritised in the forthcoming negotiations on the UK's future relationship with the European Union.

2. 3. Farming, fisheries and food

27. NFU Cymru, CLA Cymru and the FUW also emphasised the importance of frictionless Single Market access for the farming sector.¹⁷ In its written evidence, Hybu Cig Cymru/Meat Promotion Wales (HCC) identified that 93 per cent of Welsh beef exports go to the EU as do 92 per cent of Welsh lamb exports, when measured by value.¹⁸ Similarly, Jim Evans from the WFA stated that 90 per cent of the landed catch in Wales is exported to the EU. Mr Evans told us that the shellfish market would be particularly vulnerable to barriers:

“unfettered access to the single market is particularly important, because 90 per cent of the Welsh landed catch is exported to the EU, and non-tariff barriers will be particularly devastating to the export of live Crustacea [...] obviously, controls and delays at ports and such and other boundaries would risk mortality and financial loss and nobody wants to see that. So there are particular issues there and shellfish

¹⁷ **FRL06 NFU Cymru; FRL25 Country Land and Business Association Wales;** Record of Proceedings **paragraph 58** – 29 January 2018;

¹⁸ **FRL09 Meat Promotion Wales.**

businesses in Wales are particularly vulnerable to that because of the dynamic nature of supply and there being very quick turnover of product.”¹⁹

28. The Food and Drink Federation (“FDF”) and British Soft Drink Association echoed the views of those in the farming and fishing industries in their written submission. They stated that the food and drinks sector would be particularly vulnerable to the imposition of any new trading barriers with the Single Market.²⁰ In their written submission they also emphasised the highly integrated nature of supply chains in the sector. Furthermore, they set out their view that the introduction of non-tariff barriers such as plant and animal health checks could not be addressed through the use of new technology alone at border crossings.²¹

29. The British Veterinary Association highlighted the fact that:

“Should the UK neither become a non-EU European Economic Area (EEA) country nor enter a customs union with the EU administrative checks would apply to UK imports from and exports to the EU as currently apply to trade with non-EU countries. This is likely to be the case whether UK trade with the EU is conducted under a Free Trade Agreement or under WTO rules. Any additional costs will be incurred over and above tariff-related costs.”²²

OUR VIEWS AND RECOMMENDATIONS

We recognise the challenges faced by industries that trade in more perishable goods – such as farming, fishing and food – by the erection of new non-tariff barriers after Brexit. In particular, new non-tariff barriers such as plant and animal health checks would pose a threat to the continued export of Welsh agricultural, fishing and food products to the EU. It is vital for Wales that preferential market access, free of tariff and non-tariff barriers, is secured after Brexit. We note the UK Government’s commitment to maintaining current funding levels for farm support in the UK until 2022.²³

¹⁹ Record of Proceedings, **paragraph 151** – 29 January 2018

²⁰ **FRL22 Food and Drink Federation and the British Soft Drinks Association**

²¹ Ibid.

²² **FRL27 British Veterinary Association**

²³ HM Government, **“Farming for the next generation”**; – 4 January 2018

Recommendation 2. We recommend that the Welsh Government in its engagement with the UK Government calls on them to ensure that the interests of the farming, fishing and food industries are safeguarded during the withdrawal process.

Recommendation 3. To that end, we call on the Welsh Government to collate evidence on the reliance of these sectors on the EU market and to present these findings to the UK Government in order to strengthen the calls that it makes.

2. 4. The role of the Customs Union

30. In addition to the need for frictionless trade, a number of stakeholders made specific reference to the Customs Union in their evidence. The Wales Council for Voluntary Action (WCVA), Unite Wales, and the Welsh Local Government Association (WLGA) called for the UK to remain in the Customs Union after Brexit.²⁴ The FDF and British Soft Drinks Association set out their view that negotiating a new customs model that delivers the same ease of trading will be a “major challenge” but stated that it should be a priority for the UK Government to avoid disruption to supply chains that rely on perishable ingredients.²⁵

31. The ABPI called for the UK to maintain trading terms for Life Sciences goods and services that are equivalent to those of a full member of the Customs Union and the EU’s **common system of Value Added Tax** (VAT).²⁶

32. Some stakeholders, such as NFU Cymru, the National Sheep Association and the ABPI identified new opportunities for trade post Brexit, however, they also emphasised that the EU would remain the most important market for at least the medium term.²⁷

33. HCC stated that there could be new markets for red meat products but that this would “require the industry to undertake concerted action over a period of years to increase the shelf-life of red meat products”.²⁸ It also highlighted some

²⁴ **FRL08 Wales Council for Voluntary Action, FRL12 Unite Wales, FRL17 Welsh Local Government Association**

²⁵ **FRL22 Food and Drink Federation and the British Soft Drinks Association**

²⁶ **FRL03 Association of the British Pharmaceutical Industry**

²⁷ **FRL03 Association of the British Pharmaceutical Industry, FRL05 National Sheep Association Wales, FRL06 NFU Cymru**

²⁸ **FRL09 Meat Promotion Wales**

existing difficulties in exporting to non-EU countries that do not relate to the UK's current membership of the EU.²⁹

34. In a similar vein, the FDF and British Soft Drink Association stated that there are opportunities for export growth in countries such as China, India, and the United Arab Emirates, however, businesses currently struggle to enter these markets due to their complexity, cost and unfamiliarity.³⁰

35. Cardiff Airport in its submission highlighted the potential opportunities after Brexit to reduce passenger taxes and to re-introduce duty free purchases for short haul flights.³¹

36. During the stakeholder session, Dr Tobias Lock explained some of the practical implications of membership of the Customs Union, or a customs union, for UK trade. Dr Lock said:

“The EEA—even the Norway model—would not mean that the UK would be in the customs union, or in a customs union with the EU. That would have to be negotiated separately and, of course, being in a customs union reduces the ability to negotiate free trade agreements. It doesn't exclude the ability to do so, but what you cannot do is you cannot agree on different customs tariffs with third countries. If you're in the EU customs union and the customs tariff on the import of cars is 10 per cent, you can't negotiate that away with a country that the EU doesn't have a free trade agreement with. What you can still do is you can still talk about non-tariff barriers with these countries, about product standards, safety standards and that kind of stuff, and you can, of course, talk about services, because there's no really meaningful free trade agreement that the EU has in terms of services, and also they have nothing to do with customs duties.”³²

37. RSPCA Cymru highlighted the relationship between a UK-EU customs union and animal welfare in its written submission.³³ In particular, it stated that maintaining a customs union with the EU could reduce potential delays at the border because there would be no need to check the origin of the products/animals. Furthermore it noted that maintaining a customs union

²⁹ **FRL09 Meat Promotion Wales**

³⁰ **FRL22 Food and Drink Federation and the British Soft Drinks Association**

³¹ **FRL29 Cardiff Airport**

³² Record of Proceedings, **paragraph 34** – 29 January 2018

³³ **FRL30 RSPCA Cymru**

arrangement with the EU could make it easier for the UK to "grandfather" the 65 existing EU Free Trade Agreements (FTAs) after Brexit, although the EU and each third country would also have to agree to this.

38. ABPI highlighted concerns about the disruption to medicine supply chains if trade between the UK and the EU were subject to customs duties and import VAT after Brexit. Furthermore, they told us that such delays were particularly relevant for medicines that are time and temperature sensitive, such as cutting-edge cell and gene therapies.³⁴

39. The WCVA highlighted the need to remain in the Single Market and the Customs Union in order to prevent a hard border between Northern Ireland and the Republic of Ireland.³⁵

Welsh Government's view

40. In *Securing Wales' Future*, the Welsh Government explicitly calls for the UK to remain a member of the Customs Union after Brexit. During oral evidence, the Cabinet Secretary told us:

"I think the first thing I would say is that the fundamentals of 'Securing Wales' Future' have stood us in very good stead over the last 12 months. I don't think we would need to amend the key things that we said in that document. We continue to look for a Brexit deal that is aimed at preserving and promoting prosperity, and therefore one that puts the needs of the economy first. All the things we've said in 'Securing Wales' Future' about full and unfettered access to the single market, membership of a customs union [...] those six priorities that we set out in 'Securing Wales' Future', I think, would be our priorities today."³⁶

OUR VIEWS AND RECOMMENDATIONS

We note that although staying in the Customs Union limits the UK's ability to strike new trade deals after Brexit, it does not exclude entirely that possibility. We also note the evidence which states that remaining in some form of customs union with the EU could ensure that the risk of delays at the border are minimised. Furthermore, we note that maintaining a customs arrangement with

³⁴ **FRL03 Association of the British Pharmaceutical Industry**

³⁵ **FRL08 Wales Council for Voluntary Action**

³⁶ Record of Proceedings, **paragraph 115** – 5 March 2018

the EU would increase the ease with which the UK can "grandfather" the EU's existing 65 Free Trade Agreements after Brexit.

We also note that a new customs arrangement with the EU, that broadly mirrors the current arrangements, could help to reduce the risks of customs delays at borders and ports.

Recommendation 4. We recommend that the Welsh Government urges the UK Government to bring forward credible proposals with regards to the UK's future customs arrangements with EU at the earliest possible opportunity.

Recommendation 5. In undertaking work to prepare for a "no deal" scenario, we recommend that the Welsh Government considers the impact alternative customs arrangements may have on Wales and what action it may need to take to prepare for these.



PASSPORT



Chapter 3:

Immigration and the free movement of people

Immigration was a key issue during the referendum campaign. This chapter looks at what people told us in relation to the free movement of people.

3. Immigration and the free movement of people

Immigration was a key issue during the referendum campaign. This chapter looks at what people told us in relation to the free movement of people.

3. 1. Citizen's rights

41. Many stakeholders called for clarity in relation to the status and rights of EU citizens currently working in the UK in order to reduce the risk of those individuals leaving the UK.³⁷ In its evidence, the Royal College of Nursing (RCN) Wales told us that:

“At a UK-wide level we have already seen a significant impact in terms of numbers of European Economic Area (EEA) nationals leaving the UK and a huge drop in numbers of EEA nationals applying to work in the UK. Figures from the Health Foundation in December 2017 showed there has already been a 96 per cent reduction in the number of EU nurses coming to the UK.”³⁸

42. In the conference, Dr Stephen Monaghan of the BMA told us that providing certainty to EU doctors currently working in the UK was important given that 85 per cent of EU doctors surveyed by the BMA were either making plans to leave or were thinking of leaving the UK.³⁹

The EU-UK joint report

43. In terms of citizens' rights, the common understanding reflected in the Phase One joint report, is that both European Union citizens and UK nationals, as well as their respective family members would continue to exercise their rights derived from European Union law in each other's territories, where those rights are based on life choices made before the date which the joint report calls the

³⁷ **Unison Wales; Royal College of Nursing Wales; National Union of Students; Association of the British Pharmaceutical Industry;**

³⁸ **FRL10 Royal College of Nursing Wales**

³⁹ Record of Proceedings, **paragraph 68** – 29 January 2018

“specified date”.⁴⁰ We note that the issue of citizen’s rights continue to be part of the discussions between the UK Government and the EU on the legal implementation of the Withdrawal Agreement.

OUR VIEWS

We note the concerns of stakeholders that uncertainty may be having an effect on the number of EU and EEA nationals leaving the UK and the particular concerns of the healthcare sector in that regard.

We welcome the Phase One agreement, and the agreement on transition, in respect of citizen’s rights and hope that it provides greater certainty for EU citizens in the UK and also UK nationals living and working in the EU. We note that some issues in relation to citizen’s rights remain subject to the final negotiations and hope that these discussions are concluded as soon as possible.

We further note the emphasis placed on citizen’s rights by the European Parliament Brexit Taskforce and concur that an agreement on this is in everyone’s interests.

3. 2. Sectoral reliance on EU migrants

44. A number of organisations highlighted the current reliance of their sectors on EU workers. In particular we heard that the health, social care, food processing, higher education, civil engineering and cultural sectors were heavily reliant.⁴¹

45. The FDF and British Soft Drinks Association stated that a focus on training schemes to fill skills gaps may help in the future. However, they argued that this would not be possible to achieve in the short term. Furthermore, they said that any abrupt reduction in the number of EU workers in the food and drink processing industry would lead to “significant disruption”.⁴²

46. Similarly, HCC highlighted the importance of EU workers for the food processing sector and of EU vets for the care of farm animals.⁴³ In its written

⁴⁰ European Commission, **Joint report from the negotiators of the European Union and the United Kingdom Government on progress during phase 1 of negotiations under Article 50 TEU on the United Kingdom's orderly withdrawal from the European Union** – 8 December 2017

⁴¹ **Food and Drink Federation and British Soft Drinks Association; Institution of Civil Engineers; Association of the British Pharmaceutical Industry; Welsh NHS Confederation; Royal College of Nursing Wales; Wales Arts International**

⁴² **FRL22 Food and Drink Federation and British Soft Drinks Association**

⁴³ **FRL09 Meat Promotion Wales**

evidence, the BVA stated that a quarter of vets working in Wales are non-UK EU graduates and stated that access to EU vets is particularly important in public health roles such as those found in abattoirs and at ports.⁴⁴

47. Lisa Turnbull of the RCN Wales expressed concern during her contribution to the stakeholder conference that no assessment had been made of the number of EU workers in the independent social care and home care sector.⁴⁵

48. The National Union of Students (NUS) Wales and Universities Wales highlighted the contribution of EU academic staff and students to the Welsh economy and to maintaining research excellence in Wales.⁴⁶

49. Ben Cottam of FSB Wales told the stakeholder conference that contrary to popular perception many of his organisation's members recruit highly skilled EU workers:

"The first is the protection of the right and the ability to recruit from EU markets. We know from our membership that this is vitally important for businesses in Wales. Around one in five of our members have employees from within the EU and actually we found that, in the main, our members recruit to fill skills gaps in actually mid to high-level skills areas. So, far from maybe the popular perception of EU labour filling lower skills shortages, actually there are quite highly sought-after skills that my members are recruiting for, and gaps that exist in the existing market within Wales and the rest of the UK."⁴⁷

50. In written evidence, FSB Wales, the BVA, Arts Council of Wales and Wales Arts International, Universities Wales and NUS Wales all called for a guarantee that it will continue to be easy for organisations to recruit EU workers when needed.⁴⁸

51. Beth Button of Universities Wales drew attention to the risks of creating additional barriers for universities wishing to recruit EU staff and students.⁴⁹

52. In their joint written submission, Wales Arts International and the Arts Council of Wales highlighted the importance of mobility for touring arts

⁴⁴ **FRL27 British Veterinary Association**

⁴⁵ Record of Proceedings, **paragraph 106** – 29 January 2018

⁴⁶ **FRL13 NUS Wales; FRL11 Universities Wales**

⁴⁷ Record of Proceedings, **paragraph 81** – 29 January 2018

⁴⁸ **Federation of Small Businesses Wales; British Veterinary Association; Arts Council of Wales and Wales Arts International; Universities Wales; National Union of Students Wales**

⁴⁹ Record of Proceedings, **paragraph 123** – 29 January 2018

companies. They cited the example of No Fit State circus who had to pay an additional £46,000 to take a show on tour to the USA compared to the cost of taking the same show on tour in the EU due to additional visa, travel, certification and medical costs.⁵⁰

Welsh and UK Government view

53. The UK Government has previously stated that freedom of movement will end when the UK leaves the EU and ultimately there will be a new immigration system after Brexit.⁵¹

54. We note that, in the Prime Minister's recent Mansion House speech, she stated that the UK Government would be "open to discussing" how the UK and EU can facilitate the recruitment by UK companies of EU workers and EU companies of UK workers and look forward to further detail being provided by the UK Government on these proposals.⁵²

55. In its paper on "**Fair Movement of People**", the Welsh Government highlights the role of migrants from the EU in the Welsh economy.⁵³ The Welsh Government's stated position in relation to freedom of movement is to link migration to the UK more closely to employment.

56. During oral evidence, the Cabinet Secretary also expressed concern that the UK Government's expected Immigration Bill had been delayed until December 2018.⁵⁴

OUR VIEWS AND RECOMMENDATIONS

We accept the concerns raised with us by stakeholders that some sectors are more susceptible to the adverse impact of losing EU migrant workers than others and that there are risks associated with the abrupt end of freedom of movement. It is clear to us that the transition to a new immigration system must be carefully managed in order to help mitigate the risks to the Welsh economy. We hope that the agreement on the transition period will give Welsh organisations and businesses more time to prepare for future changes.

⁵⁰ **FRL32 Arts Council of Wales and Wales Arts International**

⁵¹ HM Government, "**The government's negotiating objectives for exiting the EU: PM speech**" – 17 January 2017

⁵² HM Government, "**PM speech on our future economic partnership with the European Union**" – 2 March 2018

⁵³ Welsh Government, "**Brexit and Fair Movement of People**" – 7 September 2017

⁵⁴ Record of Proceedings, **paragraph 144** – 5 March 2018

Whilst we welcome the Prime Minister's comments on facilitating recruitment of EU workers and vice versa after Brexit, we are disappointed that the UK Government's anticipated Immigration Bill has been delayed until December 2018.

Recommendation 6. We recommend that the Welsh Government seeks clarity from the UK Government on the timescales for moving to a future immigration system at the earliest opportunity in order to provide businesses and public sector bodies with much needed certainty on the recruitment issues that they may face in the future.





Chapter 4:

Continued involvement in EU agencies and programmes

Our next chapter looks at the evidence we received in relation to Wales' and the UK's continued involvement in some EU agencies and programmes after Brexit.

4. Continued involvement in EU agencies and programmes

Our next chapter looks at the evidence we received in relation to Wales' and the UK's continued involvement in some EU agencies and programmes after Brexit.

4.1. Involvement in EU agencies

57. The Prime Minister's **speech at the Mansion House** set out more detail on her vision for the UK's future economic partnership with the EU.⁵⁵ Crucially, the Prime Minister identified a number of agencies with which it would be mutually beneficial for the UK to continue involvement and stated that the UK would seek associate membership of these organisations. In doing so, the Prime Minister indicated that the UK would respect the jurisdiction of the European Court of Justice. We acknowledge that the EU must be content that membership of these organisations by the UK would be in its interest.

58. Many stakeholders agreed that the UK should seek to reach an agreement to continue to participate in, or cooperate with, EU agencies post Brexit. Cardiff Airport in its written submission called for the UK's continued participation in the European Aviation Safety Agency.⁵⁶ We note that the potential for a future agreement on aviation was mentioned by the Prime Minister in her speech, by the European Parliament in its motion on the framework for a future partnership and by the European Council in its draft negotiating guidelines.

59. The BVA called for the UK's continued participation in the EU's veterinary products registration system.⁵⁷

60. In their written evidence, the RSPCA, FDF and British Soft Drinks Association call for the UK's continued cooperation with the European Food Safety Authority

⁵⁵ HM Government, "**PM speech on our future economic partnership with the European Union**" – 2 March 2018

⁵⁶ **FRL29 Cardiff Airport**

⁵⁷ **FRL27 British Veterinary Association**

(EFSA).⁵⁸ This view was supported by Dr Monaghan from the BMA in his contribution to the conference.⁵⁹

61. Unite Wales, in its written evidence, listed a number of agencies that it believes the UK should remain a part of, or replicate, after Brexit. These include the European Medicines Agency, the European Aviation Safety Agency, the European Centre for Disease Prevention and Control, the European Environment Agency, the European Agency for Safety and Health at work and the European Maritime Safety Agency.⁶⁰

OUR VIEWS AND RECOMMENDATIONS

We welcome the Prime Minister's acknowledgement that there are a number of agencies where continued participation would be mutually beneficial for the UK and the EU. We conclude that the UK Government should publish a list of all European agencies with which it wishes to continue its participation as soon as possible. It is also important that early clarity is sought on whether the EU is prepared to offer associate membership to the UK of these bodies. If not, the UK Government needs to work urgently with the devolved governments and stakeholders to establish how any governance gaps created as a result of loss of access to these bodies will be filled.

Whilst acknowledging that the Welsh Government cannot, in and of itself, negotiate to maintain membership of these agencies, it is important that it seeks ways in which both the Welsh Government and Welsh organisations can maintain relationships with these agencies post Brexit.

Recommendation 7. We recommend that the Welsh Government publishes a list of European agencies that it has identified as important to Wales in terms of continued involvement after Brexit.

4. 2. Continued participation in health agencies

European Centre for Disease Prevention and Control

62. The Welsh NHS Confederation, RCN Wales, and BMA Cymru all called for the UK to continue to participate in the EU's disease surveillance system which help

⁵⁸ **FRL30 RSPCA Cymru; FRL22 Food and Drink Federation and British Soft Drinks Association**

⁵⁹ Record of Proceedings, **paragraph 178** – 29 January 2018

⁶⁰ **FRL12 Unite Wales**

to prevent the spread of pandemics, and the European Centre for Disease Prevention and Control.⁶¹ The Welsh NHS Confederation told us:

“As diseases know no borders, and as many of Europe’s health and demographic challenges are shared, we call for a framework to be put in place between the EU and the UK post-Brexit to ensure that there is knowledge sharing to strengthen public health and to support the response to public health threats.”⁶²

63. Similarly, the RCN told us that it is “essential” that the UK seeks a close working relationship with the European Centre for Disease Prevention and Control. According to the College:

“As there are a number of associative models available, this should be a relatively easy process. The UK must retain the ability to contribute to, and compare, surveillance data to ensure UK health systems are prepared as the epidemiology of resistant organisms develop. It is paramount that Brexit does not negatively affect this.”⁶³

64. The Welsh NHS Confederation said that the highest possible level of coordination on health promotion and disease prevention after Brexit is key:

“To ensure that public health for all EU and UK citizens is maintained post Brexit, it is key that there is strong coordination between the EU and UK to deal with pandemics, as well as other key health threats, and there is the highest possible level of coordination on health promotion and disease prevention programmes.”⁶⁴

65. Dr Monaghan of BMA Cymru echoed these sentiments, and told the conference that maintaining a relationship with the European Agency for Disease Control and Prevention was “crucial”.⁶⁵

⁶¹ Record of Proceedings, **paragraph 277** – 29 January 2018; **FRL04 Welsh NHS Confederation; FRL10 Royal College of Nursing Wales**

⁶² **FRL04 Welsh NHS Confederation**

⁶³ **FRL10 Royal College of Nursing Wales**

⁶⁴ **FRL04 Welsh NHS Confederation**

⁶⁵ Record of Proceedings, **paragraph 177** – 29 January 2018

OUR VIEWS AND RECOMMENDATIONS

We believe that the UK's continued membership of, and/or involvement in, agencies relating to the field of disease prevention and public health in Europe would be unequivocally beneficial to all parties concerned.

Recommendation 8. We recommend that the Welsh Government works with NHS bodies, public health stakeholders and health organisations in Wales to identify current links with these agencies to suggest potential options for how collaboration could continue after Brexit.

European Medicines Agency

66. In written evidence, RCN Wales, the Institute for Welsh Affairs (IWA) and ABPI called for continued cooperation with the European Medicines Agency.⁶⁶

67. Dr Monaghan of BMA Cymru told us:

“We mentioned earlier the European Medicines Agency, and almost certainly, that is going to continue to underpin pharmaceuticals in Europe—Europe's too big a market. The UK isn't large enough, so that's likely to hold sway. It will be in Amsterdam, and it's a very large agency. It was one of the jewels of the agency system in the EU, and it's a big loss for the UK to lose that because of its network and cluster effects for medical research. And that's aside from—as I've mentioned earlier—all the clinical trials that have been underpinned by the European Court of Justice's rules about how you can treat research subjects, et cetera; that's going to carry on. We can decide whether we're in or out of it.”⁶⁷

68. Similarly, given its role in the regulation of isotopes for radiotherapy, Dr Monaghan called for consideration to be given to continued involvement in Euratom (the European civil nuclear energy organisation).⁶⁸ Unite Wales called for the UK's continued membership of the organisation.⁶⁹

⁶⁶ FRL10 Royal College of Nursing Wales, FRL23 Institute of Welsh Affairs, FRL03 Association of the British Pharmaceutical Industry

⁶⁷ Record of Proceedings, **paragraph 180** – 29 January 2018

⁶⁸ Record of Proceedings, **paragraph 181** – 29 January 2018

⁶⁹ FRL12 Unite Wales

The Welsh Government's view

69. During his session with us, the Cabinet Secretary described the Prime Minister's Mansion House speech as a "step forward" in ensuring the UK's continued participation in certain agencies and networks.⁷⁰

70. The Cabinet Secretary told us that the European Medicines Agency was "high on the list" of agencies that he would like to see continued membership. He said:

"If you can't be a full member, because full membership is only available to members of the European Union, you've got to invent some new category of member—you've got to be an associate member, or a country member, or a something. Again, if there's willingness to do it, it is not beyond the wit of the people involved in negotiations to create a new category, which we would belong to, that would allow us to go on benefiting and recognise that if you want to benefit you've got to be able to pay the admission price to do so."⁷¹

OUR VIEWS AND RECOMMENDATIONS

We agree with the views expressed to us by stakeholders that continued membership of the European Medicines Agency should be a priority for Wales, and the UK, after Brexit.

Recommendation 9. We recommend that the Welsh Government calls on the UK Government to ensure the UK's continued participation in the European Centre for Disease Prevention and Control, and the European Medicines Agency after Brexit.

4. 3. Continued access to European funding programmes

Research and development funding

71. A number of stakeholders indicated that they hoped that the UK's new relationship with the EU after Brexit would include full participation in EU research and innovation programmes. Universities Wales stated that the Welsh university sector has been strengthened and enhanced through participation in European programmes and European funding streams.⁷² Its written submission

⁷⁰ Record of Proceedings, **paragraph 147** – 5 March 2018

⁷¹ Record of Proceedings, **paragraph 148** – 5 March 2018

⁷² **FRL11 Universities Wales**

also states that it is vital that the new UK-EU relationship enables these activities to be sustained and developed further.⁷³

72. NUS Wales told us that membership of Horizon 2020 (and any successor programme) should be maintained.⁷⁴

73. Cardiff University's submission stated that if continued access to Horizon 2020 is not possible, a replacement scheme to support collaborative international research must be secured.⁷⁵ According to the university:

“the overall level of spending on research and development needs to be maintained at least to current levels to preserve the capacity of UK science and research, and to maintain the UK's position as a world leader in this field. Research and innovation are global pursuits, reliant on ideas and people that are mobile across borders. It is not only the funds provided by the EU but also the networks and facilities made available to researchers. Continued collaboration in international networks is paramount if the UK is to maintain its standing as a leader in science and technology, and drive forward a culture of innovation.”⁷⁶

74. Universities Wales also noted that there has been “historic underinvestment in research infrastructure in Wales compared to the rest of the UK” and that “European engagement and funding has helped to close the gap”.⁷⁷ It goes on to note that “without the investment previously accessible through European programmes, Wales may continue to fall further behind”.⁷⁸

OUR VIEWS AND RECOMMENDATIONS

We recognise that European funding, principally through the Horizon 2020 programme, has provided a significant portion of investment in research and development.

We welcome the references made to potential cooperation in areas of research and innovation by the UK Government, European Parliament and European Council and believe that this should be a key priority in the negotiations.

⁷³ **FRL11 Universities Wales**

⁷⁴ **FRL13 NUS Wales**

⁷⁵ **FRL31 Cardiff University**

⁷⁶ Ibid.

⁷⁷ **FRL11 Universities Wales**

⁷⁸ Ibid.

We call on the UK Government to ensure that the UK continues to participate in Horizon 2020 and any successor programmes after Brexit.

Recommendation 10. If no agreement on Horizon 2020 and any successor programmes is reached between the UK Government and the EU, we recommend that the Welsh Government explores ways in which it could provide continued support for Welsh institutions to collaborate with European counterparts after Brexit.

Medical research funding

75. According to the Welsh NHS Confederation, through Horizon 2020, UK organisations have received €3.2 billion since 2014, with €420 million of this coming through the health strand of the programme.⁷⁹ According to the Confederation:

“The formation of strategic partnerships is vital to the progression of medical research. The UK’s access to EU funding programmes is about more than just financial benefit; the collaborative opportunities that are afforded are crucial.”⁸⁰

76. Universities Wales highlighted the importance of the European Research Area in “strengthening research collaboration and driving forward innovation”.⁸¹ Similarly the Welsh NHS Confederation recommended that the UK remains part of the European Research Area.⁸²

77. In its written evidence, ABPI highlighted the importance of having access to EU-wide research collaboration:

“The UK’s eligibility for EU-wide research collaborations also enhances its position as a global research leader, i.e. leading the highest number of Innovative Medicines Initiative (“IMI”) projects, which speed up the development of new medicines in Europe.”⁸³

78. The RCN also identified the benefits of developed research collaboration:

⁷⁹ **FRL04 Welsh NHS Confederation**

⁸⁰ Ibid.

⁸¹ **FRL11 Universities Wales**

⁸² **FRL04 Welsh NHS Confederation**

⁸³ **FRL03 Association of the British Pharmaceutical Industry**

“International collaboration and exchange increases the speed and likelihood of finding solutions to global societal challenges, as well as adopting insight and innovation at faster rates.”⁸⁴

79. Some stakeholders also highlighted the role of pan-European clinical trials. During the conference, Nesta Lloyd-Jones of the Welsh NHS Confederation told us that Wales is currently part of larger clinical trials across Europe.⁸⁵ ABPI expressed concern about whether the UK could continue to be involved in these trials:

“Wales and the UK will become less appealing for clinical trials if they do not have access to the EU clinical trials portals and database. Participation in this common framework is also important in ensuring our patients have access to new medicines and treatments.”⁸⁶

80. The issue of the European Medicines Agency was previously raised by Steffan Lewis AM, during one of our Committee’s routine scrutiny session with the First Minister of Wales, Carwyn Jones AM. When asked about whether the Welsh Government would seek an arrangement with the European Medicines Agency to ensure the continuation of swift drugs approvals, the First Minister told us:

“I don’t see why the UK Government couldn’t come to a comprehensive agreement with the EMA in the future. I don’t see the point of having a separate UK agency doing exactly the same thing as the European Medicines Agency is doing. Surely, it makes perfect sense—and I’m sure the Member wouldn’t disagree with me on this—to have the widest spread of drug approval possible, so that drugs are approved across the whole of Europe and can be used across the whole of Europe. [...] the UK Government will need to consider that in terms of its relationship in the future. But it does seem to me that this is an area that’s not devolved, but does ask the question, ‘Would we look to press the UK Government to get a satisfactory solution?’ The answer to that is ‘yes’.”⁸⁷

OUR VIEWS

We note the concerns raised with us that the loss of access to programmes that support research collaboration in the field of clinical trials and health research

⁸⁴ **FRL10 Royal College of Nursing Wales**

⁸⁵ Record of Proceedings, **paragraph 66** – 29 January 2018

⁸⁶ **FRL03 Association of the British Pharmaceutical Industry**

⁸⁷ Record of Proceedings, paragraph 105 – 27 November 2017

would be a retrograde step for UK and EU citizens alike and could ultimately lead to worse outcomes for patients.

Erasmus+

81. A number of organisations highlighted Erasmus+ as an area where Wales should seek continued involvement after Brexit. For example, NUS Wales considered the Erasmus+ scheme to be of vital importance to both EU and home students.⁸⁸ According to NUS Wales:

“Membership of the scheme is not linked to being a member of the European Union, but it is linked to freedom of movement. This is why certain EEA (European Economic Area) countries are able to take part in the scheme, but also why Switzerland is no longer eligible. This creates a difficult situation, where we would advocate that Wales must argue for continued access to the single market and freedom of movement.”⁸⁹

82. Universities Wales stated that:

“Maintaining and building on existing levels of outward mobility will be an important way of growing the skills and experience necessary for the UK to be a global trading nation. Continued participation in the Erasmus+ programme would be a pragmatic and cost-effective move given the expense and bureaucracy involved in setting up an alternative replacement scheme at a national level at this scale. However, continued access to Erasmus should be coupled with enhanced investment to grow other international mobility opportunities”.⁹⁰

83. We are aware that an agreement between the EU and Switzerland has subsequently been reached which allows Switzerland's continued participation in Erasmus+.

84. Cardiff University told us that if it proves impossible or undesirable to maintain continued access to Erasmus+, a replacement Welsh or UK scheme to allow students to study, work and volunteer abroad should be sought. The university stated that:

⁸⁸ **FRL13 National Union of Students Wales**

⁸⁹ Ibid.

⁹⁰ **FRL11 Universities Wales**

“Brexit offers an opportunity to create a new international outward mobility programme that could replicate and perhaps improve upon the most successful elements of the Erasmus+. This would allow universities to continue valuable collaboration with EU partners and support compulsory periods abroad for modern language students, in addition to supporting wider internationalisation of education in Wales and the UK.”⁹¹

85. Rachel Bowen from Colleges Wales reiterated the importance of participating in Erasmus+ during her contribution to the conference, but also identified a number of other networks for Wales to maintain interaction with after Brexit. These included Cedefop which supports the development of vocational educational policies across Europe and Equvet around European quality assurance in education systems.⁹² Universities Wales also stated that there should be continued participation in the Marie Skłodowska-Curie Actions (“MSCAs”), which allow universities to host researchers from across Europe.⁹³

4. 4. The Welsh and UK Government view

86. As previously mentioned, in the Mansion House speech the Prime Minister acknowledged that “UK citizens will still want to work and study in EU countries – just as EU citizens will want to do the same here”. She also stated that the UK Government was “open to discussing how to facilitate these valuable links”.⁹⁴

87. During our oral evidence session with the Cabinet Secretary, he stressed that the Welsh Government was focusing on persuading the UK Government of the merit of continued participation. The Cabinet Secretary said:

“I think that there’s probably a distinction to be drawn between an ability at a Wales level to be part of European agencies of the sort that we’ve just discussed or of Horizon 2020 and Erasmus and so on, where, as far as I know, those relationships are member state relationships [...] and so our efforts have been designed to try and persuade the member state—the UK, in other words—to do everything it can to remain in those organisations.”⁹⁵

⁹¹ **FRL31 Cardiff University**

⁹² Record of Proceedings, **paragraph 191** – 29 January 2018

⁹³ **FRL11 Universities Wales**

⁹⁴ HM Government, “**PM speech on our future economic partnership with the European Union**” – 2 March 2018

⁹⁵ Record of Proceedings, **paragraph 153** – 5 March 2018

OUR VIEWS AND RECOMMENDATIONS

We view the role of Erasmus+ in enhancing the student experience, and fostering greater Wales-European links, as a positive for all parties concerned. Furthermore, we note from the evidence that many stakeholders would like to see access to this scheme retained after Brexit. We also note that Erasmus+ is open to non-members of the European Union and therefore hope that continued participation could be negotiated with relative ease.

We call on the UK Government to ensure continued participation in Erasmus+ and other educational mobility and student cooperation schemes (such as Cedefop and the Marie Skłodowska-Curie Actions) after Brexit. We would ask that the Welsh Government, set out in its response to this report, how discussions on continued participation in Erasmus+ are progressing.

Wales' ambitions for international cooperation and student mobility could extend further. As such, the creation of a new, Welsh, outward student mobility programme merits further exploration.

Recommendation 11. We recommend that the Welsh Government explores the potential for a new international student mobility programme after Brexit, and reports back to the Committee within six months.





Chapter 5:

Wales' future relationship with European networks and institutions

Our final chapter focuses on Wales' continued participation in both formal and informal European networks after the UK leaves the EU. In particular we look at the value that this engagement has provided in the past and look at some possible solutions for the future

5. Wales' future relationship with European networks and institutions

Our final chapter focuses on Wales' continued participation in both formal and informal European networks after the UK leaves the EU. In particular we look at the value that this engagement has provided in the past and look at some possible solutions for the future.

5.1. Participation in formal and informal networks

88. Many stakeholders raised the importance of continued participation in formal and informal networks after Brexit. For example, Dr Jo Hunt and Dr Rachel Minto of Cardiff University told us that:

“Welsh institutions and organisations [...] participate in a host of formal and informal networks, and have cultivated bi-lateral and multi-lateral relationships and the European, state and regional levels.”⁹⁶

89. The WLGA believes that Wales should continue to engage with all existing EU and wider associations, partnerships and networks. The WLGA said:

“Participation in these will become more important after Brexit as it will enable Wales to continue to influence key EU legislative and policy developments and access funding from some programmes.”⁹⁷

90. Dr Elin Royles of Aberystwyth University highlighted the benefits to Wales from membership of European networks in terms of “sharing best practice, learning and generating opportunities for participation in projects and accessing funding”.⁹⁸

Benefits to civil society

91. Dr Rachel Minto and Dr Jo Hunt highlighted the benefits of access to “a wide range of diverse European networks for information exchange and policy learning”. They told us:

⁹⁶ **FRL21 Dr Rachel Minto and Dr Jo Hunt**

⁹⁷ **FRL17 Welsh Local Government Association**

⁹⁸ **FRL26 Dr Elin Royles**

“Networking also takes place beyond the institutional architecture of the EU and also involves non-state actors. Welsh civil society organisations are active players on the EU’s civil society landscape. Within the bounds of time and resource constraints, Welsh civil society organisations participate within a range of pan-European networks and advocacy coalitions. This participation exposes Welsh civil society organisations to a range of different organisations from across Europe. Significant advantage is derived from this access, as Welsh organisations can build partnerships with regional and national counterparts, exchange information and examples of best practice, develop policy and undertake advocacy activity. Furthermore, Welsh organisations can benefit from the solidarity of trans-national advocacy networks.”⁹⁹

92. This view was shared by Mudiad Meithrin in its submission, which highlighted the role of Wales’ membership of the EU in fostering policy learning and best practice.¹⁰⁰

93. Likewise, the WCVA highlighted the benefits of European engagement for civil society:

“The UK Government needs to ensure that civil society’s European connections and networks are underpinned by the right support mechanisms and investment if they are serious about no regression and addressing societal challenges in an increasingly interconnected and uncertain world. Fundamentally, civil society is an exporter of participative democracy. This extends from communities to the global stage, where citizens can fully participate in and influence decisions that affect the world around them. Brexit must not diminish our European engagement and connections.”¹⁰¹

Continued involvement in networks

94. A number of stakeholders at our conference on the 29 January, including Catriona Williams from Children in Wales, Natasha Davies from Chwarae Teg and Rhea Stevens from the IWA raised the fact that Wales’ relationship with Europe exists through a number of informal, as well as more formal, networks. For example, Natasha Davies told us that:

⁹⁹ **FRL26 Dr Elin Royles**

¹⁰⁰ **FRL28 Mudiad Meithrin**

¹⁰¹ **FRL08 Wales Council for Voluntary Action**

"[...] there's a few networks that Chwarae Teg are engaged with, some on a more formal basis. A few examples would be engagement with the European Women's Lobby; there's a gender wage watchers network; JUMP; and EPALE, which is the European platform for adult learning and education. We engage with these networks in quite lot of different ways, but I wanted to draw on the point that was made earlier on that a lot of these are relatively informal networks and relationships that we've been able to build up, and as an organisation, we've largely been able to build those up thanks to the fact that there's been a transnational element to the work that we've done through our European-funded projects."¹⁰²

95. According to Natasha Davies, the work around fostering and strengthening those relationships should be a priority.¹⁰³

96. In their written submission, Dr Rachel Minto and Dr Jo Hunt identified a range of networks that are open and tailored to both EU and non-EU member states, for example:

"There are a diverse range of more formal European networks or associations that are open and tailored to both EU and non-EU member states, e.g. Conference of Regions with Legislative Assemblies; Conference of Peripheral and Maritime Regions; European Regions for Research and Innovation; Network of Regional Governments for Sustainable Development; Cine Regions (a network of regional film funds) and the European Network of National Civil Society."¹⁰⁴

97. Lowri Gwilym of the WLGA told us about the importance of engaging with networks that do not require membership of the EU such as the Council of European Municipalities and Regions (CEMR).¹⁰⁵ In addition to the CEMR, the WLGA listed in their written evidence to the inquiry, the Conference of Peripheral and Maritime Regions (CPMR), the Council of Europe, Eurocities, and the European Network for Rural Development as organisations for continued involvement.¹⁰⁶

¹⁰² Record of Proceedings, **paragraph 172** – 29 January

¹⁰³ Ibid.

¹⁰⁴ **FRL21 Dr Rachel Minto and Dr Jo Hunt**

¹⁰⁵ Recording of Proceedings, **paragraph 168** – 29 January 2018

¹⁰⁶ **FRL17 Welsh Local Government Association**

98. Eluned Haf from Wales Arts International also made reference to the CPMR, and told us that the CPMR's recent "**Cardiff Declaration**" included a recommendation for all of the networks that they represent to include partners from the UK and Wales as part of their networks in the future.¹⁰⁷

99. Unite Wales also welcomed the Cardiff Declaration.¹⁰⁸ The declaration was signed in November 2017 by political representatives from 20 regions from the North Sea, Atlantic and Channel Sea basins and called for cooperation between Europe's regions post Brexit to address its impact on: fisheries, marine renewable energies and offshore wind, connectivity across the Atlantic and North Sea ports, scientific research and maritime territories.

The Welsh Government's view

100. In his evidence to us, the Cabinet Secretary highlighted the important role that networks, both formal and informal, had played in Wales' relationship with Europe. He told us that:

"One of the things that I've been really struck by—and I sometimes say that I think we're humbled by it, really—is that there are other parts of the European Union, regions of the sort that Suzy Davies was referring to earlier, where our leaving the European Union is going to do them harm. There's no doubt about it. All the analysis that they've done sectorally shows that, without the trading relationship they currently have, their economies are at risk, and yet when you go to those places, they are still incredibly willing to keep the door open to us, to go on being part of things that we have shared with them in the past. If you've had a chance at all to look at the Cardiff declaration, which is the declaration made by the Conference of Peripheral Maritime Regions—one of the big networks in Europe—it explicitly says that other parts of Europe should look for ways in which the door can be kept open to Wales in participating in these really important European networks the other side of Brexit.

So, that's where our role really comes to the fore—not so much in the big institutional relationships, which really are a member state responsibility, but at those other things where we've been, I think, very

¹⁰⁷ Record of Proceedings, **paragraph 199** – 29 January 2018

¹⁰⁸ **FRL12 Unite Wales**

willing and positive partners but where we've gained so much in return."¹⁰⁹

OUR VIEWS AND RECOMMENDATIONS

We recognise the unique and valuable role in terms of policy learning and collaboration that involvement in European networks can have across all sectors. We are proud of the positive impact, in both directions, of such engagement in the past. We hope to see these links grow from strength to strength in the future. However, we recognise that participation in many of these networks in the past has been directly due to the availability of EU-funded projects and programmes and that as a consequence of Brexit, Wales may have a diminished role in many of these networks in the future. We believe that steps should be taken by the UK Government, the Welsh Government, civil society and others to mitigate the risks of this diminution where possible.

We note the important role assigned in the CPMR Cardiff Declaration, and by the Welsh Government, to the development of relationships not only through networks but directly with individual nations, regions, and cities in Europe. Through our work on the negotiations to date, we have had constructive discussions with representatives from a number of regions of Europe who share similar concerns to Wales. We acknowledge the important role these relationships will play in future and will return to consider this issue further in Part Two of our report.

Recommendation 12. We recommend that the Welsh Government maps all existing EU networks, across all sectors, in which Welsh organisations play a role. The results of this mapping exercise should be published by June 2018.

Recommendation 13. Following publication of the results of this mapping exercise, the Welsh Government should consult with stakeholders on the importance of these different networks, their benefits to Wales and which networks should be prioritised for access after Brexit. The consultation should be concluded by autumn 2018.

Recommendation 14. We recommend that, based on the results of the consultation, the Welsh Government should set out plans for investing in Welsh participation in these networks, and consider the funding opportunities and implications for Welsh civil society to continue to collaborate with partners in key networks.

¹⁰⁹ Record of Proceedings, **paragraph 155 and 156** – 5 March 2018

The relationship with Ireland

101. The important relationship between Wales and Ireland was a key theme in the written evidence. Stakeholders cited the important trading relationship, particularly in agricultural products, between Ireland and the UK.¹¹⁰

102. A number of stakeholders including RSPCA Cymru, the WCVA, and Unite highlighted the need to avoid a hard border between Northern Ireland and the Republic of Ireland.¹¹¹ The Institute of Civil Engineers highlighted the importance of working with the Republic of Ireland to ensure that all trade is not funnelled through Northern Ireland after Brexit.¹¹²

103. The Arts Council of Wales highlighted the role of Interreg Ireland-Wales IVA funding for supporting the creative and cultural sector in Wales.¹¹³

104. The WLGA stated that Wales should look for continued access to the funding relating to European Territorial Cooperation (with reference to cross-border Ireland-Wales relations in particular) after Brexit.¹¹⁴

Welsh Government's view

105. The Welsh Government's joint White Paper with Plaid Cymru highlighted the relationship between Wales and Ireland:

“Wales has a particularly close co-operation with the Irish Republic, our maritime neighbour, through the European Territorial Cooperation (ETC) Programmes and we wish to maintain access to this joint working after the UK has left the EU. When the UK leaves the EU this form of co-operation will become, if anything, even more important and, in particular, we are committed to strengthening the relationship between Wales and Ireland.”¹¹⁵

106. During oral evidence, the Cabinet Secretary reiterated his view that regional cooperation should continue after Brexit. He told us about his discussions with counterparts in Ireland:

¹¹⁰ **FRL30 RSPCA Cymru; FRL27 British Veterinary Association**

¹¹¹ **FRL30 RSPCA Cymru; FRL08 Wales Council for Voluntary Action; FRL12 Unite Wales**

¹¹² **FRL01 Institute of Civil Engineers**

¹¹³ **FRL32 Arts Council of Wales and Wales Arts International**

¹¹⁴ **FRL17 Welsh Local Government Association**

¹¹⁵ Welsh Government, “**Securing Wales' Future**” – 23 January 2017

“[...] with the political parties that I met—and I met Sinn Féin, I met the SDLP and I met Unionist politicians—there was a real appetite there too for ways in which we might be able to work with them post Brexit to form some alliances between Scotland, Wales and Northern Ireland to be able to continue to participate in some of these regional level arrangements that otherwise we might not be able to have access to.”¹¹⁶

OUR VIEWS AND RECOMMENDATIONS

We have previously highlighted the importance of Wales' relationship with our nearest EU neighbour, Ireland. During our inquiry into the implications of Brexit for Welsh ports we highlighted the important trading relationship: 70 per cent of Irish cargo passes through Welsh ports.

The Welsh Government should prioritise the important bilateral relationship between Wales, Northern Ireland and the Republic of Ireland to ensure that it continues to strengthen and grow after Brexit.

Recommendation 15. We recommend that the Welsh Government, in its response to this report, sets out its anticipated end state for Wales' future relationship with, and participation in European Territorial Cooperation programmes (particularly those involving Ireland), after Brexit.

5. 2. The future relationship with EU institutions

107. As outlined above in the section on continued participation in EU agencies, even if formal relationships are not secured after Brexit, informal relationships will continue to play a role. Several stakeholders told us that the EU political system will continue to be important to Welsh institutions and organisations after Brexit. For example, Dr Jo Hunt and Dr Rachel Minto of Cardiff University state that it will:

“remain a rich site for information exchange, policy learning, partnership building and collaborative working with local, regional and state-level counterparts.”¹¹⁷

108. However, according to Dr Elin Royles of Aberystwyth University, it is currently difficult to assess the specifics of the implications of the UK's future relationship with the EU for Wales:

¹¹⁶ Record of Proceedings, **paragraph 158** – 5 March 2018

¹¹⁷ **FRL21 Dr Rachel Minto and Dr Jo Hunt**

“The lack of clarity regarding the exact nature of the UK’s future relationship with the European Union continues with preparations taking place for the UK to operate as a ‘third country’. This requires developing the capacity to influence EU Member States and EU institutions in the absence of automatic and regularised access associated with EU membership.”¹¹⁸

109. A number of stakeholders, such as NFU Cymru, stated that they value the relationships they have with the EU and its institutions. The NFU said:

“Through its office in Brussels, the Union has had a presence in Brussels since 1972, which has allowed us to build up an extensive network of colleagues within the institutions and amongst other stakeholder organisations. We fully intend to do all that we can to preserve and continue with those relationships, and ensure we are representing farmer and growers on the numerous EU issues that might impact on their businesses over the coming years.”¹¹⁹

110. Furthermore, NFU Cymru told us that they intend to continue to follow policy developments taken by EU institutions:

“Understanding the challenges faced by our European neighbours, and the policy responses being developed to address these challenges will remain vital in terms of informing our own lobbying efforts.”¹²⁰

111. For the WLGA, a key component of Wales’ future relationship with Europe is the need for a different kind of Welsh presence in Brussels. They call on the Welsh Government to start a dialogue with all its key partners to consider what kind of presence Wales will need to have in Brussels after Brexit, which reflects the current context of Welsh devolution including the emergence of four economic development regions, to maximise all opportunities.¹²¹

¹¹⁸ **FRL26 Dr Elin Royles**

¹¹⁹ **FRL06 NFU Cymru**

¹²⁰ **ibid**

¹²¹ **FRL17 Welsh Local Government Association**

Committee of the Regions

112. The benefits of membership of the Committee of the Regions were highlighted by Dr Rachel Minto and Dr Jo Hunt. They told us that:

“In addition to the formal networks within the Committee of the Regions (for example, in work undertaken around particular legislative proposals), representatives from local and regional authorities build strong informal networks. These specialised networks (both formal and informal) enable the sharing of knowledge, the exchange of best practice and policy learning. This policy learning has significant potential to inform policymaking at a regional and local level. This potential benefit risks being overlooked in discussions around Brexit.”¹²²

113. Similarly, the WLGA noted that Welsh local authorities support a future relationship between UK Local Government and the EU Committee of the Regions along the lines of the options presented by the LGA:

“The (LGA) paper advocates a North West Europe Forum involving Local Government representatives from the UK, EFTA and the EU Committee of the Regions, underpinned by a North West Europe macro-regional strategy. Similar arrangements exist for other areas outside of the EU. They provide opportunities for non- EU countries to continue to benefit from some funding programmes (European Territorial Cooperation in particular), networking initiatives and other forms of cooperation.”¹²³

OUR VIEWS AND RECOMMENDATIONS

We acknowledge the important and beneficial role that Wales' membership of the Committee of the Regions has played in the past. We also note the calls for Wales' continued relationship with the Committee after Brexit.

Recommendation 16. We recommend that the Welsh Government sets out in its response to this report, what discussions it has had on Wales' future relationship with the Committee of the Regions after Brexit and how those discussions are progressing.

¹²² **FRL21 Dr Rachel Minto and Dr Jo Hunt**

¹²³ **FRL17 Welsh Local Government Association**

Other Wales-EU bilateral relationships

114. A number of witnesses looked ahead to the future relationship of both Wales and the UK with the EU and emphasised that these links would still be important. For example, the Wales Environment Link and Dr Victoria Jenkins stated that cooperation with the EU's institutions on transnational environmental issues will be important.¹²⁴ Dr Victoria Jenkins also argued that the UK should explore the willingness of EU institutions to continue their relationship with non-governmental organisations in the UK as well as government bodies.¹²⁵

115. Natasha Davies from Chwarae Teg highlighted the role of EU membership in safeguarding and advancing equalities and human rights and told us that there should be “no rolling back” of these rights after Brexit.¹²⁶ Similarly, Stonewall Cymru told us that EU law has previously provided Welsh citizens with guaranteed rights and that any reduction of those rights after Brexit could pose a potential risk to LGBT people and others in the future.¹²⁷

116. During the stakeholder conference, Alan Davies of the FUW told us about the challenge of establishing new constitutional frameworks and organisations at the European level after the UK leaves the EU.¹²⁸ He also stated that the UK's future relations with the EU should be established in a way that “absolutely respects devolution” and which generates solutions “through negotiation”.¹²⁹

117. Dr Elin Royles, Aberystwyth University, set out her priorities for the future relationship in her written evidence. Dr Royles told us that it is essential that mechanisms to enable the Welsh Government and other devolved administrations to engage with and influence the UK's formal diplomatic relations with the EU and its institutions after Brexit closely replicate the current arrangements, with efforts made to enhance them further. Amongst other recommendations Dr Royles argued that whatever diplomatic status and accreditation is afforded to UK Government officials as part of a “third country” status, should continue to be extended to Welsh Government officials. Furthermore she said that accreditation and formal arrangements for the three

¹²⁴ **FRL18 Wales Environment Link, FRL20 Dr Victoria Jenkins**

¹²⁵ **FRL20 Dr Victoria Jenkins**

¹²⁶ Record of Proceedings, **paragraph 53** – 29 January 2018

¹²⁷ **FRL24 Stonewall Cymru**

¹²⁸ Record of Proceedings, **paragraph 205** – 29 January 2018

¹²⁹ Record of Proceedings, **paragraph 206** – 29 January 2018

devolved administrations as part of the UK's "third country" status are the same in all cases.¹³⁰

OUR VIEWS AND RECOMMENDATIONS

Brexit should not signal a move away from Wales's proud tradition as an outward-looking, internationally engaged nation and Wales' relationship with Europe will continue to be important after the UK leaves the EU.

It is important that the future relationship protects and safeguards equalities and human rights standards. We support the continuation of the rights enshrined in the Charter of Fundamental Rights in the UK after Brexit and in any future trading relationship between the UK, the EU and other future partners.

We believe that the Welsh Government should explore the willingness of the EU and its institutions to engage with both governmental and non-governmental organisations in Wales after Brexit. The Welsh Government should report back to this Committee in that regard by December 2018.

It is also critical to ensure that Welsh Government officials retain equivalent accreditation and diplomatic status as UK Government officials (whatever those arrangements may be) as part of any agreement on the UK's future relationship with the EU.

Recommendation 17. We recommend that the Welsh Government explores the opportunities for both governmental and non-governmental organisations in Wales to effectively engage with the EU and its institutions after Brexit.

Recommendation 18. The Welsh Government must call upon the UK Government to protect the human rights and equalities standards that Welsh citizens have benefited from as being citizens of the EU.

¹³⁰ **FRL26 Dr Elin Royles**

Annex A – List of oral evidence sessions

The following witnesses provided oral evidence to the Committee on the dates noted below. **Transcripts of all oral evidence sessions** can be viewed on the Committee's website.

Date	Name and Organisation
29 January 2018	Dr Rachel Bowen, Colleges Wales
	Beth Button, Universities Wales
	Ben Cottam, Federation of Small Businesses Wales
	Alan Davies, Farmer' Union Wales
	Natasha Davies, Chwarae Teg
	Lisa Edwards, Universities and Colleges Union
	Jim Evans, Welsh Fishermen's Association
	Zélie Flach, Wales Arts International
	Ifan Glyn, Federation of Master Builders Cymru
	Lowri Gwilym, Welsh Local Government Association
	Eluned Haf, Wales Arts International
	Dr Jo Hunt, Cardiff University
	Keith Jones, Institution of Civil Engineers Wales
	Tobias Lock, University of Edinburgh
	Nesta Lloyd-Jones, Welsh NHS Confederation
	Dr Rachel Minton, Cardiff University
	Dr Stephen Monaghan, BMA Wales
	Dr Tim Peppin, Welsh Local Government Association
	Nick Peredikis, Aberystwyth University
	Glyn Roberts, Farmers' Union of Wales

	<p>Jim Rollo, University of Sussex</p> <p>Rhea Stevens, Institute of Welsh Affairs</p> <p>Huw Rhys Thomas, NFU Cymru</p> <p>Lisa Turnbull, Royal College of Nursing</p> <p>Mary van den Heuvel, National Education Union Cymru</p> <p>Carol Wardman, Cytûn</p> <p>Catriona Williams, Children in Wales</p>
5 March 2018	<p>Mark Drakeford AM, Cabinet Secretary for Finance</p>
	<p>Robert Parry, Welsh Government</p> <p>Rhys Davies, Welsh Government</p>

Annex B – List of written evidence

The following people and organisations provided written evidence to the Committee. All **consultation responses and additional written information** can be viewed on the Committee's website.

Organisation	Reference
Institution of Civil Engineers	FRL 01
Education Workforce Council	FRL 02
Association of the British Pharmaceutical Industry	FRL03
Welsh NHS Confederation	FRL04
National Sheep Association Wales	FRL05
NFU Cymru	FRL 06
National Education Union Cymru	FRL 07
Wales Council for Voluntary Action	FRL 08
Meat Promotion Wales	FRL 09
Royal College of Nursing Wales	FRL 10
Universities Wales	FRL 11
Unite Wales	FRL 12
National Union of Students Wales	FRL13
Dr Luivine Petetin and Dr Annegret Engel	FRL14
Wales Arts International	FRL15
Wales for Europe	FRL16
Welsh Local Government Association	FRL17
Wales Environment Link	FRL18
Federation of Small Businesses Wales	FRL19

Dr Victoria Jenkins	<u>FRL20</u>
Dr Rachel Minto and Dr Jo Hunt	<u>FRL21</u>
Food and Drink Federation and the British Soft Drinks Association	<u>FRL22</u>
Institute of Welsh Affairs	<u>FRL23</u>
Stonewall Cymru	<u>FRL24</u>
Country Landowners Association Wales	<u>FRL25</u>
Dr Elin Royles	<u>FRL26</u>
British Veterinary Association	<u>FRL27</u>
Mudiad Meithrin	<u>FRL28</u>
Cardiff Airport	<u>FRL29</u>
RSPCA Cymru	<u>FRL30</u>
Cardiff University	<u>FRL31</u>
Arts Council of Wales and Wales Arts International	<u>FRL32</u>
Unison Wales	<u>FRL33</u>

