

Agenda – Economy, Trade, and Rural Affairs Committee

Meeting Venue:	For further information contact:
Hybrid – Committee room 5 Ty Hywel and video Conference via Zoom	Lara Date Committee Clerk
Meeting date: 11 October 2023	0300 200 6565
Meeting time: 10.25	SeneddEconomy@senedd.wales

Private pre-meeting (09.15–09.30)

Private (09.30–10.10)

1 Technical Briefing: Chief Veterinary Officer

(09.30–10.10)

(Pages 1 – 5)

Dr Richard Irvine, Chief Veterinary Officer for Wales, Welsh Government

Attached Documents:

Research brief

Break (10.10–10.25)

Public meeting (10.25–12.10)

2 Introductions, apologies, substitutions, and declarations of interest

(10.25)



3 Papers to note

(10.25)

3.1 Meeting of the Inter-Ministerial Group for Trade on 7 September 2023

(Page 6)

Attached Documents:

Letter from the Minister for Economy – 25 September 2023

3.2 Draft Budget 2024–25: Evidence papers

(Pages 7 – 8)

Attached Documents:

Letter from the Chair of the Finance Committee to the Minister for Finance and Local Government – 22 September 2023

3.3 Trade agreements

(Page 9)

Attached Documents:

Letter from the Minister for Economy – 27 September 2023

3.4 Levelling-up and Regeneration Bill: Supplementary Legislative Consent Memorandum (No.4)

(Pages 10 – 11)

Attached Documents:

Letter from the Chair to the Minister for Climate Change – 2 October 2023

3.5 The Welsh Government's Community Food Strategy

(Pages 12 – 13)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 3
October 2023

4 Windsor Framework

(10.25–10.55)

(Pages 14 – 39)

Katy Hayward, Professor of Political Sociology, Queens University Belfast

Andrew Potter, Professor of Transport and Logistics, Cardiff University

Attached Documents:

Evidence paper – Professor Katy Hayward

Evidence paper – Professor Andrew Potter

Evidence paper – Horticultural Trades Association (HTA)

Research brief

Break (10.55–11.00)

5 Minister for Economy: Border Control Posts in Wales; and Future of Welsh Steel

(11.00–12.10)

(Pages 40 – 47)

Vaughan Gething MS, Minister for Economy, Welsh Government

Dickie Davis, Deputy Director, Special Projects and Construction, Welsh Government

Helen John, Deputy Director, Borders Controls Programme, Welsh Government

Claire McDonald, Deputy Director, Economic Policy, Welsh Government

Peter Ryland, Chief Executive, Welsh European Funding Office, Welsh Government

Attached Documents:

Evidence Paper – Welsh Government

6 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting

(12.10)

Private (12.10–12.20)

7 Consideration of evidence following the meeting

(12.10–12.20)

Agenda Item 1

Document is Restricted

Agenda Item 3.1

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

Paul Davies MS
Chair of Economy, Trade, and Rural
Affairs Committee

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Huw Irranca-Davies MS
Chair of Legislation, Justice and Constitution
Committee

SeneddLJC@assembly.wales

25 September
2023

Dear Paul, Huw

I am writing in accordance with the inter-institutional relations agreement, to inform you that I attended the Interministerial Group for Trade on Thursday 7 September.

The meeting was attended by Nigel Huddleston, Minister of State at the Department for Business and Trade; Richard Lochhead, Minister for Small Business, Trade and Innovation, Scottish Government and Ministers from the Wales and Northern Ireland Offices.

We discussed the latest updates on the India and Canada Free Trade Agreement negotiations, as well as the latest developments around the UK's accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership. A joint communique regarding the meeting will be issued in due course.

I will write to you again to inform you of the date of the next meeting.

Yours sincerely,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Rebecca Evans MS,
Minister for Finance and Local Government

22 September 2023

Dear Rebecca,

Evidence papers supporting the 2024-25 Draft Budget

Many thanks for your [letter](#) of 8 September.

I am grateful for the constructive manner in which you have engaged with the Finance Committee on ways that ministerial written evidence on the Welsh Government's Draft Budget proposals can be improved, with the aim of addressing the issues identified in my [letter](#) of 23 June.

I welcome your intention to confirm when Ministers will provide their evidence papers to Senedd Committees ahead of the 2024-25 budget round. I am also grateful that Senedd Committees will be offered a technical briefing on the Draft Budget.

In terms of your request for a clear indication from the Finance Committee on what would be considered essential for inclusion in ministerial evidence papers, it would not be appropriate for me to provide a single list of proposals without consulting Committee Chairs first.

Whilst I see benefits in developing a high level template for evidence papers, and although I am supportive of co-operation between committees to avoid duplication and overlap in its areas of focus during budget scrutiny, a consistent



approach may be difficult to achieve in practice given that Committees will naturally have different priorities and areas of focus.

I would also want to guard against the development of a template that may foster a prescriptive approach to the provision of written evidence, which may end up diluting the information made available to individual Committees as they seek to hold ministerial spending decisions to account.

The difficulties faced by Ministers in providing specific details for Committees relating to each MEG during the 2024-25 budget is a case in point. Although I recognise the challenges posed by this year's budget timetable, this should not restrict Committees from requesting detailed information relating to individual portfolios as this is crucial to informing public evidence sessions with Ministers, particularly when time to consult with stakeholders is limited.

I am therefore willing to explore ways in which a template could be developed, although I also acknowledge that developing consensus on this issue may take time and that it is unlikely that any changes will be agreed for the forthcoming budget round.

I am copying this response to all Senedd Committees with an interest in budget scrutiny to facilitate further discussions, and will raise this matter at the next meeting of the Chair's Forum on 23 October.

Yours sincerely



Peredur Owen Griffiths MS
Chair of the Finance Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Paul Davies MS Chair:
Economy, Trade and Rural Affairs Committee
Senedd Cymru
Cardiff Bay,
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27 September 2023

Dear Paul,

Thank you for your letter of 19 September asking for a copy of the Welsh Governments perspective on the implications for Wales of the UK's membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

I can confirm that my officials are currently finalising the report and we will be publishing it in October. I will, as with the Australia and New Zealand reports, ensure that the committee is given a copy of the report before publication.

If the committee would find it useful, my officials would also be willing to provide an informal briefing on the report and our perspective on the agreement, to any interested members.

Yours sincerely,



Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy

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Agenda Item 3.4

**Pwyllgor yr Economi,
Masnach a Materion Gwledig**

**Economy, Trade, and
Rural Affairs Committee**

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Julie James MS
Minister for Climate Change

2 October 2023

Levelling-up and Regeneration Bill: Supplementary Legislative Consent Memorandum (No.4)

Dear Minister,

At its meeting on 28 September the Committee considered the Supplementary Legislative Consent Memorandum (SLCM) (No. 4) on the Levelling-up and Regeneration Bill, having previously reported on the LCM and first SLCM for the Bill.

The Committee does not intend to report on the latest SLCM, but agreed to write to you for clarification on some points in advance of the reporting deadline of 13 October:

- Paragraphs 93 – 103 of SLCM (No.4) set out the Welsh Government’s position on the proposed amendments to Part 1 of the Bill – the Levelling Up Missions. At paragraph 111 you state your view that the amendments tabled by the UK Government on 4 July 2023 on Part 1 of the Bill improve upon the position set out in the original revised LCM for this Bill, laid on 25 November, to the extent that you now recommend that the Senedd gives consent to the Bill. In that revised LCM it was recommended that consent was not given to Part 1 of the Bill. In paragraphs 97 and 98 of SLCM (No. 4), you detail the concerns that remain in relation to Part 1 of the Bill, and the concerns are also noted in paragraph 111. It would therefore be helpful to have more information on how you consider the position to be improved, and the concerns that



remain in relation to Part 1, especially given that you are now recommending that consent is given.

- It would also be helpful to know why SLCM (No.4) was laid over a month after the amendments were tabled;
- Can you confirm whether any other amendments have been tabled that have removed clauses that previously required Senedd consent; and finally,
- Can you confirm whether the UK Government is of the view that the clauses and schedules as amended or inserted by the amendments set out in SLCM (No.4) require the consent of the Senedd.

I look forward to your response on these points as soon as possible, in advance of the reporting deadline.

Kind regards,



Paul Davies MS

Chair: Economy, Trade and Rural Affairs Committee

We welcome correspondence in Welsh or English

Agenda Item 3.5

Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref: LG/PO327/2023

Paul Davies MS
Chair
Economy, Trade, and Rural Affairs Committee
Senedd Cymru

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3rd October 2023

Dear Paul

Further to my letter of 5 July responding to ETRAC's recommendations should the Food (Wales) Bill fall, I thought it would be helpful to update you on work undertaken over the summer and the next steps.

Following the First Minister chairing a Welsh Government cross portfolio forum on 13 June, my officials have led a cross Government exercise in preparation to publish a short document in the autumn regarding food related policies. Work is now moving into the design and writing of the document. It will be succinct, published on-line with hyperlinks to the policies and activities within it, and illustrated with case studies. Collectively it will present the Welsh Government's strategic agenda for food matters. I am confident it will help stakeholders understand how the Welsh Government is tackling the complex, inter-connected challenges and opportunities which food presents. I intend to publish the document before the end of the year.

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We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

My officials have also made progress with development of the Community Food Strategy. An important stakeholder engagement exercise has been completed and [published](#). The engagement exercise has provided valuable feedback on issues identified in policy work to date and has contributed to the Welsh Government's assessment of issues and policy options. The cross Government exercise I referred to has also identified some potential policy opportunities. During this autumn term, my officials will continue to develop the work and I will discuss further with Cefin Campbell AS, the Designated Member for this part of the Co-operation Agreement. Pending the outcome of those discussions, further policy development and engagement work ahead, I intend to publish the Community Food Strategy in 2024.

The Welsh Government accepted, in principle, Recommendation 8 of your Report which included establishing an internal food policy board or to work with the Future Generations Commissioner. My Director of Rural Affairs now chairs a cross portfolio forum of senior officials about food matters, an arrangement which will continue as a means to assist policy development for the foreseeable future.

I am copying this letter to Cefin Campbell MS.

Yours sincerely,

A handwritten signature in cursive script that reads "Lesley Griffiths". The signature is written in black ink and is positioned above the printed name and title.

Lesley Griffiths AS/MS
Y Gweinidog Materion Gwledig a Gogledd Cymru, a'r Trefnydd
Minister for Rural Affairs and North Wales, and Trefnydd

Cc:
Cefin Campbell MS

Agenda Item 4

Economy, Trade, and Rural Affairs Committee, Senedd Cymru

Written Evidence from Prof. Katy Hayward, Queen's University Belfast

September 2023

Thank you for inviting the submission of evidence from me on the subject of the Windsor Framework. I will focus my concise written comments on the Windsor Framework with a particular focus on the movement of goods and what might otherwise be missed. I am submitting this evidence just before the first of the new green lanes comes into effect; in the oral evidence session I will be able to provide an update on how the roll-out has occurred.

The Windsor Framework brings easements to the Protocol on Ireland/Northern Ireland as it was originally intended. However because the Protocol was only partially implemented, with grace periods being extended for the most complicated of border-related processes, the expectation is that the roll-out of the first of the 'green lane' schemes under the Windsor Framework from 1st October, followed by further phases of implementation may result in some new friction.

The **timetable** for the Windsor Framework implementation (Appendix 1) together with that for the Border Target Operating Model (BTOM) (Appendix 2) help us identify several key moments that need to be prepared for: 1st October 2023 (roll out of the Retail green lane); 1st January 2024 (introduction of Export Health Certificates for median-risk SPS products from EU to GB);ⁱ 30th April (border checks for EU SPS goods and pre-notification for median-risk SPS goods)ⁱⁱ; 1st October 2024 (roll-out of the UKMIS green lane plus parcels). The good news is twofold. First, that there is a different timetable for Welsh ports (see below). Secondly, that communication and coordination from UK officials is clearer and more detailed than was the case for 1st January 2021 with the Protocol and TCA roll-out. The fact that both the BTOM and the Windsor Framework are to be implemented in clearly-defined phases helps preparation by businesses across their supply chain, and thus more efficiency in addressing potential problems.

There is still some confusion about what the Windsor Framework does and doesn't facilitate in terms of movement of goods. In order to use the **green lane**, a business has to be registered with one or other of two schemes: the NI Retail Movement Scheme (NIRMS) and the UK Internal Market Scheme (UKIMS). The NIRMS relates to agri-food and is intended primarily to ease the procedures for supermarkets to enter NI from GB. The UKIMS is for other types of trade into NI. Goods entering NI through either green lane still have to comply with the bulk of the EU legislation that applies in NI under the Windsor Framework (they are exempt from only about a fifth of the 300 rules that apply in NI). The green lane enabled by NIRMS will primarily be used by the large supermarkets - the type of business campaigning from the start for recognition that they are 'dead-end hosts'. They will benefit most from the easements under the NIRMS, for example only needing one certificate per load etc.

Going through the green lane doesn't wholly remove the need to meet EU standards but it simplifies and eases the paperwork associated with proving compliance. The flexibilities under the Windsor Framework are based on managing risk in different ways. On the one hand, it is about the **information** that authorities have on the businesses using the green lane. For example, there is a slight increase in information required of businesses when registering under the UKIMS, even if previously registered on the UK Trader Scheme (UKTS). This is in part because of the widening scope of the Scheme to include GB-based businesses, and thus the increased risk of non-compliance. It is also because the Windsor Framework flexibilities are based on access to data, so authorities need to be able to have access to more data from the authorised traders. Secondly, information is being given to consumers. The labelling 'Not for EU'

being put on the product/shelves of goods moved under the NIRMS is intended to help reduce the likelihood of those products ending up in the EU. More weighty safeguards are used where the risk is higher, e.g. of a whole lorry load of green lane goods crossing the EU border. Hence official seals need to be applied each such load under the NIRMS green lane.

Early signs are that, outside retail, many NI-based businesses are clear that they will continue to bring in goods through the red lane. This is because they want to maintain reputation vis-à-vis the EU and thus be assured of continued access to it (whereas use of the green lane implies that they are bringing in goods that should not have access to it).

What are the implications for Wales and the UK Internal Market?

UKIMA: NI firms have to continue to meet EU standards in production of their goods. There is no dual regulatory regime for them. Even if NI firms sell into GB they have to meet EU standards. The upshot potentially has an impact on NI competitiveness in rUK. In that sense, the WF sees NI more affected by the UK Internal Market Act than before, i.e. not being able to discriminate against rUK goods and so cheaper GB food could be potentially sold in NI supermarkets while NI food in GB could potentially be at a higher price. There has been speculation that the UK Government may bring forward secondary legislation to amend the UK Internal Market Act as part of efforts to encourage the Democratic Unionist Party back into power-sharing. This may well have implications for all-GB, e.g. in terms of preventing discrimination of NI goods in GB, but as yet it remains in the realm of speculation.

Unfettered Access: A concern about competitiveness for NI agrifood has been the wide-open definition of NI qualifying goods for unfettered access (which in practice allows ROI and other EU goods to benefit from that easy access to GB), i.e. all goods in free circulation in NI. This practice has no doubt affected the decline in the flow into Welsh Ports from Ireland.ⁱⁱⁱ There will be a change to this as a result of the new definition of 'qualifying goods' for such unfettered access. This is to try and restrict that benefit to businesses established in NI. This may help reduce the incentives for entering GB via NI ports (to Cairnryan, Liverpool) rather than Welsh ones. That said, work on building a Border Control Post at Cairnryan is currently stalled so it may well be still easier for ROI goods to enter GB via that route than further down the Irish Sea.

For movement of NI goods into GB via ROI - previously a preferred route - another problem for Welsh ports has been that goods have had to complete an electronic import customs declaration to do so. If the NI goods qualify for unfettered access they will no longer have to do that, although they will still have to use the Goods Vehicle Movement Scheme. This may well encourage use of that 'Irish landbridge' route to GB too.

Labelling: The roll out of GB-wide labelling on products 'not for sale in the EU' is something that has been objected to by business as costly. Minister James Cleverly has admitted that the decision to do so is a 'philosophical' one rather than a practical one, i.e. it comes in response to unionist concerns. The labelling will be on agri-food goods for companies that are using the Retail Movement Scheme to bring products into NI. As the labelling will apply to a widening range of products, and applied to individual items, over the course of the next two years, it is possible to conceive of some objections to this both on the basis of cost and principle coming from Scotland and Wales in particular.

BTOM: The complexity of the situation for goods entering GB from the island of Ireland is recognised in the fact that the BTOM timetable contains a slightly extended timeframe for 'west coast GB ports'. This means that the requirement of pre-notification of SPS goods entering GB into Welsh ports won't kick in until 31st January 2024 and the introduction of border checks on SPS products and Safety & Security declarations on goods entering GB is postponed until 31st October 2024 - according to the current BTOM timetable at least.

Appendix 1. Timeline for the trade dimensions of the Windsor Framework's implementation

Windsor Framework – Outline Timeline*

+ UK Border Target Operating Model due to start 1 Jan 2024

July 2023

Further UK Guidance issued
Tariff Rebate Scheme operational

Jan 2024

Customs Duty Waiver scheme expanded

Oct 2024

Phase 2 of labelling (*all meat & dairy*) for NI RMS companies using green lane

Visual inspections of agri-food down to 8%

Dec 2024

Democratic Consent Vote in NI Assembly on Arts 5-10

July 2025

Border Control Posts finalised

Phase 3 of labelling for additional foods under the NIRMS

Retail Movement Scheme (NIRMS) (for movement of retail agri-food) goes live
Phase 1 of 'Not for EU' Agri-food retail labelling (*some dairy & pre-packed meat; box labelling*)
Border Control Posts being built in NI; additional temporary, product inspection facilities for SPS to be operational in four ports in NI
Enrolment for UK Internal Market Scheme (for customs), to replace UK Trader Scheme

Oct 2023

UK Internal Market Scheme goes live
Unilateral grace period on parcel movements ends; authorised carriers B2B, B2C in NI to share commercial data with UK HMRC

Oct 2024

New arrangements for GB-NI supply of medicines

Jan 2025

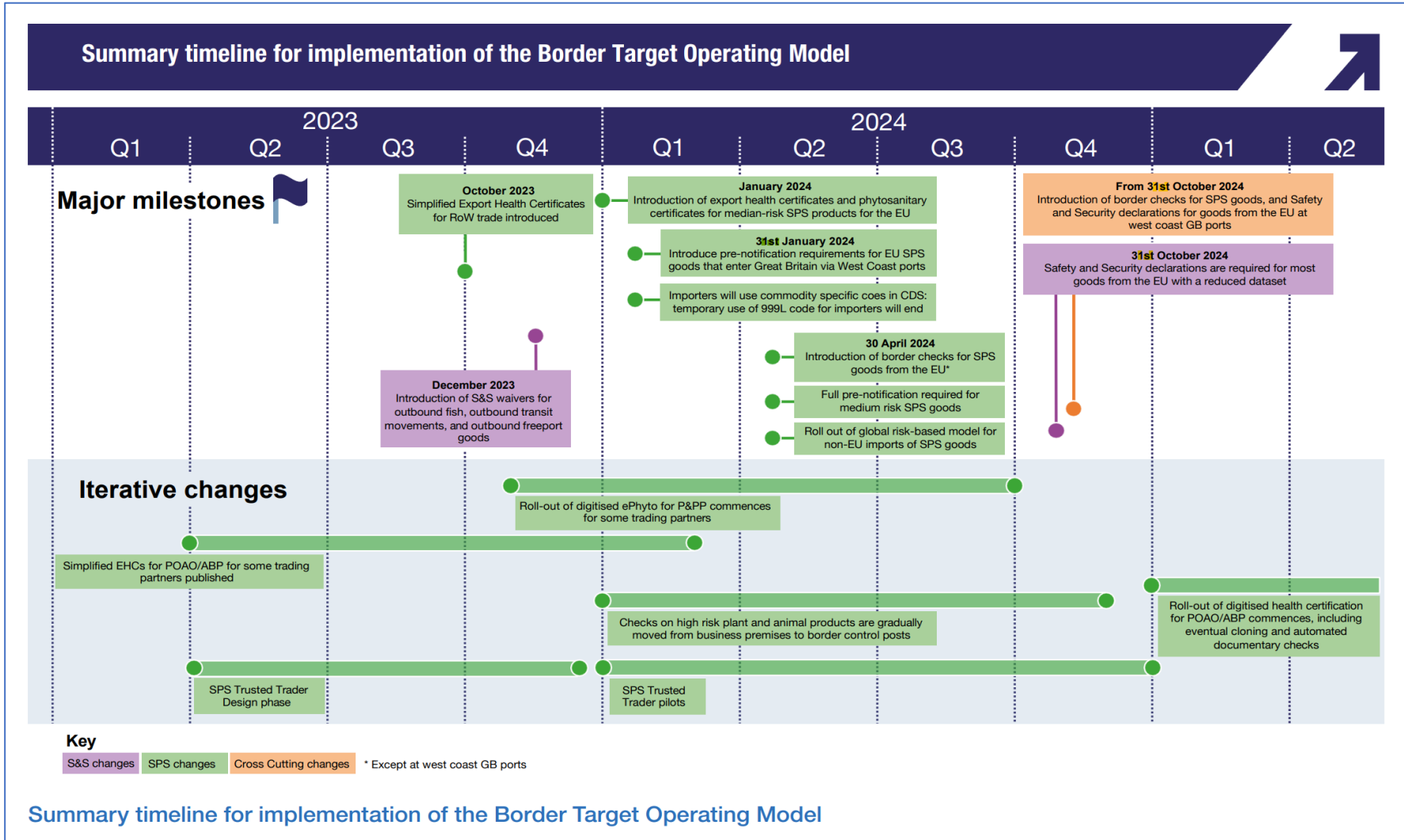
Full implementation
Visual agri-food inspections down to 5%
Grace period on vet medicines ends

Winter 2025



*Based on information available at time of writing; clearly subject to change ©Katy Hayward, Sept 2023

Appendix 2. UK BTOM Timeline (issued August 2023)



ⁱ Currently just for high-risk SPS products.

ⁱⁱ Currently checks on SPS products take place away from the border, at business premises.

ⁱⁱⁱ Irish Maritime Development Office (2022) United Traffic Report, Q3, 2022, see:

<https://www.imdo.ie/Home/sites/default/files/IMDOFiles/IMDO%20Q3%202022%20Unitised%20Traffic%20Report..pdf>

Evidence for Economy, Trade and Rural Affairs Committee

Professor Andrew Potter

Impact of Brexit on trade flows through Welsh Ports

The impact of Brexit on Welsh ports can be seen through the quarterly statistics produced by the Department for Transport. While there was some variability during the period around January 2021 as businesses prepared for the end of the transition agreement, there is now sufficient data to highlight some key trends in trade through Welsh ports using the ferry routes to the Republic of Ireland.

At Holyhead:

- Volumes have dropped by 20-25%, from around 115,000 units per quarter in 2019 to 90,000 units per quarter through 2022.
- Provisional data for the latest quarter (Q2 2023) does show an increase in volumes through the port, with almost 100,000 units through the port.

In South West Wales (Fishguard and Pembroke Dock):

- The number of units has decreased from about 25,000 units per quarter to 15,000 units per quarter.
- Tonnages have not decreased by as much, increasing the average weight per unit. This trend is particularly evident for flows into Wales.

The increase in average weight per unit in South West Wales implies fewer empty vehicles using the sea crossing to Ireland. For logistics operators operating between mainland Europe and the Republic of Ireland, the end of the transition agreement has meant fewer opportunities from the UK for backhaul or domestic movements (cabotage) to offset running costs. Coupled with fewer border crossings, a single ferry crossing direct to mainland Europe may therefore be preferable to two border crossings.

Welsh ports are particularly exposed to the impact of Brexit because ferry routes only go to the Republic of Ireland and, even though some of this traffic will be for Northern Ireland, it still currently experiences customs checks. It is possible to compare the above statistics with other ports operating Ro-Ro services to Ireland:

- Liverpool – 5% decrease in the number of units, but tonnages have increased by around 15%.
- Heysham – approximately 20% increase in the number of units and over 10% increase in tonnage.
- Cairnryan – a 40% increase in volume despite a 15% decrease in the number of units handled.

The data also suggests an underlying growth trend for Ro-Ro tonnage at these ports, whereas Welsh ports are handling consistent volumes every quarter. It should be noted that Liverpool and Heysham also have Ro-Ro services to the Isle of Man, but this market is unlikely to account for all the changes to volumes.

Aggregating all the UK ports with Ro-Ro services to Ireland, the market has grown since Brexit by about 5% in terms of tonnage per quarter although the number of units per quarter being moved is similar to pre-Brexit.

Given the trends in the data, it is likely that Welsh Ports have lost landbridge traffic to direct ferry services between the Republic of Ireland and mainland Europe, while traffic going to Northern Ireland has become focused on ports offering direct services rather than transiting through Dublin. For logistics operators, these routes have more certainty on journey times, even if they have required changes to logistics networks.

Impact of the Windsor Agreement

A key question for Welsh ports is whether the Windsor Agreement will enable them to compete for goods travelling to and from Northern Ireland. A key element of the Agreement is the provision of a 'green lane' at ports for goods destined for Northern Ireland, with goods for the Republic of Ireland or at risk of entering the EU using a 'red lane'.

When announced, the Windsor Agreement particularly emphasized direct sea routes to Northern Ireland, with the 'green lanes' being at Northern Ireland ports. The implication from this is that such a facility would not be available for goods travelling through the Republic of Ireland. As such, the Windsor Agreement would effectively maintain the status quo for logistics operators and therefore not benefit Welsh ports.

Subsequently, in response to written questions in the House of Commons, the UK Government has indicated that the 'green lanes' will also be available for goods passing through Welsh ports. This is also something that Stena Line had been seeking, as operator of Holyhead and Fishguard ports. What is not clear currently is how this will be operationalized. Unlike direct services to Northern Ireland, goods passing through Welsh ports will still need to be processed by Irish customs, and it is possible that transit custom arrangements will need to be made.

Therefore, while 'green lanes' may help goods movements through Welsh ports, the lack of detail makes it difficult to determine the extent to which there will be a benefit.

There is a slight risk that the new arrangements could lead to further traffic loss from Welsh ports but for this to happen, and this would like depend upon the effectiveness (or otherwise) of both 'green lanes' and Border Check Points in handling customs checks going forward. Any changes in the Republic of Ireland may also have an impact.

Border Target Operating Model (BTOM) and the Trade in Plants and Trees

The Horticultural Trades Association (HTA) welcomed certain aspects of the model, such as commitments to digitise phytosanitary certificates and for the government to create a consultative business readiness group. However, it also expresses disappointment in other areas that could have critical implications for the horticultural sector and says that the BTOM is potentially a missed opportunity for UK horticulture.

Fran Barnes, Chief Executive at the Horticultural Trades Association (HTA), said, “Our unwavering focus has consistently centred on ensuring the seamless, swift and secure movement of plants and plant products, whilst protecting the UK against biosecurity threats. While we acknowledge the positive strides made with the formal release of the Border Target Operating Model, the model doesn’t go far enough in adequately addressing the legitimate needs of the horticultural sector.

“One major concern lies in the readiness of Border Control Posts (BCPs) to handle the diverse range of imports received by the horticultural sector from the EU. We welcome the proposed delay to the introduction of checks at BCPs until 30 April 2024. However, we are disappointed that this date is inconveniently placed in the middle of the high season for the plant trade and that the delay is not long enough to complete the proposed pilot of the Authorised Operator Status model.

“Since January 2021, the industry has followed import and export requirements outlined in the Trade & Co-operation Agreement (TCA) due to the absence of a Sanitary Phytosanitary (SPS) or plant health agreement with the EU. However, it is clear there needs to be better dialogue between the EU and the UK regarding plant imports. Given that the value of imported plant material surpassed £753 million in 2022, constituting half of the cumulative value of the UK's trees, plants, seeds, and bulbs production sector, it is imperative that we impress upon the government the need for ongoing refinement of the BTOM.

“Furthermore, this issue will impact garden centre customers: the expected costs of full border controls to the supply chain are estimated to top £42m per annum (at existing pre-notified consignment numbers). **Therefore, beyond 2024, this would equate to a 4.5% cost increase for no material gain.** And there is also potential that plant ranges will be restricted or delayed, meaning a reduced choice for garden enthusiasts.”

The HTA emphasises the importance of meticulous planning, thorough testing, and effective communication to ensure a smooth transition to any new trade system, recognising the significance of the horticulture industry.

The following concerns still need to be addressed:

- **Systems, processes and equipment must be thoroughly tested**, preferably using a soft launch approach. The seamless integration of technology is key to a successful border, and clear timelines on business-critical upgrades to current systems, such as IPAFFS, e-phyto and CITES, need to be set out with some urgency.

- **Control Points as an alternative to BCPs for businesses.** While the 3-month delay gives more time for businesses to complete Control Point designation, the government should allocate sufficient resources to assist businesses through the process in a timely and cost-effective manner. There is also still no surety of costs, and the ability to compare BCP costs with CP costs is still not evident.
- **The detail of the Authorised Operator Model status (AOS) and its accessibility for horticulture businesses** – The HTA continue to be concerned about the AOS model, its pilot and subsequent launch. The proposed timings do not afford a seamless transition for businesses from the point of designation system to Control Points status and achieving AOS. The process for attaining AOS is still unclear, with costs and processes unpublished.

The HTA, representing over 1,500 members across the UK environmental horticulture sector, plays a crucial role in the industry. The association is committed to working collaboratively with the Government to ensure that the plant trade remains a top priority.

Windsor Framework and the Trade in Plants, Trees and Seed Potatoes

The HTA welcomes the Windsor Framework and recognises the effort and difficulties involved to achieve a negotiated outcome. Resuming trade into Northern Ireland is of huge importance to many HTA members, who have seen an almost complete cessation of trade into Northern Ireland. Trade relationships which had existed for decades have been lost or reduced while many previous NI businesses now buy plants direct from continental EU suppliers, with the orders transiting across GB in order to reach NI.

In the PM's speech announcing the Windsor Framework on the 27th of February 2023 he said, "The same quintessentially British products like trees, plants and seed potatoes will once again be available in Northern Ireland garden centres." However, when we reviewed the detail we realised the statement does not reflect the reality our members will experience, nor what NI consumers will see, because there are several substantial issues that remain unresolved around the trade in trees, plants and seed potatoes.

Below we set out the main issues:

- The proposed Northern Ireland Plant Health Label (NIPHL) still requires plants & plant products to **comply with EU Plant health rules**, still requires NI businesses to prenotify the authorities using the EU's TRACES system and still means onerous administration & compliance from GB suppliers. The NIPHL only removes the need for an official to inspect.
- There will still be **several key species of trees and plants that will remain prohibited** for exporting to Northern Ireland. Iconic and popular native British species such as hawthorn, hazel and cherry along with honeysuckle and jasmine will still be banned. This represents £millions of lost trade and biodiversity. While the existing "High Risk Plant" dossiers

already submitted to EFSA have been expedited, the remaining 40 prohibited plants will still need to follow the existing procedure, which takes years to complete.

- **Seed potatoes sourced in Great Britain will not be able to be sold in NI garden centres**, nor directly to consumers via mail order, only grower to grower, with NI consumers missing out on direct access. Official certification is still required, under the NIPHL scheme.
- Northern Irish consumers will find it **difficult and costly to order plants from British based online sellers and mail order** growers due to the requirement for phytosanitary certificates remaining for parcels of plants sent from GB businesses to NI consumers there is no easement for parcels going business to consumer, only privately sent parcels.
- For Northern Irish growers there is uncertainty about when a GB-sourced plant **becomes a Northern Irish good** this may mean Northern Irish businesses will decide to buy from EU suppliers to ensure their goods can subsequently be sold in the EU.
- There will be difficulties around **regaining business lost to EU-based suppliers**. GB businesses who make the decision to re-establish their market in NI will be competing against EU businesses that will still be able to sell to NI growers and garden centres directly, with no administrative burden or phytosanitary prohibitions or requirements.
- There are legitimate concerns around the **extra administrative burdens for businesses**. Commercial information will still need to be supplied to authorities and authorisation audits will need to be passed to enable the NIPHL to be applied. This means extra cost and resource requirements.
- Retailers who previously used the STAMNI scheme **cannot use the replacement scheme for retailers (NIRMS)** to move plants GB to NI. They will need to implement the NIPHL scheme, which means two schemes where previously there was only one. Potted herbs, pot plants, containerised Christmas trees and houseplants are all now outside of NIRMS.
- All this extra burden makes crop and **supply chain planning** for this year and beyond even more difficult - meaning the cost of doing business in and with Northern Ireland is also unclear and expected to rise.

Government decisions & subsequent guidance have been extremely slow to be produced and provided. For example, it was only on the 27th September that a “Pro-Forma” was published that GB suppliers /consignors would need to fill in for NI receiving businesses/consignees. HTA have discovered that each and every decision would need to be ratified by the EU before being issued to businesses – so if any stakeholder raised a new question and any new clarifications or decisions were needed, then this had to go back to the EU for decision.

Document is Restricted

Agenda Item 5

Evidence Paper

Economy, Trade and Rural Affairs Committee

Border Control Posts

Wednesday 11th October 2023 – 11.00am - midday

Border Target Operating Model Update

The final Border Target Operating Model (BTOM) was published on 29th August 2023. The final BTOM sets out a new approach to importing into Great Britain, security controls (applying to all imports), and sanitary and phytosanitary controls (applying to imports of live animals, animal products, plants and plants products) at the border. A pdf is included in the annexes of this paper.

I made a written statement to the Senedd at the time: [Written Statement: Publication of the new Border Target Operating Model \(29 August 2023\) | GOV.WALES](#). Attached as Annex 4.

It is in our interest to have a coherent approach to our borders across Great Britain.

The BTOM incorporates and responds to feedback from stakeholders on the earlier [draft Border Target Operating Model](#) wherever possible. It has been developed with collaboration across the devolved Governments, and with engagement with officials from the devolved administration in Northern Ireland.

Our experts advised:

- The Food Standards Agency (FSA) recommended that Welsh Ministers agree to the Target Operating Model. The FSA's view continues to be that controls on EU commodities should be introduced as soon as possible, but that we can tolerate a brief delay to improve effective implementation.
- The Chief Veterinary Officer (CVO) recommended that Welsh Ministers agree to the Target Operating Model. He takes the view that it improves the existing situation by introducing risk-based controls on the vast majority of imports from

the EU, and its introduction as soon as possible would be the most effective way of reducing biosecurity risk. He was clear that this must be the last delay in implementation.

- The Chief Plant Health Officer (CPHO) recommended that Welsh Ministers agree to the Target Operating Model as Irish-grown plants are relatively low risk. The risk categorisation for certain plant products is set at 'low' when the TOM is brought into operation, to be followed by a risk review in the next few months.

The BTOM has a later schedule for physical checks on goods imported from Ireland to come into effect at west coast ports – including the three Welsh Border Control Posts of Holyhead, Pembroke Dock and Fishguard.

We had intended to go live with pre-notification and certification by October 2023, as laid out in the draft BTOM published in April this year. We decided not to introduce this now that the UK Government has delayed this action. We now intend to go live with both on the same timetable as other GB ports, in January 2024.

The intention is to go live with physical checks, not before October 2024, although this date is still to be confirmed. There remains a substantial amount of work to do with the UK Government and others to confirm a coherent model for all of the Great Britain West coast, in order to avoid unsafe and unfair side effects and provide certainty for traders.

For traders who import food products, live animals, animal products, plants or plant products into Great Britain, they can now check the BTOM risk-level of each commodity to be ready for upcoming changes to border processes.

- From EU Countries: [View the Plants and Plant Product Border Target Operating Model risk categories](#)
- From EU Countries: [View the Animals and Animal Products Border Target Operating Model risk categories](#)

It is essential we have clear and enforceable rules for goods coming from the island of Ireland to Great Britain. Without that, neither the authorities nor traders will know enough to be able to prepare for the smooth implementation of these checks.

We are determined to give businesses reasonable notice to prepare for full physical checks. The BTOM confirms physical checks will not begin in Wales until end October 2024 at the earliest.

Update on Holyhead BCP

Following delays in the development of the TOM, we took the opportunity to review the planned Holyhead Border Control Post with a view to consider size and cost. A full business case is now going through clearance for submission to HM Treasury in October 2023. We are progressing plans on Plot 9 of Parc Cybi, with a smaller facility making greater use of shared spaces and intensified cleaning regimes. The layout has been critically reviewed to reduce additional works for example avoiding poor ground, and maximising previous construction such as the current HGV lay over area.

The redesign needs to be formalised to allow agreement, pricing, and subsequent construction to commence from February 2024. Further enabling works are planned for October/November 2023 to ensure timely construction. The UK Government has committed to fund necessary costs.

We will tender for a third-party operator and discuss opening hours and operational details with Ynys Mon County Council, the Animal and Plant Health Agency and other interested parties. Tendering cannot begin until we know how the Common User Charge will operate.

The ETRA Committee visited the proposed site of the Holyhead BCP on 13th July 2023 and were updated on:

- Groundworks completed to date
- Withdrawal from Plot 9 during the redesign stage
- The purpose of the redesign

- Timeline for the BCP
- Lorry parking at Plot 9 present and future
- Impact on traffic flows in the area and effect on local residents

Groundworks completed to date

Initial groundworks to install drainage ducts and change the footpath and road layout on site have been completed. Works have only been undertaken where they were known not to compromise future design changes.

Withdrawal from Plot 9 during the redesign stage

We have instructed Kier Construction to demobilise from site as they have completed the initial identified works, and it is more cost effective to wait until end September 2023 before proceeding with any further groundworks. The site has now been vacated and secured.

The purpose of the redesign

Reductions to the proposed number of physical checks has resulted in less space being required. A joint review undertaken by HMRC & UK Government Cabinet Office to explore alternative provision concluded that Plot 9 was the most cost-effective solution. As a result, we have redesigned the BCP to make the most of the site (by redesigning the access route to avoid a watercourse among other changes) and the buildings have been rationalised to minimise unused space.

Timeline for the BCP

Redesign to occur over the next 4 months from September 2023. Working with UK Government to identify operational go-live date, coordinated along the West Coast and in line with the Windsor Framework requirements. This will include the provision for Pembrokeshire ports.

Lorry parking at Plot 9 present and future

WG have facilitated temporary HGV parking following the closure of Road King. A longer-term solution needs to be identified and sustainably funded. In the interim, the

provision has made use of previous capital investment and manages local concerns over displaced lorry parking, supporting current business practices in the area.

Impact on traffic flows in the area and effect on local residents

Parc Cybi has been designated for commercial development and the volume of vehicles is considered low when compared with alternative business models (e.g. a 24hr distribution warehouse or similar).

Update on Pembrokeshire BCP

In Pembrokeshire, our position was to await agreement of the BTOM before determining the way forward. As a result of the reduced number of checks required by the BTOM, the associated BCP 'footprint' is smaller. This, in addition to previously unavailable port land now being available has meant that at both Pembroke Dock and Fishguard BCPs can now fit on-port. We have confirmed with UKG that the policy continues to apply that *'if the BCP can fit on-port it should be located on-port'* which has signalled what is now a significantly different approach in Pembrokeshire from the previous single, inland BCP concept that resulted from UKG's original assessments in 2019/20.

WG is now in ongoing discussions with port management at Pembroke Dock and Fishguard about arrangements for on-port delivery, developed in partnership to draw on WG expertise derived from our Holyhead BCP experience. WG will provide the initial design and a UKG funded grant scheme, run by WG, will fund BCP construction by the ports themselves. A SOC/OBC is due for submission October with a view to a final business case to HMT in December.

The Pembrokeshire ports' BCPs will be commercial operations, the scope of facilities for which will be for the ports to determine, with WG advice on what is needed to operate effectively. In conjunction with key stakeholders and delivery partners, the ports will also determine their own BCP opening hours.

The Pembrokeshire BCPs will use high quality prefabricated buildings (with a design life of 15-20 years) and bespoke designs produced by WG that draw on the learning

and experience gained in developing the design of Holyhead BCP. Altogether, this on-port, port run option, with WG support complies with UKG policy, offers best value best in terms of lowest implementation and ongoing operations costs, the greatest benefits and the best chance of achieving delivery for end October 2024.

UK Cabinet Office has been fully engaged in the development of the Pembrokeshire SOC/OBC and will support it in subsequent discussions with HMT.

The facility at Pembroke Dock will be located on a site that presents a low level of technical challenge to construct. The facility at Fishguard is more complex however, involving the excavation (and re-use) of a substantial volume of rock and the conduct of ecology surveys. Whilst it remains possible to deliver a designated facility for go-live for 31st October 2024 this would be dependent on very few of the project risks becoming issues and introducing delay.

Charging

The final BTOM confirms intention to recover operating costs for Government-run BCPs using a Common User Charge on all consignments eligible for SPS checks (whether or not they are selected for checking) entering only through the Port of Dover and Eurotunnel.

BTOM States, 'The UK Government continues to work closely with the Devolved Governments on charging policy and is working towards extending these arrangements to cover other government-run Border Control Posts within Great Britain in the future.'

BTOM States, 'Supplementary information on charging arrangements at Inland Sites will be published in autumn 2023.' However, the timeline further down in the document states December 2023 for SPS charging regime for Government owned BCPs and December 2023 to March 2024 for PHA/LA charges.

Holyhead will be part of the Common User Charge for Government run BCPs. We are negotiating with UKG on how this will be progressed.

In Pembrokeshire, however, ports will decide how to set their charges and how to distribute those costs across its operations.

- UKG plans to publish a summary of responses to the charging arrangements for government-run BCPs consultation (12 June to 9 July) in October 2023
- Discussions continue, to agree how the detail of the Common User Charge could work in Wales, which will then inform advice to Ministers.

Charging for new inspections will also need to be implemented by our Local Authorities and APHA. Discussions are on-going and we expect to receive proposals for set-up costs.

BCP Operations

Operations Team is currently completing an operator specification in order to get an operator for the for Holyhead site. The current preferred approach is to contract in either Transport for Wales (TfW) or Stena line to run the BCP. This is contingent on having more information on the charging regime to know how the operator will be paid. Failing any materialisation of this approach, the next choice is to go to tender to contract a 3rd party operator to run the BCP similar to HMRC's tender for the IBFs at Holyhead and Sevington.

Pembroke Dock and Fishguard operations will be managed by Milford Haven Port Authority and Stena Line respectively. The Operations team is working with them and the relevant LAs.

Other - QNIGs

Work remains ongoing within UKG as to how items that are not Qualifying Northern Ireland Goods (QNIGs) are to be treated to ensure the west coast of Great Britain is not seen as a 'back door'. This work includes the implications for biosecurity.




Other - Opening Hours

For Holyhead, we are working under the assumption of 24-hour operation operating 364 days a year (no ferries running on Christmas day) unless the port decides

otherwise. This is planned to reduce once the site is operating to maximise on efficiencies and reduce cost.

Fishguard and Pembroke Dock will operate as and when good for checking are coming into the BCPs due to the lower volumes arriving at these facilities but opening hours are a commercial decision for the ports.

Attached Annexes

<p>Annex 1: Final BTOM 29th August 2023</p>	 Final_Border_Target _Operating_Model_ Border Target Operating Model
<p>Annex 2: Letter to ETRA re BTOM publication 290823</p>	 VG-PO-0288-23 - Letter to ETRA... https://business.senedd.wales/documents/s139304/Letter%20from%20the%20Minister%20for%20Economy%20-%2029%20August%202023.pdf
<p>Annex 3: Letter to ETRA re work with the Western Gateway Partnership, UK Government structures, the Windsor Framework and the Border Target Operating Model.</p>	 Letter to ETRA Committee (Western https://business.senedd.wales/documents/s138737/Letter%20from%20the%20Minister%20for%20Economy%20-%2024%20July%202023.pdf
<p>Annex 4: Written Statement</p>	<p>Written Statement: Publication of the new Border Target Operating Model (29 August 2023) GOV.WALES</p> <p>29th August 203</p>