

# Agenda – Economy, Trade, and Rural Affairs Committee

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Meeting Venue:	For further information contact:
Hybrid – Committee room 5 Tŷ Hywel and video Conference via Zoom	Lara Date Committee Clerk
Meeting date: 13 December 2023	0300 200 6565
Meeting time: 10.00	<a href="mailto:SeneddEconomy@senedd.wales">SeneddEconomy@senedd.wales</a>

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## Private pre-meeting (09.45–09.55)

At its meeting on 30 November, the Committee agreed a motion under Standing Order 17.42(ix) to exclude the public from item 1 of today's meeting

### 1 Scoping: Farming Connect

(09.55–10.00)

(Pages 1 – 3)

Attached Documents:

Scoping paper

## Public (10.00–12.30)

### 2 Introductions, apologies, substitutions, and declarations of interest

(10.00)

### 3 Papers to note

(10.00)



### **3.1 Inter-Ministerial Group for Trade meeting**

(Page 4)

Attached Documents:

Letter from the Minister for Economy – 24 November 2023

### **3.2 Economy, Trade and Rural Affairs Committee meeting – 30 November 2023: The Future of Welsh Steel session**

(Page 5)

Attached Documents:

Letter from the Chair of Tata Steel UK – 27 November 2023

### **3.3 UK-EU Parliamentary Partnership Assembly**

(Page 6)

Attached Documents:

Letter from the First Minister of Wales – 28 November 2023

### **3.4 The Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023 (“the Wales Regulations”)**

(Pages 7 – 13)

Attached Documents:

Letter from the Minister for Education and Welsh Language – 30 November  
2023

### **3.5 Habitat Wales Scheme (HWS)**

(Pages 14 – 15)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 7  
December 2023

### **3.6 The Sea Fisheries (International Commission for the Conservation of Atlantic Tunas) (Amendment) Regulations 2024**

(Pages 16 – 19)

Attached Documents:

Letter from the Minister for Rural Affairs and North Wales, and Trefnydd – 7 December 2023

Letter from the First Minister of Wales to the Chair of the Legislation, Justice and Constitution Committee – 23 October 2023

## **4 General Ministerial Scrutiny: Minister for Rural Affairs and North Wales, and Trefnydd**

(10.00–11.10)

(Pages 20 – 63)

- Lesley Griffiths MS, Minister for Rural Affairs and North Wales, and Trefnydd, Welsh Government
- Gian Marco Currado, Director – Rural Affairs, Welsh Government
- Richard Irvine, Chief Veterinary Officer, Welsh Government
- Dean Medcraft, Director – Finance & Operations, Welsh Government

Attached Documents:

Evidence paper – Welsh Government

Research brief

**Break (11.10–11.20)**

## **5 General Ministerial Scrutiny: Minister for Economy**

(11.20–12.30)

(Pages 64 – 86)

- Vaughan Gething MS, Minister for Economy, Welsh Government
- Duncan Hamer, Director of Operations – Business & Regions, Welsh Government
- Andrew Gwatkin, Director – International Relations & Trade, Welsh Government
- Jo Salway, Director – Social Partnership, Employability & Fair Work, Welsh Government

Attached Documents:

Evidence paper – Welsh Government

Research brief

## **6 Motion under Standing Order 17.42(ix) to resolve to exclude the public from the remainder of the meeting and the start of the meeting on 18 January 2024.**

(12.30)

**Private (12.30–12.40)**

## **7 Consideration of evidence following the meeting**

(12.30–12.40)

# Agenda Item 1

Document is Restricted



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

[SeneddEconomy@senedd.wales](mailto:SeneddEconomy@senedd.wales)

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

[SeneddLJC@assembly.wales](mailto:SeneddLJC@assembly.wales)

24 November 2023

Dear Paul, Huw

Further to my letter of 17 November, I am writing to inform you that the Inter-Ministerial Group for Trade has now been re-scheduled for Wednesday 29 November 2023.

The agenda will cover the ongoing negotiations with India, UK-US state level memorandum of understandings (MOUs), the upcoming WTO 13<sup>th</sup> Ministerial Conference (MC-13) and engagement between the devolved governments and UK government around negotiations.

I will update you further following the meeting.

Yours sincerely,

**Vaughan Gething AS/MS**  
Gweinidog yr Economi  
Minister for Economy

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[YPCCGB@llyw.cymru](mailto:YPCCGB@llyw.cymru) [PSCGMET@gov.wales](mailto:PSCGMET@gov.wales)

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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.

Paul Davies MS  
Chair of the Senedd Economy Committee  
Welsh Parliament,  
Cardiff Bay,  
Cardiff CF99 1SN

27 November

Dear Paul Davies MS,

I hope you are well.

I am writing to provide my apologies for the Senedd Economy Committee Session, scheduled to take place on 30 November. We continue to be very keen to engage openly with the Economy Committee, and the Senedd more widely.

Tata Steel remains in informal consultation with our Trades Union partners on potential proposals to decarbonise our Port Talbot operations. I am afraid that until we have moved into the formal process of consultation, we are unable to publicly discuss any and all potential proposals and would not wish to pre-empt or undermine the legal processes of that consultation.

We are eager to engage closely with the Committee on this topic, but we also want any evidence session to be fruitful and allow for open discussion.

Would you please consider a future date for the company to give evidence on this basis?

Again, please accept my apologies for this session, but be assured we remain committed to future engagement with the Committee.

Kind regards,



Dr Henrik Adam.

Chair, Tata Steel UK.

**Dr Henrik Adam**

Chair of the Tata Steel UK Limited Board

Tata Steel UK Limited – registered office: 18 Grosvenor Place, London SW1X 7HS – company number:

22000000

**Pack Page 5**



Llywodraeth Cymru  
Welsh Government

Eich cyf/Your ref: 18/10/23

Huw Irranca-Davies MS  
Chair  
Legislation, Justice and Constitution Committee  
Senedd Cymru  
SeneddLJC@Senedd.Wales

Luke Fletcher MS  
Member  
Economy, Trade and Rural Affairs Committee

28 November 2023

Dear Huw and Luke,

Thank you for your letter of 18 October 2023, reporting on the third meeting of the UK-EU Parliamentary Partnership Assembly and for providing a summary of the Senedd's participation in it.

It is encouraging to read the Senedd and Welsh Government continue to actively engage in the UK-EU PPA meetings and the governance of the TCA, ensuring that those matters that are particularly important to Wales are reflected. The report on the outcomes of this meeting is very informative and helpful, as are the recommendations. It is particularly pleasing that UK participation in Horizon Europe has now been restored.

I am keen that your Committees and the Welsh Government should continue to work together to ensure the most effective input to the TCA processes to maximise Wales' interests in the UK-EU relationship. This is particularly true as we enter a period of institutional transition and the lead-up to the review of the TCA.

I look forward to your further update following the next meeting.

Yours sincerely,

**MARK DRAKEFORD**

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Mark.Drakeford@llyw.cymru](mailto:Gohebiaeth.Mark.Drakeford@llyw.cymru)  
[Correspondence.Mark.Drakeford@gov.wales](mailto:Correspondence.Mark.Drakeford@gov.wales)

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Huw Irranca Davies MS  
Chair, Legislation, Justice and Constitution Committee  
Senedd Cymru  
SeneddLJC@senedd.wales

30 November 2023

Dear Huw,

I am writing to bring to the Committee's attention the Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023 ("the Wales Regulations") which were laid in front of the Senedd on 30 November.

The regulations are being laid using the powers in the Professional Qualifications Act 2022 (The PQ Act).

The Committee was supportive of my opposition to the concurrent powers in the PQ Act and will recall the Senedd voted against consenting to the then Professional Qualifications Bill. You will be as disappointed as I am that despite the UK Government's repeated assurances that the powers would not be used in a way that undermines the devolution settlement, that is exactly what they have done.

The UK Government is using the concurrent powers in the PQ Act to make the Recognition of Professional Qualifications and the Implementation of International Recognition Agreements (Amendment) Regulations 2023 ("the UK Regulations"). The UK Regulations implement on a UK wide basis provisions relating to the recognition of professional qualifications contained in the free trade agreement between Iceland, Liechtenstein and Norway and the United Kingdom, and make provision in subject areas which are devolved to Wales.

The UK Government did consult with the Welsh Government prior to laying the UK Regulations, and in responding I made it clear that we did not agree with their intention to exercise these powers in Wales.

Therefore I am laying the Wales Regulations which amend the UK Regulations to provide that they do not apply to the Welsh regulators of specified regulated professions in respect of which the Senedd has legislative competence.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Jeremy.Miles@llyw.cymru](mailto:Gohebiaeth.Jeremy.Miles@llyw.cymru)  
[Correspondence.Jeremy.Miles@gov.wales](mailto:Correspondence.Jeremy.Miles@gov.wales)

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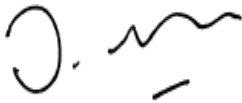
We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The Wales Regulations also impose the duties required under the free trade agreement on Welsh regulators and amend sectoral legislation in Wales to reflect the implementation of the free trade agreement and the revocation of the European Union (Recognition of Professional Qualifications) Regulations 2015.

I am attaching a copy of the Explanatory Memorandum which gives more detail about the regulations.

I am copying this letter to Paul Davies MS, Chair of the Economy, Trade and Rural Affairs Committee.

Yours sincerely,

A handwritten signature in black ink, consisting of a large 'J' followed by a series of wavy lines and a short horizontal stroke at the end.

**Jeremy Miles AS/MS**

Gweinidog y Gymraeg ac Addysg  
Minister for Education and Welsh Language

**Explanatory Memorandum** to the Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023

This Explanatory Memorandum has been prepared by officials in Social Partnership, Employability and Fair Work and is laid before Senedd Cymru in conjunction with the above subordinate legislation and in accordance with Standing Order 27.1

**Minister's Declaration**

In my view, this Explanatory Memorandum gives a fair and reasonable view of the expected impact of the Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023. I am satisfied that the benefits justify the likely costs.

**Jeremy Miles MS**  
**Minister for Education and Welsh Language**

**30 November 2023**

## **PART 1**

### **1. Description**

The Recognition of Professional Qualifications and Implementation of International Recognition Agreements (Wales) (Amendment etc.) Regulations 2023 (“the Wales Regulations”) implement provisions relating to the recognition of professional qualifications contained in the free trade agreement between Iceland, Liechtenstein and Norway and the United Kingdom (“the FTA”) in relation to matters devolved to Wales.

The Wales Regulations amend the UK Government’s Recognition of Professional Qualifications and the Implementation of International Recognition Agreements (Amendment) Regulations 2023 (“the UK 2023 Regulations”) to provide that they do not apply to the Welsh regulators (as defined in regulation 2) of specified regulated professions in respect of which the Senedd has legislative competence.

The Wales Regulations also amend sectoral legislation in Wales consequent upon the implementation of the FTA and the revocation of the European Union (Recognition of Professional Qualifications) Regulations 2015 (“2015 EU Regulations”).

### **2. Matters of special interest to the Legislation, Justice and Constitution Committee**

In accordance with section 11A(4) of the Statutory Instruments Act 1946, the Llywydd has been informed that the Wales Regulations will come into force less than 21 days after the instrument has been laid.

The Wales Regulations amend the UK 2023 Regulations and therefore cannot be laid until the UK 2023 Regulations are made. Under the terms of the FTA, each party needs to have measures in place to ensure compliance with its terms by 1 December 2023. The Wales Regulations must therefore come into force on 1 December 2023 to ensure the Welsh regulators are able to comply with the requirements of the FTA from that date. The UK 2023 Regulations were not made until 29 November 2023, as a result of which it was not possible to make the Wales Regulations until 30 November 2023.

The Wales Regulations also provide legal clarity to the Welsh Regulators and associated professionals by ensuring Welsh sectoral legislation reflects the new arrangements for the recognition of qualifications in a timely manner.

### **3. Legislative background**

Paragraph 10 (foreign affairs etc.) of Schedule 7A (reserved matters) to the Government of Wales Act 2006 provides that whilst international relations and

the regulation of international trade is reserved, observing and implementing international obligations is not. The Welsh Ministers therefore have the legislative competence to implement international obligations in matters which are devolved.

The Professional Qualifications Act 2022 ended the interim system for recognition of professional qualifications that derived from the UK's membership of the EU and created a new framework for the recognition of overseas professional qualifications and experience in the UK, or a part of the UK.

Section 3(1) of the Professional Qualifications Act 2022 provides that the appropriate national authority may by regulations make such provision as the authority considers appropriate for the purpose of, or in connection with, implementing any international recognition agreement to which the United Kingdom is a party. "Appropriate national authority" is defined as either the Secretary of State or the Lord Chancellor, or the Welsh Ministers in relation to regulations under the Act which contain only provision which would be within the legislative competence of Senedd Cymru if contained in an Act of the Senedd.

The Secretary of State has used the concurrent powers in the Professional Qualifications Act 2022 to make the UK 2023 Regulations to implement the FTA across the UK. The UK 2023 Regulations include provision to implement the FTA in relation to subject areas which are devolved to Wales and impose statutory duties on Welsh regulators.

The Welsh Ministers and the Senedd opposed the inclusion of concurrent powers in the Professional Qualifications Act 2022 during the passage of the then Bill.

The Wales Regulations disapply the UK 2023 Regulations in relation to Welsh regulators and make appropriate provision in relation to Wales.

The Wales Regulations are being made under the negative resolution procedure as provided for by section 18 of the Professional Qualifications Act 2022.

#### **4. Purpose and intended effect of the legislation**

In July 2021, the UK Government signed the FTA with Norway, Iceland, and Liechtenstein.

Chapter 12 of the FTA establishes a mandatory system for the mutual recognition of professional qualifications between the UK, Norway, Iceland, and Liechtenstein (the party states). It requires regulators across the UK to recognise the professional qualifications of applicants from the party states where those qualifications are comparable to the qualifications required to access and pursue the same profession in the UK. The FTA also sets out the way in which applications for recognition of qualifications must be handled and requires regulators to offer adaptation periods and aptitude tests where

necessary.

The Wales Regulations implement the FTA in Wales and require Welsh regulators to comply with the provisions for the recognition of professional qualifications in the FTA.

The Wales Regulations also amend Welsh sectoral legislation as required to take into account the implementation of the terms of the FTA and the repeal of the 2015 EU Regulations.

The terms of the FTA are very prescriptive and allow little room for any policy divergence. Therefore, the duties to be placed on Welsh regulators in the Wales Regulations are necessarily very similar to those set out in the UK 2023 Regulations.

The Wales Regulations come into force on 1 December 2023, which is the date specified within the FTA by which time the party states must have measures in place to comply with its terms.

The Wales Regulations apply only to the Welsh regulators responsible for regulating in Wales the professions listed in Schedule 1. The regulators are the Welsh Ministers, Education Workforce Council, Social Care Wales, the Food Standards Agency and the Animal Plant and Health Agency.

## **5. Consultation**

Section 15 of the Professional Qualifications Act 2022 requires the appropriate national authority, when making regulations under section 3 of the Act, to consult regulators likely to be affected by the regulations, or where it is otherwise appropriate to consult them. The Welsh Government held a targeted consultation on the draft Wales Regulations with the Welsh regulators likely to be affected by the Wales Regulations in October 2023.

Following consideration of the consultation responses, no amendments were considered necessary to the draft Wales Regulations.

A copy of the consultation and summary of the responses are available on request, by emailing [EmployabilityAndSkillsPolicy@gov.wales](mailto:EmployabilityAndSkillsPolicy@gov.wales)

## 6. Regulatory Impact Assessment (RIA)

Two options have been considered in this assessment:

### Option 1. Do nothing

Under this option, the UK 2023 Regulations will apply in relation to Welsh regulators.

### Option 2. Lay Welsh legislation to ensure compliance with the terms of the FTA in devolved areas

The Wales Regulations implement the FTA in Wales and require Welsh regulators to comply with the provisions for the recognition of professional qualifications in the FTA. This is the preferred option as it is considered to properly reflect the devolution settlement.

### Costs and benefits

#### Option 1. Do nothing

This is the baseline option and as such there are no additional costs or benefits associated with the option.

#### Option 2. Lay Welsh legislation to ensure compliance with the terms of the FTA in devolved areas

The Welsh Government has not identified any significant additional impacts or costs as a result of implementing the Wales Regulations. The impact of the Wales Regulations will essentially be the same as the UK 2023 Regulations.

The Welsh regulators were encouraged to highlight any potential impacts during consultation. There is potentially a limited administrative cost to Welsh regulators associated with complying with the requirements in the FTA to offer compensatory measures to an applicant with professional qualifications obtained in Norway, Iceland and Liechtenstein. The best estimate of this cost is £1,000 per applicant. However, between 2015 and 2023 the Welsh regulators did not receive any applications for the recognition of professional qualifications obtained in Norway, Iceland and/or Liechtenstein and did not expect there to be an increase in the number of applicants seeking to join the professions they are responsible for regulating as a result of the Welsh Regulations. Therefore, it may be that the Welsh regulators will not ultimately incur the administrative costs associated with the requirement to offer compensatory measures where necessary.



Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee

7 December 2023

Dear Paul

Thank you for your letter of 10 November 2023, regarding the Habitat Wales Scheme.

You acknowledge the extraordinary pressures on budgets we are currently experiencing. As the Finance Minister reported on 17 October, this is caused by the triple impact of inflation, more than a decade of austerity on public services and the ongoing consequences of leaving the EU which has seen an erosion in overall funding.

The Habitat Wales Scheme was introduced to ensure there is no gap in environmental support in 2024 in the lead up to the introduction of the Sustainable Farming Scheme (SFS) in 2025. Maintaining environmental support during this period was a request made by various stakeholders, including the Farming Unions and the independent Climate Change Committee.

The Welsh Government could not continue offering support to current Glastir participants alone with the closure of the EU Rural Development Programme on 31 December 2023. As well as continuing the work carried out in Glastir to protect habitats, the Habitat Wales Scheme also provides an opportunity for the thousands of other farmers who have not been able to apply to an agri-environment scheme since 2017.

The payment rates set for the Habitat Wales Scheme reflect the costs which will be incurred by farmers as they manage habitat land in line with the requirements of the Habitat Wales Scheme contract. In establishing the payment rates, we revised assumptions on the impact of management requirements on habitat land within our calculations. We have also reduced the number of management options to simplify the application process and management requirements. Although I could not confirm the available budget at the time the window opened, this did not impact on payment rate per ha offered or how the payment rate was calculated.

Bae Caerdydd • Cardiff Bay  
Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Lesley.Griffiths@llyw.cymru](mailto:Gohebiaeth.Lesley.Griffiths@llyw.cymru)  
[Correspondence.Lesley.Griffiths@gov.wales](mailto:Correspondence.Lesley.Griffiths@gov.wales)

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The application window for the scheme closed on 10 November, 3,254 Expressions of Interest (EoIs) were received. This number is broken down as follows:

- **166** from existing Grazing Associations for support on common land. (92.79% of existing Glastir Commons contract holders submitted an EoI.)
- **1,572** from individual farmers with an existing Glastir Advanced contract. (76.8% of farmers with a Glastir Advanced contract submitted an EoI.)
- **1,516** from individual farmers without an existing Glastir Advanced contract. (49% of EoIs submitted by individual farmers.)

Applications are currently undergoing management checks. Once this is complete and contracts issued, I will be able to confirm the number of participants and the amount of land supported by the Scheme.

The Habitat Wales Scheme offers a 12 month contract and the established payment rate and methodology for setting the rates does not set a precedent for SFS. I have shared details of how the payment rates were calculated with those that have requested the information. The payment rates were not subject to consultation, however, the methodology for establishing the rates were independently verified, as is usual practice, when we set payment rates for agricultural support schemes.

As the scheme application window opened, there were issues with pre-populated habitat maps and habitat classifications presented to applicants. Habitat information was pre-populated on application forms and presented to all farmers in Wales on an individual field level. As you stated in your letter, these were teething issues, which were resolved, and solutions communicated to potential applicants.

Glastir Organic will come to an end in December 2023 as the existing contract expires, however, farmers in Wales, including organic farmers, have access to a range of support schemes, in addition, they were well placed to apply for the Habitat Wales Scheme. In plenary on 8 November, I confirmed my intention to offer support for the organic sector in 2024, subject to budget availability, and I will confirm details as soon as possible.

I am pleased with the number of applications received to the Habitat Wales Scheme, especially from those farmers not currently participating in an agri-environmental scheme. Combined with our domestic rural schemes, this will enable them to contribute towards our nature and climate change commitments and prepare for entry into SFS. The development and delivery of the scheme has given us valuable lessons which we will use as we finalise the SFS.

Yours sincerely,



**Lesley Griffiths AS/MS**  
**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 MA-LG-2960-23

Paul Davies MS  
Chair  
Economy, Trade and Rural Affairs Committee

Cc: Counsel General and Minister for the Constitution

7 December 2023

Dear Paul,

## **The Sea Fisheries (International Commission for the Conservation of Atlantic Tunas) (Amendment) Regulations 2024**

I have received a request from Lord Benyon, Minister for Biosecurity, Marine and Rural Affairs, requesting formal consent for the Sea Fisheries (International Commission for the Conservation of Atlantic Tunas) (Amendment) Regulations 2024 (the “2024 Regulations”) which intersects with devolved competence, and will apply in relation to Wales.

The 2024 Regulations make provision in relation to the International Convention for the Conservation of Atlantic Tunas (“the Convention”), to which the United Kingdom is a contracting party.

The UK has an obligation under the United Nations Convention on the Law of the Sea to cooperate on the management of shared fish stocks through appropriate regional or sub-regional organisations. Tuna and tuna-like species are managed globally through Regional Fisheries Management Organisations; the Convention being one such example.

The United Kingdom was formerly subject to the requirements of the Convention as a Member State of the European Union. Following EU exit, the UK has become a contracting party to the Convention as an independent coastal State. This instrument updates and amends retained EU law to account for further requirements under the Convention and to remove ambiguity and unnecessary provisions.

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Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Lesley.Griffiths@llyw.cymru](mailto:Gohebiaeth.Lesley.Griffiths@llyw.cymru)  
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As a contracting party, the UK has an obligation to implement measures (known as 'recommendations') adopted under the Convention. Although the conduct of international fisheries agreements is a reserved function, the obligations and their implementation extend to Welsh Ministers in respect of Wales and the Welsh Zone.

The Regulations amends retained EU law to implement recommendations adopted under the Convention which have not yet been reflected in the relevant legislation to ensure the UK is meeting its international obligations. Additionally, the instrument also makes amendments to retained EU law to remove provisions which are unnecessary or to remove ambiguity in legislation which was not comprehensively updated at the point of EU exit.

Furthermore, amendments have also been made to the relevant retained EU law to ensure clarity and enforceability of the relevant provisions. This is particularly the case in relation to provisions regulating the fishing of bluefin tuna. At the point of EU exit, the UK did not have an allocation of quota for bluefin tuna but since joining the Convention as an independent contracting party the UK has established an allocation of quota for this stock in line with the UK-EU Trade and Cooperation Agreement. As such, the opportunity has been taken to redraft some provisions to remove potential ambiguities and clarify how requirements will apply to UK fishing vessels fishing for, or incidentally catching, bluefin tuna in the Convention area. For completeness, offence, penalty, and enforcement provisions have been added directly to relevant retained EU law to avoid any potential ambiguity as to whether existing enforcement provisions would apply to the newly amended provisions.

As these Regulations implement UK-wide, international obligations in relation to the Convention, it is appropriate they are made on a UK basis. Therefore, I intend to give my consent to the Secretary of State to make the 2024 Regulations, so the provisions therein apply in relation to Wales.

The anticipated laying date is 12 December and the SI is subject to the affirmative procedure meaning it can be made following a resolution.

I am copying this letter to the Counsel General and Minister for the Constitution and writing in similar terms to the Chair of the Legislation, Justice and Constitutional Affairs Committee.

Regards,

A handwritten signature in cursive script that reads "Lesley Griffiths". The signature is written in a light grey or blue ink on a white background.

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



Ein cyf/Our ref: LJCC/HID

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

23 October 2023

Dear Huw,

I am writing in response to your letter dated 29 September, concerning the Protocol amending the International Convention on the Conservation of Atlantic Tunas (ICCAT), also called the "Palma Protocol".

As you note, international relations, including the workings of the ICCAT, are a reserved matter. However, I agree the management of ICCAT species, particularly Bluefin Tuna, which are increasingly common in Welsh waters, are a matter for my Government. In this context, we agreed with DEFRA that the Protocol should be adopted as the amendments you describe are improvements to the operation of the Convention.

You asked for further information on:

- *the intergovernmental engagement described in the Explanatory Memorandum*

The Palma Protocol was the subject of discussion at officials' level and following legal advice, it was concluded the Protocol amendments to be of minimal or no concern to the UK, especially as they were reviewed prior to the UK signing on behalf of all Administrations.

- *what internal arrangements are in place to monitor, observe and implement recommendations of the Protocol's Commission in devolved areas.*

As a contracting party to ICCAT, the UK is obliged to enact legislation to give effect to the domestic operation of the Convention. Certain sections of EU legislation were saved upon the exit of the UK from the EU in this regard. Officials in our Fisheries Division are responsible for monitoring, observing and implementing such regulations. Following Brexit,

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Caerdydd • Cardiff  
CF99 1SN

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:  
0300 0604400

[Gohebiaeth.Mark.Drakeford@llyw.cymru](mailto:Gohebiaeth.Mark.Drakeford@llyw.cymru)  
[Correspondence.Mark.Drakeford@gov.wales](mailto:Correspondence.Mark.Drakeford@gov.wales)

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.

a UK Framework was put in place for fisheries management noting the interaction of both reserved and devolved competencies. The framework sets out how the governments of the UK will interact in this policy area and is published at:

<https://www.gov.uk/government/publications/fisheries-management-and-support-provisional-common-framework>

- *your assessment of whether any steps, including changes, are needed at this stage to ensure Wales is compliant with the amendments made by the Protocol in devolved areas.*

As you note the Protocol amends the scope of the ICCAT, as well as improving the way in which the Commission operates. It also inserts new objectives for contracting parties, these align with the Fisheries Objectives set out in the Fisheries Act 2020. There would be no immediate action for us to take to implement the Protocol.

It should be noted, the Protocol only takes effect when three-quarters of the ICCAT contracting parties ratify it. Given the UK ratification brings the total to only 6 of 52 contracting parties, any provisions developed as a result of the changes made by the Protocol are some way off requiring action.

Yours sincerely,

A handwritten signature in black ink that reads "Mark Drakeford". The signature is written in a cursive, slightly slanted style.

**MARK DRAKEFORD**



# Evidence paper for MRANWT General Scrutiny at ETRA Committee

13/12/2023

Information provided to aid the Committee in advance of the Minister's attendance for General Scrutiny on 13 December 2023.

The contents of this paper were prepared before, and are subject to, the forthcoming budget

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# 1. Fisheries

## Fisheries Management Plans

1. The Joint Fisheries Statement (JFS), published in November last year, includes a programme of Fisheries Management Plans (FMPs) to be delivered, within specified timescales, over the next five years. FMPs will be key tools to deliver sustainable and well-managed fisheries, helping to meet the policy commitments in the JFS.
2. I wanted to provide the Committee with an update on delivery of the FMPs. Some FMPs will be joint approaches with other Administrations to reflect the geographic extent of the particular fish stocks. Others will be regional Wales plans (Crabs and Lobsters, Whelks and Cockles) and will reflect and support the considerations I am undertaking in relation to our own policy aims and ambitions.
3. **Annex 1** sets out the FMPs relevant to Wales to be delivered across 2023 – 2028. This is an ambitious and novel programme of work across the UK and we will learn and refine our approach, where needed, as we develop our knowledge base and receive stakeholder feedback.
4. We will be engaging stakeholders in the development of all FMPs, and they will also be subject to public consultation. In addition, following publication of the FMPs, before there are any changes to the existing management measures in Wales, all proposals for new management measures will be subject to public consultation.
5. Welsh Government officials are working on FMPs for priority stocks to Wales and in conjunction with other Administrations. The Welsh Government and DEFRA recently consulted on draft bass and scallop FMPs for English and Welsh waters and are analysing the responses with a view to publishing final versions in December this year.
6. The Crab and Lobster FMP is due to be published in 2026 and, working with partner organisations, officials are planning to hold pre-consultation meetings early in 2024.
7. My officials are keeping the Ministerial Advisory Group for Welsh Fisheries informed about progress throughout and they will be given opportunities to comment and contribute.



## 2. Control of Agricultural Pollution Regulations

### Introduction

8. Agricultural pollution continues to affect the environment across the whole of Wales, which is detrimental to public health and biodiversity. The Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 (the CoAP Regulations), which came into force on 1 April 2021, are based on long-standing good practice recommendations designed to prevent agricultural pollution. The CoAP Regulations included transitional provisions to provide time for farms to adopt the new requirements where needed. The CoAP Regulations will be implemented in full by 1 January 2025.

### Purpose of the Regulations

9. The CoAP Regulations are designed to tackle the causes of agricultural pollution in Wales, to contribute to the delivery of a wide range of our international and domestic obligations. They support Wales' continued commitment to the United Nations Framework Convention on Climate Change, the Convention on Biological Diversity, the UN's Sustainable Development Goals and the Gothenburg Protocol. They will contribute to the delivery of the goals of the Well-being of Future Generations Act (Wales) 2015 and the aims of the Environment Act (Wales) 2016.
10. The CoAP Regulations recognise the limits of the global environment by promoting resource efficiency and protecting our health and natural environment through healthy, functioning ecosystems that support ecological resilience. They will help farms to reduce harmful emissions and improve the management of our natural resources. They will support farms to tackle and reverse the damage to our natural resources identified in the State of Our Natural Resources Report (SoNaRR) for Wales 2020 and reduce the negative impacts of agriculture on biodiversity.

### Agricultural Pollution in Wales

11. Natural Resources Wales (NRW) records the number of substantiated agricultural pollution incidents occurring in Wales. In 2023, 119 agricultural pollution incidents had been substantiated by 1 November. The average number of annual pollution incidents occurring over the last 10 years is 153 and the average occurring over the last 5 years is 167.
12. NRW is currently reviewing the status of waterbodies in Wales. The latest available data confirms 140 waterbodies in Wales fail to achieve good status due to agriculture, with a further 232 probably related to agriculture and 118 suspected as failing due to agriculture, indicating pollution from agriculture is the main cause of failure.
13. There are nine river Special Areas of Conservation in Wales – Cleddau, Eden, Gwyrfai, Teifi, Tywi, Glaslyn, Dee, Usk and Wye. These rivers support some of

Wales' most special wildlife, including Atlantic salmon, freshwater pearl mussel, white-clawed crayfish and floating water-plantain. NRW's assessment of these rivers has identified phosphorus breaches are widespread within Welsh SAC rivers, with over 60% of these waterbodies exceeding phosphorous thresholds.

14. While varying from catchment to catchment, the largest proportion of the phosphorus originates from the rural land use sector. Rural land use is the leading contributor of phosphates in 6 of the 9 SAC rivers and in 4 of the 5 failing SAC rivers, and it accounts for 62% of phosphorus loading across all SAC rivers.
15. Welsh Government and NRW have established a Service Level Agreement for the enforcement of the CoAP Regulations, which will enhance NRW's ability to prevent pollution and take action where necessary to ensure compliance with the CoAP Regulations and prevent pollution.

### **Enhanced Nutrient Management Approach**

16. Through the Co-operation Agreement with Plaid Cymru, we committed to working with the farming community in the deployment of the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021, to improve water and air quality, taking an approach targeted at those activities known to cause pollution.
17. As part of this commitment and in response to particular concerns about the sector's readiness for implementation of controls from 1 January 2023 on the amount of nitrogen to be applied to the land from livestock manures (at 170kg nitrogen per hectare per annum), a consultation on support and evidence for proposals for a time-limited licence scheme was issued. The proposals would enable farm businesses to apply for a licence for a higher annual nitrogen application of up to 250kg/ha, subject to crop need and additional environmental protection measures, until 2025.
18. Consultation responses showed high levels of support for a scheme, subject to any scheme being simple and straightforward for farm businesses to apply. There was broad acceptance in the support shown for the principles of demonstrating a need for higher nutrient applications and for associated controls to mitigate potential environmental risks.
19. Responses to the consultation also highlighted concerns about the potential effects on the environment of higher nutrient applications and noted the limitations placed on other sectors as a result of pollution in our rivers and waterways. The evidence on which the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 are based remains unchanged, with no new evidence presented in consultation responses.

20. In response to the consultation, amendments to the Water Resources (Control of Agricultural Pollution) (Wales) Regulations 2021 have been introduced, to implement an 'Enhanced Nutrient Management Approach' from 1 January 2024 to 31 December 2024. This approach takes account of the consultation and responses and will provide a limited period during which higher applications of nutrients from grazing livestock manures can be made, alongside additional measures to protect the environment from risk of pollution.

### 3. Food Policy

#### Cross Policy Document - Food Matters

21. Over recent years, food issues and related policies have received significant attention due to current affairs and concern about the long term impacts of the food system on the environment and society. The Welsh Government has long had a suite of comprehensive food related policies which collectively address these matters. Nevertheless I was struck during scrutiny of the Food (Wales) Bill by a strong stakeholder perception of food related policies not being joined up. The Welsh Government places great value on working with stakeholders and social partners to develop and deliver policies. Therefore, I committed to addressing this perception by announcing to the Senedd on 24 May I would publish a short document summarising food related policies across portfolios. This document, Food Matters, is well advanced and I will keep the committee informed on its progress.
22. The ETRAC made several recommendations in the event of the Food (Wales) Bill falling and following my reply on 5 July about them the Welsh Government is giving them consideration.
23. Regarding the committee's other recommendations, I will continue to monitor and consider the evidence whether any new targets are required. The Welsh Government will consider the case for food in the National Indicators when they are next revised. In the meantime, we will consider whether there is good quality statistical information already available on food which can be included as contextual information in the annual Well-being of Wales reports.
24. Food policy is relevant to a wide range of public bodies, so I welcome the Future Generations Commissioner's focus on food in Cymru Can. How public bodies and public services boards can support and invest in food issues in their work and communities is vitally important. The Welsh Government is already supporting Local Food Partnerships which we see as a strong model to bring grass roots co-ordination and leadership. This model, the new duty for socially responsible procurement on public bodies under the Social Partnership and Public Procurement (Wales) Act 2023, and the roll-out of the universal primary free school meals policy, are all steps in our commitment to advance a community food strategy approach (CFS). The Programme for Government and the Co-operation Agreement commit to developing a CFS to encourage the production and supply of locally sourced food in Wales. Much work has gone into gathering evidence to inform policy development for the strategy. I was pleased publish the results of detailed focus group work in the summer about a map of all the issues our background policy work had identified. This work has pinpointed issues which the CFS might address and crystalised the principles we might adopt for the strategy. I am convinced the CFS must be empowering and enabling, and nurture what is already happening in communities across Wales. It will not impose solutions.

It will seek to build on a partnership approach, to maximise the potential of the governance structures which exist and to untap the potential of assets and know-how which could be used to benefit communities. As we move into 2024, I will be finalising my proposals to publish the CFS later in 2024.

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## 4. Habitat Wales Scheme and organic regulation

### Habitat Wales Scheme

25. The Sustainable Farming Scheme (SFS) will be launched in 2025, which leaves a minimum 12 month 'gap' between Glastir contracts ending in December 2023 and the start of the SFS or any long-term replacement. A key element of the SFS will be support towards habitat maintenance through the universal layer, which would maintain some of the principles within Glastir.
26. As the Glastir agri-environment scheme draws to a close, we wanted all eligible farmers in Wales to have the opportunity to apply for support to protect habitat land and contribute to meeting our climate change and biodiversity commitments. The last opportunity for Welsh farmers to apply for such a scheme was in 2017.
27. The Habitat Wales Scheme was therefore introduced to maintain environmental support during this period from 1 January 2024 until the beginning of the Sustainable Farming Scheme in 2025, providing an alternative offer of support to all eligible farmers, including Glastir Advanced, Commons and Organic farmers when contracts end on 31 December 2023.
28. As well as supporting the key habitats currently under management through Glastir contracts, we aimed to bring additional areas of semi-natural habitat into active management.
29. The scheme Expression of Interest (Eoi) window opened 29 September 2023 and closed 10 November 2023. A total of **3,254** Eois were received, these included:
- **166** from existing Grazing Associations for support on common land. (92.79% of existing Glastir Commons contract holders submitted an Eoi)
  - **1,572** from individual farmers with an existing Glastir Advanced contract. (76.8% of farmers with a Glastir Advanced contract submitted an Eoi)
  - **1,516** from individual farmers without an existing Glastir Advanced contract. (49% of Eois submitted by individual farmers). The habitat land bought under management from these 1,516 Eois would be additional habitat land, supporting our environmental and biodiversity commitments.
30. Applications are undergoing administrative checks and will then be subject to a selection process. Successful applicants will be offered a contract commencing 1 January 2024.

## Organic regulation

31. Since the UK's exit from the European Union, organic standards have changed in the EU. The EU made these changes in order to include new products which can be organically certified, to encourage short production chains and local production where possible, and to increase plant and animal genetic variety, among other objectives. Whilst Northern Ireland is following the new EU Regulation 848/2013, organic standards in Great Britain are still governed by Retained EU Regulation 834/2007.
32. In order to keep pace with changing regulations in other jurisdictions, the governments of the Four Nations agreed to establish a joint Expert Group on Organic Production (EGOP) to provide impartial expert advice on issues around organic production, processing and certification. The EGOP fulfils the role previously undertaken for the UK by the EU's Expert Group for Technical Advice on Organic Production (EGTOP). An initial meeting was held between the EGOP and officials from each government in October 2023.
33. The EGOP's work to provide recommendations for changes to organic standards will be a lengthy process, due to the breadth of legislation in the sector to consider, so any new legislative proposals will not be made for several months.
34. Organic standards are a devolved matter. Regulations have always been harmonised across Great Britain, however, and DEFRA act as the Competent Authority for Wales, England and Scotland with the consent of the Welsh and Scottish Ministers. This role involves ensuring organics rules are being properly implemented by the organic control bodies. Because of the highly-integrated supply chain for organic products across Great Britain, officials are working for consensus on proposals for organic standards to be put to parliaments in each nation, based on the advice of the EGOP.

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## 5. Animal disease – Priority Exotic Animal Diseases (Avian Influenza, Bluetongue Virus and Epizootic Haemorrhagic Disease Virus)

### Avian Influenza (AI)

35. Avian influenza is a notifiable exotic animal disease which is currently circulating within the United Kingdom. There were 208 UK cases of highly pathogenic avian influenza (HPAI) confirmed in poultry and captive birds in the 2022/2023 period, which covers October 2022 through to September 2023. This included 8 cases in Wales (Anglesey, Flintshire and Powys), 160 cases in England, 39 cases in Scotland and 1 case in Northern Ireland. The last case in Wales was confirmed on 27 April 2023. As of the beginning of October 2023, we have moved into the 2023/24 administrative outbreak period for avian influenza. As of 19 November, there has been two outbreaks during this new 2023/24 period, one in Scotland and one in England.
36. Cases of HPAI have been confirmed at a wide range of premises across the UK, in both recent incidences and historically. From private back yard flocks, to mid-size commercial poultry farms of a few thousand birds, to large scale commercial premises housing a few hundred thousand birds. When HPAI is confirmed at a premises, all avian animals at the premises are humanely culled (there may be rare exceptions), in line with our disease control strategy. The keeper is compensated for birds culled, excluding those which have already succumbed to disease at the time of culling.

### Preventative Measures

37. Currently, in Wales, there are restrictions in force prohibiting the gathering of Galliformes, such as chickens and turkeys, and Anseriformes, which includes birds such as ducks and geese. These species of birds are considered to pose a higher risk, in relation to the spread of avian influenza. We continuously review this position.
38. Earlier this year, and historically, we have had other, stricter measures and restrictions in place, including mandatory bird housing and mandatory enhanced biosecurity measures, which have applied to all bird keepers in Wales. Such measures have been implemented further to risk assessments and on the back of expert advice, when we have seen increasing numbers of cases confirmed in kept birds across GB or high numbers of findings in wild birds.
39. There are no mandatory housing or biosecurity measures in place in Wales currently (as of 19 November), as they are not warranted given the level of risk we face. However, we monitor the disease situation very closely at a domestic



and international level, and such measures may be implemented at any time they become necessary to protect our birds and trading position.

40. We have been and continue to issue advice and communications to bird keepers that scrupulous biosecurity is the most effective method of disease control available. All bird keepers should have high standards of biosecurity in place at all times to prevent against the risk of outbreaks.

### **Avian Influenza in Wild Birds**

41. Through the summer, and earlier on this year, we saw a high number of positive findings across Wales in wild birds. Found dead wild birds which had tested positive for avian influenza came from many nature reserves and wetlands, and through the summer we saw many findings in coastal birds, particularly in the Pembrokeshire and Anglesey areas. On the back of these findings, an emergency response group was set up to advise on the situation, led by colleagues in Welsh Government marine policy. The group included ornithologists, operational partners and other subject experts.

42. On 7 November, the risk of infection of highly pathogenic avian influenza in wild birds in GB was lowered from 'high' to 'medium'. This is the first time the risk has been lowered since March, earlier this year.

43. The recent reduction in risk does not mean the risk has gone completely and avian influenza is still circulating in wild birds across GB. We continue to issue advice to members of the public that they should not touch or pick up dead or visibly sick wild birds. We urge the public to report sightings of dead wild birds to the DEFRA Helpline. Many dead birds are then collected and tested for disease by the Animal and Plant Health Agency, as part of our disease surveillance.

### **AI Vaccination**

44. As part of a cross government and industry Avian Influenza Vaccination Task Force, we are exploring the potential for the use of vaccination as a combined preventive measure. The introduction of any vaccination programme will take time and our current policy position remains that preventive vaccination is not recommended to protect against an avian influenza outbreak, unless in exceptional circumstances.

45. We continue to monitor the avian influenza situation in Europe and globally, and the effectiveness of disease control measures taken elsewhere, including vaccine development. Future decisions on the use of vaccination will be based upon the latest scientific, ornithological and veterinary advice.

## Legislative Updates

46. On 6 November, The Avian Influenza (Miscellaneous Amendments) (Wales) Order 2023 came into force, amending the Avian Influenza and Influenza of Avian Origin in Mammals (Wales) (No 2) Order 2006.
47. The definition of “poultry” was amended to provide alignment with the World Organisation for Animal Health (WOAH) and the definition of “non-commercial premises” has been amended to provide alignment with the WOAH Terrestrial Code.
48. These amendments will help facilitate trade and enable us to implement more proportionate disease control measures when dealing with small non-commercial flocks.

## Poultry Registration

49. In March, we held a GB-wide consultation on plans to make it compulsory for all bird keepers to register their birds with APHA. The consultation ran from March to May 2023 and closed on 31 May 2023 with 3,300+ responses.
50. Currently, it is only mandatory for keepers of 50 or more birds to register their flocks, although any keeper can voluntarily register. By mandating all keepers to register their birds, we will be able to improve services provided, such as disease outbreak notification to bird keepers, and facilitate greater disease surveillance and detection, as we will have data on all at risk premises within close proximity to a confirmed outbreak.
51. A formal summary of response document is being produced and will be published jointly between the three administrations.

## AI and Human Health

52. On 16 May 2023, the UK Health Security Agency (UKHSA) issued a statement confirming 2 people had tested positive for avian influenza. Both of these people had recently worked on an infected poultry farm in England. Neither experienced any symptoms of avian influenza.
53. The UKHSA has not detected evidence of human-to-human transmission and these detections did not change the level of risk to human health, which remains very low to the general population.

## Bluetongue Virus (BTV)

54. Bluetongue virus is a non-contagious, viral disease affecting domestic and wild ruminants (sheep, cattle and goats), which is transmitted by insects, particularly biting midges.

## Current Situation

55. On 2 November, the Pirbright Institute reported a non-negative Bluetongue test result in a single cow within a home-bred herd of 75 on a premises in Kent, near Canterbury, England, following routine surveillance for Bluetongue. On 11 November, disease was confirmed, as BTV-3 (a certain serotype of Bluetongue virus).
56. A local 10km Temporary Control Zone (TCZ) was put in place around the premises which restricts the movement of susceptible animals, except under license.
57. At this stage there is no evidence of BTV-3 circulating in GB or affecting other animals, therefore, this is being considered a case rather than an outbreak of BTV-3. However, GB has now lost its BTV-3 freedom meaning there are implications for trade.
58. Surveillance sampling and testing was initiated following confirmation of this case, at all premises within 5km of the index case, to determine if there are further BTV-3 cases in the area. The results of this surveillance will be used to inform further surveillance, as required. Vector surveillance is continuing via twelve midge traps set up across GB which are monitored weekly.
59. Officials are currently updating the BTV control strategy for Great Britain. A series of communications are underway, aimed at animal keepers and the wider public, informing them of the disease, what clinical signs to look for, how to report it and the need to remain vigilant.

## Trade

60. Since May 2019 (where (EHC) requirements are met), there has been post-import BTV testing on 100% of live susceptible animals from 100% of consignments from European countries considered to be high-risk of sending animals with undetected BTV infection, (this is applicable to countries with ongoing BTV-8 and BTV-4 outbreaks).
61. Imports of live ruminants from the Netherlands and Belgium no longer comply with the export health certificate (EHC) which relates to certain vaccination requirements for BTV, as BTV-3 has no vaccine, therefore the Netherlands and Belgium can no longer export live ruminants or germplasm to GB.
62. Coupled with restrictions now in place in Spain, France, Italy and Portugal for another virus, Epizootic Haemorrhagic Disease virus (EHDV), means that there are far fewer EU countries able to meet EHC requirements for the export of live animals to GB.

## Epizootic Haemorrhagic Disease Virus (EHDV)

63. Epizootic haemorrhagic disease is a notifiable animal disease that affects cattle, deer and other ruminants.
64. The Welsh Government is closely monitoring the spread of Epizootic haemorrhagic disease virus (EHDV) in Europe following confirmed outbreaks in cattle in Italy, Spain, Portugal, and France.
65. EHD resembles other serious but rare diseases of domestic ruminants including Bluetongue virus (BTV) and Foot and Mouth Disease (FMD), so it is important to confirm the diagnosis when outbreaks occur. Virus transmission to livestock from biting midges will predominantly take place during the spring, summer, and autumn months, when midge vectors are most active.
66. Trade restrictions have been applied to the movement of live ungulates from affected regions of Europe. [Current Health Certification requirements](#) prevent France, Spain, Italy, and Portugal from sending consignments of live animals to Great Britain as they are no longer EHDV-free.
67. Additionally, on the basis there is no commercially available inactivated vaccine for EHD, and the risk of the disease spreading from Europe, post import testing will for EHDV will cover all live ruminant animals imported from countries that are disease free but are within 150km of countries with confirmed outbreaks.
68. Officials are currently developing an EHDV control strategy and will be issuing further communications to the public, including communications at the Royal Welsh Winter Fair.

## 6. Bovine TB

### TB Eradication Programme

69. A Ministerial oral statement on bovine TB was made on 14 November which set out progress made since March, highlighting key policy outcomes for delivery over the 5-year delivery plan period, including:

70. The review of Cymorth TB in the context of wider farmer engagement, and further consideration of the Task and Finish Group's recommendations on improving engagement with the farming industry.

- o A workshop took place at the Royal Welsh Show, and a meeting between officials and private veterinary TB leads to discuss their future role is currently being arranged.
- o A collaborative approach to all Welsh Government TB communications to farmers and industry is now in place with Unions and the Farm Liaison Service being asked to comment on content and delivery of messages.
- o We are working with Government partners to identify ways of addressing communication concerns outside of our control.

71. The award of the Pembrokeshire project to deliver a local level collaborative approach.

- o The response from practices has been very positive. So far, all 6 veterinary practices taking part have been represented at the preparatory veterinary training days. In all 15 vets have attended 2 days of training. Day 1 on Biosecurity with Day 2 a science day.
- o The project is on track and vets are currently engaging with suitable farms.

72. Progress on the new Governance arrangements for the Programme, including setting up a Publicly Appointed Programme Board and Technical Advisory Group.

- o During the launch of the new 5-year delivery plan it was announced the establishment of a Technical Advisory Group (TAG) to help support the TB Programme and appointed Professor Glyn Hewinson, Sêr Cymru Chair of the TB Centre of Excellence to lead this work. A key priority for the TAG will be to consider the current TB testing regime given the wide range of views provided in response to consultation.
- o Adverts for both the Publicly Appointed Programme Board and Technical Advisory Group are live and to ensure as many suitable candidates as possible have an opportunity to apply we have extended the application window.
- o The application sifting and interview process is scheduled to take place between December and February.

73. A commitment to review the slaughter of in-calf TB affected cows and heifers on farm and work with farming unions to understand the concerns over mental health and the wellbeing of our farmers.

- o We are fully aware of the devastation a TB breakdown brings to a farming family and business. The slaughter of in-calf TB affected cows and heifers on farm, although often unavoidable, is particularly distressing to witness.
- o Consideration of this policy will be a priority for WG officials and the Technical Advisory Group, once it is established.

74. In addition to the published long-term trends, which show good progress, the statement comments on improvements made over the last 5 years.

- o 94.7% of herds were TB free at end of June 2023.
- o Medium-term trends:
  - i. In the 12 months to June 2023, new incidents decreased to **609** from **746** for the same period to June 2018, representing an **18.4% decrease**.
  - ii. In the 12 months to June 2023, animals slaughtered for TB control decreased to **10,024** from **9,529** for the same period to June 2018, representing a **4.9% decrease**.
  - iii. On the 30 June 2023 there were **898** herds under restriction, compared with **857** herds under restriction on 30 June 2018. This represents a **4.8% increase**.
  - iv. Herd prevalence has **increased** from **5.2%** on 30 June 2018 to **5.3%** on 30 June 2023.
- o High TB Area West - the number of new incidents has decreased by over 25% when compared to five years ago.

75. Engagement with the industry on future arrangements for TB Payments.

- o There are historic, long term overspends against the TB payments budget. The Welsh Government has overspent on the final budget for TB payments since 2015-16. The TB payments budget is forecast to overspend again for 2023-24 by over £1m.
- o Current TB payment arrangements are wholly unsustainable to the taxpayer, particularly in the current economic climate. They also offer little incentive for farmers to prevent TB in their herds or follow good practice.

76. The amendment of the Tuberculosis (Wales) Order 2010 to come into force in February 2024 to strengthen our approach to eradication.

- o The reinstatement of Pre-Movement Testing for cattle movements in the Low TB Area, whilst maintaining Post-Movement Testing.
- o Introduce Post-Movement Testing for all cattle movements to holdings in the Intermediate TB Areas from High TB Areas, the High Risk Area of England and from Northern Ireland.

77. Measures to address an increase in TB incidents in Anglesey, through enhanced cattle control measures along with the vaccination of badgers.

- Cattle control measures are being considered, alongside changing legislation to require Pre-Movement Testing in the Low TB Area.
- As part of the Badger Found Dead Survey, no positive badgers have been identified on Anglesey to date.
- A badger and biosecurity survey was undertaken on Holy Island in March 2023 to assess the levels of badger activity. The first year of a 4-year badger vaccination project on Holy Island was completed in October.

78. The good progress made on the recruitment and deployment of lay TB testers to increase resilience and sustainability in provision of veterinary services.

- As of 28 September 2023, we have 48 Authorised Tuberculin Testers, 47 of which have completed training and given full authorisation.

### Legislative Changes

79. As indicated within the delivery plan the following legislative changes will come into force from 1 February 2024:

- The reinstatement of Pre-Movement Testing for cattle movements in the Low TB Area, whilst maintaining Post-Movement Testing.
- Introduce Post-Movement Testing for all cattle movements to holdings in the Intermediate TB Areas from High TB Areas, the High Risk Area of England and from Northern Ireland.
- Introduce a legal requirement for farmers not to move cattle between test day 1 and test day 2 and between blood testing and receiving results.
- Introduce a requirement for authority to be sought from the Welsh Government to collect a sample, perform a test, perform a test on any sample and to ensure results from such tests are immediately reported.
- Prohibit feeding of unpasteurised milk to livestock on OTFW premises.
- Make available on ibTB the number of years a herd has been TB Free.

### Cattle Vaccination

80. Government needs to demonstrate both the Cattle BCG vaccine and the associated DIVA skin test are safe and effective to use, before marketing authorisation can be provided by the Veterinary Medicines Directorate (VMD), the body responsible for licensing such products.

81. As part of evidence gathering, field trials are required, these are in two phases. **Phase 1**, which started in June 2021, has been completed. **Phase 2** has commenced and is ongoing.

82. **Phase 1** involved using only the DIVA skin test in trial herds, to generate safety and specificity\* data for the test. **Phase 2** uses both the Cattle BCG vaccine and the DIVA skin test in trial herds, to gather further safety and specificity data.

83. The field trials will continue until sufficient data has been gathered to move on to the next phase, which involves assembling a package of documentation to support an application to the Veterinary Medicines Directorate (VMD) for marketing authorisations for both the Cattle BCG vaccine and the DIVA skin test.

84. Marketing authorisations are required from VMD, before the vaccine and the DIVA test can be deployed in the field as part of the TB Eradication. Marketing authorisation enables the removal or relaxation of the current legal barriers to vaccinating cattle in GB.

85. Wales is supporting the development of plans to initially deploy the Cattle BCG vaccine in smaller trial situations, before wider deployment, once marketing authorisations have been provided. The first of a series of Welsh stakeholder meetings has taken place.

### Governance

86. Another priority for the Technical Advisory Group will be consideration and review of in-calf TB affected cows and heifers. This will likely involve communication with farmers and other relevant stakeholders.

87. We also announced the establishment of a new TB Eradication Programme Board to support the TB Programme. I will be publicly appointing members to both boards and a chair of the Programme Board.

88. A key priority of TB Eradication Programme Board will be to consider how to improve communication within the industry and to progress other recommendations from the Task and Finish Group.

89. The recruitment window for both the Publicly Appointed Programme Board and Technical Advisory Group has been extended to 4 December to ensure as many suitable candidates as possible have an opportunity to apply. The application sifting and interview process is scheduled to take place between December and February.

### Anglesey

90. APHA have identified a deteriorating situation on Anglesey. Surveillance data shows as of 30 June 2023 there were 25 open breakdowns in Anglesey. This compares to 8 for the same period in the previous year.

91. Epidemiological investigation was undertaken to assess the drivers for disease in Anglesey and initial assessment suggests seeding of infection from the Denbigh/Conwy TB Hotspots has played a role. Anglesey constitutes a



large section of the Low TB Area of Wales, and it is therefore a priority to prevent an increasing level of disease in the area.

92. A letter was sent to cattle keepers in the specific area in March 2023 outlining the issue and advising on how they can protect their business.

93. Submissions under the Badger Found Dead Survey suggest the badger population on Anglesey is concentrated on Holy Island.

94. As part of the Badger Found Dead Survey, no positive badgers have been identified on Anglesey to date.

95. A badger and biosecurity survey was undertaken on Holy Island in March 2023 to assess the levels of badger activity. The first year of a 4-year badger vaccination project on Holy Island was completed in October.

96. Cattle control measures are being considered, alongside changing legislation to require Pre-Movement Testing in the Low TB Area.

97. Options to address TB on Anglesey are being considered following epidemiological investigation. Measures will be subject to assessment by APHA and delivery subject to resource, feasibility of implementation and associated cost.

### Pembrokeshire Project

98. After considering how to tackle deep-seated levels of infection in parts of Pembrokeshire, where TB incidence and prevalence have worsened against the overall improving backdrop, and in line with responses to our consultation and the NFU's TB Focus Group report, a project was established to explore new governance arrangements for TB eradication at a local level.

99. The project, led by industry, has been established to work on a small sample of farms in Pembrokeshire, with the aim of empowering vets and farmers to make informed decisions and show leadership in disease control. The project is developing and implementing novel approaches to bovine TB control, over and above the statutory measures currently used in the area.

100. The focus is on identifying residual disease risk in clear testing cattle and developing pathways for mitigating risk from cattle-to-cattle transmission. This is being achieved by a risk-based approach involving identification and management of high-risk animals to slaughter and veterinary oversight of biosecurity practices.

101. The Welsh Government has awarded a tender and the project has commenced.

102. The response from practices has been very positive. So far, all 6 veterinary practices taking part have been represented at the preparatory veterinary training days. In all 15 vets have attended 2 days of training. Day 1 on Biosecurity with Day 2 a science day.

103. The project is on track and vets are currently engaging with suitable farms.

### On Farm Slaughter of in-calf TB affected cows and heifers

104. We have seen the devastation a TB breakdown brings to a farming family and business. The slaughter of TB reactors on farm, although often unavoidable, is particularly distressing to witness.

105. In many cases on farm slaughter is unavoidable if cattle cannot be transported to an abattoir, or if they are unfit for human consumption.

106. About 10% of animals valued for removal are slaughtered on farm and approximately 10% of those killed on farm are for calving reasons.

107. Following the raising of concerns and discussions with industry during 2019, the Welsh Government piloted on farm euthanasia for heavily pregnant cattle in 2020. However due to low uptake from farms affected and the associated logistical difficulties of removing TB affected animals within 10 working days, the pilot was ceased.

108. Although distressing for the keeper, advice from the Royal Veterinary College at the time suggested there is no distress caused to a foetus if its dam is shot or euthanised by lethal injection, but foetal movements will be visible with either method.

109. The Welsh Government has directed APHA to work closely with farmers impacted by this situation from the very start of the process, explaining the procedure clearly and supporting them through the various stages.

110. Evidence is available from England on how their policy on delaying reactor removal is working, which the Welsh Government will use to consider this issue further.

111. Consideration of this policy will be a priority for the Technical Advisory Group, once it is established.

### Payment for TB affected cattle ("Compensation")

112. The Welsh Government is committed to reimbursing farmers a reasonable sum for cattle slaughtered because of TB.

113. Despite the measures we have introduced, we are continually overspending against our TB compensation budget. We are forecasting an overspend of over £1m in this financial year (2023-24). This is not sustainable in the current economic climate.
114. We are not yet at the stage where we can announce a revised TB payments regime, and further, significant work is required alongside industry to now consider options in more detail.
115. The Welsh Government is committed to working towards introducing a revised TB payments regime to find a better balance between compensating keepers for TB affected cattle whilst also managing tax-payers money and resource. The Welsh Government is clear any new regime should incentivise good farming practice and align with the Sustainable Farming Scheme biosecurity standards.
116. This is a complex area. We would therefore like to explore, through further engagement with industry, and farmers, the feasibility of both a proposal for a levy and table valuations with an uplift, to ascertain whether these proposals could offer the cost savings we need to make in respect of TB payments.
117. As the Welsh Government has a statutory duty to pay farmers for animals slaughtered under the Programme, funding to cover these overspends has to be found year on year, diverting much needed funding away from other areas.

## 7. Animal Welfare – Dangerous Dogs Act 1991, changes impacts and consequences. Responsible Dog Ownership and Breeding in Wales

### Changes to Dangerous Dogs Act 1991

118. The Dangerous Dogs Act (DDA) 1991 is reserved legislation to UK Government. In light of recent spate of attacks, work to define and add American bully XL type dogs to the DDA was announced by Prime Minister Rishi Sunak on Friday 15 September.

119. Defra officials have been working at a very fast pace to amend legislation before the end of 2023.

120. The Statutory Instrument (SI) banning the breeding / selling / exchange or re-homing XL Bullies was laid on 31 October by the UK Government. It has a coming into force date of 31 December 2023.

121. A second SI will set out the exemptions and compensation scheme and a third SI will be introduced in relation to rescue and rehoming centres.

122. Guidance was published on 31 October on Gov.uk: Prepare for the ban on XL Bully dogs - GOV.UK ([www.gov.uk](http://www.gov.uk))

## 8. EU Rural Development Programme 2014-2020

123. All EU Rural Development Programme payments must be made by 31 December in order to fully maximise the available EU funds. The total value of the programme is £846,449,504.
124. Current commitment level stands at £858.59m, representing 101.43% commitment in funds. The RDP is overprogrammed to take account of anticipated underspends on some projects.
125. Total programme spend has exceeded £807.46m representing 95.39% of total programme value, of which £539.53m is EU funds.
126. Almost £50m worth of claims received are currently being processed which includes over £30m of Glastir 2023 claims; the majority of which will be paid on 1 December.
127. Officials are working hard to complete all the necessary validation checks to allow processing of all claims received by the end of the year.
128. The European Commission approved the 6th modification to the programme on 6 November 2023. This is a final adjustment to the programme. It is solely focused on the financial aspects, to ensure the optimal/complete utilisation of the funds.

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## 9. Sustainable Farming scheme update

### Sustainable Farming Scheme (SFS) consultation

#### Development timeline

129. The final formal SFS consultation will be published in December. We are anticipating a 12 week consultation (dates are to be confirmed).

130. Officials are running a series of stakeholder workshops to brief main stakeholders ahead of the consultation. A series of more detailed stakeholder briefing sessions are scheduled for December. This will be an opportunity to ensure those organisations with a farmer advisory remit (such as the farming unions, Farming Connect, the farmer support groups) are clear on the purpose and content of the consultation to advise their networks.

131. A series of farmer focused roadshow events (10 in total around Wales) are being arranged for January / February. This will be an opportunity for farmers to learn about consultation content in more detail and find out how to start preparing themselves for scheme commencement in 2025.

132. A final decision on the introduction of the scheme will be made in 2024 after evaluation of this final consultation, the economic analysis and other evidence. The final scheme design, rules and payment rates will be published in 2024. Farmers will begin to enter the scheme from 2025.

#### Consultation content

133. The scheme proposals are based on the same three-layered scheme structure proposed in the 2022 publication *Sustainable Farming Scheme: outline proposals for 2025*;

- o Universal Actions – a standard set of actions all farmers will need to deliver to receive a Universal Baseline Payment
- o Optional Actions – farmers who choose to go further can be paid more for selecting from a list of Optional Actions which best suite their farm and ambitions.
- o Collaborative Actions – an opportunity for farmers to work together to deliver outcomes at regional, catchment, national scale, which cannot be delivered by a single farm.

134. Several amended proposals are included in the upcoming consultation as a result of ongoing policy development and feedback received during an extensive co-design programme (codesign findings were published in July 2023). These include;

- o A Phased Approach – to manage the number of changes a farmer would have to undertake all at once, we have proposed a phased approach for 2025 scheme commencement. The Universal Actions only will be launched

to allow farmers sufficient time to understand and implement the Actions, then Optional and Collaborative Actions will be rolled out over the following transition period.

- o Scheme available to all from 2025 – farmers will be able to choose when they enter the SFS from 2025 onwards, however it is our intention to make the SFS available to all in 2025
  
- o Recognising all existing habitats and woodlands – we proposed scheme requirements of a minimum 10% tree cover on each farm, and (in addition) a minimum 10% habitat on each farm managed for biodiversity alongside food production. These minimum requirements have not changed but following co-design feedback to recognise the effort made by farmers to manage these wider areas, we propose to support all existing woodland cover and habitat as part of the Universal Actions.

135. These would be major delivery mechanisms for climate change targets and biodiversity 30x30 commitments.

136. 10% tree cover – this proposal has received a lot of attention. This proposal remains in this consultation, however refinements have been made. We have also adapted the action, so it is no longer 10% of the whole farm, but 10% of the area remaining when the unplantable areas have been removed from the calculation. Unplantable areas include;

- o Tenanted land, where the tenant is precluded from managing woodland or planting trees due to the nature of the tenancy agreement
- o High quality and priority habitats
- o Permanent features such as roads, tracks, buildings
- o Other sensitivities such as ground nesting birds or exposed coastal locations may need a more case by case approach.

137. Where tree planting is still to be undertaken, we continue to explore where those trees can add value to the farm such as biosecurity barriers or shade and shelter for livestock from extreme weather. We believe it does not have to be a stark choice between trees or food with different agro-forestry models to choose from.

138. The consultation will also include more details on proposed administrative procedures based on an evolution of the current familiar mechanisms via our RPW Online service.

139. The consultation will include details of the proposed payment methodology, however it will not contain full payment details as the actions will not be finalised until this consultation exercise is concluded.

## 10. Annex 1 – list of FMPs

Fisheries Management Plan title	Timetable for preparation and publication	Coordinating Authority	Joint Authority or Authorities
King Scallop FMP	2021 to 2023	Defra	Welsh Government
Bass FMP	2022 to 2023	Defra	Welsh Government
North Sea Cod FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
West Coast of Scotland Cod FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Atlantic Cod FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea and West Coast of Scotland Haddock FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Atlantic Haddock FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
West Coast of Scotland Whiting FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea Whiting FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea and West Coast of Scotland Saithe FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Northern Shelf Hake FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government



Fisheries Management Plan title	Timetable for preparation and publication	Coordinating Authority	Joint Authority or Authorities
North Sea and West Coast of Scotland Monk/Angler FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea and West Coast of Scotland Megrin FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Northern Shelf Ling FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea Nephrops FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
West Coast of Scotland Nephrops FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Northern Shelf Mackerel FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Atlanto-Scandian Herring FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea Herring FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
West Coast of Scotland (and Clyde) Herring FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
North Sea Greater Silver Smelt FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
West of Scotland Greater Silver Smelt FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government

Fisheries Management Plan title	Timetable for preparation and publication	Coordinating Authority	Joint Authority or Authorities
Northern Shelf Blue Whiting FMP	2022 to 2024	Marine Scotland	DAERA, Defra, Welsh Government
Irish Sea Pelagic FMP	2023 to 2025	DAERA	Defra, Welsh Government
Irish Sea Demersal FMP	2023 to 2025	DAERA	Defra, Welsh Government
Celtic Sea and Western Channel Demersal FMP	2023 to 2025	Defra	Welsh Government
Celtic Sea and Western Channel Pelagic FMP	2023 to 2025	Defra	Welsh Government
Crabs & Lobsters FMP	2022 to 2026	Welsh Government	N/A
Whelks in Welsh waters FMP	2022 to 2027	Welsh Government	N/A
Cockles FMP	2022 to 2028	Welsh Government	N/A

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# Agenda Item 5

## **Economy, Trade & Rural Affairs Committee – General Scrutiny Session 13-12-2023 – Evidence Paper**

The contents of this paper were prepared before, and are subject to, the forthcoming budget.

This paper provides a written update on our key economic priorities over the second half of 2023. Against an incredibly challenging backdrop of acute financial pressures and uncertainty at UK Government, we are proud of the outcomes we have delivered. We continue to focus on strengthening the Welsh economy as we thrive towards creating a fairer, greener Wales for all.

### Economic Mission

As part of our plan for economic growth, we want to strengthen the unique partnerships that bring together businesses, local authorities, trades unions and academia. Last month, we launched the Economic Mission refresh which sets out the next steps for our Economic Mission, focussing upon a set of national priority areas. The four priorities areas are:

- **Net Zero and Just Transition** – realising the enormous Net Zero opportunities provided by Wales’ natural environment, supporting business growth and engaging with people and businesses to move towards a just transition.
- **Ambitious Futures** – backing young people to achieve the ambitious futures they deserve in Wales, by developing their skills and creativity, which are supported by fair work and align with our economic needs.
- **Stronger Regional Economies** – focussing upon place, to enable strong regional economies which prioritise the population’s wellbeing needs, supporting the foundational economy and access to fair work.
- **Innovation, Investment and Growth** – strengthening innovation to boost investment and growth, supporting commercialisation and entrepreneurship across businesses, regions, academia, and public services to realise opportunities within existing and new markets and technologies.

### Regional development

Our commitment to collaboration and regional working ensures more decisions can be taken closer to the communities within a shared mission that allows more people to plan ambitious futures here in Wales. We work with partners to commit to shared priorities to support inclusive and sustainable growth to maximise opportunities to address regional and local inequalities, centred on the principle that places matter, and a belief in the importance of delivering prosperity and the benefits of economic growth to all parts of Wales.

### Rural economy

We are working to promote growth throughout Wales, including our rural areas. In the Minister for Rural Affairs, North Wales and Trefnydd's portfolio, we have protected the Basic Payment Scheme for farmers, continued to invest in food businesses, and supported actions to help us move to a sustainable and green economy.

The Minister for Rural Affairs, North Wales and Trefnydd has already announced a package of support through Rural Investment Schemes for farmers, foresters, land managers and food businesses, worth over £200m to support the rural economy and our natural environment.

### Tech Valleys

Tackling regional inequalities is part of our strategic approach to economic growth and developing our well-being economy. The Tech Valleys programme is one of our best examples, and biggest investments. After considerable work, the Tech Valleys programme has gathered momentum and will have delivered a significant positive impact by the end of 2023/24. We have:

- committed over £40 million to projects in the growing portfolio, and we are continuing to work with partners to identify and develop new projects;
- helped create 298,000 sq ft of new and refurbished floor space enabling a figure of 600 potential jobs;
- helped raise STEM skills performance in local schools and colleges.
- ensured the successful direction of UKG LUF to Blaenau Gwent to create the High Value Engineering Centre – a hi-tech training facility for up to 600 student and commercial users that will be opening at the end of 2024.

### Investment Zones

Our approach to working in partnership is evidenced in how we plan on applying the Investment Zone policy to Wales. We want to see Investment Zones build on Wales' specific strengths, contributing to our Fair Work agenda and helping Wales become a Net Zero country.

Welsh Government has agreed to support two Investment Zones in Wales, with UK Government providing funding in the following locations;

- South-East Wales, covering the whole area
- North-East Wales, covering Flintshire and Wrexham

Any Investment Zones will be developed via CJs as the most appropriate vehicle for planning and delivery – in line with Economic Mission, ensuring benefits are spread across the region.

Investment Zones are a perfect example of how we can be a partnership of equals with UK Government.

### Decarbonisation of industry

The potential impact of decarbonisation policies on industrial competitiveness requires a balanced system of support across the UK. The Climate Change Committee has assessed that over 60% of the necessary changes required to achieve a net zero pathway in Wales will be influenced by powers primarily reserved to Westminster. This must take into account the unique geographical challenges of the industrial regions of Wales. Our pathway to a net zero Wales is challenging, but it will offer opportunities for sustainable growth and more resilient businesses.

In March 2022, we established Net Zero Industry Wales (NZIW) to support the co-ordination of industrial decarbonisation projects and prioritise the UK-level support required to enable a just transition to net zero for industry.

Decarbonisation of the steel industry continues to be a priority for the sector. Delivering a just transition to a low carbon future is critical. Energy intensive businesses such as steel continue to operate in a challenging environment with UK electricity prices significantly higher than those of other countries.

The EU is implementing its own Carbon Border Adjustment Mechanism (CBAM). UK Government has consulted on a range of carbon mitigation measures including a UK CBAM and mandatory product standards. The steel industry believes it is essential that appropriate UK measures are implemented to ensure a level playing field with European competitors.

The transition to low-carbon steelmaking will require significant levels of high-quality domestic steel scrap to be retained within the UK. Globally, the supply of scrap will become a more significant issue.

The Celtic Sea floating offshore wind (FLOW) sector could provide a market opportunity of up to £12 billion to the UK, across a series of test and demonstration and commercial scale projects.

We are working with developers and other key stakeholders, to develop supply chain opportunities for Welsh businesses.

As part of our Manufacturing Action Plan, we are currently undertaking a supply chain mapping exercise of this sector, particularly looking at the capacity, capability and resilience of existing supply chains and identify where we can take advantage of opportunities like offshore wind.

We are also working with the Celtic Sea Cluster (CSC) and Offshore Energy Alliance (OEA) to mobilise local supply chains across Wales, the south west and north west of England, to ensure that they are in a position to successfully bid for contracts. WG

is a founding member of both CSC and OEA.

We have provided Marine Energy Wales (MEW) with £150k in 2023/24. This provides funding for sector engagement, signposting, and advice to businesses to raise awareness of opportunities across wave, tidal, and floating offshore wind technologies. It is an important part of the work that we are supporting to develop the offshore marine energy sector in Wales.

The launch of the Net Zero Skills Action plan in February 2023 was the first milestone for Wales in terms of positioning the skills landscape against our net zero commitments.

The plan focuses on the skills needed across Wales, and aligns to the 8 emission sectors in Wales which includes Industry and Business, and Electricity and Heat Generation

The plan details 7 key priority areas, including building evidence of future skills needs, ensuring the skills system is responsive to changing demands and reskilling and upskilling the workforce for the transition to net zero.

Our aim is to grow and equip sectors with the right skilled workforce to support our just transition to net zero. The consultation will close on 31 December 2023.

### Development Bank of Wales

The Development Bank of Wales' remit includes decarbonisation as a policy priority, and the bank supports businesses transition towards net zero.

Welsh Government has delivered funding through the Development Bank of Wales and targeted advice from Business Wales to support businesses to create and sustain new jobs, find new export markets, and invest in sustainable green industries. Since 2021, DBW has provided loan and equity funding to support businesses create and sustain thousands of new jobs.

### Research & Development

Our Innovation Strategy contains a strong message for the entire Welsh RD&I ecosystem to collaborate and leverage more funding from Innovate UK, and the other research councils that make up UKRI.

Business communities across the devolved nations differ in size, capacity, and access to funding opportunities; Welsh Government would like to see delivery structures that respect and embrace these differences.

Wales has the ability and experience to be a delivery partner in implementing funding opportunities on the ground. Robust and mature delivery structures are already in place in Wales, and we welcome the joint work on international partnering.

Working collaboratively across Government, and in line with the commitments made in our co-operation agreement with Plaid Cymru, the missions in the Strategy have

parallel actions and milestones in an Innovation Delivery Plan. Published on 17 October, this also contains underpinning commitments to geographic and demographic equality alongside the joined-up way of working.

As with the Strategy, the Plan is designed to be a living document which will evolve as actions are taken and new opportunities and priorities emerge.

### Apprenticeships

Changes in technology and the ability to automate work will place an increased requirement on support for retraining and upskilling. Automation and artificial intelligence will impact all occupational structures, and demand for re-skilling is therefore likely to be complex and affect all skill levels.

To meet these challenges, we need to continue to align our delivery model to economic needs; supporting people to re-skill and update their skills in response to changing job and qualification profiles and emerging professions.

We prioritise apprenticeship investment in those sectors that will support economic growth and community cohesion, including net zero and the foundational economy. Welsh apprenticeships are being designed to improve productivity and meet strategic skills needs.

### UK-EU Trade

Our Programme for Government commitment to implement our Export Action Plan has put in place a comprehensive package of support for businesses, inspiring businesses to begin to export, building export capability, finding overseas customers, and supporting businesses to get to overseas markets.

A key focus of our trade promotion activity is the European market. The European Union remains Wales' largest trading partner, with goods exports to the EU valued at £11.6billion in 2022 accounting for 56.6% of Welsh exports (compared with 52.2% of UK exports).

Our team of WG International Trade Advisors, based across Wales, alongside our WG Overseas teams (and other key partners, including Department for Business and Trade) continue to provide ongoing support our exporters to understand trading requirements in key markets, including the EU.

### The Comprehensive and Progressive Agreement for Trans-Pacific Partnership with non-EU trade

We do not believe the impact of the UK's accession to CPTPP on Welsh businesses and consumers, and on the economy of Wales more broadly, is likely to be significant. Although there are some potential benefits of the UK accession to CPTPP for Welsh businesses, this is likely to be limited due to the number of existing bilateral FTAs with CPTPP members.



We have always had, and continue to have, concerns with certain elements of the CPTPP agreement. Provisions in areas such as climate change, labour and women's economic empowerment are not as ambitious as we would typically want to see in FTAs, or do not contain robust enforcement mechanisms.

There has been good progress in some areas, but the negotiations have not yet concluded.

However, our approach to trade policy, through the lens of the Well-being of Future Generations Act, means we consider trade deals to be about more than purely economic gains. We believe trade deals should contain provisions on other key issues such as worker and gender rights and the environment.

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