

# Agenda – External Affairs and Additional Legislation Committee

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Meeting Venue:

Committee Room 5 – Tŷ Hywel

Meeting date: 9 March 2020

Meeting time: 13.30

For further information contact:

Alun Davidson

Committee Clerk

0300 200 6565

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

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## Private pre-meeting

(13.15–13.30)

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

(13.30)

## 2 Scrutiny session with the Counsel General and Minister for European Transition

(13.30–14.30)

(Pages 1 – 60)

Jeremy Miles AM, Counsel General and Minister for European Transition

Piers Bisson, Welsh Government

Simon Brindle, Welsh Government

## Break

(14.30–14.35)

## 3 UK–EU future relationship negotiations – a view from Brussels

(14.35–16.00)

(Pages 61 – 71)

David Henig – European Centre for International Political Economy (ECIPE)

Niclas Poitiers – Bruegel

Fabian Zuleeg – European Policy Centre



## **4 Papers to note**

(16.00–16.05)

### **4.1 Paper to note 1: Correspondence from the Llywydd to the Chair regarding the Social Partnership (Wales) Bill – 25 February 2020**

(Pages 72 – 73)

### **4.2 Paper to note 2: Correspondence from the Minister for International Relations and the Welsh Language to the Chair in follow-up to the 10 February committee meeting – 3 March 2020**

(Pages 74 – 87)

### **4.3 Paper to note 3: Correspondence from the Minister for International Relations and the Welsh Language to the Chair regarding the UK's trade negotiations with the USA – 4 March 2020**

(Pages 88 – 89)

## **5 Motion under Standing Order 17.42(vi) and (ix) to resolve to exclude the public from the remainder of the meeting**

(16.05)

## **6 Scrutiny session with the Counsel General and Minister for European Transition – consideration of evidence**

(16.05–16.20)

## **7 Changes to freedom of movement after Brexit – follow-up work**

(16.20–16.30)

(Pages 90 – 91)

## **8 Social Partnership (Wales) Bill – consideration of response**

(16.30–16.40)

(Pages 92 – 94)

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By virtue of paragraph(s) vi of Standing Order 17.42

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David Rees AM  
Chair, External Affairs and Additional Legislation Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

25 February 2020

Dear David,

## **Social Partnership (Wales) Bill**

At its meeting on 11 February, the Business Committee considered a letter from the Chair of the Equality, Local Government and Communities (ELGC) Committee, responding to the government's proposed timetable for the Renting Homes (Amendment) (Wales) Bill. The letter highlighted several areas of concern to the Business Committee, noting that the ten sitting weeks for Stage 1 Committee consideration is two weeks fewer than the usual practice of 12 weeks.

The committee highlighted that the time available for scrutiny of this Bill is further limited by the need to accommodate Stage 2 proceedings on the Local Government Bill within the same timeframe. In effect, the committee will need to complete all of its work in eight sitting weeks rather than the ten noted in the timetable. The letter further noted that the Welsh Government intends to introduce a Social Partnership Bill before Summer recess, and that this could also fall under that committee's remit.

As the Business Committee is keen to reduce the timetabling pressure on the ELGC Committee and the consideration of legislation forms part of your committee's remit, Business Managers agreed to consult both committees before making an in principle decision on which to refer the Bill to for Stage 1 scrutiny.



During the meeting, the Trefnydd confirmed that the government's intention is to introduce the Bill just before Summer recess. The proposals for the content of the Bill are outlined in a White Paper titled 'A more equal Wales: strengthening social partnership', published on 7 November 2019, and in his statement on the legislative programme in July the First Minister said: 'we will place social partnership on a statutory footing by bringing forward a Bill before the end of this Assembly term to enshrine the current non-statutory social partnership model in law and to ensure that agreements reached in social partnership are clearly enforceable.'

I enclose the letter from the ELGC Committee for your consideration – please be aware that this is a private paper not for publication or circulation other than to committee members. I would be grateful if you could respond to me outlining your views on the potential for your committee to consider the Social Partnerships Bill by Monday 16 March 2020.

Kind regards



**Elin Jones AM**

Y Llywydd and Chair of the Business Committee





Llywodraeth Cymru  
Welsh Government

David Rees AM  
Chair of the External Affairs and  
Additional Legislation Committee  
National Assembly for Wales  
Cardiff Bay, Cardiff  
CF99 1NA

3 March 2020

Dear David,

Thank you for your letter requesting additional information following my appearance before the Committee on 10 February.

### Overseas Offices

I will be meeting with the Overseas Offices Performance Manager to discuss the remit of the Offices on mid-March with a view to producing a finalised remit by mid-April which I would be pleased to share with the Committee.

I intend to change the key performance indicators to ensure activity is aligned to the aims of the strategy. As the aims of the strategy were consulted upon extensively with relevant stakeholders I will not be consulting upon the specific remit of the offices further, although a regular dialogue occurs with many relevant stakeholders which has and will continue to inform the remit of the offices. In addition I can confirm the final Q4 report for 2019/20 will be available within two weeks of year-end.

### International Relationships

Significant co-operation work is underway with Brittany, the Basque Country and Flanders and through the European Transition Fund we are incentivising organisations in Wales to work with our priority regions. I shall be making a statement on our relationship and activities with our key international partners but in broad terms the following information should be of interest.

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

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



i) Brittany

We already have an MoU and a dynamic action plan with Brittany and we welcomed the President of the Regional Council of Brittany to Wales on St David's Day where he attended a concert jointly produced by BBC National Orchestra of Wales as part of their partnership.

A wide range of collaborative activity is underway in the fields of culture, education and economic development, with a particular focus cyber-security, agri-food, the creative industries, marine energy and language. Representatives from the Breton media and agri-food sector will meet their counterparts from Wales next month to explore further co-production and collaboration. I have discussed our appetite to deepen the Welsh Breton relationship with the French Foreign Office who have encouraged us to actively pursue the strengthening of the relationship. I intend to visit Brittany before the end of this Assembly.

ii) Basque Country

The Basque Secretary General responsible for Foreign Affairs visited Wales in December to discuss the MoU signed in July 2018 and I intend to visit the region later this year.

Like Brittany, the Basque Country has also identified Wales as one of its priority relationships and I welcome the focused approach that underpins our relationship. I believe that concentrating efforts on a small number of areas – health, finance, language and innovation - can deliver the greatest benefit.

A delegation from Wales will visit the Basque Country later this month for the first Basque Country – Wales Territorial Competitiveness Forum next month and Welsh and Basque officials have developed an integrated health and social care focused action plan to direct and identify specific collaborative opportunities.

iii) Flanders

I met the Minister President of Flanders Jan Jambon when I launched the International Strategy in Brussels last month and we agreed to sign the first MoU agreement between the Welsh Government and Flanders in the Spring. As with the Basque Country and Brittany, we agreed that the MoU will focus on a small number of priority areas where we can derive maximum mutual benefit. One of these areas will be cybersecurity, and we are also discussing what we can learn in terms of the ability of an EU region to influence trade discussions and agreements.

Ireland

The Welsh Government is working closely with the Irish Government, notably the Ministry for Foreign Affairs, and the Irish Consul in Cardiff to further deepen bilateral ties on existing areas of co-operation and new partnerships. These include existing areas of co-operation and new partnerships such as health and aerospace with trade missions to Ireland in the pipeline for both sectors. A considerable effort is being made to list the extensive activity that is already being undertaken between our two nations.

Whilst we were hopeful of signing a formal agreement with the Irish Government this spring, given the recent election in Ireland it may take some time before we and the incoming Irish Government are able to make any joint public statement on the relationship. I look forward to coming back to the Committee to provide an update on this process.

## Marketing Resources

A basic initial brand asset website is available which includes a range of materials which range from a photo library and films through to graphics that can be used for branding events. This website will be developed by taking on board feedback from users on what assets are needed. Welsh organisations around the world have already been provided with information and have been encouraged to use this resource.

I have already contacted the Presiding Officer's office to discuss visits and access to Welsh Government branding use abroad. Where AMs travel abroad Welsh Government officials are happy to provide support as was recently the case when the Presiding Officer visited Canada.

## Delivery Plans

Now we have the strategy, I want resources to be focused on delivery. Work is ongoing to assess international plans across government, sponsored bodies, organisations, third sector and civic society to identify opportunities to raise our profile overseas. The appointment of two new Deputy Directors for the department will help to ensure that actions are delivered to time lines. Over the course of the next year we will provide statements on how we intend to deliver in priority areas. An idea of what can be expected is included in **Annex A** to this letter.

Not all organisations will have exactly the same priority regions and countries as Government, but where there is alignment, this work will help us co-ordinate and maximise our efforts internationally and move us to a place of closer, joined-up partnership working.

We have engaged with the Arts, Culture and Sport sector this approach is already happening and the Rugby World Cup in Japan is a recent example of successful co-ordinated partnership working. I met with the sector recently to discuss international planning and I expect to see this level of co-ordinated engagement for any major competition where Wales is performing on the world stage. We will provide a clearer picture of our priority areas of focus before the summer, although there should be an understanding that this is a flexible set of priorities that may need to be revised to respond to opportunities or threats such as the extent of Wales' possible progress in the European football championships or the impacts of corona virus.

## Export Figures

In the year to September 2019, the value of Welsh exports of goods totalled £17.8bn. Welsh exports of goods reached nearly 23% of GDP in 2018 (based on experimental ONS data).

The decision to set a proposed 5 per cent increase in the contribution that exports makes to Wales' economy is based upon similar ambitions set out by UK and Scottish governments.

Our target relates to the overall contribution of exports to Welsh economy not an increase in the value of exports. It is an ambitious target but I believe that targets should be ambitious if they are going to drive forward genuine change. In order to achieve this increase, it is important that we support companies to export. We have an established programme of support in place and are looking to develop this further and will report on our plans before the summer.

It is worth noting that there are several large companies which contribute to our export figures so the Brexit settlement may impact on these if there is a particular change which will impact our key sectors.

### Economic Partnership Agreement between the EU and Japan

The EU-Japan trade agreement came into force on 01 February 2019. Due to lags in the availability of trade data, only two quarters of data are available for which the EU-Japan trade agreement has been in force. The volatility of trade data means that we are unable to robustly estimate the value of trade between Wales and Japan so soon after the agreement came into force.

More generally, in the year ending September 2019, total trade between Wales and Japan totalled £907m, of which imports and exports were valued at £635m and £272m respectively. In terms of contribution to Welsh trade, Japan was the 15<sup>th</sup> largest export market for Wales (1.5% of Welsh exports) and the 7<sup>th</sup> largest import market (3.5% of Welsh imports). Trade between Wales and Japan has followed a broadly upwards trajectory in recent years, growing from £582m in 2013 to £851m in 2018. Wales has maintained a trade deficit in every year during this period whereby imports have exceeded exports. Further data on trade between Wales and Japan can be found in **Annex B** to this letter.

### Future UK-Japan agreement

A UK-Japan agreement will be important to reassure investors that Wales and the UK remains a stable trading partner. A key objective for the negotiations will be to maintain the benefits of the EU-Japan agreement, without making too many concessions in areas that will disproportionately affect Wales. My officials continue to develop our ask of the UK Government in relation to an FTA with Japan and the other priority countries.

### Trade Agreement Continuity (TAC) programme

As of 31 January the UK Government has been successful in rolling over some 20 of the EU negotiated agreements. These represent around 5% of total Welsh trade in goods.

You also asked a number of specific questions in relation to international trade, the answer to these follows below:

#### To confirm whether you are satisfied with the level of engagement between the Welsh Government and the Department for International Trade?

There is always more that can be done in terms of improving engagement, but I think the relationships we have been able to develop at both an official and Ministerial level with the Department of International Trade are very encouraging.

#### To confirm whether a meeting between you and the Secretary for International Trade has been sought, and if so when the meeting will take place

Unfortunately I have not yet had the opportunity to meet with the Secretary of State for International Trade although I have requested a meeting. I do however have regular discussion with the Minister for Trade Conor Burns MP. My next bilateral with the Minister will take place on March 5<sup>th</sup>.

The Minister confirmed that the expert stakeholder advisory group for international trade will meet in the spring. Could the Welsh Government confirm the exact date for when the meeting will take place?

The date for the first meeting of this group is before Easter on 31 March. My focus at the moment is on getting the right people around the table.

The Minister confirmed that the membership of the expert stakeholder group is yet to be determined. Could the Welsh Government clarify the process for determining the membership of the group and whether it will be subject to a public expression of interest.

In the next week I will write to Welsh trade bodies and representative organisations to ask them to nominate suitable candidates to represent their sector on the group. This will allow these organisations to select for themselves those they believe best able to represent the views of their sector.

To provide an update on what was discussed at the first meeting of the Ministerial Forum on International Trade on 23 January 2020.

At the first meeting of the Forum we discussed the Terms of Reference, priorities for negotiations with the USA, the role of the UK in the World Trade Organisation, and the planned Trade Bill announced in the Queen's speech.

To provide an analysis of the key sectors that export in Wales, as referred to in the Minister's response to questions on her statement in Plenary on 7 January.

This can be found in **Annex C** to this letter.

Can I take this opportunity to thank the Committee for their continued interest in the International Strategy. I look forward to taking part in the plenary debate on the Committee's report.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

**Eluned Morgan AC/AM**

Gweinidog y Gymraeg a Chysylltiadau Rhyngwladol  
Minister for International Relations and the Welsh Language

International Strategy – Assembly Statements

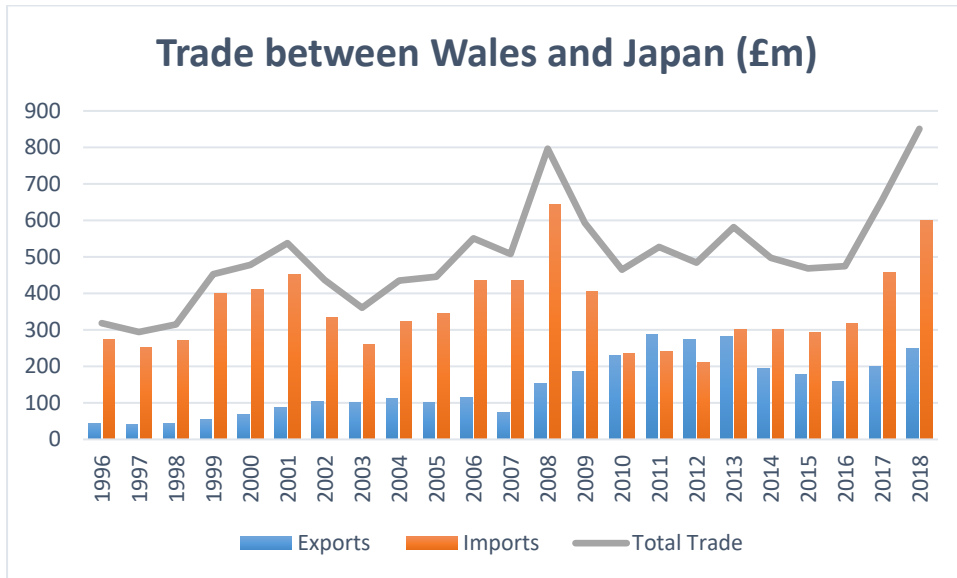
Oral or written statements for 2020, dependent on plenary slots;

- **Our Priority Relationships**
- **An Action Plan for engaging, and connecting with, Welsh Diaspora and international communities that have made their home in Wales**
- **Export Plan**
- **Our work with Wales and Africa**
- **Co-ordinating our Soft Power Activity**

### Welsh trade in Goods with Japan

In the year ending June 2019, total trade between Wales and Japan totalled £920m, of which imports and exports were valued at £650m and £270m respectively.

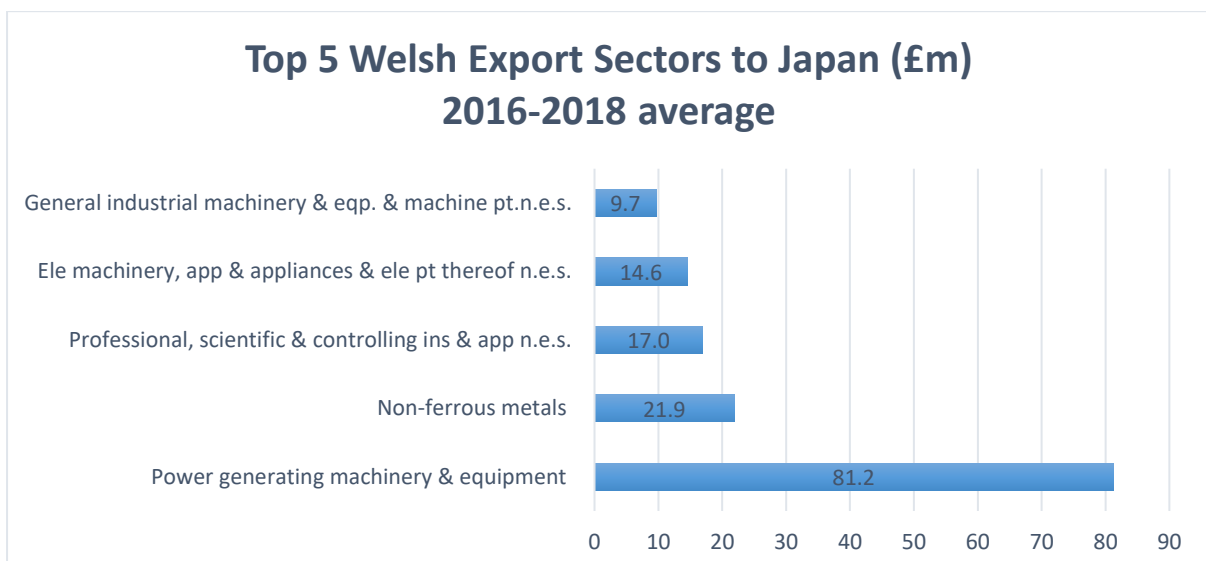
In terms of contribution to Welsh trade, Japan was the 15<sup>th</sup> largest export market for Wales (1.5% of Welsh exports) and the 7<sup>th</sup> largest import market (3.5% of Welsh imports).



Please note that due to a methodology change data for 2013 and beyond are not comparable with pre-2013

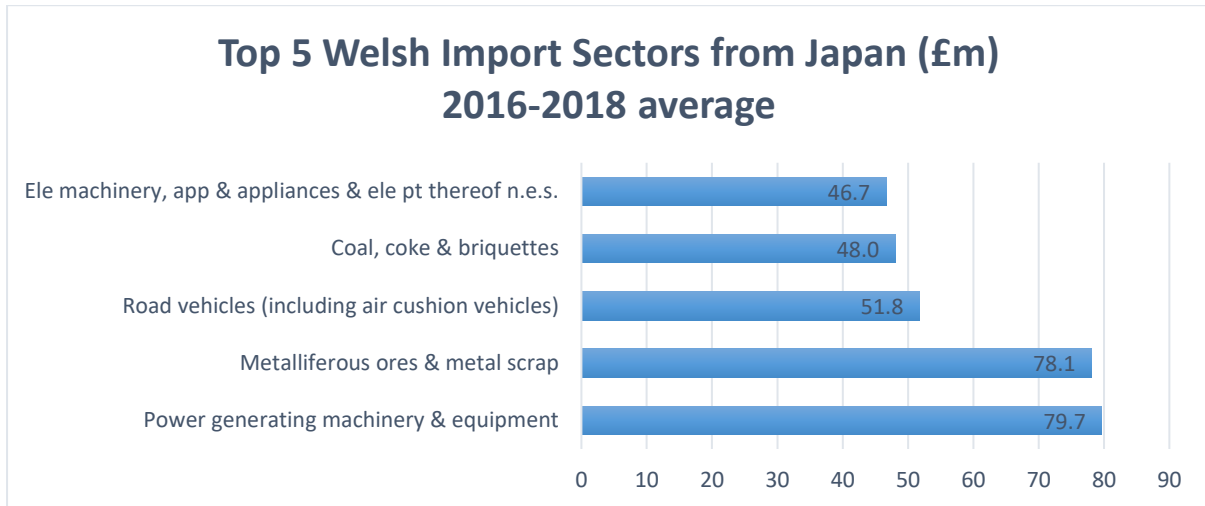
Source: HMRC Regional Trade Statistics

Trade between Wales and Japan has followed a broadly upwards trajectory in recent years, growing from £582m in 2013 to £851m in 2018. Wales has maintained a trade deficit in every year during this period whereby imports have exceeded exports.



Source: HMRC Regional Trade Statistics

On average, Power generating machinery & equipment has dominated Welsh exports to Japan in the last three years, accounting for around 40%.



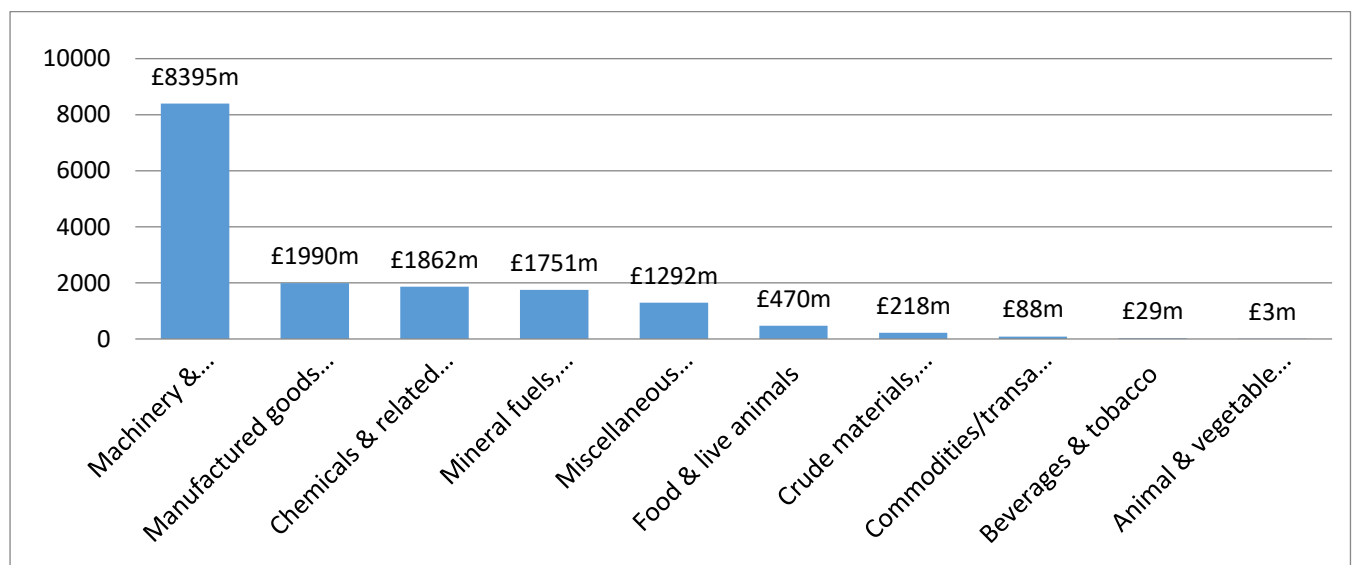
Source: HMRC Regional Trade Statistics

On the import side, power generating machinery & equipment was the largest contributor to total Welsh imports to Japan over the last three years, closely followed by metalliferous ores & metal scrap. Each of these sectors accounted for 17% of the total value of Welsh imports from Japan during this period.

## Welsh Export of Goods

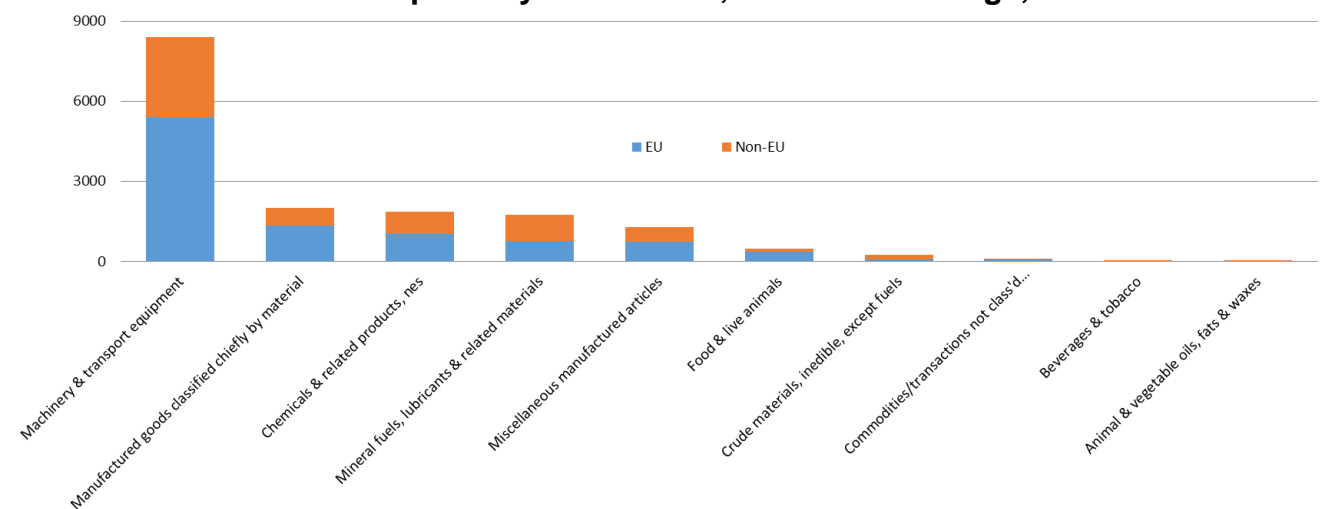
The following charts provide further information on Wales' key sectors for exports (averaged over the most recent three years to reduce volatility). It should be noted that a high value for exports does not necessarily mean that Wales benefits from a high level of value-added or employment. The most extreme example is probably the export of petroleum, which shows a very high value but where the large majority of this value is accounted for by imports that are subsequently exported with little or no processing, so the contribution made to the Welsh economy is relatively modest<sup>1</sup>.

**Chart 1: Welsh Goods Exports, 2016-2018 average, £m**



Source: HMRC Regional Trade in Goods Statistics

**Chart 2: Welsh Goods Exports by Destination, 2016-2018 average, £m**



<sup>1</sup> It is understood that the high figure for power generating equipment may include large values attributable to refurbished aero engines, where value-added – and employment – in Wales may again be much lower than indicated.



Source: HMRC Regional Trade in Goods Statistics

1. The top three Welsh goods exporting sectors to the **EU** make up:
  - 79% of total Welsh **EU** exports
  - 48% of **total** Welsh exports
2. They are:
  - Machinery and transport equipment – 55% of **EU** exports
  - Manufactured goods (inc. steel) – 14% of **EU** exports
  - Chemicals & related products – 10% of **EU** exports
3. The top three Welsh goods exporting sectors to **non EU** countries make up:
  - 77% of total Welsh **non EU** exports and
  - 30% of **total** Welsh exports
4. They are:
  - Machinery and transport equipment – 48% of **non EU** exports
  - Mineral fuels, lubricants & related materials– 16% of **non EU** exports
  - Chemicals and related products – 13% of **non EU** exports.
5. Table 1 provides a more detailed analysis of exports of goods with the highest value, ranked on the basis of the scale of exports to the EU.

**Table 1: Products exported from Wales, £m**

**Products exported from Wales, 2 year average, 2017-2018, £m**

*Ranked on value of exports to EU*

Rank	EU	Non-EU	Total	SITC2 Code
1	4048	234	4282	79 - Other transport equipment
2	819	1072	1891	33 - Petroleum, petroleum products & related materials
3	696	217	913	67 - Iron & steel
4	483	99	583	78 - Road vehicles (including air cushion vehicles)
5	368	405	773	77 - Ele machinery, app & appliances & ele pt thereof n.e.s.
6	366	92	458	89 - Miscellaneous manufactured articles n.e.s.
7	290	391	680	54 - Medicinal & pharmaceutical products
8	236	104	340	69 - Manufactures of metal n.e.s.
9	181	144	325	59 - Chemical materials & products n.e.s.
10	160	1824	1984	71 - Power generating machinery & equipment
11	152	201	353	68 - Non-ferrous metals
12	150	150	300	74 - General industrial machinery & eqp. & machine pt.n.e.s.
13	148	79	228	57 - Plastics in primary forms
14	133	275	408	87 - Professional, scientific & controlling ins & app n.e.s.
15	130	121	251	51 - Organic chemicals
16	128	234	363	72 - Machinery specialized for particular industries

17	122	50	171	75 - Office machines & adp machines
18	120	21	141	62 - Rubber manufactures n.e.s.
19	119	60	179	58 - Plastics in non-primary forms
20	102	30	132	64 - Paper, paperboard & manufactures thereof

Source: HMRC Regional Trade in Goods Statistics

**Table 2: UK and Welsh Exports of goods by destination country in 2018 (% of total in brackets)**

	UK	Wales
USA	1 (14%)	3(14%)
Germany	2 (10%)	1 (18%)
Netherlands	3 (8%)	5 (4%)
France	4 (7%)	2 (16%)
Ireland	5 (6%)	4 (9%)
China	6 (5%)	9 (2%)
Belgium	7 (4%)	6 (3%)
Italy	8 (3%)	Not in top 10 (2%)
Spain	9 (3%)	8 (3%)
Hong Kong	10 (2%)	Not in Top 10(1%)

Source: HMRC Regional Trade in Goods Statistics

# Agenda Item 4.3

Eluned Morgan AC/AM  
Gweinidog y Gymraeg a Chysylltiadau Rhyngwladol  
Minister for International Relations and the Welsh  
Language



Llywodraeth Cymru  
Welsh Government

David Rees AM  
Chair of the External Affairs and  
Additional Legislation Committee  
National Assembly for Wales  
Cardiff Bay, Cardiff  
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04 March 2020

Annwyl David,

I am writing to inform you the UK Government has published a [document](#) relating to the UK's trade negotiations with the United States of America. The Secretary of State for International Trade made a [statement to the House of Commons](#) in the evening of 2 March, [repeated in the House of Lords](#).

In the Welsh Government response to your Committee's report on *UK international agreements after Brexit: A role for the Assembly* I agreed to the recommendation to lay documents before the Senedd at the same time they are laid before Parliament by the UK Government. However, the UK Government has not formally laid these documents before Parliament. The document has been published on the UK Government website and Parliament notified by oral statements made on Monday.

In the spirit of meeting the request of the Committee, I am making a written statement highlighting this publication to Assembly Members. I have attached a copy to this letter. I look forward to discussing this further with the Committee on 16 March.

Yours Sincerely,

**Eluned Morgan AC/AM**  
Gweinidog y Gymraeg a Chysylltiadau Rhyngwladol  
Minister for International Relations and the Welsh Language

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

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



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## WRITTEN STATEMENT BY THE WELSH GOVERNMENT

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<b>TITLE</b>	<b>The UK's approach to trade negotiations with the US</b>
<b>DATE</b>	<b>04 March 2020</b>
<b>BY</b>	<b>Eluned Morgan, Minister for International Relations and the Welsh Language</b>

On 2 March, the UK Government published a [document](#) relating to the UK's trade negotiations with the United States of America (US). The Secretary of State for International Trade made a [statement to the House of Commons](#) in the evening of 2 March, [repeated in the House of Lords](#).

The document sets out the UK's aims and objectives in US trade negotiations. It includes the UK government's overall approach, the headline objectives for a UK-US free trade agreement, a response to the public consultation held last year, and a preliminary scoping assessment of the long-term impacts of a trade agreement.

The analysis published by the UK Government illustrates why we have consistently emphasised the importance of securing as close a partnership with the EU as possible. The most optimistic scenario modelled by the UK Government points to gains for the UK of 0.16% of GDP over 15 years. This will in no way compensate for lost trade with the EU.

Negotiations with the US are worthwhile, but they should not be rushed. Nor should they undermine the UK Government's negotiations with the EU. A deep and comprehensive agreement with the EU must be the absolute priority. The deeper the agreement with the EU the less the economic damage to Wales and the UK.

The UK Government's previous estimates of no-deal with the EU – or trading on WTO terms – are of a loss of GDP for the UK of -9.3% over 15 years. The potential gains of a close partnership with the EU dwarf the benefits of all the other trade deals the UK are prioritising combined.

The outline case for the US is, nevertheless, a reasonable starting point for negotiations. It does not make unnecessary concessions, however it is very open to interpretation. We now need to be fully involved in negotiations to ensure Welsh interests are protected and promises made about our NHS, food standards and other areas are honoured.

# Agenda Item 7

By virtue of paragraph(s) ix of Standing Order 17.42

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# Agenda Item 8

By virtue of paragraph(s) ix of Standing Order 17.42

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