



Paul Davies MS
Economy, Trade and Rural Affairs Committee
Welsh Parliament
Cardiff Bay
CF99 1SN

9 June 2022

Dear Paul,

Thank you for your letter of 03 May.

I welcome the Economy, Trade and Rural Affairs Committee's main findings and recommendations presented in your letter and appreciate the time and effort that has gone into this work.

The Welsh Government share some of the concerns raised and many of your recommendations are reflective of the activities that my officials already engage in.

I have addressed each of your recommendations individually below.

Recommendation 1 - *We recommend that the Welsh Government makes representations to the UK Government through the Ministerial Forum for Trade, or any other forum it deems appropriate, to:*

- a) request full access to the trade data held by the UK Government, in order to provide Welsh Government with additional insight into potential impacts of the UK-Australia FTA on sectors in Wales; and*
- b) provide a full assessment of the likely impacts on sectors and sub-sectors within the UK's nations and regions in impact assessments for future trade agreements.*

Agree - Welsh Government officials are in regular contact with their UK government counterparts and will continue to request access to available data and/or analysis, including impact assessments. We have repeatedly called for the UK Government to conduct nation specific impact assessments, as well as a cumulative assessment of the potential impact of multiple trade deals. These requests have also been made at Ministerial level across a number of ministerial portfolios, including at the Ministerial Forum for Trade.

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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.

Recommendation 2 - *In order to ensure the Committee is able to consider Welsh Government's Wales-focussed assessments of future trade agreements as part of its scrutiny, we recommend that the Welsh Government complete and publish its assessments in advance of agreements being laid before the UK Parliament.*

Agree - We are committed to producing a report for each new and significant FTA that the UK signs. These reports highlight where we believe the impacts of trade deals may be felt in Wales, as well as providing a Welsh specific cut of the UK government's own impact assessment. Our aim is to publish our reports before the UK's Constitutional Reform and Governance (CRAG) process begins, to ensure that committee is able to scrutinise the deal alongside UK Parliament. For example, we published our report on the UK-Australia FTA on 10 May 2022 and the CRAG process for the deal has not yet begun. Section 42 of the Agriculture Act 2020 requires that prior to a deal being laid in Parliament and the CRAG process commencing, a separate report must be laid which details the extent to which any measures of the deal may impact UK levels of statutory protection. If for any reason this should change and the deal was laid at the point of signature instead, we would not be able to deliver against our commitment, as there would be no time in between receiving finalised text and the deal being laid for us to conduct an assessment.

Recommendation 3 - *The Committee urges the Welsh Government to continue working with other governments across the UK, and with the agri-food sector in Wales, to ensure effective market monitoring mechanisms are in place. This approach should also be adopted for other sectors of the economy as well.*

Agree - The Welsh Government is committed to monitoring market changes across all sectors and working across governments to identify and resolve risks. Our analysts work with other UK governments to make best use of the Wales level data currently available to us to monitor trade flows and to track market conditions in the UK. We will continue to request access to more detailed trade data for Wales to aid our analysis in this area. My officials hold regular meetings with representatives across the Agri-food sector prior to FTA negotiations beginning, to understand their views on opportunities and threats for every deal.

Recommendation 4 - *We recommend that the Welsh Government establish mechanisms for keeping the cumulative impacts of FTAs on the Welsh economy under review. It should consult different sectors on how this work should be developed and periodically publish findings from these assessments.*

Agree in principle - My officials have been exploring options around understanding the feasibility of a cumulative impact assessment and are currently scoping the practicalities and potential benefits of completing an impact assessment on the cumulative impacts on Welsh sectors, including agriculture. A number of issues must be considered before a decision can be made on this, including the availability of suitable data (as identified in Recommendation 1) to ensure that any analysis is robust and reliable.

Recommendation 5 - *We recommend that the Welsh Government also makes representations to the UK Government to ensure that an analysis of the cumulative impact of trade deals is undertaken on a regular basis to inform on-going and future trade negotiations*

Agree - My officials have discussed the significance of this matter with UK government officials on many occasions and have repeatedly stressed the potential negative impacts that multiple FTAs may have on our domestic producers. My officials will continue to engage with the UK government on this.

Recommendation 6 - *The Committee requests that it be updated by the Welsh Government on any discussions which take place around labelling of imported food and drinks, including in the food service area.*

Agree in principle - Whilst I do understand the concerns that the committee has raised in drafting this recommendation, it is important to note that the UK's existing domestic Sanitary and Phytosanitary standards will not be directly changed as a result of the Australian FTA. The deal does not mean that we will have to accept any goods that we were previously refused entry into the UK. On the issue of food labelling of imported food, there are already UK wide requirements for food labelling and my officials will update the committee if there are any developments in this area.

Recommendation 7 - *The Committee recommends that the Welsh Government make representations to the UK Government to ensure it is engaged in the FTA's governance arrangements. The Committee also asks the Welsh Government to keep it updated on decisions relating to this, including any attendance at, or engagement with, the various committees and working groups established by the FTA*

Agree - My officials are in daily contact with their UK Government counterparts and are heavily involved with discussions on the establishment of the many different committees concerning FTA implementation and governance. Whilst we do not believe that Welsh Government officials would need to attend every FTA implementation committee, we fully agree that a governance structure is needed to ensure that we are engaged appropriately. We will continue to make representations to UK Government on this matter.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive, flowing style.

Vaughan Gething AS/MS
Gweinidog yr Economi
Minister for Economy