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Cenedlaethol
Cymru

National
Assembly for
Wales

Cofnod y Trafodion The Record of Proceedings

Y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol

The External Affairs and Additional Legislation Committee

12/09/2016

Agenda'r Cyfarfod
Meeting Agenda

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Public for the Remainder of the Meeting

Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w tystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

Aelodau'r pwyllgor yn bresennol
Committee members in attendance

Suzy Davies Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Mark Isherwood Bywgraffiad Biography	Ceidwadwyr Cymreig Welsh Conservatives
Steffan Lewis Bywgraffiad Biography	Plaid Cymru The Party of Wales
Jeremy Miles Bywgraffiad Biography	Llafur Labour
Julie Morgan Bywgraffiad Biography	Llafur (yn dirprwyo ar ran Dawn Bowden) Labour (substitute for Dawn Bowden)
Jenny Rathbone Bywgraffiad Biography	Llafur (yn dirprwyo ar ran Eluned Morgan) Labour (substitute for Eluned Morgan)
David Rees Bywgraffiad Biography	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)

Erail yn bresennol
Others in attendance

Gareth Bennett Bywgraffiad Biography	Aelod Cynulliad, UKIP Cymru Assembly Member, UKIP Wales
Piers Bisson	Dirprwy Gyfarwyddwr, Trefniadau Pontio Ewropeaidd, Llywodraeth Cymru Deputy Director, European Transition, Welsh Government
Des Clifford	Cyfarwyddwr, Swyddfa'r Prif Weinidog, Llywodraeth Cymru Director of the Office of the First Minister, Welsh Government
Carwyn Jones Bywgraffiad Biography	Aelod Cynulliad, Llafur (Y Prif Weinidog) Assembly Member, Labour (The First Minister)

**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol
National Assembly for Wales officials in attendance**

Alun Davidson	Clerc Clerk
Elisabeth Jones	Prif Gyngorydd Cyfreithiol Chief Legal Adviser
Gregg Jones	Y Gwasanaeth Ymchwil Research Service
Rhys Morgan	Dirprwy Glerc Deputy Clerk

*Dechreuodd y cyfarfod am 12:03.
The meeting began at 12:03.*

**Cyflwyniad, Ymddiheuriadau a Dirprwyon
Introductions, Apologies and Substitutions**

[1] **David Rees:** Good afternoon. Can I welcome Members and the public to the meeting of the External Affairs and Additional Legislation Committee? Can I remind Members that the meeting is bilingual and therefore the headphones are available for use for simultaneous translation from Welsh to English on channel 1 and for amplification on channel 2? Can I also remind you to, as I have just done, turn your mobile phones off so that they don't interfere with our meeting, and any other equipment that may interfere with the broadcasting equipment? There is no scheduled fire alarm today, so if one does occur, please follow the directions of ushers.

[2] We've received apologies this morning from Dawn Bowden and from Eluned Morgan and we've got Jenny Rathbone and Julie Morgan as substitutes. We've also received apologies from UKIP. Because of the circumstances over the summer, there has been a change in their representation, but Gareth Bennett is here substituting today—welcome.

[3] **Gareth Bennett:** Thanks.

**Gadael yr Undeb Ewropeaidd: Y Goblygiadau i Gymru—Sesiwn
Dystiolaeth gyda'r Prif Weinidog
Leaving the European Union: Implications for Wales—Evidence Session
with the First Minister**

[4] **David Rees:** This morning, we go into our first evidence session looking at leaving the European Union and the implications for Wales. Can I welcome the First Minister to this afternoon's session? First Minister, would you like to introduce your officials who are with you today?

[5] **The First Minister:** Yes. I have with me Des Clifford and Piers Bisson.

[6] **David Rees:** Thank you for that. This is the first evidence session in a series of sessions we will have to ensure that we are looking very carefully and scrutinising the issues relating to the exit of the UK from the EU and the implications that has for Wales and the economy. First Minister, I'll start with questions in the first instance. Obviously, since 23 June, when we've been aware of the result of the referendum of the UK people, could you just give us an update on the actions being taken by the Welsh Government and the reorganisation that you may have been undertaking within the Welsh Government's officials to set up for Brexit?

[7] **The First Minister:** Yes, certainly, Chair. First of all, the day after the referendum I outlined six key priorities. They were: protecting jobs, full involvement in discussions on the UK's exit from the EU, continuing full and free access to the EU single market, security of funding for current EU programmes, financial reform to ensure fair funding for Wales, and a new relationship between devolved and the UK Governments. There was, of course, a British–Irish Council—an extraordinary British–Irish Council—that met in Cardiff in July to bring together not just the devolved Governments and the UK Government but the Government of the Republic of Ireland and the Crown dependencies as well. There have been a number of discussions both at official and ministerial level. I've spoken personally to both the Prime Minister and to David Davis. I know other Ministers have had their own discussions. We have seen an announcement on partial funding up until 2020 for some programmes and for agriculture, but nothing beyond that. Extensive work is under way within Welsh Government to ensure that we can maximise our influence in the negotiations that'll take place between the UK and the EU and, in fairness to the Prime Minister, she has also said that the devolved Governments will play a significant role.

[8] A Cabinet sub-committee on European transition has been established. It will meet this afternoon for the first time. It'll meet monthly in the future, and that is intended to help to build up the strategic capacity that we need, and also to co-ordinate work across Welsh Government departments. A European advisory group is also being set up, which will involve those from outside Government in order to advise us on the way forward. That will meet towards the end of this month, I would anticipate, and I can provide further details sooner to the time as to the make-up and remit of that group.

[9] I did chair a meeting of the council for economic renewal on 25 July. There'll be another meeting this month. The focus was on Brexit and the way forward but of course the message that we have to give is that Wales is open for business. I spent my time in the US last week doing just that. The US remains very much a strong partner for us in terms of investment. That's still the case, although it is fair to say that every business that I spoke to wanted to know what the next steps would be with regard to Brexit. They were particularly concerned to maintain tariff-free access to the single market. That—for them—was a hugely important issue.

[10] We know that we have to make sure that Wales's interests are protected during the negotiations to withdraw from the EU and our intention, of course, is to step up to that challenge. We don't know when article 50 will be triggered exactly, but we do know that there'll be an enormous amount of work that will have to be carried out both pre-triggering and, of course, during the two-year period that will follow that.

[11] **David Rees:** Thank you for that. I'm sure that the answer you've just given opens up some questions from quite a few Members. I'll start off with Steffan, who wants to ask a question particularly on the process, at the moment, of Brexit.

[12] **Steffan Lewis:** Thank you, Chair. Yes, you mentioned the process, First Minister. I wondered if you believed that there should be an agreed UK position before article 50 is triggered between the devolved Governments and the UK Government or whether you believe that there should be a concurrent process so that there are twin-track negotiations both within the UK and between the UK and the EU so that issues can be taken on case by case, if you believe that it is unrealistic to seek to achieve a consensus within the UK before article 50's triggered.

[13] **The First Minister:** I think the first thing we need is an idea of what the view is of the UK Government. There are different conflicting views that have been made public over the course of the last few weeks and there is a need to make sure that the UK Government itself decides on what its negotiating position will be, and also when article 50 should be triggered. My view is this: I think article 50 will have to be triggered in the first half of next year. I don't think it can be held off much longer because there has been a vote and that vote has to be respected. I've made my view known to the Prime Minister. I think the difficulty has been that the UK Government anticipated that there would be pre-trigger negotiations. That largely hasn't happened. It's been made clear that those discussions will only happen after article 50 is triggered. There will then be a two-year period of intense activity, and it's absolutely crucial of course that we are very much part of that activity.

[14] **Steffan Lewis:** So to be clear, then, your preferred model of negotiation would be Welsh Government and the other devolved administrations negotiating as the renegotiation is happening between the UK and EU, rather than a pre-agreement between the Governments of the UK—just to be clear on that.

[15] **The First Minister:** I would rather get to a position—I would want to get to a position—where there is agreement across the four UK administrations as to what the negotiating position should be. No question about that. For me, the bottom line is we have to have tariff-free access for goods and services. I certainly wouldn't want to see a deal just for financial services that didn't include manufacturing. There are five different models, effectively, that can be looked at when it comes to what the trade arrangements will be with the EU in the future. But the UK Government itself has to come to a position, which we can then discuss with them, together with the Scottish Government and the Northern Ireland Government.

[16] **David Rees:** Can I call on Jeremy for a moment, because you've talked about economic models and I know Jeremy's got a question on economic models?

[17] **Jeremy Miles:** You've been very clear that the objective is to maintain access to the single market for all sorts of economic reasons. Can you tell us a bit about any work under way to assess the impact on the Welsh economy of the various other options, from World Trade Organization to full membership?

[18] **The First Minister:** That work is already in hand. It's clear that the EU is a significant trading block for us. There are five possibilities for the UK in the future. One is the European Economic Area model: Norway. The other is the European Free Trade Association model: more like Switzerland. There is the model of the customs union, such as Turkey has with the EU, a negotiated free trade agreement, which Singapore and Canada have been pursuing, and the fifth alternative is WTO rules. All five models require anybody accessing the single market to follow its rules and have tariffs or not; there's no escaping that if you want to trade with the European Union. There are various different models as to how much access that gives you. Norway, for example, has almost complete access to the market. There are some exceptions, particularly in the field of agriculture and fisheries. It accepts free movement of people and indeed is actually inside Schengen, if I recall. And then there are various grades of access below that, some of which involve access for some sectors, but not others.

[19] **David Rees:** Okay. Jenny, on this particular topic.

[20] **Jenny Rathbone:** Yes, on this particular topic. Switzerland has reopened negotiations recently and I understand that they're now looking at—their population having rejected the idea of freedom of movement of labour—a model of giving priority to employing local people as a way of guaranteeing work for their local populations. I just wondered if that was something that the UK might follow, and whether you've looked at that, because that would fit in with our procurement policies and so on.

[21] **The First Minister:** There is a dispute between Switzerland and the EU, I think, is the way I would describe it, that's as yet unresolved. It is over free movement of people; that much is correct. Switzerland's market access is more limited than that of Norway. For example, they have no access to the financial service market. Their financial services companies usually have to set up a different model within the EU in order to access it. They are, of course, bound by—. Their own legislation has to reflect EU legislation. They don't have a free hand in that regard. It's part of the deal that they have.

[22] When it comes to procurement, it's probably right to say that procurement becomes easier, in terms of local procurement, outside the EU. That's clear. What is not clear is whether in fact that would lead to more jobs for local people, because many of the people who are EU citizens who work here are here because companies couldn't recruit locally. I've heard that

many times being said to me. So, whether in fact there would be any practical change is difficult to assess at the moment.

[23] **David Rees:** Steffan.

[24] **Steffan Lewis:** Yes, it's on the point of the common market, the single market. Is it your position that you want UK or Welsh membership or access of the common market?

[25] **The First Minister:** Membership, no. People have decided on that. The issue of whether we should be part of the European Union has been decided. The people have decided that's not what they want. What we don't know, of course, is what kind of model then applies, because we don't have any guidance from the people beyond that. So, the question then is: what sort of model should the UK adopt? For me, the WTO model is by far the worst. Any kind of tariff barrier between the UK and the EU is problematic in terms of attracting investment. The other four possibilities, depending on what the outcome is, I think will not cause the difficulty that the WTO rules would cause. What's critical is that we have as much access as possible for as many sectors as possible to that European market, without tariffs being imposed.

12:15

[26] **David Rees:** Gareth, do you want to come in on the single market question?

[27] **Gareth Bennett:** Yes, thanks, chairman. I think, to be fair, the First Minister has covered a lot of this. You were talking about the different models—is there any particular model that you would think is the better of the four, for Wales, for the Welsh economy?

[28] **The First Minister:** I think the difficult is that, even though it wasn't an express question that was put to people, free movement of people was clearly an issue for people in the referendum and I suspect that a model that does include free movement of people would be problematic. On that basis, at the very least we need to be looking at either a customs union or a specific free trade agreement. These are not easy. Free trade agreements take many, many years to negotiate. That's the problem. The EU has at least 50 free trade agreements with other countries, which will lapse as far as the UK is concerned when the UK leaves. The problem is that the UK has no expertise in negotiating free trade agreements. So, the people are not there at the

moment to do this, and, secondly, it would take many years to negotiate such an agreement. So, there is a real danger that we might end up in a situation where, for a period of time, we have tariffs—and that's something that we need to avoid. For me, undoubtedly, from an economic point of view, the EFTA or EEA models are by far the most workable. It's absolutely crucial that manufacturing, for example, enjoys free market access. Any kind of tariffs on manufacturing would lead to a poor outcome as far as Wales is concerned. But we do need to have some idea now of what the UK Government's collective view will be. There are different views in the UK Government. There are hard Brexiteers and there are soft Brexiteers. What's important is that there's now a collective UK Government view that we can then discuss with them, with a view to coming to a collective view as four UK administrations.

[29] **David Rees:** Thank you. Julie.

[30] **Julie Morgan:** On the issue of the free movement of labour, there was a report in the Sunday papers that a study of work permits is being commissioned by, I think it was, the City of London corporation, which would look at the idea of each region or country having its own choice of work permits. I think something has been done like that in Scotland in the past, in terms of immigration issues. I just wondered if you'd had any thoughts on that—about a different system according to needs in different parts of the UK.

[31] **The First Minister:** I hadn't given that thought. I think there are difficulties in having what are, in effect, different immigration policies in different nations in the UK. We know that, as far as Wales is concerned, the majority of EU citizens who come here have come here to do jobs that it's difficult to recruit people locally to do. They're not attractive jobs—the abattoirs, for example, where recruiting locally has been hugely difficult. In the city of London, it would be different. A lot of the jobs there are filled by people who have particular skills and expertise that are not available locally. An interesting suggestion. Something which we perhaps will need to consider over the course of the next few months, and especially how it would work practically.

[32] **Julie Morgan:** So, what would be the mechanism of discussing that—your discussions with the UK Government?

[33] **The First Minister:** We can't resolve these things bilaterally. It has to be

done on a UK-wide basis. There's going to be a joint ministerial council on exiting the European Union that is going to be set up, although we don't have any further details on that as yet. It will be a test of the UK's current constitutional architecture to make sure that all this works. We have to make sure that four different approaches to Brexit are brought together, hopefully, in one common negotiating position. But this would have to be done sitting around the table with London, Edinburgh and Belfast, rather than trying to do it bilaterally.

[34] **Julie Morgan:** And obviously the difficulty that there are divided views obviously in the UK, in Westminster, about what approach should be taken, which also comes up all time, makes it more difficult as well.

[35] **The First Minister:** We need to know what the UK's position is ultimately so that the UK Government comes to a position where it explains what it's negotiating position should be and whether there is consensus around a particular viewpoint in terms of article 50 triggering, in terms of what kind of model would need to be put in place post Brexit, and in terms of whether free access to the market for goods and services is what the UK Government wants, or if it wants to negotiate for individual sectors on a case-by-case basis. We don't know any of this yet. They're bound to be in the lead for these negotiations, but we will need eventually to find out exactly what their position is.

[36] **David Rees:** You've talked about various models, First Minister, and some of them have been in existence for quite a while. Obviously, the unique model is somewhat more difficult to assess. Has the Welsh Government done any analysis of the economic impact of any of those models upon the Welsh economy as a consequence, if we were to take one or the other?

[37] **The First Minister:** Well, we know what the models will do. What is quite clear to me, having heard it from businesses, and I heard it again last week, is that access to the single market is hugely important. There are many investors in Wales—I met them last week, several of them—for whom their presence in the UK makes them a part of a European operation. They don't see the UK as a separate operation; it's part of a European operation. Anything that creates a barrier of any kind between their UK operations and their operations in the rest of Europe is not going to put us at a competitive advantage, if I can put it that way. They would just see it as an extra cost. The other issue that they raised is the issue of whether there'll be different regulatory regimes. They asked, 'Will we have to meet two separate sets of

regulations?’ Again, the smaller trading bloc loses out to the bigger one in those circumstances, and that’s not something that business would want to see. So, for me, the red line is access to the single market. Anything else is, I think, negotiable. But anything that leaves in a position where we have tariff barriers put up—which they will be, under WTO rules—without agreement, makes it more difficult for us to attract investment in the future; that investment will go into the bigger market, rather than to the UK.

[38] **David Rees:** Is the Welsh Government actually undertaking a variety of modelling exercises to actually see the impact of different levels of tariffs?

[39] **The First Minister:** No, we haven’t done specific modelling, but, just to give you an example, in the Ford engine plant in Bridgend, every single engine is exported. Now, under WTO rules, that would attract a 5 per cent tariff, as the engine moves in to be assembled on the continent, and then potentially a 10 per cent tariff on cars coming back in again. Now, that’s a 15 per cent tariff. Now, the plant itself is hugely efficient, the workforce is very good, but that’s a mighty obstacle to overcome in the future, and one that we could do without. Agriculture: a 15 per cent tariff; again, that is something we could do without for Welsh lamb, which is a significant earner in terms of the export market. And steel—a tariff on steel: the UK is not big enough to sustain the market for steel with the production we have. We need to be able to access overseas markets. Whilst we do access markets where there are tariffs at the moment, we don’t need to see extra barriers being put up for our steel industry.

[40] **David Rees:** Suzy.

[41] **Suzy Davies:** If I understand your answers to date correctly, you don’t see the possibility of a bespoke arrangement being a credible negotiating position—because we’re not talking just about free trade, there are other things involved, obviously.

[42] **The First Minister:** It’s credible, in the sense that—. But it would put us in the same position as Singapore and Canada. So, for example, it would be negotiating a free trade agreement, except we have no-one to do it, and we’ve only got two years to do it. These things take many, many years. So, there’s immense time pressure and resource pressure, but it’s theoretically perfectly possible, where you look for what is, in effect, a free trade agreement, as those countries have done. Canada, for example, would have basically 98 per cent access to the market, but still there will be some

barriers in terms of agriculture and food. That's the area where there would have to be particularly close attention given. It would mean, of course, if such an agreement was reached, the UK wouldn't be bound by European Court of Justice rulings, that's true, but the UK would still be bound by the rules of the single market, in terms of having to follow those rules in order to access that market. Whichever model is adopted, if you want to export to a particular market, you've got to follow that market's rules, whichever way it goes.

[43] **Suzy Davies:** Okay, thank you.

[44] **David Rees:** Do you want to continue with the constitutional question?

[45] **Suzy Davies:** Yes, I can do, if you like.

[46] **David Rees:** Yes.

[47] **Suzy Davies:** There are certain obvious things that are going to be happening with the constitution in terms of questions, and I think the main one is: what's the relationship between Northern Ireland and the Republic of Ireland going to look like as a result of the decision to leave the EU? It's a matter that you've raised yourself that there'll be constitutional repercussions for the rest of the UK as a result of Brexit as well. Do you want to expand a little bit on what you think the threats are and where there is no threat?

[48] **The First Minister:** It's a part of the world I know very well. Nobody wants the border back, either on the unionist side or the nationalist or republican side, but no-one has yet worked out how to avoid it coming back. For the first time in history the Republic of Ireland and the UK will have different immigration policies, which has never happened before. There is a common travel area that's been there since the 1920s, but the republic will have—. It will be outside Schengen, but it will have free movement of people. I heard on the doorstep people saying to me, 'We need control of our borders'. Well, that wouldn't happen. The UK has two land borders with the EU—one is between Gibraltar and Spain, and the other is between the republic and the north. That's a border that's completely unpoliceable and couldn't be policed in the time of the Troubles.

[49] So, there are issues there that will need to be resolved between the UK and the Republic of Ireland, which are not easy to resolve. Yes, you could say

if somebody tries to get into the UK without the proper work permit they could be deported, but there's nothing to stop them getting in. As long as you get into the Republic of Ireland you can get into the UK—that's the way that it would work; there are no border controls, and nor have there ever been any effective border controls. That will need to be resolved.

[50] In terms of the constitutional architecture, the difficulty is we have a system where, when it comes to finance, for example, the Treasury is both judge and jury. There will need to be a full reform of Barnett post Brexit. Why? Well, we know that structural funds are an issue. Structural funds arguably are not a permanent feature of life, but agricultural funding is. Now, the question is: what kind of mechanism should be put in place to determine how much money we get to pay farming subsidies? From 2020, there's not a brass farthing to pay for farming subsidies. The second question is that we could not accept a situation where farming is funded on the basis of Barnett. We were never funded on that basis; we have about 25 per cent of the animals even though it's 5 per cent of the people. So, a Barnett consequential for farming would actually mean a substantial budget cut. So, whilst we can give farmers a sense of security up until 2020, beyond that there's nothing that we can offer. Now, all these things, to me, need a new system in order to get to a position where people agree on what funding should be, not have it imposed by the Treasury.

[51] **Suzy Davies:** Okay, well if we take just that Barnett reform, and we may talk about that a little bit more in detail later, but there has been up until now consensus in the Assembly that some form of Barnett reform is necessary anyway. What other angles can you take from the effects of Brexit that might encourage you on your path of constitutional reform?

[52] **The First Minister:** Well, Brexit or not, my position would still have been the same—that we need to look at the architecture again. I don't spend my entire time talking about it, because there are other things, of course, to deliver on. I mentioned farming as an example. Fisheries is another example where there'll need to be quite extensive negotiations as to how access works in fisheries. We will have control, in effect, of our territorial waters when it comes to fisheries, which means that, as far as we can see, as things stand, only Welsh boats will have access to Welsh waters, and it's the same for each of the UK nations. There would have to be negotiations and discussions as to how access would work in different parts of the UK. The next question then is what happens to the EEZ—the exclusive economic zone—of 200 miles that doesn't really exist for most of the UK, but does

exist in Scotland, where the EEZ is twice the size of England. Who controls that? That's important in terms of resource management rather than fisheries. That's unresolved at the moment. So, all these things need to find a system where these things can be resolved and agreed rather than imposed, which is where the UK's constitution currently lies.

[53] **Suzy Davies:** I see what you're saying, because you've admitted that these things can be dealt with by negotiation between the constituent nations of the UK. So, that doesn't necessarily mean that you'd need paper constitutional change.

[54] **The First Minister:** But there's no mechanism for it. The Joint Ministerial Council meets quarterly; the Prime Minister hardly ever attends—the JMC (Domestic) this is. It's not really an avenue for discussion at all—it's more an avenue for dispute, and the dispute resolution process ultimately leads to the door of the Treasury, who have complete control over everything and their word goes. I don't think that's an appropriate mechanism for the future. We have to find something far more consensual—a mechanism that looks for agreement rather than imposition, and that does need something more formal than simply what might be an understanding.

12:30

[55] **Suzy Davies:** But it doesn't necessarily mean new powers coming to Wales or any other part of the UK.

[56] **The First Minister:** I think we have to guard against powers being taken away from us. That's the issue.

[57] **Suzy Davies:** Well, on that we'll certainly agree.

[58] **The First Minister:** Yes. I've lost count of the number of times I've heard about a British agricultural policy—it doesn't exist. British fisheries—it doesn't exist. So, there would need to be discussions around that. In the same way, I happened to see in the *Daily Mail* that Britain was having grammar schools. Well, England is what they meant, but there we are. So, all these things will have to be examined. The current system that we have, where everything is determined and dictated by the Treasury in Whitehall, cannot be a sustainable model for the future. There has to be a mechanism that's fairer, and a mechanism that doesn't give the Treasury the opportunity to be judge and jury, which is where we are at the moment.

[59] **Suzy Davies:** Okay. Thank you, Chair.

[60] **David Rees:** Steffan.

[61] **Steffan Lewis:** Thanks, Chair. I'd like to go back to the question of the border on the island of Ireland. Of course, the Good Friday agreement is an international treaty. It's lodged with the United Nations. It would require huge international moves to unpick that. So, I think we can assume that it's in the interest of everybody that a solution be found somehow to the issue of the land border not being turned into a hard border. Obviously, with the political implications of how Scotland voted in the referendum, it's quite possible that a special status for Scotland in terms of its relationship with the European Union might be accommodated, in which case it is not impossible to envisage a set of circumstances where the European Union frontier would be around England and Wales. I know that you've referenced the issues in terms of people travelling through borders, but, actually, as a net exporter—the only net exporter in the nations of the UK—there will be real implications for our ports if the EU frontier is around England and Wales, and Scotland and Northern Ireland enjoy a more flexible approach to borders with the European Union and the single market. Is that something that you are considering at the moment? Is that something that you're trying to avoid, because we could lose a great advantage as an exporting country if special status is afforded to other constituent parts of the United Kingdom?

[62] **The First Minister:** I'd be very surprised—. This is one of the issues that we've been exploring, but I'd be very surprised indeed if Scotland got any kind of special status. You're either in or you're out. That's the way it operates. There are other countries in the EU that would not want to see that. Spain particularly would not support Scotland having that kind of special status. We all saw what happened in the demonstrations in Catalonia yesterday. So, I think that's unlikely. I think, as far as Northern Ireland is concerned—. Well, there would have to be customs checks—I can't see how that can be avoided—unless the UK adopted a model that was the European Economic Area model. Even then, of course, there are customs checks in place. As far as having passport control on that border, it's completely unrealistic. There's a motorway over it, which wasn't there before. It's very, very easy to cross it. It's not a natural border. It was never intended to be a natural border. All these things would have to be resolved. I know that no-one wants to see a hard border in Ireland, but it's not clear at the moment how that can be avoided.

[63] **Steffan Lewis:** No, I know, and thank you for that answer, but, obviously, you've mentioned as well—and in your speech in Chicago you mentioned—the constitutional crisis that could face the United Kingdom, and especially if there's a Brexit deal that is unacceptable to Wales—. Under what circumstances would your Government consider a referendum in Wales exclusively on Wales's constitutional future—a multi-option referendum? Are there a set of circumstances where you, as First Minister, would want to go to the country and ask the people of Wales for their guidance on the relationship, given that you've said that it's often futile negotiating with the United Kingdom Government because the Treasury tells you what you can and cannot do?

[64] **The First Minister:** Well, I think, in fairness to the UK Government, these are new circumstances. What has been said by both David Cameron and Theresa May is encouraging in terms of us being very much a strong part of those negotiations, and I'll hold the Prime Minister to her word on that. For me, I think it's important that any deal is ratified by the four UK Parliaments. I think it's sensible to do that to get the widest buy-in possible. Now, it's very difficult to know where we'll be two years after the triggering of article 50. I'm not a fan of multiquestion referendums anyway—

[65] **Steffan Lewis:** Well, any form of referendum.

[66] **The First Minister:** Well, the only referendum you could hold, I think, would be an independence referendum at that point, which is not where I would be, politically. I think, first of all, we have to get to a position where there is an agreed negotiating position as far as the UK is concerned, and, secondly, that there is UK-wide agreement then to any agreement that might be on the table.

[67] **Steffan Lewis:** But there are no circumstances under which you would want to consult with the people of Wales on the constitutional future of the country if there's a change in circumstances at UK or EU level.

[68] **The First Minister:** It's very difficult to predict what will happen. From my perspective, I would want to be in a position, if there is an agreement on the table, to bring that to the Assembly for the Assembly to decide whether it wishes to—I use the word 'ratify', and constitutionally, that's not right, but ratify any agreement that's on the table on behalf of the people of Wales.

[69] **David Rees:** You've discussed Barnett, and, as it happens, I know Jeremy's got a question on Barnett.

[70] **Jeremy Miles:** Would you go so far as to say, given that the funding principle isn't set out as part of the kind of constitutional, statutory architecture that we've got, that, as part of this process, we should seek a statutory basis for the funding, or the obligation to fund—the broad principles and a dispute mechanism? Do you foresee that as an objective for negotiations?

[71] **The First Minister:** I think that's perfectly sensible. Other countries do it. I don't see why the UK should be different. We have the Barnett formula in place. It's been there for 37 years. It's well out of date. Bluntly, the reason why it's never touched is because of Scotland. From our perspective, yes, we do better than the English regions, but we don't get out of it what we should in terms of our needs. One of the reasons for the strength of the UK is its ability to redistribute money to those parts of the UK that need it the most. The Barnett formula doesn't do that. So, yes—it's not just a question of a new formula, but there has to be a periodic review mechanism in place that will examine the formula and then recalibrate it appropriately. None of that is in place at the moment.

[72] **Jeremy Miles:** So, you'd have a sort of statutory basis for it, and then a set of non-statutory negotiations on a periodic basis. That's sort of what you're—

[73] **The First Minister:** Yes. I pushed, as part of the dispute resolution process, to have an independent body arbitrate in disputes between the Treasury and the devolved Governments, but it's just not in their vocabulary at the moment. So this needs to be—that would be a sounder basis on which to base the flow of money around the UK.

[74] **David Rees:** Okay. Jenny.

[75] **Jenny Rathbone:** What makes you think it's more likely that we're going to get to revisit the Barnett formula now when one of the biggest headaches for the UK Government is somehow keeping Scotland on board, given that Scotland did actually vote to remain in the UK? I mean, I can't see how we're going to have a better hearing now on this than we did before, given the complexities of trying to keep Scotland as part of the United Kingdom.

[76] **The First Minister:** I have to say that the point I've reached is that I don't think that Wales should have to lose out purely because of an attempt to keep Scotland in the UK. What the people of Scotland do is up to them now, and from my perspective, yes, of course I'd want Scotland to remain in the UK, but I don't see why the people of Wales should lose out for that reason. You asked me the question, 'Will we get a better hearing?', and I think the answer to that question is difficult to answer at this stage. Barnett surely can't go on forever, and it surely can't go on on the basis that it can't be touched because of Scotland. At some point there has to be fairness to the other nations of the UK as well.

[77] **Jenny Rathbone:** The added complexity now is that there's a lot of regional governments being set up in other parts of England, and some of them may be arguing that the Barnett formula disadvantages poorer areas of England.

[78] **The First Minister:** And they would be correct. They would be correct. So they have as much of a stake in seeking Barnett reform as we do.

[79] **David Rees:** If we keep on the theme of funding, clearly, since we last met before the summer recess, the Chancellor has made a statement relating to guarantees of funding and I know there are some concerns over the funding gap and the guarantees. Mark, do you want to push that question?

[80] **Mark Isherwood:** Yes. Obviously, you're very familiar with the statement on 13 August regarding initial guarantees of some European funding up to 2020 and some, potentially, like Horizon 2020, beyond that. But your response, publicly at least, was that that it met about half the current regional funding provision for Wales. Could you explain where you see that gap lying? In terms of Barnett, again, obviously I heard your comments, and in terms of Barnett generally there's a general, as Suzy indicated, consensus around this. But, in this context, the funding streams you primarily referred to would not be appropriate to Barnett for the reasons you describe, particularly agriculture funding and structural funding. What position do you see yourself adopting, given the growing debate over whether that money should just be, quote, 'devolved to the Welsh Government', or whether there should be, as currently, some form of bipartisan role with two centres agreeing a way forward?

[81] **The First Minister:** I fail to see what the advantage of that is to the

people of Wales, if I'm honest with you. I think it's—. From our perspective, the objective has always been to make sure that Wales doesn't lose out financially. The announcement is partially welcomed as it gives security for a period of time, but not into the next decade. The difficulty we have is that we just don't know where the funding is going to come from to pay farmers from 2020 onwards. I think there would be great difficulties if, for example, we were to receive a Barnett share, for the reasons I've outlined, or if we were to receive a share that meant that, in effect, farming would be competing with the health service for funding, which it has never had to in the past. So, it would be far better to get a UK-wide agreement on the share of money that would be available for farming subsidies, although we're a long way from that position at the moment. When it comes to structural funds, from our perspective of course, we've had a great deal of leeway—yes, working within certain structures and within certain rules—but I understand that perhaps a common agreed set of rules across the UK might be something to explore. But I do stress, that has to be agreed not imposed. Any kind of suggestion that, somehow, whatever replaces European structural funding should be controlled from London wouldn't be acceptable.

[82] **Mark Isherwood:** Can I ask a related question, particularly around our culture and following the answer you gave earlier about trade generally? Pre-trade discussions have begun with certain potential global partners, including Australia, as you know. Australia has talked about possibly negotiating jointly with New Zealand. I don't know where that's going. That's for those Governments to decide themselves. But there are issues around, for example, New Zealand lamb quotas, which might fall within Brexit negotiations but will also be subject to bilateral trade agreements in the future. What role do you see the Welsh Government playing in that?

[83] **The First Minister:** Well, I think that's a hugely important issue. A free trade agreement with New Zealand is bad for Welsh farmers. It would be very difficult in terms of the competition that would create and what it would mean for the amount of lamb on the market. Even though we don't compete in the same market, there's certainly a great deal of overlap. The other thing to remember is, both Australia and New Zealand have experienced free trade negotiators—we don't, despite our size. So, we're not in a position at the moment as the UK, to my mind, to have confidence that the right team is in place to get an agreement that would be fair. These things take many, many years. But, yes, if I was a Welsh farmer, I would be hugely concerned that any free trade agreement would lead to difficulties for Welsh lamb production particularly.

[84] **Mark Isherwood:** I think the concern, if I may—my understating is that, based on what we've seen over recent weeks, pre-agreement discussions are already happening so that, after exit, the actual agreement could be fast-tracked, rather than beginning the whole process at that point. So, it's how the Welsh Government engages in that now, rather than find it being presented with a *fait accompli* after the event.

[85] **The First Minister:** Well, we've not been notified of any formal negotiations with any other country. If a free trade agreement was concluded within two years, I'd be worried—stunned and worried—because that would suggest to me that the UK has not got the best deal, given the fact that we're in no position to negotiate free trade agreements at the moment. So, if there are to be formal trade negotiations with other countries, of course we'd expect to have a role—a strong role and a strong voice—particularly, as you've identified, with the need to protect our agricultural producers.

[86] **David Rees:** First Minister, you correctly identified—

[87] **The First Minister:** Sorry, can I ask Des to come in?

[88] **Mr Clifford:** Can I just add as well, I think actually it would be illegal for the UK to conclude a trade deal while we continue to be members of the European Union? We have to withdraw before—

[89] **Mark Isherwood:** No, informal, so that an agreement will not be started with a completely blank piece of paper the day after exit.

[90] **David Rees:** You earlier identified the fact that we probably haven't got the expertise on the negotiations side of things, as a consequence of being a member of the EU for so many years. Is there an understanding with the UK Government that, if they do any informal discussions pre leaving the EU with other nations, there is an agreement to involve all other devolved nations in those pre-negotiations?

12:45

[91] **The First Minister:** The amount of engagement so far has been good. I think that has to be said. I think it's also fair to say that the UK Government is looking for help from other Governments in terms of the relationship with the EU as well. So, so far, so good. I think there is an understanding within

the UK Government that, as things stand at the moment, it needs to put in place a structure to start the negotiations. That structure isn't there yet, although work is ongoing to make sure that happens, and we have had involvement at official level when it comes to looking to put that structure in place.

[92] **David Rees:** Okay, thank you. Jenny.

[93] **Jenny Rathbone:** Just going back to the Chancellor's statement in August that funding would be guaranteed by the UK Government as long as a project had already been agreed, with the deadline of the autumn financial statement, what impact has that had on the behaviour of your civil servants to rush to get out as many new projects as possible agreed by the European Union, so we can be assured that the funding will be available for them?

[94] **The First Minister:** Well, ultimately, of course, it's for the Welsh European Funding Office, rather than directly for Welsh Government, and for the programme monitoring committee to examine this, but clearly we want to make sure that as many projects can be funded as possible in the window that we have—the time frame that we have. What we don't know, of course, is what will happen in the next decade and whether there will be any substitute or replacement for the European funding that we have. At the moment, that work clearly hasn't been done in detail by the UK Government, because we don't know what their position is either in the longer term.

[95] **Jenny Rathbone:** And there are also risks, are there not, for the Welsh Government around—you know, if article 50 is triggered next year, many of the environmental projects or the structural reform projects that are in the pipeline won't be delivering the bulk of their services until after 2019, so, how is that going to be managed, if it's not known?

[96] **The First Minister:** We need to get certainty for funding to 2023, of course, to make sure that the projects that are currently funded will come to the end of their life having been fully funded. Now, there are some projects, of course, that will be affected nevertheless. If we look at the metro, the metro has an element of European funding. It doesn't mean that the metro can't proceed, but it does mean that there isn't as much money in the pot, unless the UK Government makes up the money. So, it means the metro will not be able to move forward as quickly or as extensively as we would want, for the obvious reason that there's not as much money there. We've not received the certainty that we would want with regard to these things, and

we're going to need that pretty soon, because, of course, the projects themselves will start asking questions. We can't give them the answers that they need, but it's important that we get that certainty so that, where we have European Union-funded projects, they will have the certainty of knowing that they will be fully funded for the course of their lives.

[97] **Jenny Rathbone:** So, what chance of getting an agreement on the metro before the autumn financial statement?

[98] **The First Minister:** Well, the metro is—. In terms of the extra funding, we will make the case that the promise was made before the referendum that Wales wouldn't lose a single penny as a result of Brexit, and we intend to hold the UK Government to that promise. On that basis, we'd expect any European funding to be made up by the UK Government, as per the promise that was given.

[99] **Jenny Rathbone:** Okay, but the Chancellor's view is that, unless it's been agreed by the European Union before the autumn financial statement, that guarantee isn't there. Is that not the case?

[100] **The First Minister:** Well, unfortunately, that's bad for Wales. Those are not the terms that were put to the people of Wales when they were asked to vote. They were told point blank, 'Wales will not lose a single penny as a result of Brexit'. There were no conditions attached to that, there were no timescales attached to that, and I expect the UK Government to make good on that.

[101] **David Rees:** Okay. Jeremy.

[102] **Jeremy Miles:** You've talked about the loss of European funding, but obviously one of the arguments made by those advocating leaving the EU was that there'd be a saving to the UK in terms of the ongoing budgetary contribution to the EU. What's your position on how that saving, if it turns out to be a saving, could be apportioned to Wales?

[103] **The First Minister:** Well, first of all, I suspect some of it could be Barnettised, but much of it wouldn't be. Structural funds are not Barnettised, agricultural spending isn't Barnettised, so different mechanisms would need to be put in place—agreed mechanisms, rather than imposed mechanisms—to deal with those areas. I heard it on the doorstep; things like, 'It's our money'; I kept on saying, 'Well, that money will sit in London; it won't come

here'. It comes here now but now we're going to have to beg for it, effectively, from the UK Government. Okay, we've got a partial promise, which is helpful, but what happens in the next decade is still very much up in the air. As I say, that's not good in terms of business certainty or in terms of certainty for farmers.

[104] **David Rees:** Okay. Steffan, on finance.

[105] **Steffan Lewis:** On the issue of investment, one of the issues, of course, is the question mark left over the European Investment Bank, which has been of benefit to Wales, especially quite recently. It's unlikely that we will be able to continue as a state to be members of the EIB, because that's reserved for member states of the European Union. However, there are non-EU states that are able to borrow from it. I've mentioned this to you in the past, but I wonder whether you think this might be an opportunity for your Government to lead on creating a new investment bank structure within these islands, so that Wales could be a shareholder in it because, of course, it's one thing having the access, which is very important, but being on the board and being able to direct investment and so on, and priorities, might give us an advantage where perhaps we didn't have it before under the EIB.

[106] **The First Minister:** The first thing to do is to get clarity on what our position is vis-à-vis the EIB, and then see whether then there are possibilities along the lines that you suggested. Des, do you want to come in on this?

[107] **Mr Clifford:** Yes, just as a point of information, which may be of interest, I'm going to visit and to see the EIB in Luxembourg in about two or three weeks' time with colleagues to explore with them what the position for Wales can be as a result of Brexit and, in principle, we hope that we can continue to have access to EIB funds. So, that part of the question—I know you asked two questions—that part of the question we are pursuing.

[108] **Steffan Lewis:** That's the priority, to keep access to EIB funding, and then anything else is a matter for beyond—.

[109] **The First Minister:** We need to clarify the position vis-a-vis the EIB first.

[110] **Steffan Lewis:** Okay. In terms of—. I'd just like to pick up on a point, Chair, if I may, on the trade question because the—

[111] **David Rees:** I'll come back to you, because there are questions on stakeholders we haven't come to yet and people want to raise the issue of engagement. It's a question of time. Suzy, do you want to raise the issue of stakeholders?

[112] **Suzy Davies:** Yes. Before you reach your negotiating position that you hope is subsumed into the UK's negotiating position, I presume the Welsh Government wants to engage with as many stakeholders as possible. Can you tell us why you're not over-keen on engaging with all the parties within this Assembly on that?

[113] **The First Minister:** I am; I would hope to have representatives from all the parties on the European advisory group. That's something that we would look to work on. And, of course, the council for economic renewal, which we're working with. There'll be a number of views that would be represented on that group as well.

[114] **Suzy Davies:** And when can you tell us about the external advisory group? You indicated you're not quite ready to do that yet.

[115] **The First Minister:** That will meet—. Well, at the moment we're in the process of finalising the membership and issuing the invitations. It'll meet before the end of the month and there'll be a full explanation then on the membership and its remit.

[116] **Suzy Davies:** And how have you drawn up your invitation list?

[117] **The First Minister:** It's been on the basis of experience, on the basis of business, understanding of Europe politically; there've been a number of issues that have been examined there. And also, I'm very much aware of the fact that the group will have to encompass people who don't share the same view when it comes to Brexit; there's no point having a group that has exactly the same view on everything when it comes to—or would have had the same view on everything at the time of the referendum in June.

[118] **Suzy Davies:** Well, I'm glad to hear you say that because, even though you and I take the same view on what should have happened in June, it's pretty important in my view that people who did want Brexit in some form or another should be represented on that committee in order to challenge the kind of ideas perhaps that you might have. What sort of balance are you likely to have, though, between those who you know are pretty much on the

same page as you already and those who might ask you the most difficult questions?

[119] **The First Minister:** Bear in mind that this is not a—. This group is being set up to advise Government; it's not there to get political balance.

[120] **Suzy Davies:** No, no. I accept that.

[121] **The First Minister:** It does need different views—I understand that—but it's there to give us views on potential ways forward. It's not its job to decide the way forward, but I want to make sure that we have that external engagement from the worlds of business and politics and beyond in order to give us ideas that may not be apparent.

[122] **Suzy Davies:** And does the invitation list include people from outside Wales? I appreciate they may not accept the invitation, but—.

[123] **The First Minister:** I would have to—. Well, the list will be made public anyway, but most of them will be people who understand the Welsh context, obviously.

[124] **Suzy Davies:** Okay. Thank you.

[125] **David Rees:** Jenny, on stakeholders.

[126] **Jenny Rathbone:** Whatever the composition of this committee, it isn't going to include the people who voted Brexit because of the levels of disaffection and pain that they were suffering in the poorest communities. You mentioned this in your Chicago speech. What work has the Welsh Government done to engage with people who voted out not particularly because they understood the European situation, but because they feel that their voice is not being heard at any level of government?

[127] **The First Minister:** I think that's an issue for all political parties and goes beyond the European referendum, although it's correct to say that a general dissatisfaction with life—it sounds a bit vague, but that's what I was hearing on the doorstep from some people—drove people to think, 'Well, someone's to blame for this'. The big issue was job insecurity, more than anything. People remember the days when their fathers, usually, were in the steelworks, were in mines—tough jobs, but well-paid and a pension at the end of it. They remember those days and then they ask, 'Well, I'm on a zero-

hours contract', or 'My pay isn't as good. I haven't got a pension at the end of it.' Now, I think what's been missed, and I think it's true not just of Wales or the rest of the UK, but it's the same dynamic that drives what's happening in parts of America at the moment, is people feeling that there was an age when there was security and now there isn't as much security. There's a section of the population who really feel that, and the way to deal with that is to look at employment legislation, is to look, particularly, at pension provision, making sure that people have that level of security, and to understand that, actually, globalisation leads to uncertainty amongst sections of the community. It's not all a good thing. I think it's important for all political parties to understand that there's a section of people there who want to see more security in their lives, who don't want to have a life where they are forced to move from job to job. That's not what they want; they want to be able to have something secure and something that gives them a level of security, not just in their working lives, but beyond.

[128] **Jenny Rathbone:** Well, I agree it's the job of all political parties to engage with people who feel that alienated, but what, specifically, has the Welsh Government done over the summer?

[129] **The First Minister:** Well, you can't solve it over the summer. What you can do is to make sure—

[130] **Jenny Rathbone:** They're not going to be represented on this committee.

[131] **The First Minister:** No, but what you have to do is to make sure you keep on attracting investment into Wales that's high-skill, high-quality investment, particularly into communities that need it. If we look at TVR in Ebbw Vale, one example, 150 jobs in a community where those jobs will be very much welcomed. The days of attracting investment in on the basis they were any old jobs on any old pay are long, long gone, because they'll go elsewhere, eventually; we've seen that happening. So, a continued focus on attracting in investment that's here to stay, good jobs, making sure that people have access to the skills they need to access those jobs and making sure, as far as possible, that those jobs are as spread out as they can be. That's easier said than done, because, in the main, people will look at a site in Wales and a site in America and a site perhaps in Germany rather than looking at several sites in Wales. But that's where the emphasis has to be to make sure that we continue to attract in that level of high-quality investment.

[132] **Jenny Rathbone:** I agree, but we still need to—. How are we going to reach out to these people who feel so alienated they don't think any level of Government is representing their interests?

[133] **The First Minister:** Very difficult, to give a simple answer to that. At the end of the day, I think what people want to hear is—when they feel insecurity in their lives, that they're not being told, 'Well, that's the way of the world now.' They want to hear that, actually, Government will act in their interest to protect their jobs and provide a sustainable future for their communities. I think that's probably been lost in the past 30-odd years in British politics.

[134] **David Rees:** Julie.

[135] **Julie Morgan:** I agree it's really important to attract inward investment, and it's very good that you went to the US last week. I just wondered what other plans you have to try to get that inward investment that will give the stability and hope to many of the people who we've been talking about.

[136] **The First Minister:** The first priority over the summer has been to calm down some of our existing investors and to make sure that they understand that things aren't suddenly changing overnight. For them, free access to the single market is crucial—for most of them. For some of them, no, it's not so important. Some of the premium car brands, it's not so important for them, but the commodity car makers, yes, it is important for them.

[137] The message is that Wales is still open for business. We're still there as a Government to help investors. We're still there to facilitate investment in Wales. We're still there to make sure that we can provide help with skills and training, because what investors are looking for is not money, necessarily, it's, 'Can we get the people that we need on the ground who have got the skills that we need? If we can't get them, we're not coming to you.' That's the way that they would see it. So, investing heavily in skills and training is part of the package that we can offer them as well.

13:00

[138] One of the problems is that, I think, for a lot of businesses, they've put things on hold for the time being. They're not suddenly moving away from the UK, far from it, but they're just waiting to see what happens, because, from their perspective, they want to know what the terms of trade

with the European Union will be. That's crucial to them. For most of them, the UK is a base for the European market. The UK market, in itself, is not that big. It's a big economy, but with relatively fewer people. They're just waiting to see what happens when it comes to market access.

[139] **David Rees:** I'm conscious of the time, First Minister, and I've got two questions, if that's okay with you, and we can hold it then. Steffan.

[140] **Steffan Lewis:** In terms of the trade relationship, now, between your Government and the UK Government, you mentioned that things were, so far, so good. It wouldn't be impossible to imagine, perhaps, in the future, there might be a difference between Dr Liam Fox and the Welsh Government when it comes to—

[141] **The First Minister:** The future isn't necessarily where that lies.

[142] **Steffan Lewis:** Yes. But I wonder therefore what preparatory work you've done in terms of Wales's status in terms of future UK trade deals. For example, the UK Government have already effectively ruled out there being public service clauses in UK trade deals. That was said on the floor of the House of Commons recently. So, are you looking now for Wales to adopt a model that is common in other sub-state countries and provinces, and sub-state regions, whereby the Welsh Government is part of the UK trade team, or whether this legislature has to ratify UK trade deals? What process and position do you seek formally for Wales, enshrined in the UK constitution, albeit unwritten?

[143] **The First Minister:** As per the Prime Minister's words, I expect us to be fully a part not just of negotiations with the EU, but any negotiations in the future when it comes to free trade agreements. We need to make sure that Wales's position is protected. Wales's position might well be identical to that of the rest of the UK, but we need to make sure that that is the case. These are very early days when it comes to potential free trade agreements, but I take the point that it's important that we're there at the beginning and not presented with a *fait accompli* at the end that we may or may not have the opportunity to agree with. I think these things are best done if all the devolved Governments are part of the discussions in the first place.

[144] **Steffan Lewis:** My concern, just on that point, is that the UK Government is recruiting trade negotiators now. Is the Welsh Government doing the same, so that you have your own resources to rely upon in dealing

with the UK when it comes to future deals between the UK and other countries?

[145] **The First Minister:** They're trying to recruit from the devolved Governments as well, in terms of expertise. I've beefed up the team in Brussels. We've got a good, experienced team there. We've also got people here, based in Cardiff, who have got extensive European experience, so I'm happy with the level of knowledge and engagement that we're able to have with the UK Government. In terms of us, physically, in Wales, recruiting free trade negotiators, we're not going to be able to have that kind of negotiation with any other country, anyway. What we need to do is to make sure Wales's interests are protected within the UK context.

[146] **David Rees:** Okay, Steffan?

[147] **Steffan Lewis:** Thank you, Chair.

[148] **David Rees:** Fine. Thank you, First Minister. Just one final question, which has been raised several times with you in the Plenary sessions, and that's simply the representations of other parties in relation to the progress of the Welsh Government and the negotiations, taking it forward. Are there any plans by the Welsh Government to actually engage with the other political parties in Wales as it moves forward in its negotiations?

[149] **The First Minister:** Of course, we will want to involve, where we can, and also, particularly, inform the other parties. At the end of the day, people voted for a Government in May; it's our responsibility to lead on this. But I see no reason why we shouldn't want to not just inform, but seek the views of the other parties, as the negotiations continue. As I've said, I want to see as much consensus as possible between the four UK countries, so it is important that there is a process of engagement with the other parties as well.

[150] **David Rees:** Thank you very much, First Minister, and thank you for this afternoon's attendance. You will receive a copy of the transcript as per usual for any factual inaccuracies—please let us know if there are. We already have, I think, scheduled a future meeting later in this term to discuss progress on this, so thank you very much.

[151] **The First Minister:** Thanks.

13:04

**Papurau i'w Nodi
Paper(s) to Note**

[152] **David Rees:** There are no papers to note currently.

**Cynnig o dan Reol Sefydlog 17.42(vi) i Benderfynu Gwahardd y
Cyhoedd o Weddill y Cyfarfod
Motion under Standing Order 17.42 (vi) to Resolve to Exclude the
Public for the Remainder of the Meeting**

Cynnig:

Motion:

*bod y pwyllgor yn penderfynu that the committee resolves to
gwahardd y cyhoedd o weddill y exclude the public from the
cyfarfod yn unol â Rheol Sefydlog remainder of the meeting in
17.42(vi).*

*accordance with Standing Order
17.42(vi).*

Cynigiwyd y cynnig.

Motion moved.

[153] **David Rees:** So, we'll move on to item 4 under Standing Order 17.42(vi) and resolve to meet in private for the remainder of the meeting. Are all Members content? We can, therefore, move into private session.

Derbyniwyd y cynnig.

Motion agreed.

Daeth rhan gyhoeddus y cyfarfod i ben am 13:04.

The public part of the meeting ended at 13:04.