

Brexit update

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External Affairs and Additional Legislation Committee | 12 September 2016

Research Briefing:

1. Introduction

This paper provides an update on the most recent developments on Brexit of relevance to the Assembly. The period covered is 11 August to 6 September.

2. Developments in Wales

2.1 National Assembly for Wales

The External and Additional Legislation Committee, the lead Committee responsible for co-ordinating the Assembly's scrutiny of the Brexit process, has launched a new inquiry into Leaving the EU: the implications for Wales. A public consultation inviting stakeholders to contribute their views will be published shortly. All public sessions of the Committee can be followed on Senedd.tv whilst transcripts will be made available on the Committee's [web-pages](#). Our Communications team is also planning to set up a 'slate' online aimed at keeping stakeholders up to date on the key developments coming out of this work.

The first formal evidence session takes place on 12 September with the First Minister, Carwyn Jones AM. This will focus on the Welsh Government's priorities for Wales in the negotiations, the actions it is taking to restructure its departments to engage in the Brexit process, how it is interacting with Welsh stakeholders to inform its priorities and negotiating position, and its relations with the UK Government and other devolved administrations in preparing the Brexit process (and any constitutional questions that come out of this).

Over the following weeks a series of expert seminars are being organised – these will be held in public – with academic and other experts focusing on key themes and areas of interest to Wales in the negotiations. The Committee will also visit Brussels (26 September) for meetings with MEPs and key officials from a range of organisations. The indicative timeframe for this activity is as follows until early November:

19 September: International law and trade

26 September: visit to Brussels

3 October: EU funding and finance, including focus on Research and Mobility

10 October: Agriculture and fisheries

17 October: Environment and marine

31 October: Public services

7 November: Intra-UK relations. Scrutiny session with the First Minister

Further sessions are being planned for November/December, including a session with the Welsh MEPs, and will be informed by responses from stakeholders in the consultation, whilst the Committee also plans to undertake visits to London, Ireland and potentially other parts of the UK/EU to inform its work.

The Chair will also host during this period (date to be confirmed but likely to be towards the end of October) the biannual meeting of the EC-UK Forum, which brings together the Chairs of the Committees responsible for EU affairs in the House of Commons, House of Lords, Scottish Parliament, Northern Ireland Assembly and National Assembly for Wales. This meeting will focus on Brexit.

The [Climate Change, Environment and Rural Affairs Committee](#) has launched a new inquiry, in the context of Brexit, to look at [Future of Agricultural and Rural Development Policies in Wales](#). A public consultation has been launched for stakeholders to submit their thoughts and ideas.

A number of the other Assembly Committees are discussing possible inquiries into Brexit and as these firm up we will include details in this *Brexit Update*.

Finally, officials from the Assembly are in close working contact with officials in the Scottish Parliament, Northern Ireland Assembly, London Assembly, the House of Commons and House of Lords to ensure there is a good information flow on the respective work of these bodies on Brexit and a good common understanding of the priorities and interests arising from the different parts of the UK.

2.2 Welsh Government

On 13 August the First Minister issued a [Statement on the UK Government's announcement on EU funds](#): "While today's announcement is a step in the right direction and provides some reassurance to businesses, organisations and communities currently in receipt of EU funding, it doesn't go far enough".

The First Minister visited the US last week for a five-day programme, under the slogan 'Wales means business', as part of the Welsh Government's approach to attracting inward investment into Wales of the Welsh Government's approach to attracting inward investment into Wales

The new Cabinet Sub-Committee on European Transition established by the Welsh Government meets for the first time on 12 September. Its members we understand will be:

- Carwyn Jones AM, First Minister
- Mark Drakeford AM, Cabinet Secretary for Finance and Local Government
- Leslie Griffiths AM, Cabinet Secretary for Environment and Rural Affairs
- Ken Skates AM, Cabinet Secretary for Economy and Infrastructure
- Kirsty Williams AM, Cabinet Secretary for Education
- Alun Davies AM, Minister for Lifelong Learning and Welsh Language

2.3 Welsh stakeholders

Welsh stakeholders have been active in a number of ways on Brexit over the past few weeks.

Councillor Phil Bale, leader of Cardiff, and WLGA Europe spokesperson, and Councillor Ronnie Hughes, Deputy Leader of Conwy, and Committee of the Regions representative, were in Brussels 5–6 September for a series of Brexit-related meetings.

NFU Cymru organised a number of [Brexit roadshows](#) in Wales, whilst [livestock chairmen](#) from its four UK unions met to discuss Brexit on 25 August. The FUW launched an [online Brexit questionnaire](#) on 23 August, and held a panel discussion [on farming post-Brexit at Denbigh and Flint Show](#) on 22 August.

Welsh HE is undertaking work, co-ordinated by its Brussels Office (WHEB) and in liaison with Universities UK to identify priorities and concerns of the HE sector focused around immediate concerns (impact on staffing and student recruitment), fees (guarantees in place for EU students to 2016/2017 intake but not beyond this), EU funding including Structural Funds (and responding to the Chancellor's 'guarantee'), Horizon 2020, Erasmus+ and mobility. The WHEB Board, chaired by Richard Davies Vice Chancellor of Swansea University is due to meet on 21 September with Brexit featuring prominently on its agenda.

3. EU level developments

3.1 European Council/Council of Ministers

In a [press statement](#) ahead of the [informal European Council](#) of the EU27 (without the UK's participation) to be held 16 September in Bratislava, President Tusk of the European Council repeated that "there will be no negotiations without notification".

3.2 European Commission

In a [press statement](#) before the G20 meeting in China Commission President Jean-Claude Juncker said “Brexit will not be the major subject and the major issue when we will meet in Bratislava” (on 16 September).

The process of putting in place a team to support Michel Barnier, who from October will head up the European Commission’s Taskforce for the Brexit negotiations, is underway. We understand Barnier will have a team of around 30–40 key officials to co-ordinate this work. We also understand there is a general expectation that the Commission will take the lead role in the mechanics of the negotiations, working closely with the Council’s UK Taskforce, headed up by Didier Seeuws.

3.3 European Parliament

The Civil Liberties Committee will hold a public hearing with Sir Julian King, [UK candidate for Security Union Commissioner](#) on 12 September. The full House will take a vote on Thursday.

3.4 Other: EU media

On 2 September the Japanese Foreign Ministry issued a 15 page [document setting out what it and Japanese businesses want from Brexit](#). The document warns that Japanese companies in the UK will relocate . There are around 50 Japanese companies based in Wales employing over 6,000 people.

There have been a number of comments reported in the media by Heads of State, and other senior politicians and officials over the past couple of weeks. Examples include:

- German economy minister Sigmar Gabriel said that [Britain must not be allowed to “keep the nice things”](#) that come with EU membership without taking responsibility for the fallout from Brexit (Guardian report, 29 August).
- In an interview with Dutch radio on 2 September, the President of the EU Court of Justice said [“Brexit remains far from certain”](#).
- In an interview with the BBC Russia’s deputy Prime Minister said that [Brexit has weakened Europe](#) (BBC interview, 2 September)

4. UK level developments

4.1 UK Government

There continues to be a ‘fluid’ debate with the Cabinet as the UK Government moves towards formulating its vision of post-EU Britain ahead of the launch of formal negotiations of withdrawal that will commence following the triggering of Article 50.

Cabinet meeting 31 August

A [Cabinet meeting was held at Chequers on 31 August 2016](#) with Brexit the first agenda item. The Prime Minister reiterated her previous statements that there will be no second referendum and ‘no attempts to stay in the EU by the back door’ and that ‘Brexit means Brexit’. She also reaffirmed that Article 50 will not be triggered this year. [Speaking after the meeting](#) the Prime Minister said there was agreement amongst the Cabinet of the need for a unique deal for Britain (as opposed to following an existing model such as the EEA, Swiss or Canadian models), and that this would include controls on immigration and a positive outcome on trade.

Differences of view on immigration and Single Market

On 5 September speaking at the G20 in China Prime Minister May [said a point-based immigration model would not allow the government to control who was coming from elsewhere in Europe](#). This follows statements by other members of her cabinet during the referendum campaign and post referendum period, such as Boris Johnson, Liam Fox, Chris Grayling, and Priti Patel, calling for a points-based approach.

There was also a public difference of view on the Single Market, with the Prime Minister stating on 6 September that the UK would take an [‘ambitious’ approach to negotiation’s over its future participation in the Single Market](#), following the [House of Commons statement](#) (followed by questions) by David Davis MP, Secretary of State for Exiting the EU, on 5 September where he had said it was ‘improbable’ the UK would be able to remain within the Single Market following Brexit.

The question of participation in the Single Market, and freedom of movement/controls over immigration will be one of the central areas of debate in the negotiations. This places the ongoing discussions between Switzerland and the EU on this very question in the limelight, with negotiations resume on 19 September aimed at resolving the impasse that followed a Swiss referendum in 2014 where the Swiss people voted to restrict freedom of movement. The Guardian reported that the Swiss Parliament is proposing a possible compromise – said to be backed by Swiss Ministers – which would see a law introduced to allow priority to be given to employing local people, rather than introducing a restrictions of freedom of movement into Switzerland.

This will be an interesting one to watch – particularly with French (April) and German (early autumn) elections next year where immigration will be a dominant theme of both campaigns. The setback suffered by German Chancellor Angela Merkel’s Christian Democratic Union party last week in regional elections in Mecklenburg-Vorpommern (beaten into third place by the far-right nationalist AfD party which secured 21% of the vote on an anti-immigration platform) was a very timely reminder of this.

David Davis statement to the Commons

In his statement to the Commons David Davis outlined a number of key principles the UK Government would respect in its approach to Brexit negotiations:

- Building a national consensus on Brexit through widespread consultation across the UK. The Secretary of State said his department was ‘already fully engaged’ with the Welsh Government and the other devolved governments, and he said he would be visiting Wales (and Scotland) ‘soon’ having recently visited Northern Ireland.
- Placing the national interest of the UK first in the negotiations whilst acting in good faith towards the other Member States (mutual respect and co-operation in the negotiations)
- Whenever possible minimising uncertainty through the negotiations
- Underlining that the sovereignty and supremacy of the Houses of Parliament is beyond doubt

The Secretary of State noted that the Prime Minister will lead the EU exit negotiations, supported by his Department for Exiting the EU and the other government departments. He also noted that his new department has 180 staff in London, 120 officials in Brussels, with further recruitment planned. He gave no details on whether or not staff from the Welsh Government and other devolved administrations had been seconded into his new department.

As for what Brexit means, the Secretary of State said this is clear: ‘Britain is leaving the EU’. He said it would be a ‘unique’ solution for the UK, not an ‘off the shelf’ model, and that it would be centred around control over ‘our borders and our laws’ and control over taxpayers money (no compulsory contributions to the EU budget). The Secretary of State also described Brexit as a ‘huge and exciting opportunity’ for the UK, but underlined that the UK would not be turning its back on Europe, but would be looking for a dynamic, constructive and healthy future relationship.

Bilaterals with Heads of State

The Prime Minister has continued her process of contacting Heads of State for bilateral discussions on Brexit, with telephone calls to [Swedish Prime Minister Stefan Lofven](#) on 10 August, and [PM Sipilä of Finland and PM Solberg of Norway](#) on 31 August.

At the G20 in China the Prime Minister held a number of bilateral meetings with other Heads of State, focusing her discussions on potential future trade deals, pitching the UK as a global leader in free trade, and noting positive responses from six countries – China, India, Mexico, Singapore, and Australia. The list does not include the US, with President Obama speaking at the G20 meeting last week reaffirming statements he made in the lead up to the EU Referendum that negotiations with the EU over TTIP would take priority over future trade negotiations with the UK.

4.2 House of Commons

On 5 September MPs debated a petition calling for a second EU referendum. The online petition was backed by over 4.5 million people. As already noted the UK Government has ruled out holding a second referendum.

On 6 September the EU Select committee [took evidence on a new inquiry](#) into UK–Irish relations, and continued taking evidence on the inquiry into parliamentary scrutiny of the Brexit process.

4.3 House of Lords

On 5 September the Parliamentary Under–Secretary of State, Department for Exiting the European Union (Lord Bridges of Headley) gave a [statement and took questions on Exiting the European Union](#).

On 7 September the EU Energy and Environment Sub–Committee took evidence for its inquiry [Brexit: Fisheries](#), and the EU Financial Affairs Sub–Committee took evidence for its inquiry [Brexit: Financial Services](#)

On 8 September the EU External Affairs and EU Internal Market Sub–Committees held a [joint double evidence session](#) launching their new inquiry “Brexit: future trade between the UK and the EU”.

On 13 September the EU Justice Sub–Committee will take evidence on its inquiry [Brexit: Acquired Rights](#), whilst on 14 September the EU Home Affairs Sub–Committee will take evidence on its inquiry [Brexit: future UK–EU security and policing co–operation](#)

5. Scotland

5.1 Scottish Parliament

The Scottish Parliament’s European and External Relations Committee last week considered its initial report from its inquiry into [The EU Referendum and its implications for Scotland](#).

5.2 Scottish Government

The following is a selection of relevant developments involving or led by the Scottish Government on Brexit:

- 5 September: [Sturgeon seeks UK 'coalition' over European single market](#)
- On 29 August the second meeting of the [Standing Council on Europe](#) discussed options to protect Scotland’s interests in the wake of the EU Referendum.
- Michael Russell MSP was appointed on 25 August to lead on [UK Government engagement on Scotland’s place in Europe](#).

- [Brexit research shows economic risk to Scotland](#) – Scottish Government report
- 17 August: [EU nationals Ask the FM](#) – FM pledges to take concerns of Scotland’s EU citizens direct to UK Government. This event took place following a special European Cabinet meeting in Edinburgh.
- 13 August: Scottish Finance Secretary Derek Mackay urges the UK Government to [guarantee crucial EU funding streams](#) to end uncertainty and help bring stability to the economy.
- 10 August: First Minister Nicola Sturgeon announces [measures to support and stimulate the economy in the wake of the EU referendum](#).

6. Northern Ireland

On 13 August Northern Ireland Finance Minister Máirtín Ó Muilleoir said that [short term assurances provided by the Chancellor around EU funding do not go far enough](#)

On 1 September [Northern Ireland Minister for Agriculture, Environment and Rural Affairs](#) Michelle McIlveen met the Secretary of State for Exiting the European Union, David Davis, and the Northern Ireland Secretary James Brokenshire.

7. British–Irish relations

7.1 British–Irish Council

Nothing to report

7.2 British–Irish Parliamentary Assembly (BIPA)

The British Irish Parliamentary Assembly (BIPA) Committee C – Economic Affairs has launched an inquiry into *The possible implications of the UK’s EU referendum on the agri-food sectors of the BIPA member countries*, with a view to producing a report in early 2017.

7.3 House of the Oireachtas (Irish Parliament)

On 22 September the Houses of the Oireachtas (Dáil and Seanad) will host an off-site *Symposium* on the topic of the *Economic implications of UK withdrawal from the European Union*. The British Ambassador to Ireland, His Excellency Robin Barnett, Ireland's Permanent Representative to the EU His Excellency Declan Kelleher and a range of other speakers from academia, business, representative bodies and groups will participate in the Symposium

8. Other reports published

House of Commons Library:

- [Brexit – implication for pensions](#) (10 August)

House of Lords Library:

- [UK-Commonwealth Trade](#) (10 August)

Other:

- [Immigration & Integration After Brexit](#) (11 August, Policy Exchange)