

## Brexit update

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External Affairs and Additional Legislation Committee | 31 October 2016

### Research Briefing:

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#### 1. Introduction

This paper provides an update on the most recent developments on Brexit of relevance to Wales. It includes sections on the work in the Assembly and Welsh Government; EU-level; UK-level; and Scotland and Ireland. The period covered is 4 to 26 October, although reference is made to later events where information is available at time of final drafting.

#### 2. Developments in Wales

##### National Assembly for Wales

##### External Affairs and Additional Legislation Committee

*The External Affairs and Additional Legislation (EAAL) Committee is the lead Committee in the Assembly for co-ordinating the Brexit-related activities of Committees. The Committee is undertaking an inquiry into the Potential Implications of Leaving the EU in Wales.*

The most recent sessions of the EAAL Committee inquiry are as follows:

- 31 October: Environment and Marine policy – thematic seminar with experts
- 7 November: Intra-UK relations – thematic seminar with experts
- 7 November: First Minister of Wales – scrutiny session

Regular updates on the work of the EAAL Committee are posted on the Assembly Blog: <https://assemblyblog.wales/tag/european-union/>.

##### Climate Change, Environment and Rural Affairs Committee

This Committee has launched a call for evidence on the [future of agricultural and rural development policies in Wales](#).

##### Other

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*.

## Plenary debates

- 4 October: [urgent Question to the First Minister on the EU Law Repeal Bill](#).
- 5 October: [debate on the Rural Economy](#) with a motion passed in support of Rural Development funding until 2023, the single market and migrant workers.
- 11 October: Cabinet Secretary for Finance and Local Government, Mark Drakeford, gave an [update on the European structural fund programmes](#).
- 12 October: short debate: [Common Cause: Women, Wales and the Commonwealth—the Role of Commonwealth Women Parliamentarians in the Post-Brexit Era](#).

## Welsh Government

The First Minister has welcomed the structural funds announcement from the UK Government, that [the Treasury will provide a full lifetime guarantee for all structural and investment projects](#) approved before the UK leaves the EU. (4 October)

Education Secretary Kirsty Williams announced on 11 October that [EU students applying for a place at Welsh universities in 2017–18](#) will be eligible for loans and grants.

On 14 October [a joint statement was published by the First Minister and Welsh charities on child refugees](#).

On 18 October [the First Minister and the Cabinet Secretary for Finance met David Davis](#), the Secretary of State for Exiting the European Union.

### *Other EU-related news*

[An extra £850,000 of EU funding to help drive Wales' engineering sector forward](#) was announced by Finance Secretary Mark Drakeford on 8 October.

On 14 October it was announced that [Carmarthen Ham](#) has been awarded European Union Protected Food Name (EUPFN) status.

A £13.5m EU-supported scheme bringing together academics, clinicians and businesses to pioneer [research into cutting-edge technologies](#) was announced by Finance Secretary Mark Drakeford on 20 October.

## Welsh stakeholders

- 7 October: The Farmers' Union of Wales has expressed [concern about uncertainties](#) around support for agriculture in the years leading up to Brexit and beyond.
- 10 October: Report on the Institute for Welsh Affairs' event [Brexit—What will it mean for Wales to leave the EU?](#)
- 19 October: The Countryside Landowners Association asked Welsh MPs to ensure that the distinct needs of farms and rural businesses in [Wales are not overlooked as the UK prepares for Brexit](#).

### 3. EU level developments

#### European Council

Prime Minister Theresa May attended her first European Council on 20–21 October in Brussels. Whilst Brexit was not formally on the agenda it featured prominently in the media coverage of the session with comments by different Heads of State/Government on Brexit, including the UK the Prime Minister. At [a press conference](#) on 21 October, following the conclusion of the Summit, Theresa May stated:

It has been an opportunity to talk to all 27 leaders about the UK's departure from the EU. To make clear that Britain will continue to play a full and active role inside the EU until we leave. And to also make clear that Britain will be a confident, outward-looking country, enthusiastic about co-operating with our European friends and allies, after we leave.

European Council President Donald Tusk [commenting Brexit](#) after the first day said:

Finally, let me say that we were glad to welcome Prime Minister May to her first European Council. Prime Minister May confirmed that the UK will invoke Article 50 before the end of March next year. There will be no negotiations until Article 50 is triggered by the UK so we didn't discuss Brexit tonight. However, the basic principles and rules, namely the Single Market and indivisibility of the four freedoms, will remain our firm stance.

This follows a statement by President Tusk at the [European Policy Centre](#) on 13 October that the choice facing the UK was between a 'hard' Brexit and no Brexit at all, in response to Prime Minister Theresa May's speech at the Conservative Party Conference, which he read as ruling out a 'soft' Brexit.

#### *CETA – Canadian EU Free Trade Agreement*

The EU Summit was somewhat overshadowed by events surrounding the ratification of CETA. The Federation of Wallonia–Brussels Parliament had in recent weeks voted to block CETA, and despite emergency talks no agreement was reached between the Canadians, Commission and the Belgian regional parliament. In July European Commission President Juncker had agreed that CETA would be subject to ratification by national parliaments (as well as at EU level by the Council and Parliament). In Belgium this means ratification is required by all the 'regional' parliaments, hence the impasse with the Wallonia–Brussels Parliament refusing to ratify the treaty. At time of writing a deal has still not been reached to break the deadlock.

#### European Commission

On 12 October Michel Barnier, Head of the UK Taskforce in the European Commission, visited Ireland for meetings with the Taoiseach Enda Kenny and senior officials in the Department of Taoiseach for talks on Wednesday to discuss Brexit. This trip follows similar visits to France, Germany, the Netherlands and Romania since he was appointed on 1 October.

The European Commission has imposed anti-dumping duties on Chinese steel products – duties ranging between 65.1% and 73.7% for heavy plates and 13.2% and 22.6% for hot-rolled steel.

## European Parliament

- 4 October: European Parliament agreed to the ratification, by the EU, of the UNFCCC Paris Agreement on fighting climate change, which allows the agreement to enter into force.
- 21 October: Interview with Jens Geier, the MEP who will negotiate on behalf of the Parliament regarding the bulk of the EU's budget for 2017 "We have to deal with the problem caused by Brexit".

## Other: EU media

- Britain thwarts EU hopes of tougher trade stance on China – Jean-Claude Juncker wants EU to switch to higher, US-level tariffs. (Politico, 20 October)
- 17 October: European steel industry CEOs wrote to EU Heads of State and Government about tariffs.
- Forget Brussels, Brexit's toughest battleground is the WTO – article in Politico pointing to the complexity of the UK's move from member state of the EU to independent member of the World Trade Organisation. Politico says that "overall, Britain's trade terms depend on so many factors outside London's control that they are impossible to steer from Westminster".
- Reuters round-up of European reaction to Theresa May setting a date for starting negotiations to leave the EU. (10 October)
- Walloon revolt against Canada deal torpedoes EU trade policy – Regional Belgian parliament delivers potentially fatal blow to EU trade agenda and sets a worrying precedent for UK talks. (Politico, 14 October)
- Why we lost the Brexit vote by Daniel Korski, deputy director of the policy unit in David Cameron's government (Politico, 20 October)
- The man who brought you Brexit (The long read, Guardian, 29 September)

## 4. UK level developments

### UK Government

The Prime Minister continued her round of meetings with Heads of State and Government of EU Member States:

- On 10 October Prime Minister May met Dutch Prime Minister Mark Rutte in The Hague, and Danish Prime Minister Lars Løkke Rasmussen in Copenhagen.
- On 11 October she met Croatian President Kolinda Grabar-Kitarović in London.
- On 13 October She met Spanish Prime Minister Mariano Rajoy in Madrid.

Jo Johnson MP, Minister of State for Universities, Science, Research and Innovation, announced on 11 October that [EU students applying for university places in 2017-18](#) will still have access to student funding support. Their migration status will be discussed during the Brexit negotiations.

## Joint Ministerial Committee

A plenary meeting of the Joint Ministerial Committee was held on 24 October at Downing Street. This meeting, chaired by the Prime Minister, brings together the First Ministers of the Devolved Administrations (including Carwyn Jones First Minister of Wales) plus the Deputy First Minister for Northern Ireland, and the UK Government to discuss matters affecting devolved relations. The Cabinet Secretary for Finance and Local Government, Mark Drakeford AM, also attended the meeting, as did the Scottish Government's Brexit Minister Michael Russell.

The meeting focused on Brexit and the role of Devolved Administrations (DAs) in the formal negotiations on Brexit, with the Prime Minister stating her intention to offer the DAs a direct line to the UK Government during the Brexit negotiations. The First Minister Carwyn Jones issued a [statement](#) following the meeting which highlighted continued 'uncertainty' regarding the detail of the UK position, and noted that he had argued for unfettered access to the Single Market at the meeting. He also noted that the UK Government had 'conceded' to the demands of the devolved administrations to 'meet more frequently' and to have a 'meaningful role' in the Brexit negotiations.

Scotland First Minister Nicola Sturgeon also made a [statement](#) following the meeting, describing it as a "long overdue meeting but unfortunately it was, in large parts, hugely frustrating". She gave a bit more detail on substance of the discussions noting:

As a first step we agreed that there must be a detailed work programme developed ahead of the first meeting of the sub-committee. Crucially we agreed that this must be integrated with the wider process so that the devolved administrations can influence key Cabinet Sub-Committee decisions. We also agreed that there will be a further meeting of heads of government in the New Year.

A [joint statement](#) was also published by the Northern Ireland Executive, whilst the Prime Minister also issued a [statement](#) describing the meeting as 'constructive', that 'working together' the nations of the UK will make a success of Brexit and noting that:

...the country is facing a negotiation of tremendous importance and it is imperative that the devolved administrations play their part in making it work

During the summer the UK Government announced that a new Joint Ministerial Committee (JMC) for Exiting the EU was to be established and to be chaired by Secretary of State for Exiting the EU David Davis MP. This has not yet met, although we understand a meeting is expected during late autumn (likely November), the details are still to be confirmed. The

Cabinet Secretary for Finance and Local Government, Mark Drakeford AM, will represent the Welsh Government at the JMC for Exiting the EU.

### *Institute of Government report*

The role of JMCs and other inter-governmental structures features in a report published ahead of the JMC Plenary by the Institute for Governance [Four-nation Brexit: How the UK and devolved governments should work together on leaving the EU](#). This report calls for a new Committee of Brexit Ministers to be established as part of a clear plan for Brexit:

A clear plan should be announced about how ministers from the four governments will work together over the coming months. This should include the creation of **a new committee that brings together lead ministers for Brexit from each of the four governments** to discuss and agree upon the UK strategy for exiting the EU. The most serious political disagreements will need to be resolved between the four heads of government, but the detailed discussions between the four governments need to be delegated, in particular in the case of the UK Government, given the other pressures on the time of the Prime Minister.

One of the authors (Dr Akash Paun, London School of Economics) will be an expert in EAAL Committee's thematic seminar on intra-UK relations on 7 November.

### House of Commons

A new [Committee on Exiting the EU](#) has been established with 21 members representing the parties within the Commons. The new Chair will be Hilary Benn MP who was elected by the Commons on 19 October.

On 19 October the House debated an SNP motion on [Rights of EU Nationals](#).

On 20 October the Secretary of State for Exiting the European Union, [David Davis, answered questions on Exiting the European Union](#), including a question about the [Welsh Economy](#).

On 10 October the Commons debated [next Steps in leaving the European Union](#), starting with a statement by David Davis MP. This was followed by a (declined) application for emergency debate on [UK Exit from the European Union: Terms of Negotiations](#). In the Lords the Secretary of State's statement was repeated and a debate, [Next Steps in Leaving the European Union](#), ensued.

On 12 October Brexit came up in [Prime Minister's Questions](#). Later that day, MPs debated [Parliamentary scrutiny of leaving the EU](#).

There is an extensive number of inquiries and work on Brexit in the various Commons Select Committees. This includes:

- Education Committee: issued a call for evidence for its inquiry – [the impact of exiting the European Union on higher education](#).
- Environmental Audit Committee: inquiry – [the future of the natural environment after the EU Referendum](#).

- Justice Committee: inquiry into [the implications of Brexit for the Crown Dependencies](#).

On 26 October the European Scrutiny Committee heard from [Minister of State David Jones MP](#), about how the department will work in terms of formulating and coordinating policies that will steer the government's relations with the EU.

## House of Lords

*The House of Lords European Union Committee and its six Sub-Committees is undertaking a “[co-ordinated series of inquiries](#) into the key issues that will arise in the forthcoming negotiations on Brexit”.*

The European Union Committee published a [report on parliamentary scrutiny of Brexit](#) on 20 October.

The EU Committee met on [11 October for Brexit: UK-Irish Relations](#), with Rt Hon James Brokenshire MP, Secretary of State for Northern Ireland and Mr Robin Walker MP, Parliamentary Under Secretary of State, Department for Exiting the European Union. On 25 October the Committee took evidence from Former Taoiseachs of Ireland Mr Bertie Ahern and Mr John Bruton for the inquiry [Brexit: UK-Irish Relations](#).

On 13 October the EU External Affairs Sub-Committee and EU Internal Market Sub-Committee had their last evidence sessions on [Brexit: future trade between the UK and the EU](#). The EU External Affairs Sub-Committee took evidence on 27 October for the [Brexit: future trade between the UK and EU in goods](#) inquiry. The EU Internal Market Sub-Committee will have a short inquiry [Brexit: future trade between the UK and EU in services](#).

EU External Affairs Sub-Committee 20/10/2016 Brexit: future trade between the UK and the EU in goods

EU Financial Affairs Sub-Committee 12/10/2016 & 19/10/2016 Brexit: financial services.

EU Home Affairs Sub-Committee met on 12 and 19 October for [Brexit: future UK-EU security and policing co-operation](#). On 19 October: with Mr Brandon Lewis MP, Minister of State for Policing and the Fire Service, Home Office, and Rt Hon David Jones MP, Minister of State, Department for Exiting the European Union.

The EU Justice Sub-Committee met on 13 October for an [evidence session on Brexit: acquired rights](#). On 18 October the [Romanian and Polish ambassadors](#) gave evidence.

26 October: The EU Energy and Environment Sub-Committee took evidence for its [Brexit: environment and climate change inquiry](#).

25 October: The Science and Technology Committee heard evidence on the [implications of Brexit on UK science](#) from the Minister of State for Universities, Science, Research and Innovation, Jo Johnson MP.

On 18 October in the House there was a question on [Brexit: Economic Impact](#), and one on [Brexit: Peace and Stability](#).

On 20 October the House debated the motions [Brexit: Foreign and Security Policy Co-operation](#), and [Brexit: Environmental and Climate Change Policy](#).

## Other News

The Confederation of British Industry, EEF (was Engineering Employers' Federation), International Chamber of Commerce UK and techUK have signed an open letter on the need for the Government to work with business as it negotiates the UK's exit from the EU. They want: barrier free access to the EU's Single Market; the Government to immediately rule out the 'WTO option' under any circumstances; and post-withdrawal a transitional period to the new regulatory and legal position.

The British Retail Consortium published UK Brexit strategy must focus on a fair deal for consumers. They describe the 'severe impact' of trading under WTO rules, but say the UK could adopt its own Generalised Scheme of Preferences for developing countries as soon as it leaves the EU. They want certainty for EU workers already here. They only want new domestic legislation and regulations on the retail industry that will promote growth.

## 5. Scotland

### Scottish Parliament

#### European and External Relations Committee

On 6 October the committee published [long-term economic implications of Brexit](#), which concludes "after around 10 years from the shock, we find Scottish GDP to be between 2% and 5% lower than would have been the case had the UK (and Scotland) remained in the EU".

#### Scottish Government

On 20 October the First Minister launched a [consultation on the draft Independence Referendum Bill](#).

Deputy First Minister John Swinney confirmed on 14 October that support from the Scottish Government for [tuition-free studies will continue for those EU students](#) commencing courses in the 2017–18 academic year. He called for the UK Government to give assurances about their immigration status.

Scottish Ministers were in Brussels on 19 October for talks about [Scotland's place in Europe](#).

## 6. Northern Ireland

On 10 October the Assembly debated [Growing Northern Ireland's Exports](#), which included discussion on ways that the UK trades with the rest of the EU and world now and post-Brexit.

On 17 October the Assembly debated [EU Special Status for Northern Ireland](#).

The First and Deputy First Ministers [wrote to the Prime Minister in August](#) with their priorities for the UK's Brexit talks. [Theresa May wrote back on 14 October](#), and invited them to the next Joint Ministerial Committee, which met on 24 October.

## 7. British–Irish relations

### House of the Oireachtas (Irish Parliament)

In the Dáil on 4 October there were questions on the [consequences of the referendum](#), and Council President Donald [Tusk's recent visit to Ireland](#). [British–Irish Co-operation](#) was discussed on 5 October. The Seanad on 5 October discussed [relocating the European Medicines Agency](#) from London to Dublin. The Minister for Foreign Affairs and Trade responded to points from Senators on the [present and future implications of the referendum](#).

The joint committee on European Union Affairs met on 4 October. The Minister of State for European Affairs replied to questions including the [results of the Bratislava Summit and the decision of the UK to withdraw from the EU](#).

## 8. Other reports published

*House of Commons Library:*

- [Leaving the European Union: Global Free Trade](#)
- [The effect on funding for Wales of the UK leaving the EU](#)