



Cynulliad  
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](#)

03/07/2017

[Agenda'r Cyfarfod](#)  
[Meeting Agenda](#)

[Trawsgrifiadau'r Pwyllgor](#)  
[Committee Transcripts](#)

## Cynnwys Contents

- 4 Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau  
Introductions, Apologies, Substitutions and Declarations of Interest
- 4 Ymchwiliad i Oblygiadau Gadael yr Undeb Ewropeaidd i Borthladdoedd  
Cymru—Sesiwn Dystiolaeth gydag Ysgrifennydd y Cabinet dros yr  
Economi a'r Seilwaith  
Inquiry into the Implications of Brexit for Welsh Ports—Evidence  
Session with the Cabinet Secretary for Economy and Infrastructure
- 31 Papurau i'w Nodi  
Papers to Note
- 31 Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o  
Weddill y Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public  
for the Remainder of the Meeting

Cofnodir y trafodion yn yr iaith y llofarwyd 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**

|   |   |
|---|---|
| Dawn Bowden<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>    | Llafur<br>Labour  |
| Suzy Davies<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>    | Ceidwadwyr Cymreig<br>Welsh Conservatives                 |
| Mark Isherwood<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a> | Ceidwadwyr Cymreig<br>Welsh Conservatives                 |
| Steffan Lewis<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>  | Plaid Cymru<br>The Party of Wales                         |
| Jeremy Miles<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>   | Llafur<br>Labour  |
| Eluned Morgan<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>  | Llafur<br>Labour  |
| David Rees<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a>     | Llafur (Cadeirydd y Pwyllgor)<br>Labour (Committee Chair) |

**Eraill yn bresennol**  
**Others in attendance**

|   |  |
|---|--|
| Simon Jones   | Welsh Government<br>Llywodraeth Cymru  |
| Ken Skates<br><a href="#">Bywgraffiad</a>   <a href="#">Biography</a> | Aelod Cynulliad, Llafur (Ysgrifennydd y Cabinet dros yr Economi a'r Seilwaith)<br>Assembly Member, Labour (The Cabinet Secretary for Economy and Infrastructure) |
| Julia Williams  | Welsh Government<br>Llywodraeth Cymru  |

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

|               |  |
|---------------|--|
| Alun Davidson | Clerc<br>Clerk                               |
| Andrew Minnis | Y Gwasanaeth Ymchwil<br>The Research Service |
| Rhys Morgan   | Ail Glerc<br>Second Clerk                    |
| Sara Rees     | Dirprwy Glerc<br>Deputy Clerk                |

*Dechreuodd y cyfarfod am 14:02.  
The meeting began at 14:02.*

### **Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **David Rees:** Good afternoon. Can I welcome Members to this afternoon's session of the External Affairs and Additional Legislation Committee? This afternoon we're continuing our investigation into the impact of Brexit on Welsh ports. Can I remind Members before we start that, if you have any mobile phones or other devices, please turn them onto silent, or off, whichever is easiest? The meeting is bilingual, and the headphones are set to channel 0 for simultaneous translation from Welsh to English and channel 1 for—no, it's the other way round. Channel 1 for simultaneous translation and channel 0 for amplification. We've had apologies from Michelle Brown this afternoon, but there's been no substitute identified. There are no scheduled fire alarms, so, if one occurs, please follow the directions of the ushers.

14:03

### **Ymchwiliad i Oblygiadau Gadael yr Undeb Ewropeaidd i Borthladdoedd Cymru—Sesiwn Dystiolaeth gydag Ysgrifennydd y Cabinet dros yr Economï a'r Seilwaith Inquiry into the Implications of Brexit for Welsh Ports—Evidence Session with the Cabinet Secretary for Economy and Infrastructure**

[2] **David Rees:** Moving to the next item this afternoon, it's the final

evidence session in our inquiry looking at the impact of Brexit on Welsh ports. Can I welcome the Cabinet Secretary for Economy and Infrastructure, Ken Skates? For the record, would you like to introduce your officials?

[3] **The Cabinet Secretary for Economy and Infrastructure (Ken Skates):** Thank you, Chair. I'm joined by Simon Jones and I'm also joined by Julia Williams today.

[4] **David Rees:** Thank you very much. Can I thank you for your written evidence, which we've received? As you know, that always provides us with an opportunity to ask questions, and we'll start this afternoon with Steffan Lewis.

[5] **Steffan Lewis:** Thanks, Chair. Obviously, before negotiations between the UK and the EU start properly there has to be considerable progress on three key issues, one of them being the Irish border question, which of course is going to have implications for borders and for ports in particular. It'll be an insight into the UK Government's thinking in particular. I wonder if you could tell us what input you have had in your department in particular in terms of the composition of the UK Government position paper on the future of borders in these islands.

[6] **Ken Skates:** Well, you raise a very significant question about the Irish border, and negotiations have taken place largely through the Joint Ministerial Committee, but also through bilateral meetings. Our views have been expressed through Ministers who sit on the JMC to the UK Government and to other devolved nations, but I think it's fair to say that, in order to ensure that we make the JMC a more meaningful place for negotiations and discussions to take place, it has to be reset according to the original remit. That's something that my colleague Mark Drakeford has been particularly keen to do. So, we feed our information, intelligence and understanding through to the JMC representatives and we also work with other devolved nations at an official level.

[7] **Steffan Lewis:** So there's been no direct input from your department to UK departments in terms of the composition of the—

[8] **Ken Skates:** Well, we also work with the Department for Transport and Her Majesty's Revenue and Customs as well concerning the risks and the opportunities that could come about as a consequence of Brexit, particularly with regard to customs and the question of the Irish border. Julia, are you

able to give an indication of the talks that have taken place?

[9] **Ms Williams:** Yes. There's a UK ports administration group, hosted and led by DfT, involving all the devolved administrations. It also involves the British Ports Association and the major shipping group as well. It was set up pre Brexit, but now, obviously, its focus is on Brexit, so it's an opportunity for all of the administrations at official level to express their concerns and issues. That's the key officials group in terms of Brexit and ports.

[10] **Steffan Lewis:** And what about Minister to Minister? What representations have been made in terms of the implications for Wales of any change to the Irish border?

[11] **Ken Skates:** Again, that takes place largely through the JMC, so discussions would take place in the fora attached to the JMC.

[12] **Steffan Lewis:** Okay, thank you for that. Moving on to other inter-governmental relations, obviously one country and Government that doesn't participate in the JMC is the Irish Government, but it's a very important partner to us, and the relationship in Welsh ports and Irish ports is very clear. Can you inform the committee of the discussions you've had with the Irish transport Minister and any views and ideas shared between you and him?

[13] **Ken Skates:** Yes. I'm seeking discussions with the Irish Government concerning not just customs issues, but also the future of Dublin as a port. And I think it's fair to say that the Irish Government need to take a very strong view on what the risks are to that particular port if there are changes made in such a way as to, unfortunately, shift more freight up to Northern Ireland away from Dublin, and then into the UK via another port, other than, perhaps, Holyhead. And so I'm seeking a discussion with the Irish Minister to examine what their particular position is on this.

[14] **Steffan Lewis:** But you haven't met with him.

[15] **Ken Skates:** Not yet, no.

[16] **Steffan Lewis:** Why not?

[17] **Ken Skates:** Simply because of time constraints. It's something that we're seeking, but as of yet we've not met.

[18] **Steffan Lewis:** When did you first seek a meeting with him?

[19] **Ken Skates:** We're seeking it this week. The JMC, however, I know is discussing issues that are of interest to the Irish Government. I would anticipate that in the coming months, once we have a firmer idea of where we're going with Brexit, we'll be in a position then to discuss and analyse what the opportunities and what the risks are to both parties.

[20] **Steffan Lewis:** And more generally, in terms of your department, are you taking a position of waiting to see how the situation develops, or rather to try and impact upon and shape the situation's development?

[21] **Ken Skates:** There are many, many scenarios that could play out, so we're looking at a range of options in terms of how we can support Welsh ports in the future. But before actually acting on them, we do need a clearer view from the negotiations of what form Brexit is going to take. So, we're working with the Welsh ports group and other stakeholders to ensure that a range of options for supporting Welsh ports can be taken forward as soon as the knowns in terms of possible Brexit deals actually start to become firm agreements.

[22] **David Rees:** Can I ask a couple of questions based upon that? And then Mark wants to come in as well—

[23] **Mark Isherwood:** Just two questions, if I may. First, you referred to HMRC, and in the evidence we've received there's been a lot of reference to HMRC. Can you tell us what discussions you have had with HMRC?

[24] **Ken Skates:** Sure. Julia.

[25] **Ms Williams:** Through the UK ports administrative group—it's around the customs union in terms of the customs arrangements. And it's probably a generalisation, but in the main, that's what the ports and shipping sector—. It's not so much the tariff issue, although that is important, that is their key concern: it is about the customs arrangements. We've been feeding that directly in to the customs representative on that group. Also, specifically with regard to the soft/hard border—the potential implications and detriment to Wales.

[26] **Mark Isherwood:** And what discussions have you had with HMRC? We heard evidence from the ports regarding the use of future technologies to

better manage—.

[27] **Ms Williams:** The default position is to actually go, as much as possible, to have it seamless. I mean, it's not going to be completely seamless if there are going to be the additional customs arrangements, but it is to go for that technology and that's what they're looking at. They have also been—we know that they've been visiting ports around the UK, especially the ro-ro ports, because that's where the onus is really going to fall. It will fall on container ports, but more so on ro-ro. So, they've been to Holyhead. At official level we're in direct discussions with Stena Line—obviously not just Holyhead, but with Fishguard as well, and through the Welsh ports group with Milford, because of the Pembroke Dock link to Ireland as well.

[28] **Mark Isherwood:** Fine. My second one is: you referred to your request for a meeting with the Minister in Ireland. We actually met the Minister two weeks ago and found they very much had an open-door approach to engagement with Wales. But we also met the Irish maritime development agency, which falls under the aegis of the Irish Government as an arm's-length body, and which has already carried out detailed modelling of the likely impact of different scenarios on the UK land bridge. What modelling have you undertaken, or what engagement—not just Minister to Minister, but Government to Government, in terms of agencies such as the Irish maritime development agency—have you undertaken to access the modelling that they've already carried out?

[29] **Ken Skates:** As I say, we work with UK Government and we are setting up, within Welsh Government, a specific team to look at ports in the post-Brexit context. That team will examine the impact of whatever negotiations result in. In the meantime, we're also making sure that we engage with the Welsh ports group in identifying what opportunities could be had in the future, but also what the threat is, particularly of a hard sea border and a soft land border. Any move towards friction in movement of goods—I think, just in response to points made around technology, I'm not entirely certain whether technological advances could be brought forward or technological solutions could be brought forward to ease what could be an arrangement that contains friction. We also know that it would require a significant resource. That's something that we would hope UK Government would meet the requirements of.

[30] **Mark Isherwood:** The Irish maritime development agency told us they've already done the modelling and shared some of their results with us.



Will you seek engagement directly with them?

[31] **Ken Skates:** Yes, indeed. Absolutely, yes. Sector by sector, we've done a considerable amount of modelling on the impact that could take place with various scenarios, but that's being done in Wales on a sector-by-sector basis.

[32] **David Rees:** Can I go back to my questions? Can I ask Julie Williams—? You talk about the meetings you have with the UK ports administration group and you are raising various issues. Have they submitted a paper to the JMC or to UK Government in relation to the issues relating to the ports you've discussed with them?

[33] **Ms Williams:** Not as far as I'm aware. We haven't directly, in terms of officials, but that is being looked at—I think I'm right, Minister, in saying this—in the Welsh Government. It's being looked at. We feed in to the Brexit team within the Welsh Government.

[34] **David Rees:** How do we know how that is accepted or looked at and considered by the UK Government's Brexit team?

[35] **Ken Skates:** It then feeds back through into the Welsh Government Brexit team and then the information is cascaded down to us.

[36] **David Rees:** Okay. Cabinet Secretary, you've actually indicated that—I think I heard you say you haven't had a meeting with your UK counterpart relating to these issues, but that it's done through the JMC.

[37] **Ken Skates:** Yes.

[38] **David Rees:** Surely you should be meeting your counterpart, because the JMCs, as we often hear, are talking shops. You really want to have direct discussions.

[39] **Ken Skates:** With respect, Chair, that's precisely why the Cabinet Secretary for Finance and Local Government has produced, in tandem with the Scottish Government, a number of recommendations for resetting the arrangements of the JMC, to make sure that it does actually meet what it was originally set out to achieve. In any negotiation, I think there has to be a single point of contact for talks to take place. In the case of the Welsh Government, we have our Brexit team that does just that.

[40] **David Rees:** Okay. We can raise that with the First Minister next week. But I'm just thinking that the Irish Government indicated that they've actually had over 400 visits to colleagues in Europe because they recognise it's not a single team that will deliver; it's how you influence all parties. I would have thought the Welsh Government would have wanted to influence as much as possible and as wide as possible. Yes. Suzy.

14:15

[41] **Suzy Davies:** Thank you. You mentioned that you're taking a sector-by-sector approach in how we're looking at this. You also said that you're about to set up a team to look at the impact on ports post Brexit, which suggests you haven't done that yet. Does that mean you haven't looked at ports at all as a sector?

[42] **Ken Skates:** No, we look at the nine priority sectors and, more broadly, the impact that different arrangements in terms of tariffs and any changes to current arrangements on customs could have on all activities within those priority sectors. In terms of the team that we have within Government looking at Welsh ports, this is something that will drill into the detail of any negotiation outcomes that are likely in the next two years.

[43] **Suzy Davies:** Okay. So, who's been looking at it to date, just to give me an idea? Is it one—

[44] **Ken Skates:** Business and sectors within Welsh Government have been looking at it, and the Cabinet Office has been looking at it. We've been contributing from our department to the work of the advisory group. Likewise, the advisory group has been contributing to our work as well.

[45] **Suzy Davies:** Have they given you any feedback specifically on ports yet that might be of interest?

[46] **Ken Skates:** Yes, in terms of ports, I captured, I think, in the paper that was provided to you, the scale of the opportunities and the challenges that exist for ports, particularly in regard to the roll-on, roll-off facilities that we have. The primary concern is with current customs arrangements, if they are lost, and the impact that that could have in terms of time lost, and then, in turn, the impact that that could have on the attractiveness of Welsh ports as a place for goods to be brought over from Ireland.

[47] **Suzy Davies:** And what about freight, because, obviously, the two are completely interlinked here? What's the status of the two reports from the task and finish group? There's one of 2014 and one of 2016. Are they gathering dust on a shelf, or are they of relevance to you?

[48] **Ken Skates:** I think, in light of the fact that they predate the referendum, and predate devolution of powers over ports, we are looking at refreshing them, but once we have a clearer picture of where we're going with Brexit negotiations.

[49] **Suzy Davies:** If you leave it until then, aren't you running a bit of a risk that, actually, time's going to run out on you and you won't be able to do what you want to with any results you come up with?

[50] **Ken Skates:** But the risk is that we would put in a huge amount of work into what, at the moment, are a large number of scenarios that could be played out.

[51] **Suzy Davies:** When you say 'a large number of scenarios'—

[52] **Ken Skates:** Well, a number of scenarios, but—

[53] **Suzy Davies:** Can you give us an indication? Because, obviously, Ireland gave us an idea of the number of models they've got. How many plan As, Bs, and Cs have you got?

[54] **Ken Skates:** Well, we're looking at a range of options and scenarios with the Welsh ports group that would cover a whole host of circumstances that could come out through Brexit negotiations. In terms of the task and finish group's work and potential for it to be refreshed, that's something that I'd be keen to take forward as soon as possible. But we do need an indication of where we're going with negotiations.

[55] **Suzy Davies:** So, there's nothing preliminary your ports group could be doing now on the refresh of those. I'm thinking particularly about the national infrastructure plan, for example. We've been waiting for a memorandum of understanding for a while, which is due, now—.

[56] **Ken Skates:** Well, in terms of infrastructure, again, we need to know—. We're looking at a range of options that could be brought forward in order to

improve the competitiveness and attractiveness of Welsh ports, but, again, we do need to have a clearer idea of where we're going with Brexit before we start devising initiatives that could actually come to nothing. So, we need to have some form of an idea of where Brexit's going before we begin the process of planning the infrastructure.

[57] **Suzy Davies:** So, none of the models are good to go on day one of Brexit, necessarily, then. I mean, I'd accept—

[58] **Ken Skates:** As of right now?

[59] **Suzy Davies:** Yes. I'd accept it if you said 'no', actually.

[60] **Ken Skates:** No. As of right now, no. No. But it is something that, during the process of Brexit negotiations, we'll be working up, and, as I've already said, we will be looking at refreshing reports that have been commissioned in the past.

[61] **Suzy Davies:** Okay. Well, as I say, the timescale is a bit tight. Is this sort of putting lead in your boots in exercising the powers that are coming across? Because, obviously, you're getting powers that go beyond what's Brexit going to be—

[62] **Ken Skates:** No, I don't think it is. We are confident that we'll be able to manage those appropriately. So, no, it doesn't.

[63] **Suzy Davies:** Okay, do you want to give us a little clue about what's going on there, outside of Brexit?

[64] **Ken Skates:** Julia, would you like to take us through that?

[65] **Ms Williams:** In terms of timing of devolution, it's scheduled—

[66] **Suzy Davies:** Yes, just—*[Inaudible.]*

[67] **Ms Williams:** Yes, it's scheduled to come into force April next year. In the main, the additional powers that we're getting, they're largely regulatory around harbour orders, harbour empowerment orders, harbour revision orders. Most ports have significant powers in terms of permitted developed rights under their constitutions as, in the main, private organisations. The one area where, I guess, in works, we—. In terms of England and Scotland,

where they have more power, actually, is with regard to trust ports. I don't know whether the committee knows this, but, in terms of our major trust port, Milford Haven, it was carved out of the—

[68] **Suzy Davies:** Yes.

[69] **Ms Williams:** But, in terms of working on that, then we've agreed with the Department for Transport, who will make the commencement order, that, in terms of the regulatory framework, essentially, anything that they, or their agency—the UK Government agency, the Marine Management Organisation, who currently do the regulatory framework for Welsh waters, which is ports—

[70] **Suzy Davies:** Okay. So, it does sound quite separate. So, is this stretching capacity within the department, having to work across to many fronts?

[71] **Ms Williams:** In terms of harbour orders, we've actually gone back 20 years in terms of looking at the pattern—you know, as part of planning, as part of the organisation in terms of planning. It's difficult to tell, because they're commercial organisations, so, in terms—. And we've asked—. Through the Welsh ports group, we've asked, in confidence, them to tell us what they have in the future over the next five years. In fact, that's a bit more difficult because they're commercial organisations in terms of keeping sometimes—

[72] **Suzy Davies:** No, I understand that. I suppose what I'm asking is: are people going to be taken away from this work because they're going to be looking at Brexit port work? You say you haven't set up your internal group yet. Will you be having to shuffle staff around?

[73] **Ken Skates:** Well, there will be additional pressure and we will be moving staff around, but we are confident that we can accommodate the increased workload.

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

[75] **Ken Skates:** It's worth saying as well, in the context of devolution of ports powers, we'll also be looking at ports, the future of ports, within the context of the refresh of the Welsh transport strategy.

[76] **Suzy Davies:** Good. Thank you.

[77] **David Rees:** Cabinet Secretary, you've said that you wouldn't have a plan in place at this point in time, because you're awaiting outcomes. But up until about just over three weeks ago, it was quite clear that we were heading for a departure from the EU, and on to WTO status, because that was clearly the messages we were getting. Aren't you ready for that?

[78] **Ken Skates:** In terms of the analysis of the impact of WTO rules on the Welsh economy, we've produced a significant amount of modelling and we have also engaged both with UK Government, externally of Wales, and internally with the Welsh ports group, to assess the mitigation interventions that could be made. But a reversion to WTO rules would be, I think, by anybody's measure, disastrous for the Welsh economy—not just for Welsh ports—and for a great many sectors of the Welsh economy as well. The modelling is being carried out, the engagement is being carried out, on a very regular basis. In terms of any mitigating projects that could be brought forward, they will be, in part, dependent on the UK Government's willingness to contribute to investment and infrastructure, and also, in terms of the negotiating position with other countries, the ability for them to be able to negotiate with partner countries elsewhere. But, in terms of taking forward a plan right now based on the WTO, we've not devised a WTO-specific plan at this stage.

[79] **David Rees:** Okay. Well, I would have thought that that's the one you would want to devise, because it's still a possibility, and I know our neighbours are preparing exactly that scenario.

[80] **Ken Skates:** If I may, Chair, it's also the reason why we've been very clear that there have to be transitional arrangements in place.

[81] **David Rees:** I accept that. Eluned, do you want to raise—do you have a point to come in?

[82] **Eluned Morgan:** Yes. I'd first of all like to know who Julia and Simon are. What your jobs are, sorry, out of interest.

[83] **Ms Williams:** I'm head of non-devolved transport policy.

[84] **Eluned Morgan:** Okay.

[85] **Mr Jones:** I'm the director of transport and ICT infrastructure.

[86] **Eluned Morgan:** Okay, good. Thank you. I'm just interested—in your written evidence, you suggest that ports are an important source of economic wealth. I've been quite struck, visiting ports recently, how few jobs there are, actually. I just wondered what impact assessment have you made in terms of jobs, if there were to be a hard Brexit. Have you got those hard facts?

[87] **Ken Skates:** In terms of the wider supply chain as well, and the impact on the whole of the economy, Julia, can you outline the impact?

[88] **Ms Williams:** Yes, I think that's the important thing: it's not just about the direct jobs involved; it's actually the indirect jobs in terms of supply chain, but also the added value. And this was something that, actually, was brought out very strongly by the freight task and finish group, actually, in terms of the added value of ports in terms of manufacturing processes. So, it's existing value, but it's also future plans, for example, around Holyhead in terms of—especially in terms of Energy Island and in terms of Anglesey, and also in terms of Milford Haven, in terms of, actually, it's our major fishing port, which you might not equate with Milford Haven. So, it's about the added value as well as the existing, and, altogether, we'd be talking that it's in the thousands, but, if you took indirect jobs, then you're getting over 10,000. And, of course, the freight, then, in terms of freight as well, in terms of companies that are involved and based in Wales, again, who are going through the ports—.

[89] **Ken Skates:** We can provide a note on the jobs figures, both direct and indirect, if that's helpful. There are also less tangible benefits of having a well-connected country, both internationally and domestically. It's been found by a number of economists now that the most successful city regions are those that have the best-connected ports to an international community. So, whether it be seaports or airports, they're absolutely vital in drawing in further investment. So, there are less tangible, less measurable benefits with having strong, active, productive ports.

[90] **Ms Williams:** There was a sea bulletin, actually, that we put out, which went out—I think it was about a couple of weeks ago—which gave all the facts and figures in terms of the Welsh ports.

[91] **Eluned Morgan:** That would be very useful. Can I just follow up on your fishing reference? As far as I understand, actually, there's not much of a

fishing industry that's owned by Welsh people. It's actually Spanish people who land a lot of the catch and then go out. Are you disaggregating those kinds of things in the sense that, okay, they're jobs, but actually to what extent are they directly benefiting Wales?

[92] **Ms Williams:** Yes, we wouldn't count those jobs—

[93] **Eluned Morgan:** So, you don't—

[94] **Ms Williams:** No, we wouldn't count those jobs in terms of looking at the effect on the Welsh economy, because what it leads back to is always going to be the benefit of ports to, actually, jobs in Wales and the Welsh economy.

[95] **Eluned Morgan:** So, the fishing example you gave, then, would that be included or not included? I'm not clear.

[96] **Ms Williams:** In terms of Welsh fishers, yes, based in Wales.

[97] **Eluned Morgan:** But there aren't many Welsh fishermen, as far as I understand.

[98] **Ms Williams:** Well, in terms of the actual—

[99] **Eluned Morgan:** In Milford Haven, anyway.

[100] **Ms Williams:** In terms of boats coming in, it's not just the non-Welsh vessels.

[101] **Ken Skates:** We can capture the figures for you.

[102] **Eluned Morgan:** That would be useful.

[103] **Ms Williams:** And, obviously, to the area, to that specific area, actually it is significant.

[104] **David Rees:** Can I clarify that the jobs you're talking about that are not included, and not the—[correction:, are the fishermen]? Obviously, the jobs in the ports, which are offloading and transferring those [correction: those fish] on, too, are included.



[105] **Ms Williams:** Yes.

[106] **Mr Jones:** It's perhaps worth thinking about examples like Newport docks, where, actually, there are several thousands of employees at the site, because of its access to shipping there. So, there's a whole load of timber processing and bulk goods processing and all the rest of it, which aren't about stevedores moving stuff on and off ships, but there are industries that are absolutely aligned to having a port on their doorstep.

[107] **Ken Skates:** Companies want to go to where ports are.

[108] **Eluned Morgan:** Excellent. Okay, thank you. Can I ask you about—? You mentioned that you would hope that the Treasury would finance the infrastructure necessary, so have you had those conversations with the Treasury? I mean, you can have wishful thinking—have you actually had those conversations? Because if we have to line up 400 bays to be parking people up in Holyhead, someone's got to cough up, and it's presumably not going to be you.

14:30

[109] **Ken Skates:** Yes, I'll just touch on that point and then bring Julia in on discussions and how we go about requesting support from the UK Government. But, in terms of the facilities that might be required, one of the big challenges that we have in Wales is that some of the ports are actually quite landlocked, and therefore developing those facilities that you talk of could be very problematic, and what we would not wish to see happen with any new arrangements are ships having to remain out at sea because of the slow and arduous process of going through customs arrangements. That, in turn, could dissuade shipping companies from utilising Welsh ports and, in turn, we could see Wales become less competitive. There are other ports in the UK that have greater scope for expansion, but many of our ports, including Holyhead, which is a primary roll-on, roll-off port in Wales, do not have sufficient space, I think it's fair to say, on site, close to where it needs to be in order to accommodate the sort of volumes that would be required. So, there would be a question about, even if we did have the resource, whether we would have the available space to be able to develop as is required.

[110] In terms of resource, it doesn't just apply to the physical facilities that would need to be put in place. If we were to utilise new technology, then it

could take some time and it could be extraordinarily expensive to introduce. Again, that would be something that we would wish to see the UK Government contribute to. Discussions have been taking place with a range of stakeholders, and, in terms of the discussions that have taken place with the Treasury, Julia, can you give an update on this?

[111] **Ms Williams:** Yes. In terms of, again, the officials group, in terms of the UK ports administration group, that is not something we have yet been explicit about. We will be.

[112] **Eluned Morgan:** Why haven't you?

[113] **Ms Williams:** One of the things that we're—. We work with Welsh ports group, who work with the British Ports Association, and our understanding is that, in terms of the ports sector itself—they are lobbying the UK Government, because it's not just about Welsh ports; it's about UK ports as a whole. In terms of what extra infrastructure—hard and soft infrastructure—that might be needed as a result of the negotiations, then the expectation is that there would be a deal through UK Government in terms of how it's actually going to be delivered and paid for. We do know that the UK Government has already visited Holyhead and has also visited Dover, in terms of concentrating on ro-ro ports. We meet regularly, and that's one of the things that we will be taking forward with them in terms of what our expectation would be. But, again, in general, in terms of the Welsh Government's position—I think I'm right in saying this—it's that, again, in terms of that type of major expenditure that might be needed, well, the expectation would be that it would be UK Government.

[114] **Eluned Morgan:** The problem is that the clock is ticking. We've got 18 months and we might fall off a cliff. So, to build the kind of infrastructure that we need if we do fall off a cliff, we're starting to get too late already. In terms of IT, there's an understanding that, actually, yes, a lot of this could be resolved through IT, as far I understand, but that, actually, there's not enough time for that in 18 months because of the complexity of the IT system you'd have to set up and the fact that it needs to link into the HMRC, not just in the UK but also in Ireland. So, to what extent is that sense of urgency being understood in the Treasury or in HMRC—that it's not possible in 18 months? Is that something that you recognise?

[115] **Ken Skates:** Yes. That's why we've been quite clear that there have to be transitional arrangements in place, because—

[116] **Eluned Morgan:** But that might not be in our gift.

[117] **Ken Skates:** It might not be in our gift but it must be delivered. Particularly with regard to technology, I just simply do not believe that technological solutions could be implemented in the sort of time frame that we're looking at, and, therefore, UK Government need to accept that transitional arrangements would have to be introduced whilst and if technological solutions were implemented.

[118] **Mr Jones:** Can I just add to that? Any technological solution presumably is not just going to be a solely Welsh solution. It'll have to be a UK thing. So, this is an issue, as Julia says, that the entire port industry in the UK needs to be pushing on, and is, in fact.

[119] **Ken Skates:** It is.

[120] **Ms Williams:** It is, very strongly.

[121] **David Rees:** Jeremy.

[122] **Jeremy Miles:** Thank you. Can I just take a step back a little bit? Actually, the ports are a sort of subset of a broader part of our economy, which we've discussed many times as a blue economy, which links in marine renewables, aquaculture, fishing, as you've been touching on, and a number of other sectors. Is there any analysis being done about how Brexit might impact on all those sectors as interconnected sectors, if you like?

[123] **Ken Skates:** Julia.

[124] **Ms Williams:** Yes, and that's part of the ongoing work that's been taken forward centrally by the Welsh Government, with all the sectors feeding in, through Brexit, and then having the direct contact with the UK Government on the potential implications on the asks, and in terms of the interrelationships. If I could—

[125] **Jeremy Miles:** Sorry, excuse me. The marine plan is coming out later this year. How does that relate, for example, to representations perhaps the department's making to the other department in relation to the marine plan? How are we making sure that your analysis is feeding into that?

[126] **Ms Williams:** Not just transport, but economy and infrastructure as a whole has been represented. There's an internal marine governance board, which essentially signs off the marine plan. The ports sector has been directly involved as well through the stakeholder group, and we've discussed each sort of—. I've seen various iterations of the plan, and we've discussed directly with the Welsh ports group any concerns or, you know, anything they've wanted to add. It's been changed, modified and refined as a result of that.

[127] **Ken Skates:** But there's recognition that it will evolve, in all likelihood, as a consequence of Brexit. And also, there's been engagement directly with the Department for Transport over the plan as well, given the devolved nature of elements of it.

[128] **Jeremy Miles:** And, again, slightly more broadly, you've talked about scenario planning and the range of potential scenarios that might exist for Brexit, which we understand. In terms of Government's assessment of the resilience of businesses to potential scenarios, obviously, there's work that you've described, which is sort of sectoral, in a sense. You've analysed the likely impacts of various scenarios on sectors. Is there any exercise and a way of engaging with individual businesses to understand what their vulnerabilities might be to potential scenarios?

[129] **Ken Skates:** Yes, this has been taking place across all sectors over the past 12 to 14 months—12 months or so—since the referendum, not just directly by us but also with our partners in the Confederation of British Industry and other business organisations. We've held a large number of business engagement events now to assess the impact of various scenarios with businesses across all sectors and all sides. So, that work has taken place. In tandem with that, the work that has been carried out centrally within Government, assessing potential implications of various scenarios, has captured the concerns of all sectors as well.

[130] **Jeremy Miles:** Okay. I can imagine that's easier, for commonsense reasons, with larger businesses. Obviously, there are fewer of them, and presumably the Government has relationships with many, if not most, of them in any case. Obviously, we know how much the Welsh economy is made up of small and medium-sized businesses, and the challenges of reaching those must obviously be greater. What's your confidence that the capacity exists to do that?

[131] **Ken Skates:** Yes, which is where Business Wales becomes increasingly significant and important, working with micro and small and medium-sized businesses, also alongside the Federation of Small Businesses and other business organisations. But, in particular when it comes to the smaller businesses, the engagement of Business Wales gathering intelligence, but also being able to offer advice, becomes incredibly important.

[132] **Jeremy Miles:** So, they're essentially creating a kind of map on a business-by-business basis of where the risks are felt to exist.

[133] **Ken Skates:** That's right, yes.

[134] **Jeremy Miles:** Great, thank you.

[135] **David Rees:** Thank you. Dawn.

[136] **Dawn Bowden:** I wanted to follow up, if I could, from Eluned, really, around infrastructure. You've dealt with the stuff within ports and the capacity or not within the port areas, but we've also got a significant infrastructure challenge leading to ports as well and the possibility that the UK will no longer be a part of the TEN-T arrangement post Brexit. I know, Ken, you've said yourself that you want to see that continue, or for some form of arrangement to continue, with at least those standards applied to devolved and non-devolved transport. Where are you at in terms of those sorts of discussions with the UK Government at the moment or what the UK have told you in terms of where they're at with any discussions on the EU?

[137] **Ken Skates:** Sure. If we take a step back and look at the infrastructure that supports ports—the Welsh Government has been investing and continues to invest very heavily, particularly in road infrastructure. Proposals to improve both the M4 and the A55, and indeed the A40, will continue to benefit Welsh ports. But you're right—we wish to see those standards under the TEN-T network implemented, and it will require Welsh Government commitment to it. In terms of impressing upon them the need to ensure that they invest the necessary resource in a timely way, direct discussions take place at an official level and also on a Minister-to-Minister basis.

[138] **Dawn Bowden:** And this will be relating to rail infrastructure as well as roads.

[139] **Ken Skates:** Rail infrastructure as well. We've been very clear that we

need to see, under TEN-T, the north Wales main line, for example, electrified by 2030. Rail infrastructure is an area where UK Government could make an enormous contribution. They're well aware of that, but we need to make sure that they actually sign up to those commitments in the long term.

[140] **Dawn Bowden:** As I was going to say, you've not had any assurances or clear indications around that at this stage.

[141] **Ken Skates:** Simon, do you want to update us on where discussions have gone?

[142] **Mr Jones:** This is part of a bigger piece, really, about improvements to rail infrastructure, which, as you know, are not devolved, but the Welsh Government has made it clear that that's something it requires and, at pretty frequent intervals, that point is made at a ministerial level. I was talking to senior officials in the DfT on Friday, making exactly the same point. So, this is a point that we're regularly reiterating with the UK Government: that we need to have the budget and devolved responsibility for rail infrastructure to be able to make the kind of improvements to the rail network that, frankly, we've already made—you know, we've gone a long way with roads. The Minister mentioned the M4 and the A55, which are undergoing improvement at the moment, but you can add to that the A465, the Heads of the Valleys, and the work that is ongoing there as well. So, there's a significant amount of work that has taken place under the banner of TEN-T over the last 20 to 30 years to improve access to ports on the road side. So, the areas where Welsh Ministers can influence, they have sought to, but—

[143] **Ken Skates:** And we've been successful in some areas. For example, on the through-route, making sure that the UK Government does what's required for us to ensure that there's an efficient movement of European standard freight through-routes.

[144] **Dawn Bowden:** Okay, thank you.

[145] **David Rees:** Mark, on the common travel area.

[146] **Mark Isherwood:** Yes, during our visit to Ireland, we heard several references to the common travel area that's been in place since 1922 and to the hope and expectation that this would continue. We also heard differing opinions on what the likely impact might be on ports. Some of those views were that people might actually create longer queues than freight or goods.

Other views—somebody said, ‘You showed your passports when you came in today, didn’t you? It’s only going to be the same.’ Again, what consideration will you be giving to the common travel area and the potential changes that might be required or not required in consequence?

[147] **Ken Skates:** I think the expectation, given that the common travel area pre-dates membership of the EU, is that that would be relatively easy to maintain and, therefore, the impact may not be as some have indicated it could be with queueing lengths. In terms of the potential impact of queues—Julia.

[148] **Ms Williams:** Yes. This is being led again by the Brexit team within Welsh Government, and I know they’re having direct conversations with immigration, with Her Majesty’s border force, on this. I think that, in the main, it’s not so much being seen as an issue, but I take your point about what’s been said is that, actually, if it doesn’t work out that way, then it could be something that is a major problem for ports. It’s not something that the Welsh ports group have highlighted to us so far as a key concern.

14:45

[149] **Mark Isherwood:** And then, if I may expand on that, you said, Minister, that you now hope to be meeting—they’d had Mr Barnier over, he had discussed this with them and they felt that, for this issue at least, things were quite optimistic, but, nonetheless, there will have to be some infrastructure changes to accommodate that. More broadly, you talked about Welsh Government needing to be ready when it’s clearer what route will have to go forward. We heard in Brussels last week, repeatedly, including from the President, and particularly from the President of the European Parliament, that this will be a two-stage process: withdrawal agreement, which will be three issues, including the Irish border situation, and we also heard that that cannot be discussed in isolation from ports and borders and trade and people movements, but that that would then be separate from what we talk about as transition and they refer to as ‘extended acquis’—I’m not sure whether it’s a soft or hard ‘q’ in this respect. And, during that period, the trade negotiations will happen. The indication being that within the period of discussion on the withdrawal agreement, you’re going to have to start engaging in terms of the implications of whatever border settlement results. What are you doing about that?

[150] **Ken Skates:** So, there are a number of—. Well, there’s a range of

infrastructure requirements that are being looked at for that for, well, the scenarios that could emerge at the end of, if you like, the divorce negotiations. So, that's being looked at, involving the Welsh ports group and ourselves. Longer term, based on the transition arrangements that are going to be developed—hopefully going to be developed—we would then need to review whether the infrastructure interventions that are delivered as part of the divorce settlement are then appropriate for any longer term settlement. But that work is under way already. It's taking place, as I say, with the Welsh ports group, but at this stage, we haven't made any substantive decisions on whether to roll back or, indeed, to reprioritise investment programmes according to the end of Brexit negotiations.

[151] **Mark Isherwood:** So, how do you propose to seek to influence the withdrawal agreement? Citizens' rights, yes; money, yes; but the borders issues, specifically, here—

[152] **Ken Skates:** Again, that's—

[153] **Mark Isherwood:**—given that this is going to occur prior to the trade negotiations, but nonetheless will impact significantly on them.

[154] **Ken Skates:** Again, that's something that is led by the Brexit team within Welsh Government, rather than by me specifically or my department. So, that would be a question that would perhaps be better suited for the Brexit team.

[155] **Mark Isherwood:** Okay. And, Chair, can I just ask: was question 10 actually asked?

[156] **David Rees:** No.

[157] **Mark Isherwood:** Might it be appropriate?

[158] **David Rees:** We will do that in a minute, yes.

[159] **Mark Isherwood:** Okay, then, I'll wait.

[160] **David Rees:** Eluned, did you want to ask a question on free ports?

[161] **Eluned Morgan:** Yes, I just wondered to what extent you support the idea of introducing free ports in Wales. Is that something you've thought



about?

[162] **Ken Skates:** Yes. If the UK Government determines that free ports can be ruled out, then we'd certainly want to get our fair share of them, but not just in terms of sea ports; I think there is huge potential for Cardiff in this regard.

[163] **Mr Jones:** Cardiff Airport.

[164] **Ken Skates:** Yes, Cardiff Airport. Sorry.

[165] **Mr Jones:** Cardiff Airport in particular.

[166] **Eluned Morgan:** As a free airport?

[167] **Mr Jones:** As a free port, yes.

[168] **Eluned Morgan:** Okay. So, what's the barrier at the moment? UK Government?

[169] **Ken Skates:** I don't believe there's a barrier insofar as Welsh Government's concerned. This is something the UK Government is in a position to influence and to determine. So—.

[170] **Eluned Morgan:** It can influence? We can't just unilaterally say we want to be a free port?

[171] **Ken Skates:** I don't believe we could.

[172] **Eluned Morgan:** Is it a legal problem?

[173] **Mr Jones:** That's our understanding, that this is something that is in the gift of the UK Government.

[174] **Eluned Morgan:** Okay, because of the taxation issues, obviously.

[175] **Mr Jones:** Essentially, it's a tax-free area.

[176] **Eluned Morgan:** Yes, sure. But you've made no request.

[177] **Mr Jones:** So, it's one of those where I think we have identified that

there are ports, and, you know, sea ports and airports in Wales, that are interested in moving forward on this, but I suspect that if you were to ask ports and airports around the UK the same question, they would all put their hands up. So, I guess there will need to be some kind of process that the UK Government will need to go through to determine where these free ports end up, if, indeed, they end up anywhere.

[178] **Eluned Morgan:** But you haven't put in an application. Do you have any intention of putting one forward?

[179] **Ken Skates:** I'm not entirely sure it would be fair of Welsh Government to specify which ports could become free ports at this stage, given that that could lead to market distortion. It's very much an issue that the UK Government is alive to, and if free ports were a possibility on a UK level, then we would certainly wish to see our fair share of them. But, at this stage, designating certain ports within Wales as potential free ports ourselves, rather than ports individually and collectively determining which would be better, I don't think would be the right step forward.

[180] **Eluned Morgan:** So, you're expecting the ports themselves to make the application to the UK Government?

[181] **Ken Skates:** No, I think the ports themselves—if free ports were a possibility—should be able to, as a sector, determine which ones would be most suited to the status of free port.

[182] **Eluned Morgan:** Now, we've had free ports in the UK before, haven't we?

[183] **Ken Skates:** Yes.

[184] **Eluned Morgan:** There didn't seem to be an issue at that point with competition. So, what's stopping the UK Government at the moment then—apart from the fact that Brexit is taking everything?

[185] **Mr Jones:** Well, in terms of having a free port in the UK at the moment, there isn't any merit in that, because of being a member of the European Union. But, I guess, as we come out of that, there's a call for more of these things. But it would be for the UK Government to determine what these things look like, what the requirements would be, how they will allocate these sites around the UK. There are some physical constraints that you need

to think about as well, which the UK Government will need to think about as well. The whole point of these things is that it's not just a kind of transition location, there's some value added at these locations, so there's some kind of manufacturing or other element. We've already heard about how some of our ports in Wales are physically constrained in terms of space. So, some of them may be poorer candidates for free ports than others.

[186] **Eluned Morgan:** Okay.

[187] **David Rees:** The question Mark Isherwood was referring to related to perhaps new opportunities that may arise. We talk about some of the challenges, but there are opportunities. And the exporters association in Ireland identified the fact that businesses in Ireland may well look at transferring some of their processing manufacturing to the UK, simply because it might be easier for them, if customs rules change. Obviously, if you haven't had a discussion with Irish Ministers yet, you haven't had an opportunity to explore that. But what preparations are you putting into place, perhaps, to attract businesses into Wales, because that may continue to attract [correction: attract business] via the Welsh ports?

[188] **Ken Skates:** Chair, we are actually exploring that; we're exploring that on a sector-by-sector basis within the Welsh economy. We've already looked in particular, if I take one example, at the automotive sector, where there are significant opportunities to strengthen the supply chain within the Welsh automotive sector upon leaving the EU. So, we've looked at this largely on a sector basis, and there are opportunities, as we move towards an environment where companies would wish to have a UK presence, we need to ensure that there is the business support there available for companies to start up, and then to expand.

[189] **David Rees:** Okay. So you'll be taking that up with your Irish counterparts when you meet with them?

[190] **Ken Skates:** It's a delicate question that, because you're asking me whether I could negotiate with my Irish counterpart the lifting of investment in Ireland and the planting of it in Wales. I'm not sure that they would wish to collaborate too closely on that. But it is something that we're doing, on a sectors approach, working with those sectors, and analysing and assessing where there is potential to draw in investment as we exit the EU.

[191] **David Rees:** Okay. I'll leave you off the hook in that case. Can I ask

also the question of your strategy? As Suzy Davies identified earlier, the question of the ports strategy, obviously, is important—you're taking charge in April next year. We should have been having the strategy by now, because we were aware that it should have been in place. I accept that the referendum has put a change upon it, which I acknowledge, but are you looking at perhaps consideration of container capacity within that strategy? Because one of the things, again, we heard was, if there is a change to the customs practices, then there may be a consideration of changing some of the goods from road freight to container freight. And are you looking, therefore, at improving and increasing the container capacity of the Welsh ports?

[192] **Ken Skates:** Yes. Julia has been looking into that.

[193] **Ms Williams:** Yes, and that was one of the things that was also picked up by the freight task and finish group in their report, which the ports were represented heavily on. The answer is 'yes'. It's not just, I think, in terms of the referendum, in terms of influencing the strategy, but actually also as well the fact that we are going to have further devolution of ports. Because, when the commitment was made about the ports strategy, and/or a memorandum of understanding, we weren't certain on that devolution. Again, very much in partnership with the Welsh ports group, and our hope is—this is a bit difficult, because there is no question of prejudicing the outcome—but the Welsh ports development fund that we launched a couple of months ago, the Welsh ports group would like to utilise some of that money, to actually look in depth at the analysis of the evidence, especially in terms of Brexit going forward, to influence that strategy.

[194] **David Rees:** Do you have any idea when we can expect to see that strategy?

[195] **Ms Williams:** I think that it would be—. It probably wouldn't be before the end of this year, because, again, it also needs to be tied in with the Wales transport strategy, the refresh of that.

[196] **David Rees:** That's a bit close to the time we take over, isn't it? You're talking about the end of December 2017, and we're talking about April 2018.

[197] **Ms Williams:** Well, I think in terms of particular issues that are emerging from Brexit, I think, for some of them, we wouldn't need an all-singing, all-dancing strategy to actually intervene where it would be appropriate. And, again, the key thing is working with the Welsh ports and

the ports themselves.

[198] **David Rees:** I've got two final questions. Do any other colleagues want to ask anything first? No. Okay. This afternoon, Cabinet Secretary, you've been talking about various scenarios. You've had to look at various scenarios for your planning. I'm assuming the worst-case scenario would be the WTO status and a number of variations between that, and you've obviously indicated that we're not ready to go at this point in time. How long would it be to finalise the strategy once we know where we are? How long will the Welsh Government take to put that together?

[199] **Ken Skates:** We're already working on the cross-cutting strategies for Government, and this work, the analytical work, has been feeding into the united and connected, and the prosperous and secure strategies, which are due to be published in this term. And it's our hope that as part of those strategies, we'll be able to address the concerns that have been expressed by the port sector. And in terms of a wider strategy for ports, that would form part of a wider response to concerns over Brexit. So, that would essentially be led by the Brexit team itself.

[200] **David Rees:** So, how long, once we know where we're going, would it take to be in a position to actually issue your strategy?

[201] **Ken Skates:** My strategy, prosperous and secure?

[202] **David Rees:** Well, for the ports in particular, and perhaps for the Welsh economy post Brexit.

[203] **Ken Skates:** Well, that would be again for the Brexit team. In terms of our response, they're looking at the scenarios that are most likely, and it would be for them to determine. But my prosperous and secure strategy is looking at Brexit itself, and how we futureproof the Welsh economy on a number of fronts, with a number of scenarios.

[204] **David Rees:** But are you saying you won't be publishing a strategy once we know where Brexit is going? It's going to be the Brexit team.

[205] **Ken Skates:** We will be publishing the economic strategy, the prosperous and secure strategy, as part of the Government's four cross-cutting strategies, and that will take into account the opportunities and the challenges of Brexit, with a number of hypothetical scenarios.

[206] **David Rees:** Okay. And the other point you mentioned is transitional arrangements. Clearly, we won't be pushing—. The Welsh Government's pushed for that, and I think that it's now been recognised by the UK Government that transitional arrangements are required. But what we're being told is that they will not be where we are now. We will not be in the EU and we may well not be in the customs union, and therefore, there are going to be changes. We've talked about working those through, the changes that we will end up with during a transitional period, but we will have to change for that transitional period. How well prepared are we to try and change for that transitional period, because there will be some changes required?

[207] **Ken Skates:** There will be some change required, and I think I'm on public record as saying that, even though we will be adopting a new strategy for economic development, the economy, we will also be ensuring that we have a system of stabilisers that enable us to revert from the adopted strategic approach to any scenario that might become a reality. And, therefore, within the strategy, there will be a default position to be able to accommodate any given Brexit deal. Now, that's happened in the past. It won't be the first time that this has happened. We do have a very flexible economy in Wales, one that can act quite nimbly, and we've got a Government that's been able to act in the past quite nimbly as well, particularly when there is a financial crash. And, therefore, to build into the strategy an automatic stabiliser programme, I think, is going to be important.

[208] **David Rees:** Okay. Any other questions?

[209] **Mark Isherwood:** I have a very short one.

[210] **David Rees:** Very short, Mark.

[211] **Mark Isherwood:** When you meet the Irish Minister, will you also address the Schengen issue?

[212] **Ken Skates:** Yes.

[213] **Mark Isherwood:** Thank you.

[214] **David Rees:** Thank you, Cabinet Secretary. We've come to the actual on-the-dot end of time. Thank you for your evidence this afternoon. You will receive a copy of the transcript, as you are aware. If there are any factual

inaccuracies, please let the clerks know as soon as possible if there are any. Thank you very much.

[215] **Ken Skates:** Thanks.

15:00

**Papurau i'w Nodi  
Papers to Note**

[216] **David Rees:** For Members, we move on to item 3 on the agenda—papers to note. We have correspondence from the First Minister regarding the Welsh Government policy document, 'Brexit and Devolution'. We also have written evidence from the UK Chamber of Shipping in relation to this inquiry. The third paper to note is correspondence from the Llywydd to the Secretary of State for Wales in relation to the great repeal Bill. And the fourth is the correspondence from the Chair of the Finance Committee regarding the scrutiny of the draft budget. Are Members happy to note those items? Thank you.

15:01

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o  
Weddill y Cyfarfod**

**Motion under Standing Order 17.42 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.*

[217] **David Rees:** Then we move into the next item, and, under Standing Order 17.42(vi), are Members content to move into private session? In that

case, we'll now move into private session for the remainder of this meeting.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 15:01.*

*The public part of the meeting ended at 15:01.*