

## Culture, Welsh Language & Communications Committee

### Thursday 18<sup>th</sup> October 2018

#### Implications of Brexit on areas within the Committee's Remit.

#### Evidence Paper - Minister for Culture, Tourism and Sport

The culture sector makes a significant contribution to the Welsh economy, contributing to inclusive economic growth as set out in the **Economic Action Plan**, helping to reduce inequality and contribute to our goals in the **Future Generations of Wales Act**.

It is currently impossible to quantify the socio-economic and broader implications of leaving the European Union.

Among some of the obvious consequences are:

- **Loss of funding for major projects** – there has been a significant level of EU support for major cultural and heritage facilities in Wales over the past ten years including over **£74m for heritage projects** such as the iconic and breathtaking investment in Harlech Castle;
- **Loss of funding for collaborative projects** which will affect sector bodies, universities and others, and for **skills development**, particularly in creative industries;
- **Impact on the sector markets** – Welsh artists and others rely on the ability to showcase their offer internationally, whilst 45% of cultural industries export to the EU. Major cultural industries report that they are likely to leave the UK if there is no deal which will in turn impact on local creative businesses
- **Regulatory impact** - the biggest impact is likely to be on digital records, intellectual property and copyright. The EU does not regulate the historic environment and although there are some implications for cultural property we are not facing the same scale of legal or regulatory challenges as for example, the natural environment
- **Potential impact of financial volatility** (such as the value of the pound) – impossible to quantify but potential increased costs for example paper costs for publishers have already risen by 25%.

The Welsh Government as a whole has been clear and consistent in its six priorities:

- Continued full and unfettered access to the Single Market and participation in a Customs Union to protect the 60% of Welsh exports that go to the EU and to retain and increase job-creating investment.

- A new migration system that links migration more closely to employment so we can recruit the doctors, nurses, engineers and other workers we need, while protecting employees from exploitation.
- Wales not to lose a penny of funding due to Brexit as promised during the referendum.
- A fundamentally different constitutional relationship between the devolved governments and the UK Government – based on mutual respect. No claw back of devolved powers to Whitehall.
- Maintaining the current social and environmental protections, including workers' rights.
- The vital importance of a transition period to avoid a 'cliff edge'.

In relation to culture our strategy has therefore been to:

- **engage with organisations** in the sector to understand the impact of Brexit, get intelligence on their experiences and work together to prepare for the practical implications of leaving the EU'
- **work with agriculture and across Welsh Government** to ensure culture, heritage and historic environment are taken into account in new arrangements
- **develop new networks** and relationships both in Europe and around the world to promote culture in Wales, working with the British Council, the European Heads of Heritage forum and others;
- Liaise with the **UK Government DCMS** in relation to cultural property regulations and new statutory instruments
- Work collaboratively, within Welsh Government and with our stakeholders and partners to **raise the international profile of Wales**

Each of the individual bodies in the sector including the Arts Council, Amgueddfa Cymru/the National Museum, the National Library and the Royal Commission on the Ancient and Historical Monuments in Wales has also been working to explore new sources of funding and to maintain existing, and build new, networks.

Whilst Tourism does not fall within the remit of the committee, it is worth noting that our **major tourism marketing campaigns** and activities also play a critical role in helping us to continue to build the visibility and reputation of Wales internationally. There is the potential to harness our defining creative, cultural and sporting exports to build Wales brand in key markets such as Germany, Spain and the USA as well as emerging markets such as China, India and Japan in a post-Brexit context.

Of course, we are not considering the impact on the culture sector in isolation. A cross-departmental Welsh Government European Transition Officials Group (**ETOG**) supports the Cabinet Sub-Committee on European Transition. ETOG sub-groups have also been established as needed, for example on Brexit-related legislation, UK frameworks, preparedness, economic considerations, communications and on funding. We also engage with a range of stakeholders and inter-governmental forums. This joined up and collaborative approach has enabled the Welsh Government to be on the front foot in responding to the decision to leave the EU and allowed us to contribute constructively to discussion and debate in order to influence UK Government positions, and to provide robust proposals for the future based on strong evidence.