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Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth
Cabinet Secretary for Economy and Transport



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref IM/KS/05032/17

Rt Hon Greg Hands MP
Minister of State
Department for International Trade
London

14 December 2017

Dear

Thank you for your letter of 7 November regarding the Government's Trade Bill, the tabled resolutions for the Taxation (Cross-Border Trade) Bill, and the progress made in establishing a new trade framework. We believe that providing assurances for Welsh businesses will help maintain business confidence and support continued investment in Wales and the UK, and we welcome the UK Government's efforts in this regard.

The Welsh Government agrees that legislation is necessary to provide clarity and certainty for businesses and consumers as we leave the EU. We appreciate the UK Government's recognition of the importance of trade to the Welsh economy and the role Wales has in shaping trade policy. We agree that it is important to include the opinions of Welsh businesses in the development of future trade policy and we would be happy to cooperate in efforts to engage Welsh stakeholders. To facilitate this I would like to invite you and/or your officials to come to our EU Exit Working Group with representatives from key business groups in Wales. My officials will provide you with further details if this is of interest.

Government Procurement Agreement

We welcome opportunities for businesses – both in Wales and the UK more broadly – to work overseas and gain access to the large international procurement market, whilst also offering our public sector competitively-priced services.

It is important that, as far as possible, continuity is maintained whilst we leave the EU so that our industries are not forced to adapt unnecessarily, enabling Wales to continue to thrive. In leaving the EU, we do not want to cause unnecessary harm to our economy by losing access to agreements such as the GPA, from which we currently derive benefit through our membership with the EU. We welcome the provision in the Trade Bill to give powers to Welsh Ministers in this regard but consider as a matter of principle both that our powers should be equivalent to those of UK Ministers with respect to devolved matters and that our consent should be a statutory requirement before UK Ministers can use concurrent powers in devolved areas.

Transitional adoption

We support your objective to 'adopt' the existing Free Trade Agreements signed by the EU. Given the implications trade policy will have on areas of devolved competence it is important that Wales is not only consulted but that our consent is again a necessary requirement before UK Ministers can use concurrent powers in devolved areas. I welcome your promise that powers will not normally be used by the UK Government in areas of devolved competence; to place this undertaking on a statutory footing would evidence appropriate respect for devolution

Trade remedies

We broadly support the proposed measures for the setting up of a new body to investigate trade disputes, which would have an important role to play as the UK exits the EU. We believe that as an independent body it should have input from the devolved nations as well as the Secretary of State for International Trade. We therefore consider that the Bill should make provision such that the Secretary of State should be required to make an appointment of one member of the board of the Trade Remedies Authority with knowledge of trade in relation to Wales, and that this appointment is made with the consent of the Welsh Ministers. We appreciate further detail about the TRA will be forthcoming in due course and I would particularly welcome further discussions with yourself on the Authority.

Legislative Consent Motion

I laid a Legislative Consent Memorandum on December 7th and as I said there, whether or not legislative consent should be given for the Trade Bill will need to be considered in the context of the response to amendments put down to address our concerns with the Bill.

Future trade policy

The Welsh Government believes it is imperative that the UK stays within the Single Market and a Customs Union with the EU at least for the time being, and we have seen no evidence to the contrary. As over 60% of Welsh exports currently go to the EU we think that securing a strong trading relationship with Europe is paramount. In addition, we want to ensure that we are taking advantage of any opportunities that Brexit might provide and we fully support the UK Government in their aim of improving trade relationships with the rest of the world, albeit under the restriction of current EU membership.

Clearly, Wales needs to be fully informed of all Government efforts to secure Free Trade Agreements for our post-EU future, and have the opportunity to offer input into these discussions and strategy more broadly. We have previously suggested a new mechanism is needed across the UK to agree a coherent approach to trade negotiations. We are willing to be a constructive partner and share information we have on potential impacts to the Welsh economy. We would welcome further discussions with you on this and the TRA and I would like to invite you to Cardiff to take this forward.

*Yours ever,
Ken*

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