



David Rees AM
Chair of the External Affairs and
Additional Legislation Committee
National Assembly for Wales
Cardiff Bay, Cardiff
CF99 1NA

3 March 2020

Dear David,

Thank you for your letter requesting additional information following my appearance before the Committee on 10 February.

Overseas Offices

I will be meeting with the Overseas Offices Performance Manager to discuss the remit of the Offices on mid-March with a view to producing a finalised remit by mid-April which I would be pleased to share with the Committee.

I intend to change the key performance indicators to ensure activity is aligned to the aims of the strategy. As the aims of the strategy were consulted upon extensively with relevant stakeholders I will not be consulting upon the specific remit of the offices further, although a regular dialogue occurs with many relevant stakeholders which has and will continue to inform the remit of the offices. In addition I can confirm the final Q4 report for 2019/20 will be available within two weeks of year-end.

International Relationships

Significant co-operation work is underway with Brittany, the Basque Country and Flanders and through the European Transition Fund we are incentivising organisations in Wales to work with our priority regions. I shall be making a statement on our relationship and activities with our key international partners but in broad terms the following information should be of interest.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

i) Brittany

We already have an MoU and a dynamic action plan with Brittany and we welcomed the President of the Regional Council of Brittany to Wales on St David's Day where he attended a concert jointly produced by BBC National Orchestra of Wales as part of their partnership.

A wide range of collaborative activity is underway in the fields of culture, education and economic development, with a particular focus cyber-security, agri-food, the creative industries, marine energy and language. Representatives from the Breton media and agri-food sector will meet their counterparts from Wales next month to explore further co-production and collaboration. I have discussed our appetite to deepen the Welsh Breton relationship with the French Foreign Office who have encouraged us to actively pursue the strengthening of the relationship. I intend to visit Brittany before the end of this Assembly.

ii) Basque Country

The Basque Secretary General responsible for Foreign Affairs visited Wales in December to discuss the MoU signed in July 2018 and I intend to visit the region later this year.

Like Brittany, the Basque Country has also identified Wales as one of its priority relationships and I welcome the focused approach that underpins our relationship. I believe that concentrating efforts on a small number of areas – health, finance, language and innovation - can deliver the greatest benefit.

A delegation from Wales will visit the Basque Country later this month for the first Basque Country – Wales Territorial Competitiveness Forum next month and Welsh and Basque officials have developed an integrated health and social care focused action plan to direct and identify specific collaborative opportunities.

iii) Flanders

I met the Minister President of Flanders Jan Jambon when I launched the International Strategy in Brussels last month and we agreed to sign the first MoU agreement between the Welsh Government and Flanders in the Spring. As with the Basque Country and Brittany, we agreed that the MoU will focus on a small number of priority areas where we can derive maximum mutual benefit. One of these areas will be cybersecurity, and we are also discussing what we can learn in terms of the ability of an EU region to influence trade discussions and agreements.

Ireland

The Welsh Government is working closely with the Irish Government, notably the Ministry for Foreign Affairs, and the Irish Consul in Cardiff to further deepen bilateral ties on existing areas of co-operation and new partnerships. These include existing areas of co-operation and new partnerships such as health and aerospace with trade missions to Ireland in the pipeline for both sectors. A considerable effort is being made to list the extensive activity that is already being undertaken between our two nations.

Whilst we were hopeful of signing a formal agreement with the Irish Government this spring, given the recent election in Ireland it may take some time before we and the incoming Irish Government are able to make any joint public statement on the relationship. I look forward to coming back to the Committee to provide an update on this process.

Marketing Resources

A basic initial brand asset website is available which includes a range of materials which range from a photo library and films through to graphics that can be used for branding events. This website will be developed by taking on board feedback from users on what assets are needed. Welsh organisations around the world have already been provided with information and have been encouraged to use this resource.

I have already contacted the Presiding Officer's office to discuss visits and access to Welsh Government branding use abroad. Where AMs travel abroad Welsh Government officials are happy to provide support as was recently the case when the Presiding Officer visited Canada.

Delivery Plans

Now we have the strategy, I want resources to be focused on delivery. Work is ongoing to assess international plans across government, sponsored bodies, organisations, third sector and civic society to identify opportunities to raise our profile overseas. The appointment of two new Deputy Directors for the department will help to ensure that actions are delivered to time lines. Over the course of the next year we will provide statements on how we intend to deliver in priority areas. An idea of what can be expected is included in **Annex A** to this letter.

Not all organisations will have exactly the same priority regions and countries as Government, but where there is alignment, this work will help us co-ordinate and maximise our efforts internationally and move us to a place of closer, joined-up partnership working.

We have engaged with the Arts, Culture and Sport sector this approach is already happening and the Rugby World Cup in Japan is a recent example of successful co-ordinated partnership working. I met with the sector recently to discuss international planning and I expect to see this level of co-ordinated engagement for any major competition where Wales is performing on the world stage. We will provide a clearer picture of our priority areas of focus before the summer, although there should be an understanding that this is a flexible set of priorities that may need to be revised to respond to opportunities or threats such as the extent of Wales' possible progress in the European football championships or the impacts of corona virus.

Export Figures

In the year to September 2019, the value of Welsh exports of goods totalled £17.8bn. Welsh exports of goods reached nearly 23% of GDP in 2018 (based on experimental ONS data).

The decision to set a proposed 5 per cent increase in the contribution that exports makes to Wales' economy is based upon similar ambitions set out by UK and Scottish governments.

Our target relates to the overall contribution of exports to Welsh economy not an increase in the value of exports. It is an ambitious target but I believe that targets should be ambitious if they are going to drive forward genuine change. In order to achieve this increase, it is important that we support companies to export. We have an established programme of support in place and are looking to develop this further and will report on our plans before the summer.

It is worth noting that there are several large companies which contribute to our export figures so the Brexit settlement may impact on these if there is a particular change which will impact our key sectors.

Economic Partnership Agreement between the EU and Japan

The EU-Japan trade agreement came into force on 01 February 2019. Due to lags in the availability of trade data, only two quarters of data are available for which the EU-Japan trade agreement has been in force. The volatility of trade data means that we are unable to robustly estimate the value of trade between Wales and Japan so soon after the agreement came into force.

More generally, in the year ending September 2019, total trade between Wales and Japan totalled £907m, of which imports and exports were valued at £635m and £272m respectively. In terms of contribution to Welsh trade, Japan was the 15th largest export market for Wales (1.5% of Welsh exports) and the 7th largest import market (3.5% of Welsh imports). Trade between Wales and Japan has followed a broadly upwards trajectory in recent years, growing from £582m in 2013 to £851m in 2018. Wales has maintained a trade deficit in every year during this period whereby imports have exceeded exports. Further data on trade between Wales and Japan can be found in **Annex B** to this letter.

Future UK-Japan agreement

A UK-Japan agreement will be important to reassure investors that Wales and the UK remains a stable trading partner. A key objective for the negotiations will be to maintain the benefits of the EU-Japan agreement, without making too many concessions in areas that will disproportionately affect Wales. My officials continue to develop our ask of the UK Government in relation to an FTA with Japan and the other priority countries.

Trade Agreement Continuity (TAC) programme

As of 31 January the UK Government has been successful in rolling over some 20 of the EU negotiated agreements. These represent around 5% of total Welsh trade in goods.

You also asked a number of specific questions in relation to international trade, the answer to these follows below:

To confirm whether you are satisfied with the level of engagement between the Welsh Government and the Department for International Trade?

There is always more that can be done in terms of improving engagement, but I think the relationships we have been able to develop at both an official and Ministerial level with the Department of International Trade are very encouraging.

To confirm whether a meeting between you and the Secretary for International Trade has been sought, and if so when the meeting will take place

Unfortunately I have not yet had the opportunity to meet with the Secretary of State for International Trade although I have requested a meeting. I do however have regular discussion with the Minister for Trade Conor Burns MP. My next bilateral with the Minister will take place on March 5th.

The Minister confirmed that the expert stakeholder advisory group for international trade will meet in the spring. Could the Welsh Government confirm the exact date for when the meeting will take place?

The date for the first meeting of this group is before Easter on 31 March. My focus at the moment is on getting the right people around the table.

The Minister confirmed that the membership of the expert stakeholder group is yet to be determined. Could the Welsh Government clarify the process for determining the membership of the group and whether it will be subject to a public expression of interest.

In the next week I will write to Welsh trade bodies and representative organisations to ask them to nominate suitable candidates to represent their sector on the group. This will allow these organisations to select for themselves those they believe best able to represent the views of their sector.

To provide an update on what was discussed at the first meeting of the Ministerial Forum on International Trade on 23 January 2020.

At the first meeting of the Forum we discussed the Terms of Reference, priorities for negotiations with the USA, the role of the UK in the World Trade Organisation, and the planned Trade Bill announced in the Queen's speech.

To provide an analysis of the key sectors that export in Wales, as referred to in the Minister's response to questions on her statement in Plenary on 7 January.

This can be found in **Annex C** to this letter.

Can I take this opportunity to thank the Committee for their continued interest in the International Strategy. I look forward to taking part in the plenary debate on the Committee's report.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

Eluned Morgan AC/AM

Gweinidog y Gymraeg a Chysylltiadau Rhyngwladol
Minister for International Relations and the Welsh Language