

## **Written Response by the Welsh Government to the report of the External Affairs Committee entitled Preparing for Brexit: Follow-up report on the preparedness of Welsh Ports**

### **Recommendation 1**

The Committee recommends that:

The Welsh Government publishes details of its contingency plan for managing traffic and congestion that may affect Welsh “Ro-Ro” (ports in the event of any new checks and delays becoming necessary after the 29 March 2019 and details of any assessment that has been made in terms of the funding arrangements for any infrastructure that may be necessary.

### **Response: Accept**

We have long recognised the potential disruption that could affect Ro-Ro (roll-on, roll-off) ferry ports in Wales, with Holyhead port being at particularly high risk. We have engaged closely with port operators, ferry operators, local authorities and UK Government organisations to develop a fuller understanding of the risks at ports, and influence the development of policy in respect of border arrangements, which is a reserved matter.

Following these discussions, the UK Government has taken the decision to make no additional checks on goods coming through Ro-Ro ports from EU countries in a no-deal scenario, albeit on a temporary basis. This might ease some of the short term pressure, but we are acutely aware of the need for a more robust, long term solution.

The current unknown is how arrangements at Irish ports will affect requirements for stacking and staging of road transport on this side of the Irish Sea, especially at the A55. The recent ‘no deal’ [Contingency Action Plan](#) published by the European Commission clearly states that all relevant EU legislation on imported goods and exported goods will apply as of the withdrawal date (including duties and taxes and controls, such as sanitary and phytosanitary checks).

The Government of Ireland also published its [Contingency Action Plan](#) in December, which confirms arrangements are being made to improve infrastructure at ports in Dublin and Rosslare, including additional inspection bays, parking, border inspection posts and office space.

However, we cannot depend on these plans being delivered before exit day. As the lead highway authority, we are looking at a range of options for managing traffic disruption in and around Holyhead port which might result from processing delays at Dublin. We will continue working closely with the port, the ferry operators, emergency services, Isle of Anglesey Council and the local resilience forum to further develop arrangements.

It would not be appropriate to publish at this stage options for managing traffic relating to Holyhead given the potential for commercial sensitivity.

In respect of Pembroke Dock and Fishguard, analysis to date indicates that delayed vehicles could be held and managed within the port environs and any increased congestion on public roads would not be significant. Therefore there would be no need for additional

infrastructure. However the assumptions underpinning the analysis are finely balanced and are being kept under constant review in order to react quickly if necessary in putting in place any additional contingency measures.

Reflecting that the highways leading to and from the Ro-Ro ports in Pembrokeshire are a mix of local and trunk roads, the local authority will work with South Wales Trunk Road Agency on contingency planning for traffic management for the area. Pembrokeshire County Council is engaging closely with the ports, ferry operators, local police and Border Force officers, as well as Welsh Government officials. Should it become necessary to provide layup facilities off port, potential sites have been identified alongside the access routes.

## **Recommendation 2**

The Committee recommends that:

The Welsh Government explores with Welsh companies involved in international trade (particularly “Rest of World trade”) what assistance they may require in transitioning to a future customs arrangement. Following the results of this exercise, consideration should be given to allocating resources from the Brexit Transition Fund for this purpose and the Welsh Government should report back to us the results.

### **Response: Accept**

Welsh Government is already proactively working with companies involved in international trade to help them prepare for future trading arrangements. There is still a great deal of uncertainty around these arrangements and our support will remain flexible enough to meet the needs of individual businesses.

We already have the Brexit Portal to provide companies with information and advice on international trade. This includes “Rest of the World” customs procedures; classification of goods (tariff codes); origin of goods and regulatory environment.

On 24th October I announced approval of a £7.5m Business Resilience bid to the European Transition Fund. Activities supported within this bid include enhanced online information, tools and resources for businesses that trade internationally; tailored support for businesses to assess and address risks and opportunities; grant funding towards the cost of meeting Brexit related challenges.

## **Recommendation 3**

The Committee recommends that:

The Welsh Government, in its response to our report, outlines its views on the proposals for the Northern Ireland backstop and how they will affect operations at Welsh ports.

### **Response: Accept**

In November 2018, previous First Minister Carwyn Jones AM released a [Written Statement](#) which provides the Welsh Government’s response to the proposed Withdrawal Agreement and Political Agreement, including the Northern Irish ‘backstop’

We recognise the importance of securing the Good Friday Agreement in Northern Ireland and in this regard understand the EU’s insistence on robust backstop arrangements. However, the Brexit we advocate in our White Paper, *Securing Wales’ Future*, would ensure that the backstop would never be needed and that there would not need to be any

divergence between Northern Ireland and the rest of the UK in terms of customs or the regulatory environment.

Under the terms of the Protocol, a suite of provisions would be put in place to ensure that no hard border is created on the island of Ireland. These include the creation of a single UK-EU customs territory; and confirmation that the UK in respect of Northern Ireland will remain aligned to a limited set of rules that are related to the EU's Single Market (such as legislation on goods, sanitary rules for veterinary controls ("SPS rules"), rules on agricultural production/marketing, VAT and excise in respect of goods, and state aid rules).

The EU and the UK have agreed to carry out any necessary checks on good moving from the UK to Northern Ireland in the least intrusive way possible. However, a greater understanding of the effects of this in practice on freight movements is required in order to understand the implications for operations at Welsh ports.

The EU itself has confirmed that nothing in the Protocol prevents unfettered market access for Northern Ireland products in the rest of the UK; and nothing in the protocol prevents a product originating from Northern Ireland as being considered as a UK good when placed on the market in the rest of the UK.

#### **Recommendation 4**

The Committee recommends that:

The Welsh Government improves its overall communication with ports, and stakeholders connected with ports, such as freight and haulage organisations, travel operators, and the tourism sector to provide them with greater assurance around the preparations and planning for 29 March 2019.

#### **Response:** Accept

Stakeholders have direct, regular engagement with me through my EU Exit Working Group, which includes representatives from the ports and haulage sectors.

We are also engaged closely with stakeholders through the *Wales Ports and Airport Border Planning Steering Group*. This engagement has been a key part of developing our understanding of local risks and reasonable mitigations in the event of no deal.

The purpose of the group is to provide a single coherent forum to enable engagement on operational matters between UK Government, Welsh Government, local government and Welsh port and airport operators in relation to border preparations for EU exit, with a focus on the cross-border movement of commercial goods and on planning for Day One arrangements in the event of no deal.

The steering group is chaired by HMRC Border Delivery Group and, together with officials from Welsh Government; its members include officials from a range of UK Government departments and agencies, as well as representatives from the major ports in Wales, Cardiff airport, ferry operators, freight/haulage associations and local government.

The steering group has also undertaken site visits to individual ports to discuss detailed planning for their specific circumstances. The particular focus has been on Holyhead port, given its strategic UK importance as a Ro-Ro ferry port. Those in attendance at these meetings also included road network management managers together with local authority and police representatives.

Officials have also engaged with the UK Freight Transport and Road Haulage Associations, especially on the assessment criteria for awarding trailer permits in the event of no deal.

In respect of impacts to tourism, Ministers and Visit Wales officials meet regularly with the Wales Tourism Alliance and other key sector stakeholders to discuss all issues impacting on the sector including Brexit. For example during Autumn 2018 the industry was asked about the impacts of Brexit across Wales at five regional tourist roadshows and at meetings of the four Regional Tourism Forums and a question was included on our recent Tourism Barometer surveys.

### **Recommendation 5**

The Committee recommends that:

The Welsh Government updates us on the discussions that it is having with counterparts in the UK Government on new IT systems in relation to future customs arrangements. This update should include details of how the needs of Welsh ports are being considered and addressed in any future IT system, and the latest anticipated timescales for completion of this work.

**Response:** Accept

Customs arrangements – and the related IT systems - are reserved and therefore the responsibility of the UK Government. In recognition of their importance to the ports and freight industries, the systems feature as part of the regular discussions of the Ports and Airport Border Planning Steering Group (detailed in recommendation 4). The needs of Welsh ports in respect of IT systems are fed into and considered by the UK Government in an integrated way via this forum and the ports and UK Government collaborate on the issues. HMRC have informed us that the IT changes are being targeted for completion and implementation by Day One, but contingency arrangements are also being developed in case this target cannot be met.

### **Recommendation 6**

The Committee recommends that:

The Welsh Government works with its key economic stakeholders to ensure that they have the necessary capacity and resources to take part in the UK Government's permit application scheme and reports back to us on its efforts in that regard.

**Response:** Accept

It is essential that both Welsh hauliers and the Welsh businesses which depend on them and other UK hauliers are not made worse off as a result of changes to the permitting regime. We have contacted representatives from the Road Haulage Association and the Freight Trade Association directly and have asked them to advise us whether their members in Wales have expressed any concerns in respect of these plans. So far no response has been received.

I have also written directly to the responsible UK Roads Minister, Jesse Norman MP, stressing the need to ensure Welsh hauliers are not adversely impacted by the approach being taken.

Recent updates from EU on no-deal arrangements state that UK operators will be able to temporarily (for nine months) carry goods into the EU provided the UK confers equivalent rights to EU road haulage operators. Whilst the UK's acceptance of this approach offers

some comfort, it is a short term solution and we will continue to work to ensure Wales is not adversely affected by a permitting regime if it were to prove necessary.

### **Recommendation 7**

The Committee recommends that:

The Welsh Government outlines in its response whether it intends to bring forward new environmental regulations after Brexit and how these may interact with the UK Government proposals for a “common rulebook” after Brexit.

### **Response: Accept**

The priority at this moment is to deliver the substantial programme of work needed to ensure there will be a functioning statute book in place on exit day. This is being delivered through both UK wide and Welsh SIs in order to ensure current EU derived legislation, including current environmental regulations, will continue to be able to function.

As a Government we are committed to maintaining and enhancing environmental standards and our work with our stakeholders has highlighted the importance of our standards of regulation to our reputation for high quality produce.

We are working closely with the UK Government and other devolved administrations on how we the four administrations will work together post exit day to ensure that where a consistent UK approach is required, this can be delivered in a way which respects devolution.