# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Publication of UK temporary tariff regime**  |
| **DATE**  | **09 October 2019** |
| **BY** | **Eluned Morgan, Minister for International Relations and Welsh Language** |

Yesterday the UK Government published an update of the intended temporary tariff regime for the UK should we leave the EU without a deal. This updates the tariff rates published in March 2019 and makes three specific changes covering HGVs, bioethanol and clothing. Welsh Government Ministers were not consulted beforehand.

Since the publication of the first set of temporary tariffs in March we have raised a number of concerns around the impact of the no deal tariffs and have urged the UK Government to review them. We have listened to the views of stakeholders in Wales, who have raised particular concerns over the impact on the agricultural sector and on refineries in Wales. There are likely to be significant adjustment costs associated with the disruption to trade and supply chains.

Leaving the EU without a deal will mean exporters not only face new tariffs to access EU markets, as well as new non-tariff barriers, but could see increased competition as the UK Government lowers tariffs on 88% of UK goods. This risks having a negative impact on the economy of Wales compared to the status quo of full and unfettered access to the Single Market as well as hitting our most vulnerable in society with the risk of job losses in many of our most deprived areas.

We have particular concerns about the impact of removing tariffs on petrochemical imports on refining in Wales, a decision which has been taken despite considerable pressure from the UK Petroleum Industry Association. Petroleum, Petroleum Products and Related Materials industry is responsible for 14% of Welsh goods exports. The sector could be particularly affected by the failure to adjust the tariffs as requested by the Welsh Government. In this regard, my officials are in close contact with the Valero oil refinery. The farming unions have also rightly drawn attention to the impact of reducing or removing tariffs on the agricultural sector in Wales. On the other hand, where the UK Government has decided to retain tariffs on imports, this will have negative impacts on consumers, because such tariffs will now apply to imports from the EU and countries where existing EU Free Trade Agreements have not been replicated. One of the few changes the UK Government has now proposed is to put tariffs of 12% on some clothing items which will increase costs for hard-pressed families.

There is no such thing as a good no-deal Brexit. As we set out in ‘*A Brighter Future for Wales’*, leaving the EU without a deal will cause significant damage to our economy and the best solution remains continued membership of the EU. This is further illustrated by the response from farming unions, the oil refinery sector and others highlighting the potential damage to industry of the no-deal tariff regime.

As we have previously made clear, faced by the imminent threat of a no deal Brexit, the decision needs to go back to the people, and it is in the interests of the people of Wales that the UK remains in the EU.