# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE** | **Welsh Government’s analysis of the UK Government’s negotiating mandate for the Future Relationship with the EU** |
| **DATE** | **28 February 2020** |
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Over the last three and a half years the Welsh Governmenthas taken every opportunity to set out Welsh priorities for the UK’s future relationship with the EU to the UK Government. We have looked to be constructive, hoping to get agreement with the UK Government, enabling the UK to enter the negotiations with the EU from a position of unity and strength.

The publication of the UK Government’s mandate for the UK’s future relationship with the EU shows the UK Government has chosen not to listen. They have set out a mandate for the negotiations that risks huge damage to business and people’s jobs in a rushed bid to get a deal by the end of the year. In doing so, the UK Government has moved significantly away from the political declaration which it agreed with the EU in October.

The Welsh Government does not endorse the positions set out in the UK mandate. In taking their approach, the UK Government has missed the opportunity to build a strong united position across all governments of the UK. With a UK Government choosing not to listen to our legitimate concerns, they enter the negotiations next week alone.

It is clear from the mandate that the UK Government has a completely different set of priorities for the UK’s future relationship with the EU than the ones we have consistently advocated. The UK Government’s approach is based on ideology, putting the narrative of “taking back control” ahead of people’s livelihoods. We do not accept their underlying principles for the most important and detailed negotiations for a generation. As we recently set out in publication ‘The Future UK/EU relationship: Negotiating Priorities for Wales’ we believe the top priority should be to secure the fullest possible access to EU markets, not as an end in itself but because all the evidence suggests that is the best way to protect the needs of the economy, public services and wider society – it matters for jobs, wages, businesses and communities.

There is also a complete lack of evidence to support the positions the UK Government has set out in the mandate. The UK Government has again failed to publish any economic impact of the relationship they are seeking with the EU. As drawn out by a number of independent studies and evidence published by the previous UK Government, the potential implications of moving away from the deep economic and social integration we currently have with the EU, and erecting new barriers to trade with our largest export market, are significant. It is indefensible for the UK Government to set out a negotiating position without any supporting evidence.

The UK Government has based its negotiating mandate on the range of Free Trade Agreements the EU has in place with other third countries. This approach only serves the purpose of trying to reach an agreement with the EU within the UK Government’s self- imposed deadlines of a deal before December 2020. We believe this is a fundamentally flawed approach. First, the negotiations should not be artificially constrained by an unrealistic timetable. Secondly, there is no precedent for a Free Trade Agreement between two parties starting from a position of almost no conventional barriers to trade where the aim is to manage divergence, not promote convergence.

The UK Government believes the Canada/EU trade agreement is a suitable precedent. We disagree.

There are also a number of more specific concerns that we have put forward to the UK Government. The UK Government maintains the ambition for tariff free trading arrangements with the EU. This we support. However, at the same time the UK Government fails to recognise the importance of the non-tariff barriers to trade. It is quite clear the envisaged approach to Rules-of-Origin and Technical Barriers to Trade will result in significant frictions to trade, including the need for additional paperwork and checks at the border. In addition the mandate is vague on how the proposed customs arrangements will operate other than to highlight there will need to be additional checks. These delays and frictions could have significant implications for our agri-food, aerospace and automotive sectors in Wales.

On traded services, again the UK Government’s precedent based approach could damage the economy. We have repeatedly made the case to the UK Government for negotiating an agreement that recognises the importance of services linked to goods. In many sectors, aerospace included, businesses do not distinguish between the goods and the services that are supplied alongside the goods. The UK Government has chosen not to listen. In addition, the UK Government’s mandate lacks ambition for many growth sectors including digital services and the failure to recognise the importance of an agreement that provides for the mutual recognition of professional qualifications further risks the ability of services providers to trade within the EU.

The UK Government cannot speak for Wales in areas of devolved competence. The mandate must not be exercised in a way which appears to do so. Despite pressing our case on repeated occasions the UK Government looks set to constrain our ability to deliver across a number of important devolved policy areas such as economic development, the environment, energy and climate change.

We have also repeatedly made the case for the UK to negotiate continued participation in a number of successor EU programmes. Here the UK Government has sought to make decisions on what they see is in the best interests for England. We have repeatedly argued for the UK Government to negotiate the option for Wales to continue to participate in EU programmes even if the UK Government does not do so for England. They have chosen not to listen, and the mandate only includes, somewhat begrudgingly references to participating in a narrow range of programmes.

We will continue to set out the priorities for Wales as the negotiations proceed. If the UK Government changes its approach, and provides a substantive opportunity for the Welsh Government to be properly involved in the negotiations when devolved matters are affected, we will be a constructive participant, as ever.