

Response to the Report by the Constitutional and Legislative Affairs Committee on its inquiry into Wales' role in the EU decision-making process, March 2014

First Minister, Minister for Finance and Minister for Natural Resources and Food

May 2014

The overarching aims of the Welsh Government's EU policy are to promote and protect the interests of Wales and to deliver the best outcomes for our people.

The European Union has a major impact on the lives of people in Wales and plays an important role in building our nation's prosperity. It makes decisions and passes laws that affect Welsh policy interests such as business and trade, agriculture and rural development, regional development, energy, skills, employment, transport and the environment. Our membership of the EU, and our active participation in the development and implementation of its policies and programmes, contribute significantly to the achievement of the goals we set out in our *Programme for Government*.

It has always been the Welsh Government's view that membership of the EU is essential to the future success of both Wales and the wider UK. In these challenging economic times the Welsh Government's is strongly committed to the creation of sustainable jobs, enhancing skills and boosting growth.

Effective engagement with the European Union is important for Wales. We broadly welcome the Report by the Constitutional and Legislative Affairs Committee, which presents a generally positive view of the way the Welsh Government pursues Welsh interests in the European Union. It also acknowledges the pivotal role of the Joint Ministerial Committee on Europe in enabling the Devolved Administrations and UK Government to exchange views on EU matters and to maintain a co-ordinated approach, as appropriate.

Over the last few years, the EU has faced major challenges but the wider European economy is, gradually, beginning to move in the right direction again. This shift is reflected in Wales, where the indicators are positive for further economic growth in 2014.

While the general signs of economic improvement augur well we must maintain a clear focus on the delivery of growth and jobs and continue to make best use of the enormous benefits that membership of the Single Market – the world's largest market in GDP terms and our largest single trading partner – has brought to Wales and Welsh businesses since its inception in 1992.

The EU is a partner in helping us meet these challenges and EU funds currently bring well over half a billion pounds a year into the Welsh economy. The EU's goals for growth and jobs, described in its Europe 2020 strategy, complement those in our own *Programme for Government*.

As a pro-EU Government, we will continue to work with both the UK Government and the EU institutions to do all that we can to eradicate structural barriers to growth and help to ensure that Wales, the UK and Europe realise our goals for the benefits of our citizens and communities.

Responses to individual recommendations

Recommendation 1.

We recommend that the Welsh Government conducts a regular review of its use of 'soft' diplomacy to ensure that it is focused on achieving its strategic vision and goals for EU affairs (see Recommendation 12) and maximising the effectiveness of its presence in Brussels. (Page 16)

Response: Accept

Since devolution, Wales has made major progress in its ability to influence the development of the relevant EU policies.

The Welsh Government is a committed partner within the European Union and our aim is to engage actively and visibly. We have worked continuously to raise awareness of Wales within the EU through promoting the best of what we have to offer – in social, environmental, educational, economic, tourism and cultural terms – and through building relationships with other Member States and regions through partnerships, networks and involvement with local organisations.

The primary purpose of this profile-raising work is to strengthen our influence and thereby to assist us in delivering on our policy objectives and it is regularly reviewed.

Recommendation 2.

We recommend that the co-location of key organisations within a Welsh presence in Brussels is continued but that the range of organisations participating is strengthened by the addition of representatives from the business and third sectors. We believe that the Welsh Government should proactively support and encourage this change.

Response: Accept

The Welsh Government's office in Brussels supports Ministers in their EU-related work and provides intelligence on, and interpretation of, EU affairs across the Welsh Government's portfolio of interests. The office also acts as a platform for networking and cultural events, which are designed for building

relationships, lobbying decision-makers and growing our influence. The office shares its premises, in the wider Wales House, with representatives of the National Assembly for Wales, the Welsh Local Government Association (WLGA) and of Welsh Higher Education Brussels (WHEB) and this co-location has proved extremely valuable in delivering the wider Welsh agenda in the EU.

Stimulating exports and attracting inward investment are central to our strategy for growth and jobs. The EU's Single Market continues to be a major source of business opportunities for Wales-based companies as well as being a vital component in attracting investment into Wales from other parts of the world.

Our Brussels office now has trade and investment officers to take this work forward across the continent. They have built strong relationships with key multiplier groups in the region, notably chambers of commerce and UK Trade & Investment offices.

We would welcome opportunities for co-location with Welsh organisations, including in the business and third sectors, as they arise, as a means extending and developing the Team Wales approach in the EU.

Recommendation 3.

In line with Recommendation 2, we recommend that the Welsh Government maintains its presence in Brussels but that it strengthens its role, as suggested in paragraphs 38 and 39, and provides more leadership to Welsh organisations by adopting a more strategic and co-ordinating role (as suggested in paragraphs 41 and 42).

Response: Accept

The Welsh Government is committed to maintaining its EU Office in Brussels to promote and protect the interests of Wales in the EU, as well as to increase the profile of Wales.

The cultural activities and promotional events that the EU Office holds raise awareness of Wales and our distinctive culture and offering among a wide EU audience and activities are often organised in partnership with other nations, regions or organisations so as to build beneficial relationships that can lead to future collaboration, exchanges, joint projects and residencies.

The EU Office hosts a wide range of economic and cultural events such as, already this year, a reception for Bryn Terfel and our annual St David's Day event, which drew attendees from the EU institutions (including a Commissioner), other EU-related bodies, countries (including several Ambassadors) NATO HQ (in advance of the September Summit in Wales) and the wider arts and business communities.

This work will continue as part of the vital networking operation that helps promote and protect Welsh interests and we will look to strengthen further our support for the business sector, including the identification of trade opportunities, and for engagement with the EU funding programmes. .

We are similarly keen to build on our work and co-ordinating role in Wales House, as appropriate. The Minister for Finance has chaired meetings there of our Brussels-based WG officials and the representatives of the National Assembly, the WLGA and WHEB and these have been useful in building pan-Wales interests and welcomed by all participants. We will also continue to develop our links with the wider Welsh representatives and stakeholders in Brussels.

Recommendation 4.

We recommend that the Welsh Government continues to place a high priority on its involvement in the preparation of the UK speaking note for Council meetings but, in addition, clarifies how systematic and proactive its involvement is in its preparation across all policy dossiers that relate to devolved matters.

Response: Accept

Welsh Ministers participate in the Council of the European Union, as part of the UK delegation, on matters of interest to Wales and aim to influence the outcomes of negotiations for the interests of Wales. Under the terms of the devolution settlement, competence for EU Council negotiation rests with the UK Government as it represents the Member State.

However, the Welsh Government's formal participation in the UK's EU policy-making process is implemented in a number of ways. The Welsh Government participates in the Joint Ministerial Committee on Europe, which draws together UK Government Departments and the Devolved Administrations to consider the broad, strategic approach towards EU policy. Other meetings at Ministerial and official level further strengthen co-operation between the respective administrations. In Brussels the Welsh Government's EU Office works closely with the UK's Permanent Representation to the EU and colleagues from the other UK Devolved Administrations.

We will continue to work constructively with the UK Government and other Devolved Administrations to influence the development of EU policies.

Although the Welsh Government places a high priority on its involvement in the preparation of the UK speaking note for Council meetings, the Memorandum of Understanding binds all four UK administrations to confidentiality on matters applying to Council, which limits our ability to provide the range of information suggested by the Committee.

To do this for all dossiers would have significant resource and cost implications for the Welsh Government, particularly for those departments

with EU-related work. As an alternative, the Committee, or individual Assembly Members, could request information about any specific dossier from the appropriate Minister.

Recommendation 5.

We recommend that the Welsh Government raises with the UK Government the way that Whitehall departments and Welsh Government departments work together on EU policy areas in devolved areas and writes to this Committee with details of the UK Government's response. (Page 24)

Response: Accept

The achievement of an effective relationship with Whitehall departments is a fundamental issue for the Welsh Government and is pursued constantly both at the level of Welsh Ministers and officials.

While relations with the UK Government are generally good in this area, the matter of how the Welsh Government works with Whitehall departments is addressed frequently. The Welsh Government will raise the matter, as indicated by the Committee, and will write to the Committee with details of the UK Government's response.

Recommendation 6.

In order to monitor their effectiveness, we recommend that the Welsh Government makes an annual statement on its view of how the Memorandum of Understanding and JMC (Europe) are functioning. (Page 24)

Response: Accept

The Memorandum of Understanding covers all aspects of devolution and is an extremely broad document. However, the Concordat on Co-ordination of EU Policy Issues is specific to the handling of European affairs.

From next year we will include a section in our EU Strategy's Annual Report and Work Programme on the effectiveness of the functioning of the Memorandum of Understanding and JMC (Europe).

Recommendation 7.

We recommend that the Welsh Government reviews its approach to engaging with Welsh MEPs and, in so doing, takes account of paragraph 75 of this report.

Response: Accept

The Welsh Government works well with Wales' MEPs and will continue to do so to promote and protect the interests of Wales. We will also continue to engage with other MEPs who are influential on the areas of most interest to us.

However, with the election of a new European Parliament this month, it is timely to review our engagement with Welsh MEPs and to consider ways in which this could be developed.

Recommendation 8.

We recommend that the Welsh Government, for all relevant UK Government Explanatory Memoranda on EU policy proposals, issues a statement (or other document) setting out its observations on the policy matters covered. (Page 27)

Response: Reject

The Explanatory Memoranda are produced in order to inform Parliament by summarising the contents of a proposals for EU legislation or other important EU documents. An Explanatory Memorandum (EM) is written for each EU document and there are approximately 1,100 produced per year. All EMs submitted to Parliament are held on the Cabinet Office's online database.

The number of EMs received by the Welsh Government as part of a consultation process with the UK Government fluctuates year on year but, as an indication, is usually between 800 and 1,000 (the balance received by Parliament are for reserved functions and the Devolved Administrations are not consulted) and, of these, between 200 and 300 are likely to be of potential relevance to Wales.

However, we have carefully considered the implications of this recommendation and the Welsh Government cannot accept it as there would be significant time and, therefore, resource implications in doing so that would not be able to be met within existing budgets. The impact would be considerable on those departments with work that is closely aligned to the EU.

As an alternative, the Committee, or individual Assembly Members, could request information about any specific EM from the appropriate Minister.

Recommendation 9.

We recommend that the Assembly Member representatives on the Committee of the Regions lay a written statement before the Assembly periodically outlining the work that the Committee has undertaken. (Page 29)

This Recommendation is a matter for the National Assembly for Wales and its Members.

Recommendation 10.

We recommend that the Welsh Government clarifies its relationship with Welsh members of the European Economic and Social Committee and also that it ensures that an appropriate level of support is provided to them to ensure that they are fully briefed when representing Wales in their discussions. (Page 29)

Response: Accept

The Welsh Government holds the work of the Welsh members of the European Economic and Social Committee (EESC) in high regard and greatly values their role in providing a voice for many sections of European society.

We welcome every opportunity to work with the EESC and would seek to strengthen the Team Wales approach among its members wherever possible. We are content to give due consideration to this recommendation and would welcome any comments from EESC members on this matter.

Recommendation 11.

We recommend that the Welsh Government and UK Government explore ways of speeding up the process of appointment of new members from Wales to both the Committee of the Regions and European Economic and Social Committee.

Response: Accept

The process for to appointment of new members to both the Committee of the Regions and the European Economic and Social Committee is well established and applied throughout the European Union.

However, we will, in general, make every effort to speed up the process of appointment of new Welsh members to these Committees. For the formation of the new Committees next year, we will follow the process in conjunction with the UK Government.

Recommendation 12.

We recommend that the Welsh Government reviews and revises its EU strategy as soon as possible, taking account of all the recommendations and views expressed in this report. This should be undertaken in an open and inclusive way, formally consulting all relevant organisations to ensure that the wealth of knowledge and interest in Europe that exists in Wales is taken into account. (Page 32)

Response: Accept

The Welsh Government's EU Strategy document, *Wales and the European Union* (2012) shows how the EU's goals for growth and jobs, described in its

own *Europe 2020* Strategy, complement our *Programme for Government* and it identifies a series of objectives for the Welsh Government on relations with the EU, on policy areas and promoting engagement. It also outlines how we seek to influence EU policy-making.

The production of a new Welsh Government EU Strategy should be linked to the political cycles at the EU level and in Wales. A strategy would typically be expected to last for the term of a Welsh Government but, given the process of institutional renewal in the EU this year, with a new Parliament and then a new College of Commissioners, it may be appropriate for the EU Strategy to be revised. However, the likely length of this process, including the interactions between the European Council and the Parliament regarding the appointment of the new President of the Commission and the new Commissioners, it may not be completed until into next year and closer to the next Assembly elections in 2016.

At that point we will consider whether it is appropriate to revise the EU Strategy and the level of consultation needed.

Recommendation 13.

We recommend that an annual debate is held on the EU strategy in a plenary session of the National Assembly to coincide with the annual statement referred to in Recommendation 6.

Response: Accept

In recent years several debates have been held at the National Assembly on EU-related issues, including the importance of EU membership.

We agree that an annual debate on our EU Strategy should take place following the publication of the Annual Report and Work Programme linked to the Strategy.