

## 1. Background

Wales For Europe was established in the wake of the 2016 referendum to argue for the closest possible continuing relationship between the UK and the EU. Although we are legally constituted as an offshoot of Open Britain, we are operationally independent, and have an executive committee in Wales. Helen Birtwhistle is Wales For Europe's part-time Director. The executive committee is chaired by Geraint Talfan Davies.

Wales For Europe has established local support groups in Cardiff, Swansea and Newport, Rhondda Cynon Taf, Powys and north Wales. We collaborate with several other pro-EU organisations. Our activities include an extensive social media presence, regular street activities in major centres and, currently, a lecture series presented with the cooperation of the Wales Governance Centre at Cardiff University.

## 2. Recent developments

Over the last year we have viewed with mounting concern

- a. the UK Government's failure to establish a coherent post-Brexit vision, other than to rule out remaining part of the European single market and customs union.

- b. the growing evidence of the likely negative effects of Brexit, especially on crucial sectors of the Welsh economy

- c. the lack of any attempt by the UK Government to forge a common view with the Welsh and Scottish Governments

- d. the lack of realism inherent in the timescales for concluding a framework agreement (by October this year) and for concluding detailed agreements on all outstanding matters (by December 2020)

- e. the lack of any bankable assurances by the UK Government that the repatriation of powers will not be at the expense of the devolution settlements.

## 3. The risk register

In January 2017 the EAAL Committee published a top line appraisal of the implications of Brexit for Wales. In the year that has elapsed since that report, evidence of the likely negative effects has increased.

Report after report, whether by independent think tanks or by the civil service, have foreseen impacts of varying severity. Not a single report has pointed to a positive effect under any of the conceivable scenarios, including the work of Professor Patrick Minford, a highly theoretical outlier on this issue. He has stated that he is quite relaxed about the possibility of Brexit heralding the end of manufacturing in Britain. This means that, even while arguing that there would be positive long-term benefits, even he envisages the wiping out of a sector that represents 16% of Welsh GVA – 6.3 percentage points more than in England.

It is clear, beyond peradventure, that Wales faces disproportionate risks, compared with other countries of the UK not only in manufacturing, but also in agriculture whose share of total employment in Wales is nearly twice that in Scotland and nearly four times that in England.

These facts were emphasised in the EAALC's 2017 report, however, there has been no open and public recognition by the UK Government of the dangers that risks on this scale – short or long term – pose for Wales. After a partial leak MPs have been allowed to view an analysis in secret. This is wholly unsatisfactory. Such information should not be withheld from the public – or the Welsh Government – on the spurious grounds that it would harm the UK Government's negotiating position. This would be so only if the facts were not known by the other EU countries. That is not the case.

We also regret the fact that the UK government has not published detailed impact studies for each of the nations and regions of the UK. We note that the Scottish and Welsh Governments have published impact studies of their own. However, although we commend the increasing cooperation between the two devolved governments, we regret that they could not have collaborated more closely to produce an economic impact study prepared via the same methodology, so that the results for each country could have been directly comparable.

We would also have welcomed a more detailed risk register for each sector, also listing possible mitigating actions, for every sector of the Welsh economy, as well as for the public purse and, by extension, for public services. We believe this work is urgently needed, not only to inform the Welsh and UK Governments but also for communication widely throughout Wales before any 'meaningful vote' is taken by Parliament.

The Prime Minister has made it clear that she does not want the UK to remain in the single market or customs union. This statement increases the risks to the economy, particularly here in Wales, very sharply. It also flies in the face of the wishes of the Welsh and Scottish Governments. Given the well-known defects of indigenous media in Wales, **we believe there is an urgent need for an intensive Welsh Government-led communication programme, to bring home the facts to the Welsh people. This is a democratic necessity.**

## 4. Non-trade risks

The risks to our society are not restricted to our trade with Europe. Our belief is that the risk to our trade—already traditionally insignificant deficit—will have a negative impact on the UK's public finances. Without a radical change this would be likely to have further catastrophic consequences for public services. Wales is already less well-placed in terms of public funding than Scotland and Northern Ireland, and demographic changes in the next 10 years will add to the strain even at current public spending levels.

We also note that immigration into Wales from the EU has been highly beneficial for our public services, and particularly for education. The government should take imaginative steps to emphasise our appreciation as a nation for everything these people have contributed and are contributing to our society.

## 5. The UK Government and devolved administrations

Although there have been regular contacts between the UK Government and the devolved administrations, we see little evidence that these have gone beyond perfunctory engagement. There is no evidence at all that these contacts have impacted on the positions that the UK Government is taking. It would be entirely unacceptable for this situation to continue during the detailed negotiations that will take place during a 'transition period'. The role of the devolved administrations in both the formulation of UK's objectives, and in the actual negotiations themselves should be agreed and openly specified as soon as possible, and before any framework deal is concluded. There is no reason whatsoever why the involvement of the devolved administrations in the detailed negotiations should be any less than has been customary during our membership of the EU.

We would also wish to see much clearer evidence that the UK Government, as well as both major UK parties, intend to continue to develop the form and practice of devolution, when or if we leave the European Union.