

Wales' future relationship with the European Union Consultation Responses

March 2018



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* Saesneg yn unig | English only

** Cymraeg yn unig | Welsh only

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FRL02*	Cyngor y Gweithlu Addysg	Education Workforce Council
FRL03*	Cymdeithas Brydeinig y Diwydiant Fferyllol	Association of the British Pharmaceutical Industry
FRL04*	Confederasiwn GIG Cymru	Welsh NHS Confederation
FRL05*	Cymdeithas Genedlaethol y Defaid Cymru	National Sheep Association Wales
FRL06*	Undeb Cenedlaethol yr Amaethwyr	National Farmers' Union of Wales
FRL07*	Yr Undeb Addysg Genedlaethol	National Education Union Cymru
FRL08*	Cyngor Gweithredu Gwirfoddol Cymru	Wales Council for Voluntary Action
FRL09*	Hybu Cig Cymru	Meat Promotion Wales
FRL10*	Goleg Nyrsio Brenhinol Cymru	Royal College of Nursing Wales
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FRL14 *	Dr Ludivine Petetin and Dr Annegret Engel, Ysgol y Gyfraith a Gwleidyddiaeth	Dr Ludivine Petetin and Dr Annegret Engel, Cardiff School of Law and Politics
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FRL33*	Unison Cymru	Unison Wales

1. Current state

a. The construction sector contributes £8 billion to the Welsh economy per annum, there are 13,000 companies employing 130,000 in roles ranging from traditional onsite construction roles to professional service roles, such as Civil Engineers. A significant number of these professionals are EU Nationals who are working in Wales / the UK. They currently enjoy freedom of movement rights. Similarly, many UK / Wales Nationals work in the EU. We need to secure the rights of existing EU workers in the construction sector if we are to avoid projects being ground to a halt, particularly in the capital together with an immigration system that recognises the importance of construction to the UK's competitiveness and supports the sector in attracting global talent.

b. UK investment for infrastructure is from a combination of public and private sources. Post construction these assets form stable sources of income for pension funds. Every 1000 direct jobs created by new infrastructure projects boost wider employment by over 3000 jobs.

2. Future Status

a. At times of uncertainty and national pressure construction is often the sector first economically impacted and impacted for longest. Uncertainty makes Wales and the UK a less attractive investment location/option.

b. To build a prosperous Wales will require investment, for this there is a need for visible long term planning and a stable pipeline of projects. There is a need for the public sector to demonstrate strong leadership in this area to encourage confidence and maintain investment. We need to create a Wales that is appealing to private sector European Funding. This will be achieved by having:

i. a stable economy

ii. with a stable return on investment

iii. and by having a skilled workforce.

c. The public sector funds more than half of Wales' construction activity, governed by EU procurement regulations. It is important for the industry to understand what the Welsh approach to procurement will be post EU exit, for example will there be an increase in procurement from internal markets?

d. There are few barriers to European companies to operate in Wales and the UK; this is in contrast to almost all other European Countries that require national level registration. The implications of this in a post Brexit economy needs to be addressed to avoid unfair penalty or advantage.

e. A long term programme is needed to evolve the skills and practices of the sector in line with cultural and technological change. This would be done to attract a more diverse workforce and take advantage of efficiencies offered by new ways of building.

3. European Investment Bank (EIB)

a. European Investment Bank (EIB) investments in the UK economy came to EUR 6.9 billion in 2016, making the country the 5th largest recipient of EIB loans last year. Infrastructure projects accounted for 47% of total investments, while environment claimed 36%. Innovation and support to smaller businesses in the UK claimed 14% and 3% respectively. Over the past five years (2012-2016) the EU bank has invested over EUR 31.3 billion in the British economy.

b. In 2014, the EIB made significant investment of £230 million in Dŵr Cymru's capital investment programme, including £15 million in Rainscape projects at Llanelli and Gowerton. There is need for clarity on the Wales' and the UK's relationship with the EIB and industry consultation on alternative funding options for addressing this gap in the funding mix. Could a regional Investment Bank model be a possible replacement for funding infrastructure projects in Wales?

4. Codes and Standards

a. The built environment sector has perhaps the longest history of use of formal codes and standards. Standards can often be used as a means of demonstrating conformity with regulation, and approximately 20% (4,500) of European standards enable compliance.

b. Whilst the vast majority of codes and standards are voluntary in Wales / the UK, in some areas, harmonised use is mandatory such as Construction Products Regulation (CPR).

c. It is unclear about the use and future use / changes to European Standards. Industry may face the prospect of having to conform to two sets of standards, impacting competitiveness especially concerning construction products. Wales / the UK may also lose its place at the table to influence future changes to codes or European Standards.

5. Workforce and Skills

a. Losses suffered in the recession, coupled with a lack of diversity and an ageing workforce have contributed to a skills shortage in the construction industry.

b. Beyond the short term issues of addressing EU/Wales/UK working arrangements, there is a need for government to develop a long term programme to evolve skills and practices in line with technological change to attract a diverse workforce, reduce the intensiveness of labour and change industry skills needs.

c. The Welsh workforce can provide the skills required for European companies, particularly in the emerging technologies of tidal energy and nuclear power. The availability of this workforce must be guaranteed by efficient transport links and investment and coordination of training.

6. Industry Strategy

a. At present there is no strategy for construction in Wales, with without clear direction and at a time of uncertainty it is likely that there will be a negative impact on growth and development within the built environment. There is a definite need for the public sector and industry to come together to develop a strategy to establish a clear vision for Wales.

b. Response to the treatment of devolution

i. Any roll back against performance improvements developed or planned within areas of devolved competence would be detrimental to Wales' position.

ii. The nature and extent of framework areas is not clear – there is a potential impact on the built environment.

7. Innovation and cross border issues

a. Currently businesses are using computer systems and software so that the need for people to move between countries is diminishing. Wales needs to look to innovate to make use of this opportunity. In particular, we need to work with Europeans to a common BIM environment

b. We need to work with our European neighbours when considering issues which are cross border, for example the environment and infrastructure connectivity. We want our infrastructure to work with European infrastructure.

c. We need to work with the Republic of Ireland to ensure that all the trade is not funnelled through Northern Ireland.

Wales' future relationship with the European Union

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Evidence from Education Workforce Council

The Education Workforce Council (EWC) is the professional regulatory body for the education workforce in Wales, covering school teachers, further education (FE) teachers and learning support workers in school and FE settings. It is also the policy intention of the Welsh Government to further extend the new Council's remit to youth / youth support workers and work based learning professionals from April 2017.

Under EU Directive 2005/36/EC, the Education Workforce Council is the "competent authority" in Wales, with responsibility to assess the professional status of persons from EU countries seeking to have their qualifications recognised in Wales, and in turn be afforded "Qualified Teacher Status" in Wales. This remit relates to school teachers only. At its peak in 2013-14, the Council received around 100 such applications, however this figure has now fallen to around 40 per year.

The Council will require clarification from the Home Office as to whether this scheme will continue to apply following Britain's exit from the EU. Depending on the decision, the EWC and Welsh Government may need to develop alternative arrangements for persons from Europe who wish to have their existing qualifications recognised in order to teach in Wales, rather than retraining. In this regard, it is worth acknowledging that qualified teachers from countries outside the EU who wish to teach in Wales on a permanent basis already need to gain a teaching qualification here and are unable to have their existing qualifications recognised.

1. Who we are

1.1 The Association of the British Pharmaceutical Industry (ABPI) represents innovative research-based biopharmaceutical companies, large, medium and small, leading an exciting new era of biosciences in the UK. We represent companies who are researching and developing the majority of the current medicines pipeline, ensuring the UK remains at the forefront of helping patients prevent and overcome disease.

1.2 The products of the human life science sector are unique. Access to medicines support patients in Wales, the UK and across Europe to live longer lives that are more productive. However, Brexit presents a significant challenge to the development, clinical research, regulation, supply and trading of medicines.

1.3 Since the outcome of the referendum on the UK's membership of the European Union, the ABPI has worked closely with our members and colleagues across the sector. Our objective is to ensure that the UK life sciences sector is as strong as possible as the UK establishes a new relationship with the European Union (EU) in the interests of public health and safety, and that the medicine a patient needs is available to them where and when they need it.

1.4 From July 2016, the ABPI and BioIndustry Association (BIA) worked with the UK Government to establish a joint industry and Government forum to discuss the impact of the UK leaving the EU on UK life sciences - the UK EU Life Sciences Steering Group. The Steering Group published a policy report mapping out the key policy areas for the biopharmaceutical industry. The issues identified were:

- Trade and supply;
- Scientific research;
- Regulation of medicines;
- Access to talent.

2. Wales' future relationship with the European Union

2.1 Overview

2.1.1 The UK's membership of the EU has provided much of the scientific, regulatory and trade infrastructure for the pharmaceutical industry in Wales. As such, the negotiations that determine Britain's new relationship with the EU will be critical to medicines delivery to patients across our nation, and the future success of the pharmaceutical industry.

2.1.2 The impact on the supply chain for medicines in both the UK and EU of the post Brexit trading relationship on issues such as custom controls, tariffs and non-tariff barriers is uncertain. This has the potential to affect NHS Wales, its clinicians and patients.

2.1.3 Further, the implications on the timely access of patients' to new medicines and technologies will largely depend on the ability of the UK Government to secure their stated objective of retaining ongoing cooperation between the UK and EU on the regulation of medicines.

2.1.4 Ensuring that Wales has the right people available to undertake the research, development and basic science required for Life Sciences is fundamental to our nation's thriving health and wealth. It is imperative that the UK negotiates an agreement with the EU that facilitates ease of movement for highly skilled talent.

2.2 Trade and supply

2.2.1 The UK is a significant contributor to global medicines trade and supply. In 2015, the UK imported approximately £29.7bn in Life Sciences goods, and exported £29.5bn, of which 44% went to the EU. Europe and the UK have profoundly integrated supply chains, which affects both finished medicinal products and component products.

2.2.2 Should trade between the UK and EU be subject to customs duties, import VAT and border controls (import/export declarations and inspections/goods' testing), this would cause significant disruption to the medicine supply chain, i.e. customs delays have the potential to impact on the availability of medicines for patients. This is particularly relevant for medicines that are time and temperature sensitive, such as cutting-edge cell and gene therapies. With the importance given to such medicines by the Welsh Government – and, of course, patients, the UK Government should take into account the specific requirements of pharmaceutical products when negotiating new customs and trade arrangements with the EU.

2.2.3 Separate to the EU Customs Union, is the World Trade Organisation (WTO) Pharmaceutical Tariff Elimination Agreement. The agreement enables exports to signatory countries for many pharmaceutical products (including biologicals and monoclonal antibodies) at 0% tariff. Unlike medicines, APIs, intermediates and starting materials are only covered by the agreement for zero duty if they are listed in an Annex to the Agreement. The last update was in 2010 and included 735 new products. Should UK-EU trade rely on WTO arrangements post-Brexit, the agreement must reflect all finished and component pharmaceutical products.

2.2.4 Due to the complexity of import/export declarations and inspections, and the existing integrated nature of supply chains, the UK should seek to negotiate the ability to maintain frictionless trade and movement of goods and capital across borders with the EU for pharmaceuticals and medical supplies, through;

- Maintaining trading terms for Life Sciences goods and services that are equivalent to those of a full member of the EU Customs Union and EC common system of VAT;
- Continued alignment of Good Manufacturing Practice (GMP) and Good Distribution Practice (GDP) standards with the EU, and reach an agreement that allows batch testing, Qualified Person (QP) certification and regulatory inspections to be mutually recognised between the EU and UK;
- Reaching an agreement with the EU to maintain the benefits of the Parent Subsidiary and Interest & Royalties Directives;
- Current discussions on the WTO Pharmaceuticals Agreement should be urgently concluded and updated to cover all finished and component pharmaceutical products;
- Fully explore new opportunities for trading, including opportunities to consider wholesale customs valuation reform.

2.3 Scientific Research and Collaboration

2.3.1 The UK has been one of the largest recipients of research funding in the EU. The EU Horizon 2020 Framework has a total budget of €75bn (2014-20) for all EU member states between 2007 and 2013, the UK received a total of €8.8bn, including €1.9bn in ESIF funding, €1.7bn from the ERC and €1.1bn from Marie-Curie.

2.3.2 The ABPI welcomes the UK Government's commitment to underwrite funding for Horizon 2020 projects secured while the UK remains an EU member. However, access to EU research funding beyond the existing Horizon 2020 round of funding is unknown. The UK's eligibility for EU-wide research collaborations also enhances its position as a global research leader, i.e. leading the highest number of Innovative Medicines Initiative (IMI) projects, which speed up the development of new medicines in Europe.

2.3.3 The UK's ability to adopt the new Clinical Trials Regulation for medicines is also likely to impact on the availability of new medicines to UK patients' post-Brexit. The regulations, due for commencement in 2019, are designed to encourage and streamline the approval of pan-European trials, with a single application designed to deliver speed and efficiency. Wales and the UK will become less appealing for clinical trials if they do not have access to the EU

clinical trials portal and database. Participation in this common framework is also important in ensuring our patients have access to new medicines and treatments.

2.4 Medicines regulation

2.4.1 The ABPI warmly welcomed statements by the UK Government indicating that achieving cooperation between the UK and EU is an objective of negotiations. We also welcomed the inclusion of cooperation in the Government's recent Collaboration in Science and Innovation and of "grandfathering" in the Continuity in the Availability of Goods for the EU and the UK.

2.4.2 The UK Medicines and Healthcare products Regulatory Agency (MHRA) was Rapporteur for about 20% of centralised procedures for marketing authorisation and performed over 30% of GMP inspections coordinated by the EMA. UK-based legal entities hold approximately 1,000 centralised licences, which would have to transfer to an EU-based legal entity if there is no agreement on retaining ongoing cooperation with the EU on the regulation of medicines. Additionally, regulatory procedures for which the UK MHRA is the lead assessment agency would reassign to an EU Member State agency. The processes for making these changes will add significant burden to companies and regulators' capacity to progress regulatory activities related to medicine quality, safety and efficacy.

2.4.3 ABPI shares the MHRA and UK Government's ambition for patients to have continued access to best and most innovative medicines through a close working relationship with Europe, underpinned by the strongest regulatory framework and the sharing of data. We shall continue to work towards this. However, if such cooperation is not achievable, we welcome the MHRA's intent to take a pragmatic approach. Planning for this scenario requires further detail, and further highlights why a realistic implementation period needs to be urgently agreed. For patients and the public there are very real consequences of failing to get this right and ABPI will continue to work with our members, regulators, governments and the Commission to mitigate these risks.

2.4.4 It is also crucial that the UK honours intellectual property protections. Any loss or reduction of intellectual property protections would dis-incentivise the development and launch of medical technologies in the UK – an area of particular interest for the Welsh economy. Protections are key to incentivising the lengthy, risky and expensive process of pharmaceutical and biotech innovation. Europe benefits from an a standard of intellectual property which promotes innovation, in the form of Supplementary Protection Certificates (SPCs), regulatory data protection (RDP), orphan designation (for rare diseases) and rewards for investigations into paediatric uses and formulations. EU pharmaceutical incentives are currently under review and it is important that the UK actively participates, to ensure that Europe as a whole retains a supportive environment for innovation in medicines.

2.4.5 A standalone UK medicines regulatory system, with inherent duplication of processes, increased costs and divergence of standards will lead to increased considerable delay or no regulatory submission to develop new medicines in the UK. For global companies, the UK market - 3% of global pharmaceutical sales - is not sufficiently large to justify significant additional costs. There is a risk that this would lead to the UK becoming a second priority market for new products.

2.4.6 For the mutual benefit of patients and the life sciences sector, the UK should seek to negotiate alignment and commonality with the EU for the regulation of medicines, through:

- Seeking a regulatory cooperation agreement between the UK and EU or a mutual recognition agreement with the European Medicines Agency;
- Agreeing continued alignment of current and future regulations;
- Ensuring continued UK participation in EU regulatory and medicines safety processes.

2.5 Access to Talent

2.5.1 Currently, non-UK, EU nationals make up around 17% of Science, Technology, Engineering and Mathematics (STEM) academics at UK research institutions. Underpinning the UK's position as a leader in Life Sciences is the ability to attract, develop and retain a highly skilled workforce. This is particularly crucial in skills gap areas such as clinical pharmacology and bioinformatics. The ability to attract top talent will be critical if Wales is to become a leader in emerging areas e.g. device technologies, digital health, physiological modelling, genomics and advanced manufacturing. There needs to be a UK immigration system that is needs based, straightforward and rapid – not just for EU but also for other workers.

2.5.2 The UK should seek to negotiate an agreement with the EU that facilitates the ease of movement for highly skilled talent in Life Sciences, through:

- Agreeing a reciprocal arrangement with the EU that facilitates ease of movement for scientists, researchers and highly-skilled workers, maintaining current systems such as the Intra-company Transfer process;
- Guaranteeing the rights of scientists, researchers and highly skilled EU citizens already in the UK, alongside securing the rights of UK citizens working and operating in the EU.

Introduction

1. The Welsh NHS Confederation, which represents the seven Health Boards and three NHS Trusts in Wales, welcomes the opportunity to provide information to the External Affairs and Additional Legislation (EAAL) Committee inquiry into Wales' future relationship with the European Union.
2. On behalf of our members we submitted detailed evidence to the EAAL Committee's consultation on the *implications for Wales of Britain exiting the European Union* in November 2016, the Committee's inquiry into *Resilience and preparedness: The Welsh Government's administrative and financial response to Brexit* (Appendix 1) on the 10th of October 2017 and provided oral evidence on the 23rd of October 2017. Our position remains the same so the information below provides updated and additional information.
3. The Welsh NHS Confederation, on behalf of our members, is highlighting the possible implications of Brexit on NHS Wales with the Welsh Government, Assembly Members and our stakeholders. In addition, as a member of the Cavendish Coalition and the Brexit Health Alliance, we are ensuring that the impact for Wales is being made clear at a UK level by highlighting the likely effects on Welsh policy and legislation.

Welsh Government

4. As previously highlighted, the exact terms on which the UK will leave the EU are not yet clear, and this presents challenges in terms of forward planning for the Welsh Government. However, over the period since the referendum the Welsh Government has engaged with health and care bodies to identify areas that may be affected by leaving the EU, including NHS Executive Board and Wales NHS Partnership Forum.
5. The Welsh NHS Confederation and our members have been working with Welsh Government officials to consider and assess the scale of impact for Welsh health and social care services post Brexit, including contingency options. Following our evidence session in October 2017, the Welsh NHS Confederation has agreed to be the main contact for coordinating specific Brexit actions across NHS organisations and working with the Welsh Government. This work is intended to support discussions on managing risks effectively within health and social care and will support the development of a shared work programme considering priority areas including; workforce, professional qualifications, reciprocal healthcare, regulatory issues, medicines, research and innovation, procurement and competition law, public health, disease prevention and employment rights. Other relevant areas will also be considered as they arise.

Brexit Health Alliance and Cavendish Coalition

6. As an active member of the [Brexit Health Alliance](#)ⁱ and [Cavendish Coalition](#)ⁱⁱ we have ensured that any briefings produced or any submissions to the UK Government, House of Lords or Westminster Committees reflect the issues impacting on the health and care system in Wales. As you will see from the areas covered below, the Brexit Health Alliance and Cavendish Coalition continue to be active in ensuring that patients, and the healthcare sector that supports them, are in the strongest possible position once the UK leaves the EU.

Workforce

7. The Cavendish Coalition wrote to the [First Minister](#) in March 2017ⁱⁱⁱ to highlight the unique factors which relate to the social care and health workforce. According to the latest figures (November 2017), 1438 individuals directly employed by the NHS in Wales identified themselves as EU nationals (1.6% of the total) on the Electronic staff record.^{iv} This is a significant number of trained, qualified and dedicated staff who could not be replaced in the short term e.g. the percentage of medical and dental professionals working in the Welsh NHS is a higher percentage at 6.4%.

Number of directly employed staff identifying as EU National	September 2016	% of total directly employed workforce	November 2017	% of total directly employed workforce
Add Prof Scientific and Technic	49	1.65%	56	1.8%
Additional Clinical Services	162	0.91%	183	1.0%
Administrative and Clerical	95	0.54%	97	0.5%
Allied Health Professionals	110	1.80%	118	1.9%
Estates and Ancillary	104	1.21%	114	1.3%
Healthcare Scientists	31	1.52%	35	1.7%

Medical and Dental	410	5.84%	460	6.4%
Nursing and Midwifery Registered	352	1.38%	375	1.4%
NHS Wales	1,313	1.50%	1,438	1.6%

8. In relation to EU nurses, the Nursing and Midwifery Council data obtained by the Health Foundation^v under a FOI suggests that the number of new EU nurses registering to work in the UK dropped from 1,304 in July 2016 to 46 in April 2017. This is a fall of 96%. However, we are seeing some variation across the UK. Notwithstanding, the number of EU registered nurses working in NHS Wales has increased since the EU referendum. In NHS Wales EU nurses and midwives make up approximately 1.4% of the nursing workforce (375 out of 25,905). Since the referendum the number of EU registered nurses and midwives working in NHS Wales has increased from 262 in March 2016 to 375 in November 2017. This increase is likely to be as a result of NHS organisations having undertaken recruitment campaigns, including Train Work Live, within the EU since September 2015.
9. As previously highlighted, our priority in NHS Wales will be to ensure a continuing 'pipeline' of staff for the sector. The immigration system that is in place after the UK leaves the EU will need to ensure that, alongside our domestic workforce strategy, it supports the ability of our sector to provide the best care to our communities and people who use our services.
10. A total exit from the single market, as put forward by the UK Government, will leave the UK completely free to determine its own policies on immigration, with possibly much greater implications for the UK NHS. Under this scenario, it would be crucial to ensure that any future UK immigration rules recognise health and social care as a priority sector for overseas recruitment, from both within and outside the EU.
11. Further information around the priorities for the health and care workforce can be found in the Cavendish Coalition submission to the *House of Lords EU Internal Market Sub-Committee*^{vi} and the Coalition's submission to *British Future*, a cross-party inquiry, which examines the options for guaranteeing the status of EU nationals who are currently living in the UK.^{vii}

Professional qualifications

12. To ensure that EU27 and UK health professionals continue to benefit from mutually beneficial training and education opportunities and automatic recognition of their qualifications, we want continued recognition of professional qualifications of general practice nurses, medical doctors, dentists,

pharmacists and midwives trained in the EU27 and UK before Brexit day and for post-Brexit. In addition, it is important that the EU27 and UK competent authorities continue to use the alert mechanism through the Internal Market Information System to alert each other of health professionals who are prohibited or restricted to practice.

13. As highlighted in our previous evidence, healthcare professions, namely general practice nurses, dentists, doctors, midwives and pharmacists, have a special status under the Recognition of Professional Qualifications Directive 2005/36/EC which makes their mobility easy and safe. The legislation also enables students of those professions to benefit from educational systems other than that of their home country, making the expertise and knowledge in each country available to a much broader public. At the same time, patients and consumers are adequately protected by an alert mechanism established by the Directive. This allows the competent authorities of all Member States to quickly warn each other if health professionals have been prohibited or restricted from practicing the profession in one country or have used falsified diplomas for their application for the recognition of their qualification.
14. This framework allows a high degree of professional mobility without jeopardising patient safety and quality of care. Patients and professionals benefit from this transfer of knowledge and specialised expertise which contributes to continuously improving the quality of healthcare in Europe.

Research and innovation

15. The UK received €8.8 billion of EU science funding between 2008 and 2013. UK organisations have received €3.2 billion since 2014 through Horizon 2020, €420 million of this coming from the health strand of the programme. The formation of strategic partnerships is vital to the progression of medical research. The UK's access to EU funding programmes is about more than just financial benefit; the collaborative opportunities that are afforded are crucial.
16. For Horizon 2020 and the forthcoming FP9,^{viii} the loss of UK partners in EU backed research projects would impact the expertise available for these projects, and therefore the outcomes. Conversely, even if the UK matches science funding from current EU sources, UK science loses out by having many collaborations made significantly more complex. The UK has one of the strongest science bases of all European countries. A positive cooperation model (e.g., based on mutual investment) should be established, so that the UK remains part of the European Research Area.”^{ix}
17. With this in mind, we welcome the UK government's intention to continue a strong collaboration with European partners in science and innovation, including seeking to agree a far-reaching science and innovation agreement with the EU that establishes a framework for future collaboration. For health

research in particular, this would mean securing that UK patients, the public and organisations can take part in pan-European research, innovation networks and clinical trials and that these can be supported through UK involvement in EU funding programmes such as Horizon 2020 (and its successors) and the EU Health programme. Also, that UK patients can benefit from the UK participation in European Reference Networks for rare and complex diseases post-Brexit.

Regulation of health technologies

18. Securing continuing cooperation and mutual recognition between the EU and UK regarding the authorisation, conformity assessments, testing and surveillance of medicines and medical technologies should be a priority outcome of the negotiations.
19. The UK is currently part of the EU's European Medicines Agency (EMA) network covering more than 500 million people. Divergence from the EU medicines regulatory system may result in the UK becoming a second-tier market after the US, EU and Japan, meaning that patients would gain access to new medicines later.^x
20. UK's Medicines and Healthcare Products Regulatory Agency (MHRA) is a significant contributor to EU systems and processes, both for medicines and medical technologies. This includes, but is not limited to, scientific and clinical assessments, surveillance and supervision of products, and reporting adverse events. A continued regulatory alignment between the EU and UK will ensure that European patients have timely access to innovative new medicines, generic and biosimilar medicines, and medical technologies.
21. The UK has the highest number across the EU of phase I clinical trials, those testing a new drug or treatment for the first time, and the second highest number of phase II and phase III clinical trials. It has also the highest number of trials across the EU for both rare and childhood diseases.^{xi} There are over 1500 clinical trials being conducted in multiple EU member states that have a UK-based sponsor and over half of these trials are scheduled to continue beyond March 2019.^{xii}
22. For further information please see the Brexit Health Alliance response to the Health Select Committee inquiry on *Brexit – medicines, medical devices and substances of human origin*^{xiii} and Brexit Health Alliance written response to *Science and Technology Select Committee Inquiry on Brexit science and innovation summit*.^{xiv} The Alliance recommends that UK should seek to maintain continuity with the EU medicines, medical devices and IVD regulatory systems, including participation in EU regulatory processes and alignment of regulations in order to maintain high standards and to ensure patient safety. This could be achieved by urgently seeking to secure an overarching regulatory

cooperation agreement negotiated with the EU in the context of a broader UK/EU special relationship. We also call for a far-reaching science and innovation agreement with the EU that establishes a framework for future health research collaboration.

23. In addition, the Alliance has recently published a briefing, "*Brexit and the impact on patient access to medicines and medical technologies*".^{xv} As part of the briefing the Brexit Health Alliance is calling for:

- No negative impact on patients. Future cooperation on medical devices and medicines to be prioritised in the negotiations, so that patients and the wider public are not negatively impacted from disruptions in the supply of medicines and other health technologies, or from a reduction in standards or safety.
- Patient safety and public health to be guaranteed post Brexit through aligning the UK as much as possible with the EU's regulation of medicines and medical devices, and by close regulatory cooperation between the EU and UK, as proposed by the UK government.
- Pragmatic solutions allowing patients and the public to benefit from the UK's participation in EU systems such as data sharing networks, pharmacovigilance and the new clinical trials infrastructures post Brexit.
- An implementation period beyond the two years of Article 50 negotiations (which ends in March 2019). This period should adequately reflect the time needed to ensure relevant customs, trade and regulatory procedures are in place.

Cross-border healthcare

24. The current arrangements work well for the mutual benefit of UK and EU citizens and healthcare systems. Under current EU law, if an EU citizen falls ill or has an accident in another EU/EEA Member State, they can use their European Health Insurance Card (EHIC) to get healthcare on the same basis as the local population. Also, the 1.2 million UK citizens residents in other EU Member States, and around three million EU citizens living in the UK, benefit from getting the same healthcare as the citizens of the country they live in under EU law. Member States reimburse each other subsequently, but the patient doesn't have to get involved. Special arrangements also apply where patients travel to another Member State for the specific purpose of receiving treatment, for example, because it isn't available in their home country. The system is also relatively simple for healthcare systems to administer, consequently a significant new administrative burden could emerge for hospitals in the event of the EHIC being discontinued.

25. Every year the UK recoups about £70 million from other EU countries and spends about £150 million on EHC reimbursements, plus the cost (approximately £500 million a year) of reimbursing other Member States for healthcare provided to British pensioners (bearing in mind there are far more UK pensioners living in EU countries than vice versa). On the other hand, British pensioners living in the EU are using local healthcare systems which are often cheaper than the cost of equivalent care in the UK.
26. For further information around reciprocal healthcare please see the Brexit Health Alliance evidence to the *House of Lords EU Home Affairs Sub-Committee inquiry into Brexit: reciprocal healthcare* in November 2017.^{xvi} As we prepare to leave the EU, the Brexit Health Alliance calls for:
- Straightforward and appropriate access to reciprocal healthcare for both UK and EU patients, preferably by preserving current arrangements;
 - If this is not possible, provisions to be made domestically for the planning and funding of healthcare for UK nationals currently in the EU and vice-versa; and
 - No increased burden for both UK and EU health providers if they are required to handle new, more complex administrative and funding processes, should current arrangements be discontinued.

Public health

27. To ensure that public health for all EU and UK citizens is maintained post-Brexit it is key that there is strong coordination between the EU and UK to deal with pandemics, as well as other health threats, and there is the highest possible level of coordination on health promotion and disease prevention programmes.
28. European patients benefit from the UK's engagement in systems designed to protect public health across Europe. For example, the UK is substantially involved in the surveillance activities of the European Centre for Disease Control, which provides EU countries with protection from the 52 notifiable communicable diseases, outbreaks and public health risks, through a single database.
29. As diseases know no borders, and as many of Europe's health and demographic challenges are shared, we call for a framework to be put in place between the EU and the UK post-Brexit to ensure that there is knowledge sharing to strengthen public health and to support the response to public health threats.

Conclusion

43. The Welsh NHS Confederation will continue to highlight the possible implications for the Welsh NHS of Britain exiting the European Union with the Welsh Government, Assembly Members and stakeholders but also to the UK Government as part of the Cavendish Coalition and the Brexit Health Alliance.

Appendix 1

Introduction

1. The Welsh NHS Confederation, which represents the seven Health Boards and three NHS Trusts in Wales, welcomes the opportunity to provide information to the External Affairs and Additional Legislation Committee inquiry into resilience and preparedness: The Welsh Government's administrative and financial response to Brexit.
2. The implications of Brexit remain unclear, but it is likely that the impact will be felt across the NHS. More specifically, Brexit could have implications for the commissioning, provision and development of healthcare interventions across the UK given the extent to which EU policy and legislation impact on all aspects of the NHS.
3. The Welsh NHS Confederation, on behalf of our members, is highlighting the possible implications of Brexit on NHS Wales with the Welsh Government, Assembly Members and our stakeholders. In addition, as a member of the Cavendish Coalition and the Brexit Health Alliance, we are ensuring that the impact for Wales is made clear at a UK level by highlighting the likely effects on Welsh policy and legislation.

Summary

4. The Brexit negotiations have only recently started so it is difficult to be specific on the measures which should be put in place to mitigate risks and to take advantage of opportunities. That said, the implications of a UK withdrawal from the EU are anticipated to affect all parts of the health care system.
 - a. Many aspects of UK health and social care services have been influenced by European Union policies and legislation. Depending on the settlement, the UK's exit from the EU could have a profound impact on the UK economy and the delivery of public services.
 - b. From a NHS perspective, possible implications on workforce, research and innovation, and health technology regulation are priority issues which must be considered carefully during the withdrawal negotiations. Another key area is infrastructure, including the road network, because this can impact on ambulance response times and the transportation of vital medicines across borders.
 - c. On workforce, while the UK Government has now given some reassurance that EU nationals can remain in the UK post-Brexit, our priority will be to

ensure a continuing 'pipeline' of staff for the sector, including recognising health and social care as a priority sector for overseas recruitment. We continue to ask the UK Government to provide clarification that EU professionals who are already working for the NHS across the UK, or who will be recruited during the leave negotiations, will be allowed to remain after Brexit.

- d. On research and innovation, our aim is that NHS organisations across the UK will be able to continue to participate in EU collaborative programmes and lead and contribute positively to European Reference Networks post-Brexit.
- e. On health technology regulation, our priority is that NHS patients will continue to benefit from early access to the wide range of innovative health technologies available on the EU market and ensure that they do not miss out on the opportunities offered by participation in EU clinical trials.
- f. Alongside these priorities, we have identified public health, employment law and cross-border healthcare as other areas in which risks or opportunities emerging from Brexit should also be considered.

Welsh Government

- 5. With negotiations ongoing, we appreciate the difficulties that the Welsh Government faces. Across devolved areas that the Welsh Government has legislative competence, the Brexit negotiations could have a significant impact on thousands of policies, regulations, directives and legislation, including areas relating to health and care. The NHS in Wales continues to liaise with the Welsh Government to raise awareness and provide feedback on the key areas highlighted below.
- 6. In relation to structured engagement with the NHS, there is a standing verbal item on the Welsh Partnership Forum^{xvii} relating to Brexit. This is a quarterly opportunity for colleagues to share information and raise issues relating to Brexit.

Budget

- 7. The annual funding of the NHS depends on the performance of the economy. It is a concern therefore that leading economists have suggested that Brexit could lead to an economic downturn. The Health Foundation has previously estimated that the NHS budget in England could be £2.8 billion lower than currently planned by 2019-20.^{xviii} In the longer term, the analysis concludes that the NHS funding shortfall could be at least £19 billion by 2030-31- equivalent to £365 million a week – assuming the UK is able to join the

European Economic Area. If this is not the case, the shortfall will potentially be as high as £28 billion – which is £540 million a week. The repercussions will be felt by NHS Wales.

Workforce

8. Across the UK, the NHS is heavily reliant on EU workers. While the UK Government has given some reassurance that EU nationals can remain in the UK, we believe the priority must be to ensure that the UK can continue to recruit and retain much needed health and social care staff from the EU and beyond, whilst increasing the domestic supply.
9. In July 2017, 1,388 individuals directly employed by the NHS in Wales identified themselves as EU Nationals (1.55% of the total) on the Electronic staff record. As the table below shows there has been a 6% increase in the number of employees identifying as EU nationals since July 2016, but it is not it is too soon to tell if this represents an identifiable trend. It is also important to note that around 35,000 staff have not recorded any nationality on the staff record.

Number of directly employed staff identifying as EU National	September 2016	% of total directly employed workforce	July 2017	% of total directly employed workforce
Add Prof Scientific and Technic	49	1.65%	54	1.77%
Additional Clinical Services	162	0.91%	189	1.04%
Administrative and Clerical	95	0.54%	95	0.51%
Allied Health Professionals	110	1.80%	120	1.96%
Estates and Ancillary	104	1.21%	112	1.30%
Healthcare Scientists	31	1.52%	30	1.47%
Medical and Dental	410	5.84%	435	5.99%
Nursing and Midwifery Registered	352	1.38%	353	1.38%
NHS Wales	1,313	1.50%	1,388	1.55%

10. While the number EU citizens within the whole Welsh NHS workforce are relatively small, there are some key points to note:
- a. The highest concentration of EU staff appears to be in medical and dental workforce accounting for around 6%;
 - b. There is a differential distribution of staff across Wales with higher concentration of EU nationals working in health boards with the greatest recruitment challenges (i.e. Hywel Dda University Health Board and Betsi Cadwaladr University Health Board);
 - c. The current uncertainty around the EU negotiations may lead to staff looking for opportunities outside the UK and for potential applicants to be deterred from applying;
 - d. Incidents of harassment of foreign workers and cases of EU nationals feeling that they are no longer welcome in the UK may have an impact on EU/EEA workers' willingness to remain in the UK, even if permanent freedom to remain is granted. One of the present impacts of the EU Referendum has been the sharp rise in cases of 'hate incidents' and intolerance towards foreign citizens, some of which have been directed against NHS employees. A number of Health Boards in Wales have expressed their views publicly about supporting their workforce and that hate crime will not be tolerated.
11. While we welcome the recent announcement that more healthcare professionals will be trained domestically, workforce planning is not an exact science and it is extremely difficult to predict accurately the number of professionals that will be needed in the future to ensure the smooth and safe operation of the health and care system. Shortages in specific areas can take 2-3 years to develop, but may need 10-15 years for the trained workforce to adapt, by which time other solutions have usually been found and different workforce shortages may have emerged. In addition, many healthcare systems across the world compete for healthcare specialists and the UK is not immune from home grown professionals leaving the NHS to work overseas. It is to be expected, therefore, that our sector will need to continue to recruit overseas trained professionals, including from within the European single market, to operate smoothly and to offer safe and high-quality services to patients in the future.
12. We are disappointed that the UK Government has stated that it is their position to leave the EU single market and custom union without setting out future immigration rules. The freedom of movement provisions of the EU single market makes it possible for healthcare professionals qualified in other parts of the EEA to access the UK employment market without having to obtain visas and work permits, unlike citizens from non-EU countries. This makes it quicker and easier for the NHS to recruit staff from the EU, especially into shortage areas and specialties. The UK benefits enormously from the single market in

this respect, as we are a net importer of healthcare professionals qualified in other parts of the EU.

13. In addition, the EU legislation on mutual recognition of qualifications means that currently many EU healthcare professionals are “fast-tracked” for registration with the General Medical Council, the Nursing Midwifery Council or other relevant regulatory bodies. EU rules mean that the process for professional registration and the right to practise legally in the UK is different to non-EEA trained practitioners; for example, it does not systematically require pre-registration competency and language testing by the regulator. These arrangements are reciprocal so that UK-qualified practitioners can also practise relatively easily elsewhere in the EU, although the outbound flow is less.
14. Our priority in NHS Wales will be to ensure a continuing ‘pipeline’ of staff for the sector. The immigration system that is in place after the UK leaves the EU will need to ensure that, alongside our domestic workforce strategy, it supports the ability of our sector to provide the best care to our communities and people who use our services.
15. A total exit from the single market, as put forward by the UK Government, will leave the UK completely free to determine its own policies on immigration, with possibly much greater implications for the UK NHS. Under this scenario, it would be crucial to ensure that any future UK immigration rules recognise health and social care as a priority sector for overseas recruitment, from both within and outside the EU.

Employment law

16. A substantial proportion of UK employment law originates from the EU and provides important protections for nurses, social care and health staff; in particular, rules on health and safety at work, information and consultation on collective redundancies and safeguarding employment rights in the event of transfers of undertakings (TUPE).
17. The UK Government has already stated its intention to protect workers’ rights after Brexit and, as the largest employer in the country, we very much welcome this. The EU’s key health and safety related directives provide a legal framework for employers to reduce the risks of stress, violence, musculoskeletal disorders (MSDs), biological hazards, stress and violence to health and social care staff. MSDs and stress are particularly prevalent in the nursing workforce and the main cause of sickness absence in the sector and, arguably, without the directives the situation would be worse. The implementation of hoists and other lifting equipment, as required by the Manual Handling Directive, has been proven to significantly reduce the risks for social care and health staff and the people they care for.^{xixxx}

Research and innovation

18. Clinical research and innovation are key components of NHS activity across the UK and the NHS has a long tradition of EU collaborative research. Subsequent EU Research and Innovation funding programmes have acted as catalysts for this collaborative work, filling gaps in the research pipeline, and allowing researchers across Europe to gather forces to find responses to common challenges, both at clinical and operational levels, that confront health systems in Europe.
19. European programmes have, for example, supported research into health economics and the resilience of healthcare systems, for the public good. At the bottom line, the NHS across the UK wants to access research which brings affordable innovation and, most importantly, benefits to NHS patients. This is not possible, at least to the same extent, through participation in collaborative research with other regions of the world, such as the USA, where commercial interests are often the key driver of research.
20. EU research grants have also been crucial for the Welsh NHS' ability to attract and retain some of the most renowned clinicians in the world, who often decide to work for the NHS due to its excellent reputation in leading EU collaborative medical research initiatives, including through the EU research programme Horizon 2020.
21. Collaboration at EU level has helped the NHS across the UK to develop new treatments, adopt innovation more quickly, and improve the quality of healthcare it provides. We would like to ensure that the NHS can continue to participate in EU collaborative research programmes post-Brexit. It is important that Brexit does not impact on cross-European partnerships, exchange of good practice and mutual training opportunities, for example staff or student exchange, sharing and learning from best practices and successful policies.

Regulation of health technologies

22. The integrated nature of supply chains for medicines across Europe and the shared regulatory framework, mean that Brexit may have a negative impact on the supply, regulation and safety monitoring of medicines for patients in all EU 27 countries. Continued co-operation and alignment between the EU and the UK on the regulation of medicines is the best outcome for patients across Europe.
23. The EU has competence to regulate health technologies, such as pharmaceuticals and medical devices, but also products of human origin such

as blood, tissues and cells. This is because these products circulate in the EU single market and therefore a set of common standards and rules are needed to ensure their safety and quality.

24. The pharmaceutical industry is one of the EU's most important and fastest-growing industries, investing an estimated €35 billion in Research and Development (R&D) in Europe and directly employing around 745,000 people^{xxi}. The UK is a key player in European pharmaceuticals, constituting 10% of the EU's total production and contributing approximately 20% of the EU's total R&D. Between January and October 2016, €11 billion of EU pharmaceutical imports originated from the UK providing medicines to patients across Europe while EU pharmaceutical exports to the UK totalled €17 billion. In Wales, the life sciences sector employs around 11,000 people^{xxii} based at more than 350 companies and has a turnover of circa £2 billion per year. These include companies in the ground-breaking fields of medical technology – biopharmaceuticals, regenerative medicine, diagnostics, e-health and biotechnology. Recognising this inherent strength and potential, the Welsh Government has established initiatives such as the Life Sciences Hub^{xxiii} and Life Sciences Research Network Wales^{xxiv} to ensure ongoing development of the sector in Wales, which is expected to deliver significant (over £1 billion) economic impact by 2022.
25. Having a single EU regulatory framework has allowed new health technologies to be brought more quickly to the market for the benefit of patients. For example, pharmaceutical companies can make new medicines available everywhere in the EU through the single centralised marketing authorisation procedure provided by the European Medicine Agency, instead of having to apply for authorisation in each individual member state. Maintaining access to this centralised authorisation procedure is the main priority for the UK pharmaceutical/life sciences industry.
26. A single EU system has also allowed a higher level of patient safety and public health protection to be achieved through a close-knit network of competent authorities in member states and the European Medicines Agency, collaborating, exchanging information, and bringing their expertise to the table in a way that adds value, whilst avoiding duplication of effort.
27. The EU regulatory framework spans the full process needed to bring new health technologies to the market, starting from the clinical research phase. It is for this reason that the authorisation and conduct of clinical trials are also regulated by the EU. This is particularly relevant from an NHS perspective, given the vast number of clinical studies conducted by the NHS.
28. The EU and the UK should agree to focus on solving the issues around medicines as early as possible during the negotiations. Appropriate transitional arrangements need to be put in place to ensure that European patients can continue to access their medicines without disruption. In the event that the UK continues to have full access to the single market, the EU medical

regulatory framework will continue to apply and any change would be minimal. At the other extreme, an exit from the single market would leave the UK free to determine its own medical regulation, with possibly much greater implications for the NHS. Under such a 'hard Brexit' scenario, it will be essential to ensure that our patients continue to benefit from early access to the wide range of innovative health technologies which are available on the EU market.

Cross-border healthcare

29. As the right to receive healthcare in another EU country is regulated by the EU, leaving the EU may have consequences for NHS patients in terms of their ability to access cross-border healthcare. This could mean that, in the future, British citizens on holiday in Europe might no longer be able to use the European Health Insurance Card, which allows them to receive emergency or immediately necessary healthcare on the same terms as the residents of that country.
30. EU law also allows Britons who are abroad for a longer period of time – such as pensioners living abroad, or UK citizens who work in another EU country – to be entitled to receive healthcare in the country where they live on the same basis as the local population. It should be stressed that these rules are reciprocal and therefore uncertainty also exists on whether EU citizens will be entitled to receive healthcare in the UK following Brexit.
31. If the UK were to leave the EU single market, these systems would in principle no longer apply, unless bilateral agreements were negotiated. Consideration should be given by negotiators to possible implications for patients and how to ensure that a fair alternative system is put in place, either with the EU as a whole, or with those EU countries, such as Spain, which have high numbers of UK nationals living there.

Public health

32. A significant proportion of the domestic legislation in public health and consumer protection originates from the EU, as the EU has legislative competence in these areas. If EU rules were no longer enforceable in the UK after we leave the EU, we would recommend ensuring the same, or higher, level of safety is guaranteed through domestic standards and regulations thereafter.
33. EU legislation surrounding emission controls have been successful in reducing pollution levels across both road traffic and industry, while the Commission has also shown a willingness to enforce directives in many areas including water quality and the sale and marketing of tobacco products.

34. The issue of smoking may also be affected, as the EU has a significant role in ensuring a cross-border approach to anti-smoking measures. The Tobacco Products Directive, having survived a number of High Court challenges, is now in the process of implementation.
35. Furthermore, the EU has several mechanisms to respond to and combat major cross-border health threats, including communicable disease outbreaks. This has allowed considerable improvement in the degree of information sharing and response co-ordination on an EU level in cases such as Ebola and swine flu pandemics. Continued access to these EU coordination mechanisms and networks, such as the European Centre for Disease Prevention and Control (ECDC), should be sought during the negotiations, as it would be more difficult for the UK to tackle in isolation what are inherently transnational threats.

Food Regulation

36. While not directly linked to the NHS, food regulation can impact on public health initiatives surrounding food hygiene, obesity and healthy eating. With EU regulation, such as EU General Food Laws which seek to protect human health and consumers' interest in relation to food, the future of the UK's own food standards measures is currently unknown. The UK Government is yet to have come forward with its plan for a replacement to this regulation. The Government could simply copy EU regulations in this area, resulting in no change to current rules. On the other hand, the UK Government could use this opportunity to amend the regulation, possibly lowering the standards to open up our market to new trade partners.
37. With the EU likely to continue to be an important export market for the UK after Brexit is complete, exporting companies will look to continue to maintain their manufacturing standards at the EU approved level. Food manufactured for the UK market and food products coming into the UK market might not have to abide by the rigours EU standards though, if the regulation is not carried across into UK law. Consumers could therefore start to see a decline in the standard of their weekly food shop.
38. Finally, the withdrawing from the EU legal framework on food could potentially offer opportunities. EU law in this area has been considered, on some occasions, to be too conservative and not going far enough to help consumers make healthy choices.

Cavendish Coalition and Brexit Health Alliance

39. The Welsh NHS Confederation has been highlighting the possible implications for the Welsh NHS of Britain exiting the EU with the Welsh Government, but also to the UK Government through being a proactive member of the Cavendish Coalition and the Brexit Health Alliance.

40. The Cavendish Coalition is made up of 36 health and social care organisations^{xxv} united in their commitment to provide the best care to their communities, patients and residents. The coalition recognises that the talented and diverse group of people we all employ and represent are central to the success of that commitment, and that these individuals from the UK, Europe and across the world make a vital contribution to delivering care to the UK's population. We are committed to working together to ensure a continued domestic and international pipeline of high calibre professionals and trainees in health and social care in the future.

41. The Brexit Health Alliance^{xxvi} brings together the NHS, medical research, industry, patients and public health organisations. The Alliance seeks to make sure that issues such as healthcare research, access to technologies and treatment of patients are given the prominence and attention they deserve during the Brexit negotiations, and will argue that it is in both Europe and the UK's interests to maintain co-operation in research and in handling public health issues. It calls on the UK government to make sure there is a commitment to medical research and providing alternative funding, and that UK citizens' right to receive healthcare in EU countries is preserved. The areas that the Alliance focuses on includes:

- Supporting maximum levels of research and innovation collaboration;
- Ensuring regulatory alignment for the benefit of patients and the public's health;
- Preserving reciprocal healthcare arrangements;
- Ensuring robust coordination mechanisms on public health and well-being; and
- Securing a strong funding commitment to the health sector and the public's health.

How to mitigate risks and take advantage of opportunities

42. At this stage of the negotiation process, we have the following main recommendations:

- a. If the UK were no longer to be part of the EU Customs Union and could therefore embark in the negotiation of trade deals with different economic regions across the globe, particular care would need to be paid to respective public health policies and standards applied, as other trade blocks will be pushing for mutual recognition of their standards, which could be set at a lower level of safety compared to the EU's. International free trade deals are very complex and take time to negotiate. While we recognise the UK Government may wish to agree deals quickly, for each trade pact it will also be crucial to ensure a high level of public health protection by conducting an in-depth analysis of the standards applicable to each individual economic sector and ensuring that, whenever deemed necessary, reservations are agreed with our counterpart.
- b. Given the complexity of negotiations and the variety of policy areas that will be covered, we strongly recommend that organisations with specific expertise and knowledge in these respective areas are consulted by the UK Government and Welsh Government when drawing up the detailed approach to particular issues. This will allow a well-informed negotiating position to be shaped and avoid the risk that some of the implications could be overlooked.
- c. To reduce uncertainty in the run up and during the negotiations, whenever possible clarification should be provided by the UK Government. For example, the clarification given by the Treasury Office on EU funding programmes has been extremely helpful in reassuring our EU funding partners that it is safe to involve UK organisations in new funding bids. Similar clarification in other areas will be very welcome.

Conclusion

44. The Welsh NHS Confederation will continue to highlight the possible implications for the Welsh NHS of Britain exiting the European Union with the Welsh Government and Assembly Members but also to the UK Government as part of the Cavendish Coalition and the Brexit Health Alliance.

ⁱ <http://www.nhsconfed.org/BrexitHealthAlliance>

ⁱⁱ <http://www.nhsemployers.org/your-workforce/need-to-know/brexit-and-the-nhs-eu-workforce/the-cavendish-coalition>

ⁱⁱⁱ <http://www.nhsemployers.org/-/media/Employers/Documents/Cavendish-Coalition/Cavendish-Coalition-letter-to-First-Minister-of-Wales-29-03-17.pdf?la=en&hash=75A1F2A509CAE30F9F61B5DB740CE3F04F9B9C52>

^{iv} This is the number recorded on the Electronic Staff Record as at November 2017. 34,795 individuals nationality are unknown/ blank therefore the number could be higher.

^v <http://www.health.org.uk/news/new-data-show-96-drop-nurses-eu-july-last-year>

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- vi <http://www.nhsemployers.org/-/media/Employers/Documents/Cavendish-Coalition/House-of-Lords-Inquiry---EU-Internal-Market-Sub-Committee-FINAL-091116.pdf?la=en&hash=9043EFEEF7C91D1326D95C450EA6EF324FD22C6>
- vii <http://www.nhsemployers.org/-/media/Employers/Documents/Cavendish-Coalition/British-Future--submission-September-2016.pdf?la=en&hash=10094FE09DB13B35D9891828CEF3B3722BD2FFC1>
- viii Horizon 2020 is the current EU Programme for Research and Innovation which runs till 2020. Framework Programme 9 will be the successor programme to Horizon 2020
- ix <http://ec.europa.eu/research/conferences/2017/shaping-our-future/index.cfm?pg=home>
- x http://www.amchameu.eu/system/files/position_papers/amcham_eu_position_paper_-_brexit_and_the_future_eu-uk_relationship.pdf
- xi Technopolis, [The impact of collaboration: the value of UK medical research to EU science and health](#)
- xii [Brexit EFPIA survey results:](#)
- xiii <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/health-committee/brexit-the-regulation-of-medicines-medical-devices-and-substances-of-human-origin/written/72019.html>
- xiv <https://www.parliament.uk/business/committees/committees-a-z/commons-select/science-and-technology-committee/inquiries/parliament-2017/brexit-and-science-summit-17-19/>
- xv <http://www.nhsconfed.org/resources/2018/01/brexit-impact-patient-medecines-medical-technologies>
- xvi <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/eu-home-affairs-subcommittee/brexit-reciprocal-healthcare/written/74299.html>
- xvii The WPF is a tripartite forum with representatives from the Welsh Government, NHS Employers and Trade Unions.
- xviii Health Foundation, July 2016, NHS Finances Outside the EU
- xix Health and Safety Executive (2002) Second Evaluation of the Manual Handling Regulations (1992) and Guidance. HSE Books: Sudbury
- xx Health and Safety Executive (2003) Evaluation of the implementation of the use of work equipment directive and the amending directive to the use of work equipment in the UK. HSE Books: Sudbury
- xxi European Federation of Pharmaceutical Industries and Associations (2017), 'The Pharmaceutical Industry in Figures', p.4.
- xxii <http://gov.wales/topics/businessandconomy/sectors/life-sciences-sector/?lang=en>
- xxiii <https://www.lifescienceshubwales.com/>
- xxiv <http://www.lsrnw.ac.uk/>
- xxv Members of the Cavendish Coalition: Association of Dental Groups, Association of Directors of Adult Social Services, Association of Independent Healthcare Organisations, Academy of Medical Royal Colleges, Association for Real Change, Association of UK University Hospitals, British Dental Association, British Medical Association, Care England, Care Forum Wales, Care and Support Alliance, Chartered Society of Physiotherapy, Council of Deans of Health, Mental Health Network, National Association of Primary Care, National Care Association, National Care Forum, Vic Rayner, New NHS Alliance, NHS Clinical Commissioners, NHS Confederation, NHS Employers, NHS European Office, NHS Partners Network, NHS Providers, Northern Ireland Confederation for Health and Social Care, Registered Nursing Home Association, Royal College of Nursing, Shelford Group, Skills for Care, Skills for Health, The Companys Chemists' Association, The Royal College of Midwives, The Welsh NHS Confederation, Vanessa Young, Director, UNISON, United Kingdom Homecare Association and Voluntary Organisations Disability Group.
- xxvi Brexit Health Alliance founding members: Academy of Medical Royal Colleges, Association of Medical Research Charities, Association of British Healthcare Industries, The Association of the British Pharmaceutical Industry, Association of UK University Hospitals, Bio Industry Association, Faculty of Public Health, Medical Schools Council, National Voices, NHS Confederation (including Mental Health Network, NHS Clinical Commissioners, NHS Employers, NHS Partners Network), NHS Providers, Northern Ireland Confederation, Richmond Group of Charities, Scottish NHS Chief Executive Group and Welsh NHS Confederation

Wales' future relationship with the European Union
EAAL(5) FRL05
Evidence from National Sheep Association Wales

NSA Cymru welcomes the opportunity to provide evidence from the sheep industry to the points below. NSA Cymru is one of the nine regions that make up National Sheep Association (NSA) a membership organisation representing the views of up to 7000 sheep farmers UK wide.

With the political and social changes experienced and likely in future years the NSA believes sheep farming in Britain has the potential to expand and improve from its current position, delivering economic, environmental and social benefits to all four UK nations. In Wales, with around 80% of the land mass being less favoured area type land and unsuitable for many other farming activities, sheep farming is already the most significant and readily identified farming enterprise. Sheep farming in Wales is a multi-functional land management activity, producing high quality food and breeding animals almost entirely from grass, at the same time as creating attractive landscapes and wildlife habitats, maintaining natural capital in the form of soils, carbon storage and water, and regularly forming the foundation of rural communities and economies. Our belief is that sheep farming can further develop and grow its contribution to the Welsh economy, its environment, and its heritage and culture.

Key opportunities post Brexit includes:

- Increasing global population and growth of middle classes that want to eat red meat – so ongoing export opportunities to add value and drive demand
□ Wales is good at sheep farming and we are established – the UK as a whole is the 3rd largest exporter of sheep meat and much of this comes from and is processed in Wales.
- Acceptance of the many public goods and benefits that come from sheep farming - landscape, wildlife habitat, natural capital, social benefits and supports local rural economies. Stands us in good stead regarding the direction of farm support.
- Potential for wider acceptance of the nutritional benefits of grass fed red meat
- Potential for new collaborative relationship between industry and Welsh Govt, and a new collaborative relationship between the farming industry and environmental bodies in Wales.
- Much scope for production efficiency, much of this can come from health and disease improvements that we have answers to. The focus needs to be on implementation at a farm level
- Many young and new entrants keen to come into sheep farming. Small and mid-scale enterprises attract independent minded British individuals looking for business opportunity. Sector (with the exception of abattoirs) low dependence on migrant labour.

The risks we need to guard against now (beyond the risk of losing free EU access) include:

- We may be driven towards higher environmental and welfare standards but may still allow/even encourage cheaper and lower standard products to outcompete us on price – simply pushing environmental and welfare problems out of sight.
- New free trade deals with NZ and Australia that may have wide economic benefits but a one way sheep meat trade.
- The future of our geographical indicators – we need them although collectively UK nations should agree where it is best to market as a British brand.
- Maintaining R&D funding and ensuring more investment in not KT but implementation.
- Inadequate focus on our domestic market – 60% of our UK production is sold domestically and it is the most secure market we have.

The objectives of the inquiry are:

- To identify the most essential aspects of the UK's future relationship with the European Union from a Welsh perspective;

The most essential element of Wales' future relationship with the EU with respect to sheep farming is the need to agree a free and frictionless trading relationship. Within agriculture the sheep sector is recognised as the farming enterprise that is most at risk from Brexit. The big threats affect the two main strands of income for sheep farmers – disruption in trade – and changes to farm support. In terms of trade we have between 35 and 40% of our production reliant on exports, and 96% of that volume goes to the EU – hence a trade deal that results in tariffs (as high under WTO rules as 50% on average and adding a cost of more than £2 a kg of meat) would crucify our trade. The possibility is remote of new markets such as China, the United Arab Emirates, or the US stepping in to replace that trade within necessary timescales if we were to fall back to WTO rules with the EU in March 2019 – or even two years later. In terms of farm support then the extensive nature of sheep farming and the environmental and welfare standards UK sheep farmers comply with mean most businesses are heavily reliant on pillar 1 and 2 support to be viable. Some upland sheep farms are in a situation where 70% of their income comes from farm support. If we were to see reductions in farm support then the heavy reliance of sheep farms means their viability again could be threatened.

To avoid business disruption there needs to be a realistic transition period of access to the EU Single Market while new trade agreements are discussed.

The PGI status for Welsh lamb has been heavily invested in and will be valuable in future to establish and secure trade. A mechanism to maintain PGI status once we have left the EU will be essential.

Migrant Labour- There will be a need for visas for migrant labour from other countries where the need exists, e.g. permanent positions in abattoirs and for seasonal shearing work. There are few other solutions to staffing these essential businesses and there is a risk that some could be lost, even increasing demand for live exports and losing the opportunities to add value and contribute to the Welsh economy.

Introduction

1. NFU Cymru is pleased to have the opportunity to submit written evidence to the National Assembly for Wales' External Affairs and Additional Legislation Committee enquiry into Wales' future relationship with the European Union.
2. The importance of the farming industry in rural Wales cannot be over-stated. Welsh farming businesses are the backbone of the Welsh rural economy, the axis around which rural communities turn. With a gross output of £1.5 billion, Welsh agriculture provides the raw ingredients that are the cornerstone of a £6.9bn Welsh food and drink industry, which is Wales' largest employer, employing over 240,000 people.
3. Agriculture stands as one of the sectors most heavily shaped by the UK's membership of the European Union, in terms of support under the Common Agricultural Policy, in terms of our trading relationship with Europe, and in terms of the amount of EU derived legislation which impinges on the sector.
4. Agriculture is a strategically important industry, which is economically, environmentally and culturally important to Wales. NFU Cymru do not want to see agriculture used in any way as a bargaining chip when it comes to trade negotiations with third countries, where it might for example be traded off in return for access to the service sector.

The essential aspects of the UK's future relationship with the EU, from a Welsh perspective

5. Although we will no longer participate in the CAP after Brexit is complete, beyond Brexit there are two significant, closely interlinked aspects of our current relationship with the EU which will be very significant determinants of the shape and future success of the industry for many years to come, namely future trading arrangements with the EU, and the degree and extent of regulatory alignment with the EU.
6. Whilst Brexit may eventually give the UK the freedom to conclude trade agreements with trading partners other than the EU27, NFU Cymru is firmly of the view that the UK government's focus for the immediate future has to be securing a free trade agreement with the EU27.
7. The EU's single market is by far our largest, and most proximate export destination. Over a third of our lamb crop ends up on the European market as do around 75% of Welsh food and drink exports. Participation in the EU's single market means that our access to this market is on the basis of a level playing field, unhindered by tariff and non-tariff barriers. For our members, it is vital that our access to the European Union's single market, remains unfettered by tariff and non-tariff barriers.

8. Our dependency on the EU export market means that Wales' farmers would be incredibly exposed in the event of a precipitous, cliff edge Brexit in Spring 2019, under which the UK leaves the single market, not having secured a free-trade agreement with the EU27. Were our exports subject to tariffs at WTO rates, then chilled lamb carcasses would attract effective tariff rates as high as 46%, whilst tariffs of 65% would apply to fresh boneless beef.

9. If such an agreement cannot be concluded by the end of the two year negotiating period, the time at which the UK leaves the EU, there must be transitional arrangements put in place in good time to ensure a smooth and orderly Brexit, allowing for current free and frictionless trade between the UK and EU to be maintained until such a time as a formal free trade agreement comes into effect.

10. NFU Cymru believes that any trade agreement with the EU27 must be comprehensive and encompass all sectors including agriculture. We would for example be concerned if the future trading relationship between the UK and EU27 were to be predicated on a series of bilateral agreements. Constructing a relationship based on a series of bilateral agreements would be complex, cumbersome and could be disadvantageous to agriculture in particular. We are concerned about the fact that agriculture can often prove to be one of the last areas for agreement in trade negotiations, and the fact that this can lead to it not being included or being used as a bargaining chip in such a scenario.

11. The UK Government must continue to value the UK's high standards of food production by ensuring that Wales' farmers are not put at a competitive disadvantage in relation to trade with non-EU countries. We would therefore be staunchly opposed to any trade liberalisation scenario which would see food produced to lower standards coming into the UK and undercutting domestic produce. Furthermore, NFU Cymru believes that the UK government should work to ensure that upon departure, the UK adopts no more than its fair share of Tariff Rate Quotas for products such as New Zealand lamb.

12. Whilst many have alighted on the issue of tariff barriers as the major risk facing the sector in the event of a hard Brexit, non-tariff barriers will also have very harmful impacts if they are allowed to impede trade flows. As producers of what are largely perishable products, Wales' farmers cannot afford to see their produce held up at international borders by red-tape and bureaucracy. We very much need the free and frictionless trade that the Prime Minister spoke of in January 2017 at Lancaster House, and this must include tariff and non-tariff barriers.

13. Whilst the threat posed by tariff barriers can be quantified and understood comparatively easily by reference to tables of data and figures, the detrimental impact of non-tariff barriers is something which does not appear to have resonated as strongly since the referendum.

14. The 'costs' of non-tariff barriers include measures such as proving conformity with technical regulations and standards, rules of origin as well as hygiene,

veterinary and phytosanitary control are far more difficult to quantify. In relation to third countries documentary and identification checks apply to 100% of all beef, lamb, pork and poultry meat, whilst 20% of beef, lamb and pork, and 50% of poultry meat is subject to a physical check.

15. European markets are relatively mature, and so access to new and emerging markets is therefore seen as increasingly important in future. Whilst we recognise the value and importance of non-EU export destinations, for the foreseeable future EU export destinations are likely to remain our most significant owing to both their proximity and value. Although Brexit will eventually give the UK the freedom to conclude its own trade agreements with other countries outside of the EU27, from NFU Cymru's perspective the UK Government's focus for the immediate future must be the securing of a trade agreement with the EU27.

16. The European Union Withdrawal Bill is a vital part of the process of legislating for Brexit, in order to offer certainty and continuity by ensuring the on-going legal effect of the vast bulk of EU, which is a well-established part of our legal system.

17. NFU Cymru considers there to be sound practical reasons for wishing to preserve the bulk of EU law, in that the greater the level of regulatory harmonisation between nations, the easier it should be to allow trade to flow between them, whilst greater regulatory divergence of course weighs against the facilitation of trade. We are keen to ensure that no barriers to trade are introduced between the UK and the EU27 after Brexit.

Ensuring that the issues of most importance to Wales are adequately represented in the negotiations

18. NFU Cymru is very much alive to the political and constitutional tensions that the Brexit process has already produced, and is likely to continue to produce going forward. The UK's constitutional landscape is now rather different to that which existed when the UK joined the EEC. We have moved from an arrangement in which powers were vested in the centre to one in which devolved legislatures have law making responsibility in relation to certain matters, and have become permanent features of the UK's constitutional landscape.

19. In accordance with this altered constitutional order, our view is that full account needs to be taken of the views of the devolved governments and legislatures of the home nations when it comes to the Brexit negotiations, and that Wales' devolution settlement should be respected throughout the process.

20. NFU Cymru is aware of criticisms made in the past of the infrequent nature of the meetings of various Joint Ministerial Committees, in particular the JMC on European negotiations. If constitutional difficulties between London and Cardiff are to be minimised, or indeed averted, and Wales' needs adequately taken into account during the negotiations, then it is most important that there are regular meetings of the JMC on European negotiations.

21. Brexit has created an unprecedented situation, and NFU Cymru believes that this calls for novel ways of working between the Westminster Parliament and the National Assembly. We believe that this could for example include, where appropriate, joint committee sessions between the London and Cardiff legislatures in order to ensure that Wales' needs in relation to Brexit are given due regard by the UK Parliament and the UK Government.

Future working and engagement with the EU and its institutions

22. NFU Cymru very much values the relationship it has with the European Union and its institutions. Through its office in Brussels, the Union has had a presence in Brussels since 1972, which has allowed us to build up an extensive network of colleagues within the institutions and amongst other stakeholder organisations. We fully intend to do all that we can to preserve and continue with those relationships, and ensure we are representing farmer and growers on the numerous EU issues that might impact on their businesses over the coming years.

23. We fully expect that in future we will need to continue to follow policy developments taken by the European institutions, as decisions taken by them will almost certainly impact on agriculture in Wales and our members. Understanding the challenges faced by our European neighbours, and the policy responses being developed to address these challenges will remain vital in terms of informing our own lobbying efforts.

24. Like other third countries, we still expect to be able to meet commission officials in order to share information and understand policy positions taken. The loss of the UK's MEPs when we leave the EU inevitably means that we will not engage as extensively as we currently do with the European Parliament, we will however continue to monitor developments and speak with key MEP contacts and maintain a good understanding of the Brussels political environment.

25. The Union participates in the work of COPA, (the representative body for the agricultural organisations of Europe), as a full member, and will continue to do so as long as the UK remains a member of the EU. Once Brexit is complete this relationship will change, however we will look to continue to work in close partnership with our COPA colleagues in order to preserve the networks and working relationships that we have developed and which remain important to us in future.

26. Food producers in the EU are able to use different geographical indications in order to seek to distinguish their products in both domestic and international markets, with the ultimate aim of improving returns from the market place. There are currently three different classes of EU geographical indication protection, namely Protected Designation of Origin (PDO), Protected Geographical Indication (PGI) and Traditional Speciality Guaranteed (TSG). Welsh lamb, beef and Pembrokeshire early potatoes for example fall into the second of these three designations

27. Once a product (a food or drink) has been successfully registered at European level for one of these protections, it is granted legal protection against imitation throughout the EU. We will continue to enjoy this protection whilst we remain part of the EU, but it is not entirely clear whether we will retain this protection once the UK becomes a third-country. Retaining these designations is particularly important to Wales, and a mutual recognition of geographical indications needs to be covered by the exit and trade agreement with the EU.

28. Although we know that the UK will participate in the CAP until Brexit day in March 2019, and that the UK government will protect the overall cash terms allocation to agriculture right up until the end of the current Parliament in 2022, what is not clear at this stage is whether the UK will participate in the CAP or be very closely aligned to the CAP during the transition period. We consider it to be very important that the UK government provides clarity on this point as soon as possible, as if we are to depart from the CAP after March 2019, then farmers, and the devolved governments (who will presumably be responsible for designing and delivering any successor scheme to the CAP) will need as much lead in time as possible in order to be able to do so.

Observations regarding funding arrangements and conclusion

29. Future support arrangements for farmers will in due course become matters determined at the domestic level, and so are probably somewhat outside the scope of this enquiry, we would nonetheless make the point that Wales has historically secured around 9% of CAP funds that come to the UK, despite representing about 4.7% of the UK population. If future allocations of support were made to Wales on the basis of population share, Wales would stand to lose out substantially, and we would argue that they should continue by analogy to the existing needs based formula.

30. NFU Cymru continues to argue that post Brexit funding for agriculture, coming from the UK Treasury to the Welsh Government, ought to be hypothecated. If funds are not allocated on a hypothecated basis then we do consider there to be a real danger of the UK playing field becoming uneven and distorted should differing levels of treasury funds percolate through to farmers in each of the home nations.

31. Welsh agriculture is likely to be impacted by Brexit more than any other sector. We hope that the Committee will consider the points raised in our submission. NFU Cymru would be pleased to follow up on our written submission with oral evidence, should the Committee wish.

As stated at that event, there are a range of challenges facing the education sector, in light of the planned exit of the European Union. We have set out some of those below.

The 21st Century Schools and Education Programme

The 21st Century schools programme has already helped to upgrade, and in some cases entirely rebuild, the school and college estate in Wales. According to the European Commission website, this Public Private Partnership (PPP) will bring significant European funds to the next phase; a further “£500m/630m to build new school and college facilities in Wales” from January 2019 until 2024.¹

We would wish to seek clarification of where alternative funding will be sourced to replace this once we leave the EU, as many of our school and college estate would benefit from work.

Further (and Higher) Education

Whilst we don't organise in the Higher Education (HE) sector, we do have some members teaching HE courses in a Further Education (FE) setting. As already mentioned, the FE estate receives ESF to help rebuild aging campuses. The FE sector also benefits from Erasmus+ funding, helping to support students and staff to visit countries in the EU and share good practice and learning.

One of our members who is a manager in FE said:

“FE utilises Erasmus for students and staff mobility and this is going to be a real loss to us. ESF work allows us to focus on areas that general funding does not. How are we to carry these necessary areas out without the focused funding? If it goes into a general pot there is a risk it will be swallowed up and not happen!”

Adult learning in the wider sense also supports people back into work and to gain qualifications which they would otherwise be unable to obtain.

European Social Funds and European Structural Funds work schemes have support project since 2007 to:

- Supported 229,110 people to gain qualifications
- Helped 72,700 people into work
- Created 36,970 (gross) jobs and 11,925 enterprises
- £85m for 33,000 apprenticeships and 12,000 traineeships across Wales at employers including Airbus, Admiral and GE Aviation

¹ <https://ec.europa.eu/eipp/desktop/en/projects/project-134.html>

- £2.1m to promote Science, Technology, Engineering and Maths among young people through the STEM Cymru project

Research and Innovation

WEFO currently has currently got a funding call out for ERDF 'accelerating world-class collaboration in research and innovation'². Our members in the post-compulsory sector would be concerned about opportunities for students to study good quality courses close to home, should there be a withdrawal of funds from this sector. We realise some of the changes planned in the Tertiary Education and Research Commission for Wales (TERCW) are meant to mitigate some impacts on the post-compulsory sector. However, structures alone will not be enough.

Transatlantic Trade and Investment Partnership (TTIP)

TTIP was a major concern for us as a union, and animated many of our members about the concerns which it raised. In short, whilst we recognise that the UK will be looking to undertake trade negotiations outside of the European Union, once leaving, we would be very concerned should anything mirror some of the concerns which TTIP threw up.

In short, TTIP is a threat to education because it includes education within the negotiated 'services' sector, and limits what the UK Government, let alone the Welsh Government, can do:

"[TTIP] is bad for democracy because TTIP seeks to put the interests of transnational companies above citizens and democratic structures, such as local authorities and the national regulations, laws and courts. The proposed 'Regulatory Cooperation Council' is an example of this. It is designed to give business an 'early warning' of new regulations in the EU before they become law – so that business can challenge them. This has been referred to by campaigners as an institutionalisation of corporate lobbying in the EU.

National government will likely have reduced ability to determine to what extent education can be a public service, and to set and regulate standards. Regulatory standards are essential for governance, accountability and probity, but local government procurement policies in support of social or environmental goals might be deemed a barrier to free trade.

For instance, our ability to set social priorities, such as ensuring equal opportunity for all using the 2010 Equalities Act, could be restricted."³

² <http://gov.wales/funding/eu-funds/2014-2020/?lang=en>

³ <https://www.atl.org.uk/policy-and-campaigns/policy-posts/transatlantic-trade-and-investment-partnership-ttip>

We note that the Wales (Act) 2017 does not include employment law within devolved competence, never-the-less, such issues as raised by TTIP which have an impact on terms and conditions for our members are of significant concern.

We would appreciate any opportunities to share our members' concerns and to look in detail at proposals which are relevant to our members across education in terms of withdrawal from the European Union.

1. Introduction

1.1. This evidence has been prepared to inform the National Assembly's committee consultation on Wales' Future Relationship with the EU.

1.2. About WCVA WCVA is the national membership organisation for the third sector in Wales. Our vision is for a future where the third sector and volunteering thrive, improving wellbeing for all. Our mission is to be a catalyst for positive change by connecting, enabling and influencing.

1.3. WCVA's position aligns closely with Welsh Government's on a number of key areas, namely access to the single market and customs union, continued participation in the European cooperation programmes and associated networks and a commitment to the social, environmental and employment protections which have been secured through our EU membership.

2. Maintain and forge new relationships with relevant EU institutions to protect and advance rights

2.1. Many of the EU regulations and legislation that underpin rights protections in the UK were driven by civil society. We must maintain our relationships with the relevant European institutions to inform the development and advancement of rights and protections post Brexit. Any move toward the weakening of rights in the UK will not be reflective of the devolved perspective. To illustrate its commitment to rights protections, Welsh Government should strengthen its independent relationship with the Council of Europe to enable Wales to be more proactive in relation to the EU conventions and International Labour Organisation.

3. Maintain access to the wider European funding programmes

3.1. WCVA supports Welsh Government's position on maintaining access to the European transnational cooperation programmes, such as the ETC programmes, Daphne and Erasmus+. The withdrawal of youth driven initiatives, funded by Erasmus+ for example, would significantly disadvantage Wales' younger generation's ability to engage with European employment and educational opportunities post Brexit.

4. Maintain EU connections for UK civil society

4.1. The European Union is much more than a free trade area. Wales benefits considerably from close cooperation with European civil society. The UK Government needs to ensure that civil society's European connections and networks are underpinned by the right support mechanisms and investment if they are serious about no regression and addressing societal challenges in an increasingly interconnected and uncertain world. Fundamentally, civil society is an exporter of participative democracy. This extends from communities to the global stage, where citizens can fully participate in and influence decisions that affect the world around them. Brexit must not diminish our European engagement and connections.

5. For the UK to remain in the single market and customs union

5.1. By taking the decision to remain in the European Union Single Market and Customs Union, the UK will continue close regulatory alignment with the Republic of Ireland and prevent the need for a hard border between Northern Ireland and the Republic of Ireland or between the Republic of Ireland or Northern Ireland and Britain. We believe that this outcome is vitally important for protecting the peace process and preventing the major economic and social impacts for people and businesses that would be presented by the creation of a hard border.

6. A sufficient transition period

6.1. Determining what comes next will be incredibly complex and putting new processes and arrangements in place will take time. A sufficient transition period is needed, in order to minimise confusion and uncertainty. The UK Government should avoid arbitrary deadlines and prioritise getting it right in a smooth and orderly transition period. This may need to go beyond the Government's stated aim of 24 months.

7. Continued engagement

1.1. The third sector plays a vital role in society promoting positive values, being a voice for marginalised groups and developing creative solutions to some of our society's most problematic issues. It's crucial that the third sector and wider civil society is fully engaged at every stage of the transition process to ensure better outcomes for all.

2. Discussion

2..1. If requested, we would be pleased to discuss further these or any other points relating to this inquiry.

Background

Hybu Cig Cymru - Meat Promotion Wales (HCC) is the statutory industry-led levy organisation responsible for the development, promotion and marketing of Welsh lamb, beef and pork. It undertakes promotional campaigns at home and abroad, is involved in research and development which benefits the efficiency and sustainability of the whole red meat supply chain, as well as collating and analysing market intelligence. HCC is also the guardian of the PGI Welsh Lamb and PGI Welsh Beef brands and administers the PGI verification scheme.

1. The economic importance of agriculture and European trade

1.1 Currently, the Welsh agricultural sector contributes economic activity of £1.447 billion (without counting rural payments), therefore underpinning the economy and society of large areas of Wales.

1.2 223,000 are employed in the overall food and drink supply chain – Wales's largest manufacturing sector – including a large number in red meat processing. The three largest plants are located in areas of socio-economic deprivation and low wages; Merthyr Tydfil, Llanidloes and Llanybydder.

1.3 To this must be added the indirect benefits of the industry; the role of red meat agriculture in maintaining the landscape which benefits tourism, the role of agriculture and processing in maintaining language and culture in rural areas, and the role of the PGI Welsh Lamb and PGI Welsh Beef brands as wider symbols of the premium quality of Welsh produce overseas.

1.4 The export market has become increasingly important to the red meat industry. Wales consumes only 5% of its domestic production of lamb. While the UK market is crucial, a large proportion of Welsh Lamb is also destined for export.

Figure 1: Where lamb produced in Wales is consumed

1.	2. Consumption
3. Wales	4. 5%
5. Rest of UK	6. 55% - 60%
7. Exported	8. 35% - 40%

1.5 A higher proportion of Welsh Beef is consumed in the UK, although there has been a growing EU market for beef exports, with around 15% of production

currently being exported. The Welsh pork industry is small in scale, consisting largely of the production of niche offerings for the home market. Exports of pork from Wales are therefore negligible.

1.6 The value of exports of Welsh Lamb is around £124 million per year (having risen from £57 million in 2004). Welsh Beef exports are worth £61 million annually. Exports are therefore a major contributor to the viability of a £1.45 billion sector, including production, processing and retail.

1.7 In addition to their raw value, exports also help to secure value for the whole carcass, particularly in the case of Welsh Lamb. There exists an imbalance in UK consumer preferences, with strong demand for lamb legs but lower demand for other cuts. Processors help to meet the challenge of achieving carcass balance by selling cuts that have lower domestic demand in export markets which have a different demand profile. Export markets for these cuts are important to increasing the value of the whole carcass, and ultimately to farm gate prices.

1.8 Exports are important to even out price fluctuations caused by seasonality of supply. Production of Welsh and UK lamb peaks in the summer and autumn months. The availability of a wide range of export markets helps to support farm gate prices during the high points of supply, thus any future over-dependence on the UK market could exacerbate price volatility.

1.9 Being a member of the EU has allowed Wales to have free market access to established red meat markets across the continent. Important markets for Welsh Lamb and Welsh Beef include France, Italy, Germany, Spain, the Low Countries and Scandinavia. Welsh Lamb in particular is an established brand which commands consumer loyalty and a price premium in many of these countries.

1.10 Currently, 93% of Welsh Beef exports go to the European Union. In the case of Welsh Lamb, 92% of exports (by value) are destined for the EU.

1.11 HCC has been working with exporting companies to grow markets outside the EU for many years - including Canada, Switzerland, Hong Kong and UAE - however these are much smaller at present than the established EU markets.

1.12 Other countries have potential - e.g. USA, China and Saudi Arabia. However, the UK does not currently have access to these markets, for reasons unrelated to EU membership. Negotiations are proceeding through Defra and the UK Export Certification Partnership (UKECP) to lift these restrictions. There is no certainty regarding the timetable.

1.13 If and when exports are permitted to new countries, it is likely to take several years to establish new trading relationships and build brand identity. Supplying increased quantities of fresh beef and lamb to markets further afield than Europe will also require the industry to undertake concerted action over a period of years to increase the shelf-life of red meat products.

1.14 Export markets in southern Europe have been particularly important for ‘light’ lambs, many of which are produced in upland areas and account for about 15% of overall Welsh Lamb production, for which there is a limited demand among UK supermarkets. This trade has declined in recent years, for a number of reasons, but many light Welsh Lamb carcasses are still exported to destinations such as Italy, Portugal and Spain.

2. The impact of post-Brexit trade scenarios

2.1 If WTO tariff rules came into force in the absence of free access to the European Single Market, red meat from the UK could potentially face tariffs of between 40-90% (depending on the type of cuts and the extent of processing prior to export).

2.2 Based on analyses using the FAPRI-UK model the negative impacts on net-exporting sectors, particularly sheep, are severe under any scenario other than continued unfettered access to the EU market. This will have a disproportionate impact on Wales, as 30% of the UK sheep industry is located here.

Figure 2: Sectoral analysis of the potential impact of post-Brexit trade scenarios¹

		Bespoke Free Trade Agreement with the EU	WTO Default	Unilateral Trade Liberalisation
Scenario definitions:		<ul style="list-style-type: none"> UK retains tariff and quota free access to the EU and EU retains tariff and quota free access to the UK UK maintains EU tariff structure to rest of the world 5% trade facilitation costs on UK-EU27 trade 	<ul style="list-style-type: none"> MFN¹ tariffs applied to imports from the EU TRQs² from 3rd countries retained MFN tariffs applied to UK exports destined for the EU No change in tariff structure for exports to the rest of the world 8% trade facilitation costs on UK-EU27 trade 	<ul style="list-style-type: none"> Zero tariffs applied on imports to the UK from both the EU and the rest of the world MFN tariffs applied to UK exports destined for the EU No change in tariff structure for exports to the rest of the world 8% trade facilitation costs on UK-EU27 trade
Commodity				
Beef:	Price	+3%	+17%	-45%
	Production	0%	+10%	-10%
	Output Value	+3%	+29%	-50%
Sheep:	Price	-1%	-30%	-29%
	Production	0%	-11%	-11%
	Output Value	-1%	-38%	-36%
Pigs:	Price	0%	+18%	-12%
	Production	+1%	+22%	-6%
	Output Value	+1%	+44%	-17%
Poultry:	Price	0%	+15%	-9%
	Production	0%	+11%	-3%
	Output Value	0%	+28%	-12%
Milk & Dairy:	Price	+1%	+30%	-10%
	Production	0%	+7%	-2%
	Output Value	+2%	+37%	-12%
Wheat:	Price	-1%	-4%	-5%
	Production	0%	-1%	-1%
	Output Value	-1%	-4%	-6%
Barley:	Price	-1%	-5%	-7%
	Production	0%	-1%	-2%
	Output Value	-2%	-6%	-8%

Notes:

¹Most Favoured Nation

²Tariff Rate Quotas

¹ Impacts of Alternative Post-Brexit Trade Agreements on UK Agriculture: Sector Analyses using the FAPRI-UK Model, John Davis, Siyi Feng & Myles Patton (Agri-Food and Biosciences Institute) and Julian Binfield (University of Missouri), August 2017.

3. Resolution of current Tariff Rate Quotas

3.1 Currently, the UK is part of EU arrangements with third countries regarding red meat import quotas. Notably, New Zealand and Australia have tariff-free quota arrangements with the EU to export defined annual tonnages of sheepmeat and beef.

3.2 How these quotas will be settled upon the UK's exit from the EU will be decided by negotiation through the WTO. The level of tariff-free imports is extremely important for the competitive position of Welsh red meat in the domestic market; particularly in the case of imports of New Zealand lamb impacting on sheepmeat prices in the UK.

3.3 We would regard a fair basis for the resolution of the TRQ issue to be on recent import volumes rather than historic maximum entitlements. New Zealand in recent years has exported around 65,000 tonnes of sheepmeat annually to the UK.

4. Brand protection

4.1 Since 2002-3, the Welsh Lamb and Welsh Beef brands have been protected with a PGI (Protected Geographical Indication) designation which is crucial for marketing them as premium products. This designation is supported by EU law, and is widely regarded as being a mark of provenance and quality in the food industry throughout the world.

4.2 It is possible for produce originating outside the EU to have PGI status, Colombian Coffee being a notable example, but legislation giving mutual equivalent protection for European food names must be incorporated into the third country's law.

4.3 HCC, as part of the UK Protected Food Name Association, has been part of discussions with Defra aimed at ensuring UK legislation is passed which establishes an equivalent scheme and will be recognised as such in Europe and beyond when the UK leaves the EU.

4.4 Immediate, seamless protection for the Welsh Lamb and Welsh Beef brands is essential for the red meat industry. It is also important that the scheme recognises the distinctive identity of such produce, rather than being subsumed into a UK brand.

4.5 EU funds have been available in recent years to promote PGI and other protected food brands. These funds have been crucial to supporting promotional campaigns for Welsh Lamb and Welsh Beef in markets such as Germany, Denmark, Sweden, Italy, France and the UK. Currently there has been no information as to how such funds might be available in a post-Brexit environment.

5. Support Payments

5.1 80% of the land area of Wales is designated as LFA (Less Favoured Area) or SDA (Severely Disadvantaged Area).

5.2 Based on Farm Business Survey data, a majority of hill and upland cattle and sheep businesses at present rely on support payments – both direct and indirect – for their positive margin.

5.3 There is currently no certainty of the future of agricultural payments systems beyond 2020, and furthermore no clarity on how a UK-framework for such payments might be agreed while protecting the devolution of agriculture to Wales.

5.4 There exists a strong case for continuing payments to agricultural businesses based on the public goods they provide – their support for other local businesses, landscape management which benefits tourism, their cultural and linguistic contribution, and environmental goods.

5.5 In addition to this, the red meat sector is currently based on a critical mass of small enterprises contributing to a greater whole which supports economic activity and employment across large areas of Wales. A significant change in the structure of agricultural payments risks undermining this critical mass and the long-term viability of livestock supply-chains in Wales.

6. Regulation

6.1 There are potential risks to the Welsh red meat trade from any proposals to significantly change the legislative and regulatory environment which govern farming and meat processing on leaving the EU.

6.2 Steps to reduce bureaucracy would be commendable but should not lead to any lowering of standards. Maintaining export access requires equivalence in terms of production, health and welfare, and environmental standards. Demonstrating equivalence with a different regulatory system, even though it may deliver the same outcomes, is often difficult and takes time.

6.3 As we compete with others in the world market, being perceived as a country that has lowered standards would make it difficult to maintain trade and establish new markets. Our brands are marketed as premium, and a perceived reduction in standards could have a negative effect on them.

7. Free movement of people

7.1 Issues of seasonal on-farm labour are not as significant in the Welsh red meat industry as they may be in other food sectors such as horticulture.

7.2 However, migrant EU labour has been important for the red meat processing industry. Some abattoirs and processors may face additional challenges in recruiting staff if restrictions were placed on free movement.

7.3 The ability to recruit EU workers has helped to alleviate a UK-wide shortage of veterinarians specialising in farm animals in recent years.

8. Conclusion

8.1 From the point of view of the red meat sector, tariffs and trade are the foremost concerns relating to the UK's future relationship with the EU. Anything other than a Free Trade Agreement with the EU is likely to result in severe disruption, representing an existential threat to Welsh agriculture and processing as currently constituted. Issues of farm payments, regulation, brand protection and labour are also significant.

8.2 The agri-food industry in Wales is fundamentally different to that of other parts of the UK, with a much greater importance of the sheep sector and of exports, as well as Wales's topography which makes many other forms of agriculture unviable. The distinct needs of Wales would need to be represented in negotiations with the EU, and mechanisms should be created to give Wales full and equal participation in the creation of future UK frameworks for the agricultural industry.

Overview

Both the UK Government and the Welsh Government must ensure that the health and social care needs of the population of Wales are not negatively impacted by the UK's exit from the European Union (EU). Wales' relationship with the EU has had a substantial direct and indirect impact on delivery of health and social care within the UK. It is critical that patient safety standards, public health, quality of care, and the workforce supply chain are not adversely affected by the forthcoming process of change or resulting outcomes.

Nursing staff, and the wider health and care community, are central to the successful delivery of health and social care in Wales. Their needs and the needs of the future workforce should be considered carefully. The UK's exit from the EU is likely to have a profound impact on the existing and future nursing community in a wide range of areas, ranging from workforce strategy and planning, regulation, standards, public health, research, employment and social law and cross-border exchange.

The following issues should be considered as part of the inquiry into Wales' future relationship with the EU:

Sustainability of the nursing workforce

The sustainability and stability of the nursing workforce in health and social care is crucial to the delivery of health and social care services in Wales. Any impacts on the recruitment or retention of the nursing workforce must be monitored closely.

The exact figures for the number of EU nurses and the healthcare workers in Wales is not known, although it is understood that around 1000 EU nurses currently work in the NHS in Wales. The Royal College of Nursing Wales would welcome this data being collected and being published, including for the independent sector where the picture is particularly unclear. If the Welsh Government has conducted its own assessment of these figures then this information should be shared widely.

At a UK-wide level we have already seen a significant impact in terms of numbers of European Economic Area (EEA) nationals leaving the UK and a huge drop in numbers of EEA nationals applying to work in the UK. Figures from the Health Foundation in December 2017 showed there has already been a 96 per cent reduction in the number of EU nurses coming to the UK, post Brexit. This sharp fall has coincided with a sudden increase in qualified EU professionals leaving the NMC register: from 2,435 in 2015-16 to 4,067 for 2016-17 – a rise of 67%.

The EU currently sets the minimum training standards that nurses responsible for general care (adult nursing in the UK) and midwives must meet to be eligible to register and practise in their home member state and across the EU. These standards are set out in Directive 2005/36/EC on the Recognition of Professional Qualifications (the Directive). This means that many EU educated nurses can easily register with the UK regulator of nurses and midwives and thus able to practice in Wales. The future of this directive is unclear. Any movement away from this directive may reduce the quantity of skilled nurses and midwives readily, and will restrict the freedom of UK residents to pursue their chosen careers across the EU. Indirectly there is a potential impact on the UK's higher education and training system more generally.

It is important that a coherent workforce strategy is developed in Wales and UK-wide which aims to maintain and grow the domestic health and social care workforce, as well as preserves the rights of EEA nationals currently working in the sector.

Safeguard employment and social law provision, and preserve existing terms and conditions

A substantial proportion of UK employment law originates from the EU and provides important protections for nurses and healthcare support workers. In particular, these protections cover things such as health and safety at work, working time, consultation on collective redundancies and safeguarding employment rights in the event of transfers of undertakings (TUPE).

The EU's key health and safety related directives have been proven to significantly reduce the risks for nurses and patients. They provide a legal framework for employers to reduce the risks of musculoskeletal disorders (MSDs), biological hazards, stress and violence to health care staff.

The Working Time Directive provides important safeguards to reduce fatigue within the nursing workforce, such as compensatory rest and controls on working time to address the health and safety effects of shift work and long working hours. Fatigue, long working hours, lack of rest breaks and poorly managed shift rotas are a risk to the health of nursing staff, and patients. The EU's TUPE legislation has been a cornerstone in providing legal protection to staff when reconfigurations in the provision of public health and social care take place. It is important that nurses and other staff, who continue to ensure continuity of care and service provision during these reforms, are not disadvantaged in terms of working conditions and employment benefits if their employer changes.

We are encouraged by the commitment for full transposition of all of the above legislation into UK law through the EU (Withdrawal) Bill and would be very concerned were any changes sought which would undermine the standards of existing legislation.

Reciprocal healthcare arrangements

Retaining existing reciprocal healthcare arrangements, or the agreement of comparable alternatives, should be an important consideration for the UK government as negotiations continue with the EU. The impact on the NHS would be significant if access to reciprocal healthcare schemes is not retained or suitably replaced, and if the rights of EEA and UK citizens living abroad are compromised.

Public health

The EU's public health remit includes cross-border health threats, such as infectious diseases and the threat of antimicrobial resistance. Regardless of the future settlement, there will continue to be cross-border societal health challenges, relevant to the UK population and its nurses.

The European Centre for Disease Control (ECDC), in collaboration with the World Health Organisation (WHO), manages disease surveillance and response for detecting emerging health threats, such as pandemic influenza and Middle East Respiratory Syndrome Coronavirus. It is essential that the UK seeks a close working relationship with the ECDC following exit from the EU, to mitigate the risk stemming from being outside these European coordination measures on disease threats. As there are a number of associative models available, this should be a relatively easy process. The UK must retain the ability to contribute to, and compare, surveillance data to ensure UK health systems are prepared as the epidemiology of resistant organisms develops. It is paramount that Brexit does not negatively affect this.

Research collaboration & funding

International collaboration and exchange increases the speed and likelihood of finding the solutions to global societal challenges, as well as adopting insight and innovation at faster rates. For example, through collaborative research and academic exchange, it is well evidenced that international research collaboration increases research excellence and mobility increases researcher productivity. Research opportunities can also play a significant role in terms of recruiting and retaining the workforce.

Whilst many of these activities take place internationally beyond Europe, the EU has developed frameworks to ease collaboration and make it more effective, it also funds collaborative activities through its various programmes. There is a risk of

loss of access to the research funding and student exchange programmes (Horizon 2020 and Erasmus+) for nursing faculties in higher education, and to the wider policy exchange mechanisms that European Commission initiates and funds.

Stability of trade arrangements

The UK currently has operates under a well-functioning medicines and medical devices regulatory system, working with the European Medicines Agency, underpinned by EU regulations and directives. The common framework for monitoring and assessing drug safety has also operated to the benefit of patients across the EU. If the Welsh Government has already carried out work to look at the associated risks in these areas after we have left the European Union then these should be shared and made accessible.

Any new trade deals the UK may negotiate outside the EU must exclude health services to avoid detrimental impact on patient care and health workers' employment conditions. The RCN has been very clear about this during the negotiation of the Transatlantic Trade and Investment Partnership (TTIP) and would be very concerned were any new UK trade deals considering this.

Potential impact on the devolution settlement

Whilst it may be appropriate for some areas of policy, such as serious cross-border threats to health for instance or the professional regulation, to be dealt with at a UK level, it is right that any EU laws that currently fall within the Assembly's competency, should be transposed into Welsh law.

Tackling health inequalities

EU Structural Funds have seen significant benefits for Wales, with significant amounts of money used to support projects across Wales, many of which are aimed at reducing poverty and thereby reducing health inequality. The Welsh Government have confirmed that Wales will continue to benefit from these funds until 2020 but beyond that time there is uncertainty around whether or not similar or equivalent funding will be available from elsewhere. The Royal College of Nursing would like to see the Welsh Government continue to prioritise tackling poverty and health inequality beyond 2020, and for all alternative funding streams to be considered.

The Cavendish Coalition

The Committee may also want to be aware that the Royal College of Nursing is a member of the Cavendish Coalition which is a group of 37 health and social care organisations united in their commitment to provide the best care to communities, patients and residents. The coalition acts as a shared voice which influences and lobbies on post-EU referendum matters. It also provides those leading the negotiations with expertise and knowledge on the issues affecting the health and social care workforce.

As a part of the coalition, we are committed to working together to ensure a continued domestic and international pipeline of high calibre professionals and trainees in health and social care. More information about the Cavendish Coalition can be found here - <http://www.nhsemployers.org/your-workforce/need-to-know/brexit-and-the-nhs-eu-workforce/the-cavendish-coalition>

Welsh Government engagement with health and social care

Whilst, in the context of Brexit, it is understandable that much of the focus at Government level is on areas of legislation and policy such as the economy, trade and agriculture, all areas of Welsh Government work need to be considered individually and in an appropriate level of detail. We would therefore welcome further conversation and scrutiny on the issues covered in this paper and in the wider health and care context. While the Royal College of Nursing is in a key position to engage and inform these conversations, much of the detailed information and data will be held by other agencies such as the NHS. As such, we would welcome engagement from the Committee and Welsh Government with a wide range of organisations across the sector in order to inform and enlighten the debate.

About the Royal College of Nursing

The RCN is the world's largest professional union of nurses, representing over 450,000 nurses, midwives, health visitors and nursing students, including over 25,000 members in Wales. The majority of RCN members work in the NHS with around a quarter working in the independent sector. The RCN works locally, nationally and internationally to promote standards of care and the interests of patients and nurses, and of nursing as a profession. The RCN is a UK-wide organisation, with its own National Boards for Wales, Scotland and Northern Ireland. The RCN is a major contributor to nursing practice, standards of care, and public policy as it affects health and nursing.

The RCN represents nurses and nursing, promotes excellence in practice and shapes health policies.

1. About Universities Wales and WHEB

1.1 Universities Wales represents the interests of universities in Wales and is a National Council of Universities UK (UUK). Universities Wales' Governing Council consists of the Vice-Chancellors of all the universities in Wales and the Director of the Open University in Wales.

1.2 Welsh Higher Education Brussels (WHEB) is funded by all Welsh universities and the Higher Education Funding Council for Wales (HEFCW) to represent Welsh universities in Brussels and is based in Wales House in Brussels as part of the wider Welsh representation.

2. Introduction

2.1 The Welsh university sector has been strengthened and enhanced through participation in European programmes, access to European funding streams and through extensive engagement with universities, businesses and other organisations across Europe. Welsh universities have been partners, collaborators and innovators in many areas across the sciences, engineering, technology, health, social sciences and humanities with benefits to Wales, to the rest of the UK and to Europe.

2.2 As the UK and Welsh Government develop plans to seize the opportunities and minimise the uncertainty presented by exiting the European Union (EU), it is vital that the new relationship between the UK and the EU enables these critical activities to be sustained and developed further. As the Welsh Government stated:

2.3 'Leaving the EU does not require that Wales turns its back on Europe - and we have no intention of doing so.'

2.4 Welsh universities welcome the opportunity to contribute to the development of a new relationship with the European Union for Wales, which will enable the university sector to continue to make an invaluable contribution to a dynamic, outward-facing and competitive Wales.

3. Executive summary

3.1 The UK's withdrawal from the EU will have an impact upon all areas of Welsh higher education activity.

3.2 The UK's withdrawal from the EU will have challenging financial implications for the higher education sector, in terms of direct funding lost and financial

implications of reductions in student recruitment, if steps are not taken to ensure current European activities and engagement can continue to a large extent after the UK withdraws from the EU.

3.3 Priorities for a future relationship between Wales and Europe for Welsh universities include:

- The ability to continue welcoming talented European staff and students to Wales;
- Continued opportunities to participate in and contribute to European research collaborations, and access to funding for research and innovation;
- Access to existing or future schemes to ensure continued outward mobility opportunities for staff and students;
- A recognition at UK Government level of the need for funding to replace the European Structural Funds on a need/place based basis that works for Wales.

3.4 This submission outlines the main ways in which Welsh universities currently engage with Europe, and the ways in which this extensive engagement benefits Wales. The submission also notes the implications of any limits or restrictions placed on participation in the existing frameworks and relationships highlighted within this submission, and what this would mean for the sector's ability to continue delivering for Wales. Finally, this submission makes recommendations for the opportunities for engagement with Europe post-Brexit, and the role Welsh universities can play in forging a new relationship with Europe.

In what ways do Welsh universities currently engage with Europe?

4. Recruitment of staff and students from across the EU

4.1 One very clear benefit from membership of the European Union is freedom of movement as students and staff from across the EU study in and work at our universities.

4.2 EU staff play a critical role in supporting the excellence of Wales' research base, as well as the quality and diversity of teaching provision. The latest HESA information indicates that there were 1,355 staff from the EU at Welsh universities in 2015/16 (academic and non-academic staff). EU staff formed over 10% of the academic workforce at Welsh universities

4.3 European students make an enormous contribution to Wales – academically, culturally and economically. There were 5,424 EU students of all modes and levels

(i.e. Full and Part Time, Undergraduate and Postgraduate) at Welsh universities in 2014/15, equivalent to 4% of the student population. EU students in Wales generated £150.3m for the Welsh economy and over 1,400 FTE jobs across the country in 2014/15.

4.4 These are big numbers and when combined with the full results of the economic impact of higher education report demonstrate the value of our universities to Wales that must be enhanced in the future if we are to see a thriving and vibrant economy post Brexit.

5. Research funding and collaboration

5.1 Wales has benefited from the funding, mobility and networks that EU research and innovation programmes have offered to participants. Horizon 2020 is the current major EU research and innovation programme with a budget of around 70 billion euros for the period 2014-2020. The Welsh higher education sector has been successful in winning funds from this highly competitive programme and universities have accounted for nearly two-thirds of Welsh participations in Horizon 2020 so far and have received over sixty per cent of funding received by Welsh organisations.

5.2 In 2014/15 the total EU research grants and contract income for Wales was approximately £46 million. This represented around 21% of total research grants and contracts income in Wales for that year. However, financial statements will only provide a historic view of the income that universities have received from EU sources. Of much more significance is the income that they are forecast to receive from projects currently funded, or in the process of being funded by the EU.

5.3 Horizon 2020 has provided opportunities for Welsh universities to develop and innovate across a range of research areas in collaboration with partners in Wales and with partners across Europe. Funding has been received for work in the areas of excellent science, industrial leadership and societal challenges. Funding received by Welsh universities has enabled extensive work with a wide range of partners and businesses leading to transformational benefits for many areas of society as well as benefits for Wales and the UK and across the rest of Europe and beyond.

5.4 The ability to continue to work in collaboration with our partners is crucial when the UK leaves the EU.

6. Access to European funding programmes

6.1 Welsh universities have also benefited from the significant investment provided by other European funding programmes including European Structural

Funds that have developed facilities and infrastructure across Wales as well as offering a wide variety of education and skills development.

6.2 European Structural and Investment Funds (ESIF) play a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas.

6.3 Universities in Wales receive a significant amount of funding from European Structural Funds, and this continues to provide vital investment and funding for projects and infrastructure that contribute towards economic and social growth in Wales.

6.4 European Structural Funds have also played an important role in both innovation funding in Wales, and private investment in research and development.

6.5 Access to European Investment Bank funds has also enabled large-scale infrastructure improvement and development at several Welsh universities. An agreement needs to be in place to ensure continued access to the EIB in the future.

6.6 High quality research and innovation are the bedrocks of a growth economy and have knock-on benefits for all communities across Wales. It is crucial therefore, that funding for infrastructure and capacity-building is maintained, regardless of whether this comes from the EU or national budgets.

7. Participation in mobility schemes for staff and students

7.1 Students at Welsh universities have benefited from the opportunities to study and work elsewhere in Europe provided by the Erasmus+ scheme. In 2015/16 over 700 students at Welsh universities took part in the Erasmus+ mobility programme providing them with an academic, career and life-enhancing opportunity. In the period 2007-2014 over 4,500 students at Welsh universities participated in Erasmus+ mobility programmes and during the same period over 700 academics and teachers also benefitted from a mobility period.

7.2 A reduction in mobility opportunities for students would negatively affect the student experience. It would reduce diversity on campuses, have a detrimental effect on the development of graduates' skills, and some language courses, where study abroad is compulsory, could become vulnerable. Future mobility needs to be enhanced in the future and not diminished.

8. Wales' future relationship with the European Union

8.1 There are a number of areas that Welsh universities would hope to see prioritised in any consideration of Wales' future relationship with the EU, in order for Welsh universities to continue to deliver for Wales.

8.2 To limit flows of people, ideas, and innovation that currently flow naturally across borders would damage Welsh higher education's ability to deliver its activities, which will have an impact on all areas of Welsh life, due to the significant contribution made by universities' activities to the Welsh economy and society.

8.3 For example, the recent Universities Wales report on economic impact highlighted that Welsh universities generated over £5 billion of output in 2015/16 from their own direct activities and through their expenditure and that of their students and visitors. In the same year Welsh universities also earned over £544 million in export earnings. This report also stated:

'When compared to the rest of the UK, Welsh higher education is of greater relative importance to Wales, forming an even larger part of its economic base, than the UK higher education sector is to the UK overall.'

8.4 This demonstrates the importance of Welsh universities being supported to continue to deliver post-Brexit, through continued engagement with the European Union and its Educational frameworks. It is vital that the extensive and successful engagement by the Welsh university sector continues after the withdrawal of the UK from the European Union if we are to continue to see our research and innovation activities and our excellent staff and students able to flow naturally across borders.

Priorities for Welsh Universities:

9. Continue welcoming EU Staff and students

9.1 Our colleagues and students from across the EU are valued members of the Welsh university community and also their local communities. They bring their expertise, their skills and their perspectives to our country to our great benefit but it must also be recognised that they have made a choice when coming to Wales.

9.2 Without greater legislative certainty on the status and rights of EU nationals, as well as a public narrative focusing on the value of people from elsewhere in the EU to the UK and Wales, it is likely that some future academics and students, as well as perhaps some current colleagues and students, will choose to study and live in other countries in the future to the detriment of Wales.

9.3 Whilst there has been some progress as outlined in the Phase 1 agreement between the EU and the UK, further work will need to be done in the next phase of negotiations.

9.4 The excellence and global competitiveness of Wales' research base relies on attracting and retaining the most talented researchers to pursue ground-breaking projects at Welsh universities, regardless of where they come from. Inability to recruit and retain the best researchers has serious risk of damaging our internationally excellent research reputation and losing the beneficial impact Wales' research has on Wales. The outstanding results of Welsh universities in the Research Excellence Framework (REF 2014) were reliant on high performing research teams, many of which are strengthened by international mobility. As identified above, any reduction in the quality or quantity of Wales' research output through restrictions on EU staff recruitment will have a knock-on negative impact on the Welsh economy and Welsh society.

9.5 Changes to visa regulations and uncertainty as to long-term EU citizen's rights would lead to EU citizens wishing to come to the UK being unclear on visa requirements and eligibility and facing an increase in bureaucracy and cost.

9.6 This could lead to a fall in EU students applying to study in Wales. A drop in student recruitment from the EU will have a significant financial impact on all Welsh universities and would adversely affect the diversity of the student body, which broadens perceptions and prepares our graduates for an increasingly global world of work. Any reduction in EU student recruitment will also have knock-on implications for the communities within which universities reside.

9.7 Unis Wales research demonstrated that every EU student generates three Full Time Equivalent jobs through their presence, and a reduction in EU student recruitment will impact on the universities' activities and the wider economic fortunes of Wales.

9.8 Regardless of the final settlement between the EU and the UK, it is important that the Welsh Government continues to publicly affirm the value placed on EU students and staff and their contribution to Welsh universities, invests in supporting future recruitment overseas through promotional activity, and provides reassurances to current EU students that they will remain welcome in Wales following its departure from the EU.

10. Continued opportunities to participate in and contribute to European research collaborations, and access to funding for research and innovation

10.1 Research and innovation are crucial to Welsh economic success and this success is underpinned by collaboration across regional and national boundaries.

The Lamy Report published in July 2017 focused on how the impact of EU research and innovation programmes could be maximised and stated:

‘..full and continued engagement with the UK within the post-2020 EU R&I programme remains an obvious win-win for the UK and the EU. The UK has one of the strongest science bases of all European countries. A positive cooperation model should be established, so that the UK remains part of the European Research Area.’

10.2 Welsh universities wish to continue play a role in the future European research landscape as they have made a significant contribution to its past and current shape. Initiatives such as the European Research Area with their support for multinational cooperation are vital to strengthening research collaboration and driving forward innovation.

10.3 Welsh universities wish to be able to fully participate in the successor programme to the Horizon 2020 programme. Welsh universities hope that the new relationship between the EU and the UK after the withdrawal of the UK from the European Union will continue to enable full participation in EU research and innovation programme by participants based in Wales. Welsh researchers have worked successfully with partners throughout Europe and wish to continue to work with existing partners and have the opportunity to develop new relationships and networks. Welsh universities have much to offer and have been valued members of EU programmes across a range of areas.

10.4 The Phase 1 agreement between the EU and the UK did include a comment on future UK participation in EU research and innovation programmes and this is a positive development. It appears that both the UK and the EU are in agreement on the importance of future research and innovation collaboration. However, there is much detail to be covered in the next round of negotiations and it will be important that this crucial area of engagement is not overlooked and that the critical value of continued collaboration is emphasised by Welsh, UK and European organisations.

10.5 Welsh universities wish to see future EU research and innovation funding programmes that are based on excellent research, are funded appropriately, that support inter- and multi-disciplinary working, are simple to administer, that facilitates and promote European and international collaboration, that provide opportunities along the spectrum of research and innovation activities, that support industrial innovation and growth, that build on the investment already made in Wales and are aligned with other funding programmes to maximise impact.

10.6 There has been historic underinvestment in research infrastructure in Wales compared to the rest of the UK and a lower level of STEM activity in Wales although Welsh universities have been effective in using more limited research income to support high impact research. A recent Royal Society report on research infrastructures in the UK, including major scientific facilities, archives,

collections and e-infrastructure, indicated that Wales has the lowest percentage of research infrastructures in Great Britain (the study excluded Northern Ireland). European engagement and funding has helped to close the gap but without the investment previously accessible through European programmes Wales may continue to fall further behind.

10.7 Welsh universities have the highest percentage of 'world leading' research in terms of its impact of any part of the UK, with almost half of it considered to be having a transformational effect on society and the economy. Much of this can be attributed to these international collaborations, which have been crucial to addressing global challenges. Long term economic growth is above all determined by knowledge accumulation and technological progress and there are few sectors of the Welsh economy with the capacity or scope to grow and generate export earnings as well as universities. It is imperative for Wales that our universities are still able to access the both the most talented researchers and all available funding streams, underpinned by sufficient capital investment, in order to continue delivering these benefits for Wales and play their crucial role in growing prosperity in Wales.

11. Continued funding to replace lost European funding such as Structural Funds

11.1 European Structural and Investment Funds (ESIF) play a crucial role in supporting universities to generate local growth and jobs by turning ideas and research discoveries into new companies, by fostering entrepreneurship and employability, and by attracting talented people to study, work and spend in their areas. As the third largest recipient of structural funds in the last round Welsh universities are very exposed to the withdrawal of this funding. It is crucial that this funding for infrastructure and capacity-building is maintained, regardless of whether this comes from the EU or UK national budgets. Welsh Government should continue to articulate the case for continued structural funds, ensuring any replicated funding model distributes funding on a needs-based, place-based and flexible approach, ensuring funding targets the poorest areas of the UK, whilst recognising localised economic and innovation needs.

11.2 Wales has received over £4bn in Structural Funds since 2000 and we understand this presents a challenge for Welsh Government in terms of shaping their future economic strategy. Universities Wales is committed to working with the Welsh Government to look at future proposals that avoid 'pockets' of replacement funds but consider strategic capital funding plans to achieve the Welsh Government's ambitions for Wales whilst utilising the role of Welsh universities as economic and social anchors in many of Wales' regions.

11.3 The loss of European Structural and Investment Funds will have a particular impact on Wales that may be poorly understood by the UK Government. There are discussions about the proposed UK wide Shared Prosperity Fund but there is no

clear sense of what level of funding may be available and how it will be distributed and through what organisation, so it is unclear at this stage how effectively this funding will replace the Structural Funds that have made such an important contribution to renewing and replacing Welsh infrastructure. It will be important for Wales and Welsh organisations to articulate the need for significant, strategic investment in infrastructure and capacity-building as thinking around new funding develops.

12. Access to existing or future schemes to ensure continued outward mobility opportunities for staff and students

12.1 Erasmus+: Maintaining and building on existing levels of outward mobility will be an important way of growing the skills and experience necessary for the UK to be a global trading nation. Continued participation in the Erasmus+ programme would be a pragmatic and cost-effective move given the expense and bureaucracy involved in setting up an alternative replacement scheme at a national level at this scale. However, continued access to Erasmus should be coupled with enhanced investment to grow other international mobility opportunities.

12.2 Marie Skłodowska-Curie Actions (MSCAs): Participation in the MSCAs allows universities to host talented researchers from across Europe and to create strategic partnerships with leading institutions. Evidence suggests that MSCA placements enjoy a highly positive reputation and play an important role in attracting talented EU researchers to the UK. MSCA fellows are also more successful in applying for European Research Council competitive grants. Continued participation in this scheme will be important in maintaining high quality research output and partnerships in Wales.

13. An outcome which allows for the continued recognition of professional qualifications between the UK and the remaining 27 EU member states where it is desirable

13.1 The mutual recognition of qualifications facilitates efficient and easy labour market mobility between countries. In particular, the Professional Qualifications Directive provides a comprehensive EU system for recognition of professional experience, makes labour markets more flexible and promotes automatic recognition of professional qualifications in EU and EEA countries. Leaving the Single Market could mean that the UK was no longer covered by the directive which could, in the long term, reduce the value of certain UK degrees, as prospective EU students considering studying in the UK would be left without any safeguard in relation to the transferability of their qualifications. In addition,

leaving the Single Market could restrict UK residents' ability to undertake qualifications in certain professions across the EEA and then be able to practise their profession in the UK if they wished to return.

13.2 In order to ensure the continued transferability of professional qualifications between the UK and the EU where desirable, this area must feature as part of exit negotiations, and in a future trade deal between the UK and the EU.

14. Preserving and building on regulatory and standards equivalence with other EU countries

14.1 A common regulatory framework has been a major enabler for research collaboration through providing certainty and consistency. It has provided a common set of rules to underpin EU funded research collaboration, including in the areas of intellectual property and the commercialisation of research.

14.2 If the UK is to continue to collaborate with European partners, and in particular if it is to continue to access research programmes, it will be important to ensure that the UK is aligned with regulation relating to intellectual property and research commercialisation.

15. There are a number of areas where we wish to see Welsh Government seek further opportunities for relationship building outside of existing relationships and/or frameworks:

15.1 While we wish to see Welsh Government push for continued partnerships and engagement with the formal networks and frameworks of the EU, we recognise the value of and opportunities for further engagement through additional and/or informal channels.

15.2 This will serve to strengthen Wales' relationship with the EU post-Brexit, and compliment any continued engagement with existing networks/frameworks.

15.3 The Welsh Government should prioritise developing new collaborative funding arrangements and providing enhanced support for collaboration with both European partners and key partners outside Europe, with a focus on delivering excellent research.

15.4 The Welsh Government should seek to build on or develop informal networks, and relationships with regions and countries of strategic importance for Welsh higher education. These may offer opportunities for further research and academic collaboration and partnerships outside of the formal EU frameworks, for example with regional inter-Governmental bodies and country level organisations.

The Welsh Government should consult universities on any proposed new relationships or agreements with regional bodies and/or governments, to ensure they align with priority areas or areas of strength for Wales.

15.5 Universities are a valuable and significant exporting industry, with their international activities generating over £544m in 2015/16, representing 4.1% of Wales' 2016 export earnings. Post-Brexit, universities can be a valuable vehicle for Wales' engagement with the rest of the world, and the Welsh Government should utilise and support universities' international activities, as a means of generating new relationships and networks globally, and to generate trade and export earnings.

16. Looking forward

16.1 The next phase of the negotiations between the EU and the UK should aim to secure an early agreement for continued UK access to and participation in European research, innovation, mobility and education programmes. It is an area where there appears to be mutual recognition of the value of continued engagement and achieving a positive outcome in this area could set a useful tone for other areas of discussion.

16.2 The next few years will be a period of uncertainty as the UK withdraws from the EU and the future shape and scope of the new EU-UK relationship emerges. It is likely that some of the parameters for engagement by Welsh universities in EU programmes and other activities will change as a new relationship emerges. Welsh universities are adaptable and innovative organisations and will rise to the challenges of making the new relationship work. However, there must be political will and Government support and recognition that for Welsh universities to perform at the highest levels, engagement with European partners in research, in innovation, in education and in mobility is vital.

Introduction

1. Unite is one of the biggest unions in Wales with members in both the public and private sector. Unite is the biggest union in the UK and Ireland with over 1.4 million members.
2. Our members work across all sectors of the economy including manufacturing, financial services, transport, food and agriculture, construction, energy and utilities, information technology, services industries, health, local government and not for profit sector. Unite also organises in the community, enabling those who are not in employment to be part of our union's activities.
3. Unite welcomes the opportunity to respond to the consultation 'Wales' future relationship with the European Union'.
4. Unite is surveying 22,000 of our network of front line workplace representatives and shop stewards to monitor the industrial impact of Brexit and will publish our findings in March 2018.
5. The position for Unite on Brexit is for a just, final settlement in the interests of workers in both the UK and in Europe. The settlement should include:
 - Barrier free access to the Single Market and a customs arrangement with the EU.
 - Regulatory parity, including the retention of employment rights. The retention of employment rights must be achieved through primary legislation, rather than unaccountable statutory instruments.
 - Continued membership of mutually beneficial agencies and treaties, including European Aviation Safety Association (EASA).
 - Unequivocal support from the UK Government for the right to remain for European workers in the UK and secure reciprocity for UK workers across the European Union.
 - Labour market regulation which prevents pitting workers against each other to drive down pay and conditions.

Terms of Reference

6. To identify the most essential aspects of the UK's future relationship with the EU from a Welsh perspective.

7. It is the view of Unite that barrier free access to the single market and a customs arrangement with the EU are essential to the future prosperity of Wales following our exit from the European Union. After more than four decades of integrated tariff-free access to the Single Market it is clear that many sectors in Wales have benefited from the lack of cross border tariffs which has been important to the employment of thousands of our members in Wales.
8. Some of the largest employers of our members in Wales, Airbus, GE and Ford Bridgend Engine Plant, see their presence in Wales as a 'European Hub'.
9. For example: Airbus at Broughton makes nearly all Airbus wings, including the massive A380. Once completed the wings are shipped, flown and driven to sites in Spain and Germany, and then onto France for final assembly. Multiple border crossings make the threat of tariffs very real for Airbus. Border checks, inspection and other barriers to the frictionless supply chain may put the factory at risk.
10. The automotive sector is an important part of the Welsh economy. In South Wales Ford Bridgend Engine Plant is a vital source of decent jobs. Engines are manufactured for Jaguar Land Rover and then exported to sites in the EU for assembly. A 'Hard Brexit' or a 'no deal Brexit', would revert to World Trade Organisation (WTO) rules.
11. Under WTO rules trading tariffs could be imposed between UK and the EU. For example, for cars this could mean a 10% charge on exports to the EU and a 4% charge on imports to the UK.
12. The Welsh economy is intrinsically linked to the single market with 61% of Welsh goods, worth £14.6 billion, exported to the area. A report by the Cardiff Business School claims that leaving the EU on to WTO rules would cause the Welsh economy to shrink by between 8 and 10%, equivalent to £1,500-£2,000 per person in Wales.¹
13. Carwyn Jones AM First Minister of Wales has warned that the Welsh steel industry would be "wiped out" if Britain left the European single market and signed a free trade agreement with China.² Regarding Welsh steel Unite has proposed a series of 'trade defence mechanisms' which are vital to preventing a repeat of the 2015 Steel Crisis in the event of Brexit. These have been worked on in partnership with other unions and trade federations including UK Steel. The aim is to make sure the UK government replicates

¹ First Minister sets out vision for trade post-Brexit. [URL](#)

² Hard Brexit and China deal would wipe out Welsh steel industry [URL](#)

the trade defences of the EU, currently used to help shield Welsh steel from Chinese dumping. There is a concern that the UK Government will abandon all such defences in order to secure a new free trade deal with China. Unite has challenged the recent Trade and Customs Bill to ensure the Secretary of State must give consideration to manufacturers and workers, not just consumers, when considering the impact of any new trade deal.

14. To ensure that the issues of most importance to Wales are being adequately represented in the negotiations.
15. Unite has consistently argued that the UK Government's closed door approach to the Brexit negotiations is flawed.
16. We have a model of social partnership in Wales whereby government, trade unions and other parties are involved in a constructive and meaningful relationship. If the UK Government adopted this approach, it would have added more clarity to the negotiations and increased the prospect of consensus.
17. Working people must have their voice heard. Unites elected workplace representatives sit on over 150 European Works Councils, a level of interaction and collaboration which is without parallel in the trade union movement. This experience, along with relationships with trade unions across Europe gives Unite a unique insight to the negotiations.
18. To identify opportunities for continued engagement with the European Union and its institutions after Brexit.
19. Unite welcomed the Cardiff Declaration signed by political representatives from 20 regions from the North Sea, Atlantic and Channel Sea basins at a conference 'European co-operation beyond Brexit' on 16 November 2017. It calls for cooperation between Europe's regions post Brexit to address its impact on fisheries, marine renewable energies and offshore wind, connectivity across the Atlantic and North Sea ports, scientific research and maritime territories.³
20. There are a range of agreements, treaties and regulatory bodies which the UK is a member of via the European Union. The UK should remain a member of mutually beneficial bodies during the transition and this should remain the case in following the final settlement if such institutions have not been replicated in the UK.
21. Unite calls for permanent membership of Euratom, the umbrella body for civil nuclear safeguards across Europe. Euratom controls the movement of

³ CPMR's 'Cardiff Declaration' calls for stronger regional cooperation post-Brexit [URL](#)

nuclear materials across the EU. Nuclear energy supplies 21% of the UK's power needs. ⁴

22. Unite would support replicating the role of the European Banking Authority and the European Medicines Agency when these two bodies relocate from the UK.

23. Below is the list of EU-UK Agreements, Agencies and Regulatory Bodies which Unite believes membership should be retained or replicated.

⁴ Nuclear power contributes 21% of low carbon power generation in 2016 [URL](#)

Agency	Unite Sector	Unite Proposal*
Euratom	Energy	Retain membership
Open Skies Agreement	Civil Aviation	Retain membership
European Medicines Agency	Chemical Processing, Pharmaceutical and Textiles/ Health	Retain membership
Horizon 2020	Education/Manufacturing	Retain or replicate
Eramus	Education	Retain membership
European Aviation Safety Agency (EASA)	Civil Aviation	Retain membership
EuroControl	Civil Aviation	Retain membership
REACH Regulations	Chemical Processing, Pharmaceuticals and Textiles	Retain or replicate
European Centre for Disease Prevention and Control	Health	Retain membership
European Environmental Agency	Food, Drink and Agriculture	Retain or replicate
European Common Aviation Area	Civil Aviation	Retain access
European Banking Authority	Finance Sector	Replicate
European Maritime Safety Agency (EMSA)	Docks, Rail, Ferries & Waterways	Retain or replicate
European Agency for Safety and Health at Work	All sectors	Retain or replicate
European Voluntary Services	Community Youth Work and Not for Profit	Retain or replicate
European Common Aviation ARE	Civil Aviation	Retain membership

International Convention for the Prevention of Pollution from Ships, 1973 as modified by the Protocol of 1978. (MARPOL 73/78)	Docks, Rail, Ferries & Waterways	Retain membership
International Convention on Standards of Training, Certification and Watchkeeping for Seafarers (STCW)	Docks, Rail, Ferries & Waterways	Retain membership
International Convention for the Safety of Life at Sea (SOLAS)	Docks, Rail, Ferries & Waterways	Retain membership

Key: Retain: If possible the UK should seek to retain full membership of the existing body, despite no longer being a full member of the European Union.

Replicate: The UK should seek to develop a comparable domestic body to the same, or higher standard.

1. General Comments

1.1. The National Union of Students in Wales is the largest democratic organisation in Wales, representing learners in a wide variety of settings including higher education and further education, adult community learning and apprenticeships.

1.2. We welcome the opportunity to submit evidence to the External Affairs and Additional Legislation Committee on this vitally important issue of our future relationship with the EU.

1.3. NUS Wales believes Wales should remain an open and welcoming nation. We would like to highlight that we are fully in favour of freedom of movement and wish to see it continue. By introducing restrictions on immigration and ending freedom of movement, Wales would be a less attractive partner for future research and development collaboration with Europe which would have a damaging effect on our economy.

1.4. NUS Wales believes student mobility around Europe is an integral and transformational part of study. We do not support any moves to restrict access to education. NUS Wales is calling for international students to be excluded from immigration restrictions.

1.5. NUS Wales calls on the Welsh Government and Welsh Assembly to carry out impact assessments to ascertain the social impact of the decision to withdraw from the EU, particularly in Wales. NUS Wales believes freedom of movement enhances and helps develop our multicultural and tolerant society, by restricting immigration this will hamper our social and cultural development as a nation.

1.6. NUS Wales would like to stress the importance of this inquiry and commend the work of the External Affairs and Additional Legislation Committee, we are more than happy to elaborate further on this paper and would welcome the opportunity to give oral evidence to the Committee.

2. Status

2.1. One of the key points that NUS Wales would like to highlight is the ongoing debate as to the status of EU students and academic staff in both Higher and Further Education. The level of uncertainty could potentially hamper the number of students wanting to come and study in Wales. According to Stats Wales the number of students enrolled in Wales fell from 148,020 in 2015/16 to 136,075 2016/17.

2.2. For the UK as a whole, the number of EU students applying for UK universities fell for the first time since 2012. The latest data from UCAS published in November

2017 shows that EU applications fell by 4.4%. Alistair Jarvis, Chief Executive of Vice Chancellors' Group Universities UK stated;

“The small fall in EU students suggest that Brexit is starting to deter EU students from coming to the UK.”

2.3. The drop in the number of students coming to the UK to study, in particular, Wales, will have a devastating effect on a number of sectors across our economy.

2.4. It is quite clear that international students make a huge contribution to Welsh life. According to research conducted by Universities Wales, there were 5,424 EU students at Welsh Universities in 2014/15 which is equivalent to 4% of the student population. These students generated £150.3m to the Welsh economy, highlighting their immense importance to Wales and the future of our economic development.

2.5. With a high-level of uncertainty surrounding the Brexit negotiations, on various fronts, the need to ensure clarification for the status of international students is vitally important to Welsh institutions, businesses and the wider Welsh economy.

2.6. NUS Wales believes the Welsh Government should continue to lobby the UK Government to ensure a fair and open reciprocal package is negotiated to ensure Wales remains a welcoming nation to students across the globe.

3. Fees

3.1. A major area of consideration for the Welsh sector will inevitably be the future of tuition fees for EU and international students. The current funding regime allows for EU students (and students from the European Economic Area countries) to be eligible for home student funding. This means that EU students will have access to £9,000 loans and the associated maintenance support. Welsh-domiciled students are eligible for a £5,100 tuition fee subsidy, with English students paying the full £9,000. International student fees are much higher.

3.2. International students do not have access to these loan frameworks, meaning that their courses are entirely self-funded. In the immediate weeks following the result of the referendum, it became clear that EU students were worried about the pincer-effect of higher fees and the inability to access schemes to finance them. For students currently in the system, and for those who will likely be in the system by the time Article 50 reaches its conclusion, governments across the UK have indicated that they will be able to finish their course on the terms they started.

3.3. We therefore believe that EU students, at the very least, will be able to expect to finish their course on the terms on which they initially started. We also believe that it would be a regressive move for institutions to be able to charge future EU and EEA students international fee rates. This could lead to a system that

dissuades international students from applying to study in Wales altogether, which would ultimately lead to greater debt for home students to make up this funding deficit. This would have a devastating impact on our economy and would hamper Wales' ability to compete internationally.

3.4. As we have mentioned in our previous submission, we also believe that it is necessary to address the UK Government's position on the NHS surcharge for international students. Prospective international students applying for a study visa must pay a minimum £150 for access to the NHS for a year. There are currently 19,660 international students in Wales, with a minimum NHS contribution of £8.8m (£2.9m per year). NUS Wales believes that this policy is unfair, and could in fact be met via top-ups from Welsh Government. We accept and understand that the granting of visas is not within the remit of the Welsh Government, but we urge them to ensure this issue is addressed by the UK Government.

3.5. As previously mentioned there are 5,645 EU and EEA students in Wales. If EU students were classified as international students, then they would also be forced to pay this surcharge. Over the lifetime of an average course, a total of £2.5m would be charged. When this surcharge is combined with the staggering level of international fees, the cost of living because untenable for international students, this could hamper our ability to attract the brightest and best from Europe.

3.6. It is also worth considering that, by the time Article 50 takes effect, the recommendations of the Diamond Review will have been put in place. This will not have an impact on international students, but will potentially change the support available for EU students who start pre-March 2019. This has to be fully considered by the sector. We therefore believe that the Committee should consider ways in which EU student fees can be protected, alongside broader visa implications.

4. Erasmus

4.1. The Erasmus+ scheme is one of vital importance to both EU and home students. The scheme pays for the costs (and stipends) for students to study in other areas of the EU for a variety of periods. The aim of the scheme is to promote the social good, and to create students with a genuinely international outlook.

4.2. While there are elements of the scheme that can be improved, including on widening access, it is a scheme that NUS Wales and students believe need to remain in place. Membership of the scheme is not linked to being a member of the European Union, but it is linked to freedom of movement. This is why certain EEA countries are able to take part in the scheme, but also why Switzerland is no longer eligible. This creates a difficult situation, where we would advocate that Wales must argue for continued access to the single market and freedom of movement.

4.3. The above goes hand in hand with maintaining membership of the Horizon2020 programme. The scheme, for Wales, currently attracts almost 2.5% of the UK share of funding, worth a total of €35m. The projects funded are varied, but broadly contribute both to the social good and to important research schemes.

5. Funding

5.1. According to research conducted by PriceWaterhouseCoopers (PWC) the UK's position as a centre for research, innovation and development could be at risk if the Government further restricts immigration. The effects of halting immigration would have a devastating impact on our economy as businesses that rely on open borders across Europe and the wider world, are able to attract the brightest and best researchers to the UK.

5.2. According to PWC, the UK has attracted almost £20bn of 'imported corporate R&D' spending from across the globe. This makes up 80% of all corporate research and development in the UK.

5.3. If the Government decide to tighten border controls from Europe and the wider world, this would adversely affect our ability to attract world class researchers and would have a devastating impact on our economy.

5.4. NUS Wales believes the UK should remain an open and welcoming nation that leads the world in research and development, by tightening immigration controls, this will add to the plethora of issues Wales will face once we leave the EU.

5.5. Another major concern for Wales would be the loss of European Structural and Investment Funds (ESIF) for our universities. Again, this would hamper Wales' ability to attract the brightest and best talent to study and research within the higher education sector in Wales.

5.6. NUS Wales would like clarity from the UK Government as to what will replace this funding structure and how Welsh universities will be able to continue to attract the brightest and best students to study at our universities.

6. Summary

6.1. As previously stated, NUS Wales welcomes this consultation process and would urge members of the National Assembly to unite to raise these vitally important issues. As the future prosperity of our nation is at stake, these issues should be raised in a bipartisan way to ensure maximum impact. The outcome of the Brexit negotiations will have a major impact on our economic development,

NUS Wales believes the issues raised in this submission need to be addressed and solutions should be developed on a cross party basis.

6.2. NUS Wales believes it is vitally important to ensure Wales remains an open and welcoming nation. Restricting immigration, withdrawing from Erasmus and the loss of European Structural Investment funds will inevitably affect our ability to attract the brightest and best to Wales. We need to ensure that Wales remains an open and tolerant society, creating barriers to education will only damage our international reputation and our ability to develop culturally.

1. Sylwadau Cyffredinol

1.1. Undeb Cenedlaethol Myfyrwyr Cymru yw'r mudiad democrataidd mwyaf yng Nghymru sy'n cynrychioli dysgwyr mewn amryw o sefyllfaoedd, gan gynnwys addysg bellach ac uwch, addysg gymunedol i oedolion a phrentisiaethau.

1.2. Croesawn y cyfle i gyflwyno tystiolaeth i'r Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol ar y mater hollbwysig hwn, sef ein perthynas â'r UE yn y dyfodol.

1.3. Cred UCM Cymru y dylai Cymru barhau i fod yn genedl agored a chroesawgar. Hoffem dynnu sylw at y ffaith ein bod yn llwyr o blaid rhyddid symud ac yn dymuno ei weld yn parhau. Trwy gyflwyno cyfyngiadau ar fewnfudo a rhoi terfyn ar ryddid symud, byddai Cymru'n llai deniadol i Ewrop o ran cydweithio â gwaith ymchwil a datblygu yn y dyfodol. Byddai hyn yn cael effaith niweidiol ar ein heconomi.

1.4. Cred UCM Cymru fod symudedd myfyrwyr drwy Ewrop yn rhan annatod a thrawsnewidiol o astudio. Nid ydym o blaid unrhyw weithred i gyfyngu mynediad at addysg. Mae UCM Cymru yn galw am eithrio myfyrwyr rhyngwladol rhag cyfyngiadau fewnfudo.

1.5. Mae UCM Cymru yn galw ar Lywodraeth Cymru a Chynulliad Cymru i gynnal asesiadau effaith i ganfod effaith gymdeithasol y penderfyniad i adael yr UE, yn enwedig yng Nghymru. Mae UCM Cymru yn credu bod rhyddid symud yn gwella ein cymdeithas amlddiwylliannol a goddefgar ac yn helpu i'w datblygu. Bydd cyfyngu ar fewnfudo yn atal ein datblygiad cymdeithasol a diwylliannol fel cenedl.

1.6. Hoffai UCM Cymru bwysleisio pwysigrwydd yr ymchwiliad hwn a chymeradwyo gwaith y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol. Rydym yn fwy na pharod i ymhelaethu ar y papur hwn a chroesawem y cyfle i roi tystiolaeth lafar i'r Pwyllgor.

2. Statws

2.1. Un o'r pwyntiau allweddol yr hoffai UCM Cymru ei amlygu yw'r ddadl barhaus o ran statws myfyrwyr o'r UE a staff academiaidd mewn addysg uwch ac addysg bellach. Gallai lefel yr ansicrwydd effeithio'n negyddol ar nifer y myfyrwyr sydd am ddod i astudio yng Nghymru. Yn ôl Stats Wales, gostyngodd nifer y myfyrwyr cofrestredig yng Nghymru o 148,020 yn 2015/16 i 136,075 yn 2016/17.

2.2. Yn y DU gyfan, cafwyd lleihad yn nifer y myfyrwyr o'r UE a wnaeth cais i fynd i brifysgolion y DU am y tro cyntaf ers 2012. Dengys y data diweddaraf gan UCAS, a gyhoeddwyd ym mis Tachwedd 2017, fod ceisiadau gan fyfyrwyr o'r UE wedi gostwng 4.4%. Meddai Alistair Jarvis, Prif Weithredwr Grŵp Is-gangellorion Prifysgolion y DU;

“Mae'r gostyngiad bach yn nifer y myfyrwyr o'r UE yn awgrymu bod Brexit yn dechrau atal myfyrwyr o'r UE rhag dod i'r DU.”

2.3. Bydd y gostyngiad yn nifer y myfyrwyr sy'n dod i'r DU i astudio, yn arbennig i Gymru, yn cael effaith drychinebus ar nifer o sectorau yn ein heconomi.

2.4. Mae'n amlwg bod myfyrwyr rhyngwladol yn gwneud cyfraniad enfawr i fywyd Cymru. Yn ôl ymchwil a wnaed gan Brifysgolion Cymru, roedd 5,424 o fyfyrwyr o'r UE ym mhrifysgolion Cymru yn 2014/15, sy'n cyfateb i 4% o boblogaeth y myfyrwyr. Cynhyrnodd y myfyrwyr hyn £150.3 miliwn i economi Cymru, gan dynnu sylw at eu pwysigrwydd mawr i Gymru a dyfodol ein datblygiad economaidd.

2.5. Mae llawer o ansicrwydd ynglŷn â thrafodaethau Brexit, ar wahanol agweddau, felly mae eglurhad ynghylch statws myfyrwyr rhyngwladol yn hanfodol bwysig i sefydliadau, busnesau ac economi ehangach Cymru.

2.6. Cred UCM Cymru y dylai Llywodraeth Cymru barhau i lobïo Llywodraeth y DU i sicrhau y caiff pecyn cyfatebol teg ac agored ei negodi er mwyn sicrhau bod Cymru'n parhau i fod yn genedl groesawgar i fyfyrwyr o ledled y byd.

3. Ffioedd

3.1. Mae'n anorfod mai un o brif ystyriaethau'r sector Cymreig fydd dyfodol ffioedd dysgu i fyfyrwyr o'r UE a myfyrwyr rhyngwladol. Mae'r drefn gyllido bresennol yn caniatáu i fyfyrwyr o'r UE (a myfyrwyr o wledydd yr Ardal Economaidd Ewropeaidd) fod yn gymwys i gael cyllid i fyfyrwyr cartref. Mae hyn yn golygu y bydd modd i fyfyrwyr o'r UE gael £9,000 o fenthyciadau a'r cymorth cynhaliath cysylltiedig. Mae myfyrwyr sy'n huanu o Gymru'n gymwys i gael cymhorthdal o £5,100 ar gyfer eu ffioedd dysgu, tra bod myfyrwyr o Loegr yn talu'r swm llawn o £9,000. Mae ffioedd myfyrwyr rhyngwladol yn llawer uwch.

3.2. Nid oes modd i fyfyrwyr rhyngwladol gael y benthyciadau hyn, sy'n golygu bod rhaid iddynt ariannu eu cyrsiau'n gyfangwbl. Yn yr wythnosau cyntaf wedi canlyniad y refferendwm, daeth yn amlwg fod myfyrwyr o'r UE yn pryderu am effaith ddeuol ffioedd uwch a'r anallu i fanteisio ar gynlluniau i'w cyllido. O ran

myfyrwyr sydd yn y system ar hyn o bryd a'r rheiny sy'n debygol o fod yn y system erbyn i Erthygl 50 gyrraedd ei therfyn, mae llywodraethau ledled y DU wedi dweud y bydd modd iddynt orffen eu cyrsiau ar y telerau y bu iddynt ddechrau arnynt.

3.3. Felly credwn y bydd modd i fyfyrwyr o'r UE o leiaf orffen eu cwrs ar y telerau y bu iddynt ddechrau arnynt. Credwn hefyd y byddai'n gam tuag yn ôl i sefydliadau allu codi ffioedd rhyngwladol ar ddarpar fyfyrwyr o'r UE a'r AEE. Gallai hyn arwain at system sy'n darbwyllo myfyrwyr rhyngwladol rhag gwneud cais i astudio yng Nghymru'n llwyr. Yn y pen draw, byddai hyn yn arwain at fyfyrwyr cartref yn mynd i fwy o ddyled i lenwi'r bwloch cyllido hwn. Byddai hyn yn cael effaith drychinebus ar ein heconomi a byddai'n niweidio gallu Cymru i gystadlu'n rhyngwladol.

3.4. Fel y soniwyd yn ein cyflwyniad blaenorol, credwn fod angen tynnu sylw at safiad Llywodraeth y DU ar ordal y GIG ar fyfyrwyr rhyngwladol. Rhaid i ddarpar fyfyrwyr rhyngwladol sy'n gwneud cais am fisa astudio dalu isafswm o £150 i fanteisio ar y GIG am flwyddyn. Ar hyn o bryd mae 19,660 o fyfyrwyr rhyngwladol yng Nghymru sy'n cyfrannu o leiaf £8.8m at y GIG (£2.9m y flwyddyn). Cred UCM Cymru fod y polisi hwn yn annheg ac mewn gwirionedd y gallai Lywodraeth Cymru dalu'r gwahaniaeth. Rydym yn derbyn ac yn deall nad yw rhoi fisas yn rhan o gylch gwaith Llywodraeth Cymru, ond rydym yn eu hannog i sicrhau bod Llywodraeth y DU yn mynd i'r afael â'r mater hwn.

3.5. Fel y soniwyd eisoes, mae 5,645 o fyfyrwyr o'r UE ac AEE yng Nghymru. Pe bai myfyrwyr o'r UE yn cael eu hystyried yn fyfyrwyr rhyngwladol, byddai rhaid iddynt dalu'r gordal hwn. Yn ystod cwrs cyffredin, codid cyfanswm o £2.5m. Pan gaiff y gordal hwn ei gyfuno â lefel syfrdanol y ffioedd rhyngwladol eu cyfuno, bydd costau byw yn anghynnaladwy i fyfyrwyr rhyngwladol. Gallai hyn niweidio ein gallu i ddenu'r mwyaf disglair a'r gorau o Ewrop.

3.6. Mae'n werth ystyried hefyd, erbyn i Erthygl 50 ddod i rym, bydd argymhellion Adolygiad Diamond wedi cael eu gweithredu. Ni fydd hyn yn effeithio ar fyfyrwyr rhyngwladol ond mae'n bosibl y bydd yn newid y cymorth sydd ar gael i fyfyrwyr o'r UE sy'n dechrau cyn Mawrth 2019. Rhaid i'r sector roi llawn ystyriaeth i hyn. Felly credwn y dylai'r Pwyllgor ystyried ffyrdd y gellir gwarchod ffioedd myfyrwyr o'r UE ynghyd â goblygiadau ehangach o ran fisas.

4. Erasmus

4.1. Mae cynllun Erasmus+ yn hollbwysig i fyfyrwyr o'r UE a myfyrwyr cartref. Mae'r cynllun yn talu costau (a chyflogau) myfyrwyr i astudio yn ardaloedd eraill yr UE am amryw o gyfnodau. Bwriad y cynllun yw hyrwyddo lles cymdeithasol a chreu myfyrwyr sydd â safbwynt gwirioneddol ryngwladol.

4.2. Er bod modd gwella elfennau o'r cynllun, gan gynnwys ehangu mynediad, mae'n gynllun y creda UCM Cymru a myfyrwyr fod angen iddo barhau. Nid yw aelodaeth o'r cynllun yn gysylltiedig â bod yn aelod o'r Undeb Ewropeaidd, ond yn hytrach yn gysylltiedig â'r rhyddid i bobl symud o un wlad i'r llall. Dyma pam y mae modd i rai gwledydd o'r AEE gymryd rhan yn y cynllun, ond hefyd pam nad

mae'r Swistir bellach yn gymwys. Mae hyn yn creu sefyllfa gymhleth lle byddem yn argymhell bod rhaid i Gymru ddadlau dros barhau i fanteisio ar y farchnad sengl a rhyddid pobl i symud.

4.3. Mae'r uchod yn mynd law yn llaw â chadw aelodaeth o'r rhaglen Horizon2020. Ar hyn o bryd, mae'r cynllun, i Gymru, yn denu bron 2.5% o gyfran cyllid y DU, sy'n werth cyfanswm o €35m. Mae'r prosiectau a gaiff eu hariannu'n amrywio ond yn cyfrannu'n fras at les cymdeithasol ac at gynlluniau ymchwil pwysig.

5. Cyllido

5.1. Yn ôl ymchwil a wnaed gan PriceWaterhouseCoopers (PWC) gallai sefyllfa'r DU fel canolfan ymchwil, arloesi a datblygu fod dan berygl os bydd y Llywodraeth yn cyfyngu ymhellach ar fewnfudo. Byddai effeithiau atal mewnfudo yn cael effaith drychinebus ar ein heconomi wrth i fusnesau sy'n dibynnu ar ffiniau agored drwy Ewrop a gweddill y byd, allu denu ymchwilwyr mwyaf disglair i'r DU.

5.2. Yn ôl PWC, mae'r DU wedi denu bron £20bn o wariant 'ymchwil a datblygu corfforaethol tramor' o ledled y byd. Mae hyn yn cyfateb i 80% o'r holl ymchwil a datblygu corfforaethol yn y DU.

5.3. Os bydd y Llywodraeth yn penderfynu rheoli eu ffiniau ag Ewrop a'r byd ehangach yn dynnach, byddai hyn yn effeithio'n wael ar ein gallu i ddenu ymchwilwyr o safon fyd-eang a byddai'n cael effaith drychinebus ar ein heconomi.

5.4. Cred UCM Cymru y dylai'r DU barhau i fod yn genedl agored a chroesawgar sy'n arwain y byd mewn ymchwil a datblygu. Byddai tynhau'r ffiniau'n ychwanegu at y llu o broblemau y bydd Cymru yn eu hwynebu ar ôl i ni adael yr UE.

5.5. Pryder mawr arall i Gymru fyddai colli Cronfeydd Strwythurol a Buddsoddi Ewrop ar gyfer ein prifysgolion. Unwaith eto, byddai hyn yn niweidio gallu Cymru i ddenu'r doniau mwyaf disglair a gorau i astudio ac ymchwilio yn y sector addysg uwch yng Nghymru.

5.6. Hoffai UCM Cymru eglurhad gan Lywodraeth y DU ynghylch yr hyn a ddaw yn lle'r strwythur cyllido hwn a sut y bydd modd i brifysgolion Cymru barhau i ddenu'r myfyrwyr mwyaf disglair a gorau i astudio yn ein prifysgolion.

6. Crynodeb

6.1. Fel y nodwyd eisoes, mae UCM Cymru yn croesawu'r broses ymgynghori hon ac yn annog aelodau'r Cynulliad Cenedlaethol i uno i godi'r materion hanfodol bwysig hyn. Gan fod ffyniant ein cenedl yn y dyfodol yn y fantol, dylid codi'r materion hyn mewn ffordd ddwybleidiol i sicrhau'r effaith fwyaf posibl. Bydd canlyniad y trafodaethau Brexit yn cael effaith fawr ar ein datblygiad economaidd,

a chred UCM Cymru fod angen mynd i'r afael â'r materion a godir yn y cyflwyniad hwn a dylid datblygu atebion ar sail drawsbleidiol.

6.2. Cred UCM Cymru ei bod yn hollbwysig sicrhau bod Cymru'n parhau i fod yn genedl agored a chroesawgar. Mae'n anochel y bydd cyfyngu ar fewnfudo, gadael Erasmus a cholli cronfeydd Buddsoddi Strwythurol Ewropeaidd yn effeithio ar ein gallu i ddenu'r mwyaf disglair a'r gorau i Gymru. Mae angen i ni sicrhau bod Cymru'n parhau i fod yn gymdeithas agored a goddefgar, a bydd creu rhwystrau i addysg yn niweidio ein henw da rhyngwladol a'n gallu i ddatblygu'n ddiwylliannol.

Challenges and opportunities for the Welsh food and farming sectors in its relationship with the EU

Belonging to the EU creates a level playing field between the 28 Member States. When trading within the Union, access to the EU internal market is guaranteed (lack of customs and tariffs), including similar standards for health, safety, labelling, and traceability. Additionally, this means that Welsh products are protected against cheaper/low quality exports from outside the EU. On the day of exit – unless a trade agreement is agreed upon – Wales and the rest of the UK would be out of this level playing field and open to trade under WTO rules and obligations.

Despite the UK's withdrawal from the European Union however, the requirement to comply with certain EU standards will not automatically cease with its membership. Instead, the UK will continue to be bound by EU rules and regulations during the envisaged transitional period of two years after Brexit, without being able to actively have a say in them. In addition, other international obligations continue to apply beyond such a transitional period.

Implementation

New trade arrangements could have damaging impact on the Welsh food and farming sectors if these arrangements result from a series of bilateral agreements rather than a wide-ranging multilateral agreement. Dealing with various bilateral agreements will be complicated, burdensome and time-consuming to implement.

Enforcement

The issue of enforcing these (bilateral) agreements would be difficult unless a specific court or a panel of arbitrators would solve the issues arising from the agreements. A good example of the problem of enforcement is Switzerland. Trading relationships between the EU and Switzerland are based on bilateral agreements. First, when assessing these relationships, the EU is in a more favourable position as it is the stronger party of the two. Second, if the EU is not abiding to its commitments, because there is no court or dispute settlement mechanisms to solve issues arising from these agreements, Switzerland is at a disadvantage as the weak party to the agreement. In contrast, if Switzerland is not compliant with its obligations under the agreements, it is much easier for the EU to put pressure (mainly economic and political) on Switzerland to ensure Swiss compliance.

Food origin and food quality

To address the challenges created by Brexit, any future trade deal should maintain a regulatory structure that supports the Welsh food and farming sectors to produce premium products with high environmental, health, animal welfare and labour standards. Increasingly, consumers carefully look at food traceability and labelling. The public also seeks food quality indicators by scrutinizing EU logos that show the origin and quality of foods, such as the Protected Designation of Origin (PDO), the Protected Geographical Indication (PGI) and the Traditional Speciality Guaranteed (TSG) logos. These origin and quality logos, such as the Welsh Lamb and Welsh Black Beef PGI indicators, must be maintained after Brexit. This should be a priority for Wales. This would create certainty for Welsh farmers when exporting their products into the EU and enable them to maintain the same level of premium pricing.

Remaining in line with EU standards

On the day of exit, Wales (and the rest of the UK) will no longer be part of the EU discussions to develop agricultural and environmental standards but will have to abide by them if it wants to continue trading with the EU. This phenomenon is called the 'Brussels effect' or 'extra-territoriality' of EU legislation and standards. As a consequence, Wales will not be able to deviate from set EU standards when trading within the UK. Importantly, amended Welsh/UK standards will have to be equivalent or higher, but not lower.

Changes to trading arrangements with the EU

The Government, farmers, food producers and processors must prepare for a trade deal with the EU that will not be as financially and economically advantageous as today. The re-introduction of customs and tariffs would increase the price of EU products coming into the UK and vice versa. Without an agreement, EU tariffs for beef and lamb would be 12.8% plus €1,713 per tonne (on average depending on the cut of meat) – leading to an average increase of 50% of prices of Welsh lamb and beef to the EU consumer. In addition, inspections and checks at the border – relating for instance to food safety and the protection of animal and human health to prevent diseases – would increase the above prices further. Longer periods of time needed to transport products across borders would also increase the likelihood of perishable products being spoiled and livestock becoming more distressed. Again, this would increase prices of EU products coming into the UK and Welsh products being exported to the continent. The detrimental effects of such a scenario on the Welsh economy must be seriously taken into consideration and any future trade agreement should aim at minimising any changes to the status quo.

Increased productivity on the farm to ensure food security within Wales (and the rest of the UK) must be paramount. First, because – depending on the type of trade deal the UK gets – it could be harder for products to come into the UK;

second, these products will most likely be more expensive; and third, this would negatively impact on consumer affordability and choice of (foreign) products.

If a trade deal similar to the EU-Canada Agreement (CETA) can be negotiated between the UK and the European Union, such excessive costs for customs and tariffs could be reduced to a minimum or even avoided entirely. In this case, a continued access to the internal market can be guaranteed if certain standards – environmental or agricultural – are complied with. Nevertheless, the conclusion of such free trade agreements is far from straightforward, in particular considering the often lengthy negotiating process as opposed to the rather tight time frame of the UK's withdrawal from the EU. It is therefore recommended to aim for a speedy and orderly conclusion of a trade deal in order to ensure continued cooperation with the EU and its institutions in the interest of the UK as a whole and Wales in particular.

Trade agreements beyond the EU

Trading under WTO rules would increase the prices of products coming from the EU into the UK, whilst UK products would be competing against cheaper products, such as products produced with different methods of farming across the globe that include higher level of pesticides use, genetically modified organisms (GMOs), growth hormones, animal cloning, cultured meat, or chlorine washed chickens. These products are generally not wanted by British consumers and this should be taken into account.

Trading with non-EU partners could lead to a potential race to the bottom. A departure from the often-contested high EU standards in environmental and food law, and consumer protection could lead to a downward spiral when competing with cheaper products with lower or minimal standards (and of potential lower quality) in these areas. The UK/Wales should adopt a cautious approach to avoid a race to the bottom that would invite trade that is disrespectful of the environment and Welsh values.

Wales should be wary of cheap imports from countries where products are produced at great environmental costs (at the production and/or consumption stage) but where these externalities are not reflected in prices.

Issues with GMO cultivation

Currently, the cultivation of GMOs is regulated at EU level under the 2001 EU Deliberate Release Directive. Since a new amendment was enacted in 2015, EU Member States and their regions are allowed to ban or restrict the cultivation of such crops on their territory without having to rely on any scientific justification to do so. With this ability to 'opt-out', powers previously given to the EU have been renationalised and gradually regained by Member States and their regions according to the EU principle of subsidiarity. Wales embraced this opportunity straightway. However, England has not opted for the same policy decision. Different decisions between Wales and England seem to have been supported by

a more environmentally-friendly approach to farming, food and environmental protection in Wales.

On the day of exit, divergences between Wales and England on the cultivation of GMOs could lead to problems, especially relating to a fragmentation of the UK internal market which would create obstacles to trade. Therefore, ensuring harmonisation and the absence of barriers to trade within the UK internal market will be crucial for the UK Government. Such a focus on trade could however be detrimental to environmental protection in Wales. This development would further call into question the status of the devolved settlements which could lead to a de facto pre-emption of devolved powers.

Existing conundrums between calls for increased environmental protection under a 'green Brexit' discourse and the economic opportunities generated by future trade deals with countries upholding GMO cultivation ought to be solved. Lower standards on environmental protection, including on GMO cultivation, could lead to the UK appearing more attractive as a trading partner to certain countries, such as the US or China. However, such an approach could prevent trade with other existing and future trading partners, which maintain higher environmental standards, such as the EU. The so-called 'Brussels effect' or 'extra-territoriality' of EU legislation by which international partners tend to align their standards to those of the EU, may ultimately push the UK not to deviate from set EU standards in order to trade with the EU. Amended UK standards will have to be equivalent or higher, but not lower. This could play a role when negotiating a trade deal with the EU as well as when trading with third countries under WTO rules.

For more on the issues relating Wales, GMO cultivation and the EU, please see Engel, A. and Petetin, L. 2018. *Environmental Law Review* (forthcoming). Available on <http://orca.cf.ac.uk/id/eprint/108545>

Wales' future relationship with the European Union EAAL(5) FRL15 Evidence from Wales Arts International

Wales Arts International would like to re-submit our previous consultation response for the inquiry on 'Implications for Wales of Britain exiting the European Union' as our position remains the same.

In particular response to this current consultation, we would like to note the following regarding:

The Welsh Government's position:

We welcome and support the series and response from Welsh Government, *Securing Wales' Future* and we share the view that on devolved matters such as cultural policy that the decision to continue or "buy in to" European programmes such as Creative Europe should be a decision for devolved governments and sponsored bodies. There is a precedent even as third countries where devolved administrations can participate in European programmes such as the agreement for Quebec and Horizon 2020.

The Committee's initial view, as expressed in its report *Implications for Wales of exiting the European Union*:

We welcome the work by the committee and feel that it helps us develop our understanding of the implications of Brexit on our sector.

The UK Government's position:

Whilst there is merit in having such a cross sectoral platform and there are certainly issues in common for all sectors such as visa quotas etc., there is however a need to continue advocating sector specific needs and impacts. This is something that the Creative Industries Federation is doing at a UK level and as members of that organisation we do benefit, however we often can feel twice removed and discussions in England are not necessarily the same as in Wales. For example when it comes to visa allocations in our sector, this could easily become focussed on metropolitan areas and we would like to see a guarantee that Wales is not missing out.

The European Union's position:

The European Union position is unclear to us and is very varied because the discussions happen between member state level and the EU. The value of the UK Creative and cultural industries is £91.8bn in GVA (according to the Creative Industries Federation's latest report on Global Trade <https://www.creativeindustriesfederation.com/news/federation-trade-report-warns-danger-brand-britain>). We strongly advocate that more scrutiny of the EU position is on the creative and cultural sector specifically. Whilst representing the UK at the European Parliament's Culture and Education Committee hearing on the Impact of Brexit, the presentation from Bernd Fesel

was a reminder of the impact of Brexit on the wider EU creative economy. <http://www.europarl.europa.eu/committees/en/cult/events-hearings.html?id=20170707CHE02282>

In addition to the resubmission of our previous evidence, we also attach below a copy of our presentation made to that same European Parliament Committee hearing in June 2017.

European Parliament – Committee on Culture and Education

Public hearing on the “Implications of Brexit for Culture and Education” 21

June 2017

Presentation by Eluned Hâf, Head of Wales Arts International

Pnawn da, bon apre midi, good afternoon, thank you to the members of the committee for offering me and my organisation the opportunity to present before you today. My name is Eluned Haf and I'm the Head of Wales Arts International which is the international arm of the Arts Council of Wales, a public body sponsored by the Welsh Government. I speak with authority of the Arts Council of Wales my employers whose response to the outcome of the EU Referendum has been widely published.

Brexit has significant impact on culture and creativity not just in the UK but in Europe, some of which I hope I can cover and do justice with the 10 minutes I have.

I will focus today on just three areas of potential impact:

- on people and citizenship;
- on European programmes; and,
- the creative and wider economy

However, some context is needed first. Wales is one of the 4 nations of the UK situated on its western shores. We share our Celtic cultural heritage with nations of the Atlantic arc of Europe and also with the rich tapestry of cultures of the UK. We are a bilingual nation. Welsh is a minority language that is part of the EU Network for the Promotion of Linguistic Diversity.

But if our identity is a complex one, so is the governance structure that underpins the UK nations, even before Brexit!

In the UK, cultural policy is a devolved matter. There are therefore four national cultural policies and a plethora of institutions responsible for their delivery. Brexit has brought this complexity to the fore, so we are grateful for initiatives from the Creative Industries Federation and British Council that have brought voices together from all over the UK and EU.

Our sectors are intrinsically connected – creative people thrive on the exchange of ideas and information. There are now a large number of European and international networks and programmes – such as Culture

Action Europe, On the Move or Literature Across Frontiers –which connect the UK and our European counterparts. It's in everyone's interest to retain this collaborative approach.

Surveys repeatedly show that the sector remains overwhelmingly committed to international cooperation – European in hearts and spirits. We accept, that Brexit is taking place, but the goal now, as relationships are re-negotiated, is to preserve those things which helped creativity to thrive. In this respect we are all in transition from being remainers to retainers.

So many aspects of the cultural sectors across Europe are intertwined and inter-dependent. So unpicking them can feel like untying the tapestry of Bayeux. and whatever one thinks of the narrative of the canvass itself, its cultural value transcends centuries and reminds us of the need to work together for peace and prosperity.

As negotiations commence and vested interests jostle for attention, we must not forget that the cultural and creative sectors are big business for Europe.

In 2015 the Creative Industries contributed over £87 billion to the UK economy – 5.3% of total UK GVA, employing some 2m people. This represents 7% growth since 2014, compared to 2.3% for the economy as a whole. It would be very easy for Cinderella to be excluded from the ball....despite being dressed for the occasion.

However, we should not become seduced by statistics alone. I'm not advocating measuring our sector purely through numbers but to also to emphasise what it brings to our overall quality of life.

What we have in Europe, in essence, is a “single market of the mind” – one that we in the arts and cultural sector cherish and respect. This is a phrase was coined by Geraint Talfan Davies in a recent paper for the Institute of Welsh Affairs examining the impact of Brexit on education and culture in Wales and the UK. The paper stresses that there is no monopoly on ideas or culture – they are as likely to emerge from a deprived community in West Wales and the Valleys, or Silesia as they would from Berlin, Bucharest or Birmingham.

And we know the power of arts and culture reach well beyond the emotional response to a performance or the financial gain generated by the sale of a painting. The arts illuminate and give life to the wide range of strategies that underpin public life. From arts and health to cultural tourism, public art to town centre re-generation, the arts bring meaning, authenticity and enjoyment to our everyday lives. They create and sustain jobs, enrich education services, bring people together, improve our quality of life.

Which brings me to the first major impact of Brexit that I wish to note – that on people and citizenship.

People are the sector's main asset and their lingua franca is that of collaboration. Limiting their ability to move and to work in partnership is likely to have very significant consequences for the creative economy of Europe. We already have a skills gap in the creative economy and the ability to recruit from beyond our own borders is a very important factor in the growth of our creative economy. Arts organisations and business alike have major concerns over the loss of skills that Brexit could bring.

So how can we retain what works, given the cards that we've been dealt?

Finding ways of retaining the freedom of movement of workers, if not of people, is a goal of supreme importance, and current discussion around short-term temporary visas as well as visa free events might form part of a final arrangement. But the first step on this journey is determining the future of all EU citizens in the UK, as well as British citizens across the EU.

Whatever happens, this sector depends on a partnership approach that enables artists and creative workers to move to where the work may be.

And for touring – and the international travels of orchestras, theatre and dance companies – frictionless movement between boundaries unencumbered by legal impediment is a gold standard worth aspiring to.

We can expect these issues to be played out with acute sensitivity around the land border in Ireland.

The long-standing relationship between the Arts Councils of Northern Ireland and the Republic is built on enabling a politically neutral environment that allows artists to work seamlessly across both jurisdictions. Brexit may mean that arts organisations that operate on very lean budgets with limited financial flexibility find themselves unable to cushion or manage the effects of fluctuations in currency, taxation and regulation of movement.

The second issue I want to raise is that of the impact of Brexit on European funding programmes.

You will, I am sure, be familiar with the significant impact of Interreg and ERDF funding across the UK. From the Sage in Gateshead to Manchester's Home, from Ikon in Birmingham to Pontio in Bangor, Europe funding programmes have helped transform the cultural infrastructure of the UK.

But whilst the structural funds have been designed to help poorer regions play catch up with the rest of the EU's economy, as a recent DEMOS report has argued, there is a real risk that those regions will be more adversely affected by the withdrawal of these programmes.

So there could be significant benefits in retaining UK involvement in multilateral programmes, benefits that are as applicable to the EU as they are to the UK. I stress that this is not merely a fear of lost funding. The networks and partnerships that the Creative Europe programme has nurtured, the infrastructure developed for our sector, the expertise of working transnationally – these are things that cannot be measured in financial terms alone. And the impact of withdrawing that funding – whether it's Creative Europe or Structural Funds cannot be gapped purely by replacing loss of funding with country specific replacements.

The award winning TV series “Hinterland / Gwyll” is a case in point. Funded through the Media strand of Creative Europe, Wales's rural detective answer to the Scandinavian noir genre was shot back to back in English and Welsh and broadcast on S4C and various BBC outlets. It has since been sold to more than 30 countries and is available on Netflix worldwide.

Ed Thomas, Director of Fiction Factory, the series producer, sees the wider cultural benefit to the EU not just in relation to his company, to Wales, or the

UK economy. He says, and I quote. “Celebrating and nurturing the diversity of culture and language across Europe is vital, and our partnership has given a voice to a small country, its culture and its people.”

Retaining our membership of Creative Europe alongside other non-EU partners, either as a full member or through some form of association agreement, would help our sector directly and indirectly in developing skills, and opening up new markets in the longer term for participating companies.

From the creative sector's point of, UK membership of the Creative Europe programme has compelling benefits. But I pose a further question. Given that culture is devolved within the UK, could the constituent UK nations become members of Creative Europe in their own right? Perhaps there are some precedents available in the European Territorial Cooperation or Interreg programmes?

The third area I want to comment on is the impact of Brexit on the creative and wider economy.

If freedom of movement of workers is the lifeblood of the arts and creative industries, Intellectual property is its currency. IP challenges in this day and age can only be addressed transnationally. The CIC of England quotes that in the second quarter of 2016 alone, some 78 million music tracks and 51 million pieces of film and TV content were accessed illegally online and there are also significant problems with imported counterfeit physical goods.

We should now look at new models of partnership that build on mutual benefits. This would include retaining some key principles set by the EU such as the EU country of origin framework as well and the current definition of European works.

There is a need for the UK and EU to continue to engage actively on the Digital single market and in particular around new copyright legislation. This will be important in shaping future international cooperation on the protection of intellectual property.

It is important that we retain the ability to exchange data between the UK and the EU responsibly and without onerous restrictions as part of our new relationship.

Both parties should resist the imposition of tariffs on cultural goods and services – from literature to music, architectural services to touring provisions.

We all have a lot to lose if we kill the goose most likely to lay a golden egg.

Last but not least, we should retain scope for continued public support for media and creative sectors within new trade deals.

The Cultural exemption for large parts of the creative industries from EU trade negotiations should be agreed and maintained. This is important in that it enables the public policy interventions that support public investment in public service broadcasting system and a range of other interventions that support creativity, arts organisations and creative businesses.

In the UK, public investment through a combination of grant in aid and national lottery funding to the subsidised arts has provided a crucial nurturing ground for the commercial creative industries.

None of this is in isolation. We thrive on collaboration with artist and creative companies all over the EU and internationally despite the confusing narrative of Brexit.

So as I draw to a conclusion, I urge you to ask your national governments to help the creative sector of the UK and beyond in our aim of retaining a partnership approach - culturally and economically beyond Brexit. Our new relationship needs to be European and global in outlook in what a very competitive global market, estimated to be worth well in excess of \$2 trillion annually – surpassing the entire GDP of India - and employing over 30 million people. And there are significant opportunities for further growth over the coming years.

The cultural impact of Brexit affects Europe's prosperity. And it affects our citizens – not just because it deprives a generation of the identity they have taken for granted, but also because it potentially interferes with our capacity to be active global citizens who can learn languages, study abroad enjoy and appreciate the riches of cultures other than our own.

Make no mistake. I firmly believe that offering citizens a diverse range of international cultural activity is fundamental to building progressive community relations that help to overcome Xenophobia that seems, worryingly, to be so much on the rise across much of Europe.

But whilst I personally may fear for my children's future in terms of the cultural misunderstanding that is prevalent locally and globally I remain hopeful that given the opportunity, their generation will do things differently. The sector that I care so much about offers part of the solution in that it nurtures hope, authenticity, and an understanding that reaches across boundary and division.

Culture and creativity matter to us all.

And that's another reason to get this right.

Summary:

- The EU is a source of key talent and expertise for the arts and creative industries in Wales. The easy two-way flow of this talent is currently part of the success of the creative industries as a major growth area of the UK economy.
- The creative industries are also an increasingly important engine for economic growth in Wales and a key sector for the new UK Industry strategy. One in 11 people in the UK workforce are employed in the creative economy (including creative jobs outside the creative industries). And one in 17 are employed directly in the creative industries.
- It will be difficult for Wales and the UK to attract and retain talent from the EU if freedom of movement is restricted. EU employees play an invaluable role in the development of talent in our education system, particularly in Higher Education. This is equally important in our cultural organisations.
- The free flow of talent and ideas fosters the innovation and experimentation that drives the growth of the arts and creative industries. Curtailing this could lead to a substantial loss of important skills to Wales and to the Welsh economy.
- The creative industries work in specific and distinctive ways across borders. This must be recognised.
- In a post EU membership world, we would need to retain Intellectual Property policies that will help Wales and the UK's creative industries thrive and protect their intellectual and creative assets.
- There will be a significant impact in terms of funding infrastructural and other developmental projects in Wales if EU funding is not replaced by equivalent substantive UK funding.
- The arts and creative industries in Wales need to maintain access to EU networks for the sharing of collaborative working and the exchange of knowledge around best practice.
- The proposed Great Repeal Act has significant implications for the arts and creative sector across the UK. However in certain devolved matters, particularly in the field of culture and education, Wales may have a distinctive set of priorities to that of the UK as a whole eg: Wales is a bilingual nation and has benefited from the linguistic diversity of the European Union.
- We will have to work hard to promote a continuing understanding that we are a nation open for business, exchange and collaboration.

1. This written evidence is submitted jointly by the Arts Council of Wales and Wales Arts International. The arts and creative sector that we support will have its own comments to offer. However, our work with the sector leads us to believe that our observations will be broadly representative of the sector as a whole. This submission is therefore intended to provide a perspective from the devolved nation within which we work.

2. The Arts Council of Wales is the official public body responsible for funding and developing the arts in Wales. We are accountable to the National Assembly for Wales and responsible to the Welsh Government for the way the money they provide to fund the arts in Wales is spent. We are also a Lottery distributor for the arts in Wales. Wales Arts International is the international arm of the Arts Council of Wales.

3. Since 2008, Wales Arts International has hosted a European Desk, set up to increase our engagement, and that of the wider arts sector in Wales, with European networks, opportunities and projects. This has been particularly important for projects and relationships developed through transnational European funding streams. We have worked as a partner in strategic European projects including the pilot mobility network Practics (2008-2011) and the INTERREG IVC project Toolquiz (2010-2012). We have also established an informal network of arts organisations based in Wales who are active in, or seeking to engage with, EU networks and projects. This is called the Wales European Arts Forum. We disseminate information to this group on matters concerning EU cultural policy, networking and potential project opportunities, signposting relevant sources of transnational funding. We held a recent meeting with this group in partnership with the UK-wide Creative Industries Federation. This provided an important opportunity to gather information on the impact of the EU referendum result.

4. In the summer of 2016 Wales Arts International conducted a survey on behalf of Arts Council of Wales to understand the potential impacts of the EU referendum decision on the creative and cultural sector in Wales. We have used its findings as the basis for answering the two key questions posed by the committee below. We also offer other evidence that we have gathered through the work of the Wales European Arts Forum, including the event with Creative Industries Federation held in Swansea in September 2016. This event helped us to understand better the potential impact of Brexit on the arts and creative industries in Wales. The event also fed into the recently published Brexit Report published by the Creative Industries Federation which has made key recommendations to the UK government. All of the recommendations pose opportunities and challenges for the cultural and creative sector in Wales.

5. What should be the top priority for Wales in advance of the UK Government triggering of Article 50 (which starts the formal process of exiting the EU)?

From the perspective of arts and culture, it is essential that the UK Government considers the full impact of leaving the EU on the UK sector overall as well as the many varied 'regional' implications. There is an opportunity for Wales, and the Welsh Government in particular, to highlight the particular concerns for the sector here, but also to reflect on changes needed to help greater cohesion with partners across the UK. This will be paramount post Brexit. The immediate priorities for Wales to consider are:

5.1 Freedom of movement of artists and cultural workers to perform and tour, collaborate and exhibit and a recognition of this sector's uniqueness in this respect;

Touring Europe is an essential part of many of Wales' artists' working lives. It is also critical to the success of many of Arts Council of Wales' Arts Portfolio Wales clients (the principal organisations funded by the Council). Many earn a substantial part of their income from touring other European countries. And touring in Europe is much less costly and easier for our arts companies than in other territories because of the removal of restrictions and barriers (visas, employment and taxes) for EU member states. A key theme that emerged from our survey was the concern that restrictions to freedom of movement would be cost and time prohibitive and would therefore inhibit many from bringing EU artists to work in the UK. Added visa costs and the time needed for additional paperwork were cited as particular concerns. A need for certain types of sponsorship licenses could also be restrictive for many small companies. (The full survey results can be seen here: www.wai.org.uk/news/7143).

For NoFit State, our flagship contemporary circus company, revenues from international touring counted for almost 40% of total turnover in the financial year 2015/16. Their recent experience of touring America highlighted the additional costs involved over and above the travel costs (£46,000) compared with a tour of the same scale and piece of work in the EU. Major costs included visas (£13,406), carnets (£9,384) for touring equipment and medical insurance (£4,250), as well as for certification required by New York state around temporary public spaces and NoFit State's performance tent (£19,002). From our recent survey of the impact of Brexit on the arts in Wales, Freedom of Movement is the key concern for the sector. One of the questions we asked was about the potential impact of bringing artists and organisations into the UK. 60% of the respondents to our survey thought there would be a negative impact, 19% were uncertain and only 3% thought it would impact positively. In short, restricting the mobility of artists and

creative workers risks compromising the creative, artistic and commercial success of a key sector.

5.2 Retention of staff and skills from EU countries

The creative industries and the arts sector that we work with rely on a constant flux of local, national and global participants. This is essential for the creation and production of the high quality of work for which we are known. The strength, diversity and innovation of the arts depend on the free movement and exchange of ideas, talent and creativity. Europe is a source of key talent for a whole range of companies, from Welsh National Opera to National Dance Company Wales, with creative individuals employed both as part of the core team as well as for specific productions. The easy two-way flow of this talent currently is part of the success factor of creative industries in the UK, a major growth area of the economy.

A diverse workplace makes our companies competitive internationally. Attracting international talent and leaders offer a new perspective to our companies' culture. Alongside Welsh and British colleagues they transform the fortunes of our art companies developing their capacity and enabling them to break into the new international markets that are so important in sustaining a viable business. BBC National Orchestra of Wales recently appointed the Chinese conductor Xian Zang and is planning a tour of China in 2018. In our Brexit survey, we asked about the potential implications of exiting the EU on the employment of staff from EU countries. While 41% of respondents did not consider this relevant to them, 38% thought there would be a negative impact.

None thought there would be a positive impact. Many of our arts organisations have voiced concerns about their ability to offer reassurance to their non-British EU staff. Pressure should be maintained on the UK Government to confirm that EU nationals currently employed in the UK will be able to stay. The Creative Industries Federation's recent report "Social Mobility and the Skills Gap. Creative Education Agenda 2016", points out that the skills shortage in the UK's creative industries will be exacerbated by any restriction to freedom of movement. Current success – economic and cultural – depends on the supply of talent to the creative industries from the EU.

www.creativeindustriesfederation.com/supporters/

There is an opportunity to develop a long term approach to creative skills training provision. The current joint Welsh Government/Arts Council arts education project, Creative Learning through the Arts, is attracting significant interest from the European ACEnet network and the OECD. There is an appetite to exchange information and to collaborate with European colleagues. There is significant potential here to animate and enrich learning in Welsh schools.

5.3 Access to EU Funding programmes and partnerships after Brexit

European Funding delegated to Wales (Objective 1, Convergence and Less Developed Regions Programmes) have transformed the arts in Wales. This investment has provided a significant match in funding for projects as diverse as training, apprenticeships, community projects and capital build schemes for arts centres, galleries and theatres. Wales now boasts an enviable infrastructure of architecturally distinctive arts venues that are creating new opportunities for people across Wales to enjoy and take part in cultural activity. And many of these flagship capital projects have kick-started economic regeneration and have been the catalyst for inward investment and increased community engagement.

One exemplar recipient of European Regional Development Fund which has paved the way for further investment in the arts is Galeri, an arts and creative enterprise centre in Caernarfon. Opened in 2005, through partnership investment including around £1.7m ERDF funding, Galeri has always had a strong focus on local regeneration, community engagement and support for the creative sector in Gwynedd. Its development on the site of Victoria Dock became a catalyst for the eventual re-development of this area.

www.galericarnarfon.com

ERDF, matched through the Arts Council of Wales' Capital Lottery Scheme and other investors, has provided significant funding investment into a network of high profile arts and creative industries centres across Wales. All have had a transformational impact in their communities and include Aberystwyth Arts Centre, Theatr Mwldan and most recently opened, Pontio – Bangor University's Arts & Innovation Centre, (which benefited from some £15m through ERDF.) www.pontio.co.uk

There has also been a significant investment through European Social Fund into the arts and creative economy in Wales. Between 2007- 2013, as a joint sponsor of the Welsh Government's Reach the Heights Programme (2007-13), Arts Council of Wales distributed over £10 million to 73 projects involving over 9,000 young people. Many skills development programmes for the Creative Industries have been of benefit to the arts in Wales, from courses at Further and Higher Education establishments to programmes managed by Skillset to train writers for TV and Film.

The arts in Wales like the creative economy as a whole have benefited from a variety of transnational programmes such as the dedicated Creative Europe and Interreg. For example, in 2015, five Welsh creative organisations benefitted from almost €1m of funding from Creative Europe (Media and Culture sub-programmes). This includes Literature Across Frontiers, based in Aberystwyth University, leading one of the flagship European "platforms" with their Literary Europe Live project. The CORACLE project, led by the University of Wales Trinity St David, received just over €1.2m of ERDF funding through the Interreg Ireland

Wales 4A programme. The project supported skills development for those working in the creative and cultural sectors, to maximise the economic, social and cultural benefit of these sectors to both regions. Erasmus+ is another programme that has invested in creativity and creative skills, for example through the Network of International Circus exchange project that NoFit State Circus participated as a partner in (2014). From our survey on the Impact of Brexit on the Arts in Wales, 25 respondents indicated they had participated as partners in transnational projects that had received funding totalling almost £4.8m from across a range of EU programmes (2007-2013 and 2014-2020).

A further £7.5m is being sought from these EU funding programmes by 21 respondents who are either considering or in the process of making an application in 2016. This is likely to be higher as not all recipients and applicants responded to the survey and it's very difficult and onerous to gather the information needed.

The lack of comprehensive data on the breadth and depth of EU investment into the arts and the creative economy (and no doubt other sectors) in Wales and the UK. The Creative Industries Brexit report states "Without a full audit of what the EU has funded in the UK, there is a risk that the impact of comparatively small amounts of EU investment, producing significant impact for the organisations supported, will be overlooked."

This is something Wales and the arts sector needs to prioritise to fully understand the impact of leaving the EU on our economy and culture. The lack of data is due in part to the complexity of EU funding programmes; the fact that all programmes are managed differently - some at EU level (eg Creative Europe), some such as Interreg Atlantic Arc (from Portugal) and others in Wales (Convergence) and the UK (Erasmus+). The ways in which Welsh artists and organisations benefit also varies. Some have participated in programmes managed by other partners in Europe as well as being lead partners themselves.

Others have simply benefited from key training and networking opportunities. In the same way that we would expect the UK government to replace the funding lost to Wales from its withdrawal from the EU, so would we and the sector wish to make the case for the government to replace lost investment to the sector from participation in wider EU programmes. We also believe that any alternative arrangements in the future for investing in regional development should adopt the same international perspective and vision that we have seen in the operation of EU structural funds. For example, the Welsh Government has prioritised developing new international markets for the funds. We would recommend that the UK still retain access to EU networks and programmes under third country status, or a similar arrangement.

It is doubtful, under current British tax laws, that tax exemptions could bridge the gap in the funding that might potentially be lost. In the arts, private sponsorship provides helpful 'added value' that enhances core support. It would not be able to fill the gap from such a substantial loss of EU funding.

5.4 Continued access and membership to networks and programmes

Respondents to our survey highlighted the fact that accessing European programmes was as much about accessing networks as funding. The potential impact - apart from a financial loss - would be the diminution of opportunities for cultural exchange and enrichment. This could lead to creative, artistic and commercial isolation. As well as networking on EU level, it is critical that the arts and creative sector in Wales are fully engaged with UK wider programmes and initiatives too.

5.5 Replacement arrangement for current funding models

The UK government should seek to achieve, through its negotiations that the UK continues to be a full member of Creative Europe. We would urge Wales to ensure that this is part of the current negotiations. This might not be possible, given that culture is a devolved matter. We are in uncharted waters here, and we would want to explore whether there are new ways in which regional membership could be considered by the EU should Wales, Scotland and Northern Ireland wish to pursue such a course of action. Although there will inevitably be costs attached to being a non-EU member of the programme, and the details of this should nevertheless be considered.

5.6 Wales' reputation internationally

Many of our survey respondents voiced concern about the perception of Wales in terms of its openness and willingness to collaborate and work with others. Many examples were quoted of a reluctance demonstrated by some EU partners to enter into projects/partnerships with the UK in these uncertain times. Eluned Hâf, Head of Wales Arts International, recently chaired a panel at the WOMEX World Music Expo. European participants described how their perception of Wales and the UK had changed since the EU referendum. It was clear from the comments made that we will have to work hard to demonstrate that we value trading and cultural links and that as a nation we remain 'open for business'. Wales would do well to prioritise its international image and to use the arts and creative economy to develop meaningful cultural relations for Wales internationally.

5.7 Community cohesion and celebrating diversity

The impact of the referendum on community cohesion and in particular the rise that we are starting to see in racially motivated attacks is of key concern to our sector. The Leave vote and the discourse over the past few months was a clear rejection of the status quo and of the so-called political elite. These will be matters that all public institutions will want to reflect upon. However, one of the consequences is not only the emergence of sensitive issues around immigration, but also a danger of communities rejecting their role in helping Wales to adopt a progressive and forward-looking responsibility towards local, national and global issues.

This is a responsibility enshrined within the Government's landmark Well-being of Future Generations legislation. If the Brexit vote has demonstrated anything, it is the need for public sector agencies to redouble their efforts to engage communities across Wales. Through our participation work, the Arts Council has valuable experience in showing how the arts can bridge into communities to celebrate diversity whilst also empowering those who feel marginalised.

6. Can you provide examples of where the UK's proposed approach to transferring the *acquis communautaire* (the body of European law), through the proposed Great Repeal Bill, into domestic law might have particular implications for Wales?

There are areas where the Great Repeal Bill will re-centralise responsibilities at the UK level (employment and immigration law). These will affect the cultural and creative sector UK wide. There are other devolved matters where Wales may have a distinctive view and need that must be recognised and expressed through the process of Brexit negotiation.

Great Repeal Bill and UK wide Creative and Cultural matters

As identified by our colleagues Arts Council England in their recently published survey, the sector benefits from EU laws and regulations relating to copyright, intellectual property, artist re-sale rights, VAT exemption as well as employment legislation.

Together with Arts Council of England, we recommend an UK-wide review to discover how relevant intellectual property and copyright frameworks, as well as tax exemptions, can be maintained and improved upon outside the EU.

On these matters of common interest we should work together, by ensuring that Wales' voice is heard and that our national bodies (as well as English counterparts) are involved in the discussion of new ways forward.

In trade, there will be new opportunities and an imperative to develop new models for the sector to develop international partnerships. EU funding enabled a growth in effective distribution networks for UK creative companies, and we would not wish to see the advances made over many years lost as part of the Brexit process. The issue of visas and restrictions to Freedom of Movement are issues highlighted by the respondents to our survey. They are also highlighted by the Creative Industries Federation as a key issue for the UK-wide sector. Any added visa costs and time would be prohibitive for many to either work/tour in the EU or bring EU work/artists to work in the UK.

A revisiting of our visa rules offers an opportunity to understand the needs of the sector and to create a new system that better supports companies as well as freelance artists and cultural workers. It is important therefore that the sector has an input into the new system. Another UK wide issue is that of IP. While the Intellectual Property Office has stated that the position on trademarks, designs, patents, copyright and enforcement remains the same until exit negotiations are concluded, what will happen in relation to Copyright after the UK leaves the EU?

Intellectual Property is a very important area for artists. If IP protection was to be diminished, we could see a weakening in the viability/strength of our creative industries. IP protection will need to be assured. Agreements developed at an EU level in these policy areas offer a good basis for the UK to look at what could be retained if the creative sector is to continue to thrive.

The Great Repeal Bill and devolved matters.

There are devolved matters, such as culture and education, which operated within an EU framework since the devolution. Our culture, language and arts have grown alongside similar European cultures and languages. Could there be an opportunity to have a "sectoral single market" where, due to devolution, Wales could take the lead on buying into key EU programmes areas?

There may be areas where a wholesale repatriation of the programmes (such as Creative Europe) may need to be resisted from Wales. It is important that any future membership of the programme (or any British replacement programmes) includes culturally and linguistically specific priorities for Wales. Wales should retain a Creative Europe desk, even if this is funded by Wales outside of the programme to encourage partnership under a "third country model".

The Welsh language is a recognised European minority language and has benefited from comparable models and partnerships with other similar nations, such as Catalonia, the Basque Country, Flanders and Brittany. It is important that

the commitments made to protecting and celebrating linguistic diversity are embraced by future programmes. In this respect there are also examples of where European models have been introduced to policy and programmes in Wales, and where Wales may want to continue with a different approach to elsewhere in the UK. For example, through the Well-being of Future Generations Act, the Welsh approach to sustainable development now embraces cultural development as a key policy 'pillar', a model adopted from EU partnerships.

Perthynas y DU â'r Undeb Ewropeaidd yn y dyfodol
EAAL(5) FRL15
Ymateb gan Celfyddydau Rhyngwadol Cymru

Hoffai Celfyddydau Rhyngwladol Cymru ailgyflwyno eu hymateb i'r ymgynghoriad blaenorol ar gyfer yr ymchwiliad o'r enw 'Goblygiadau i Gymru o ymadawiad Prydain â'r Undeb Ewropeaidd' am fod eu safbwynt yn aros yn ddigyfnewid.

Mewn ymateb penodol i'r ymgynghoriad hwn, hoffem nodi'r canlynol:

Safbwynt Llywodraeth Cymru:

Croesawn a chefnogwn y gyfres a'r ymateb gan Lywodraeth Cymru, 'Sicrhau Dyfodol Cymru'. Rhannwn y farn y dylai fod yn bosibl mewn materion datganoledig (megis polisi diwylliannol) i lywodraethau datganoledig a'r cyrff a noddur ganddynt benderfynu ynghylch parhau â rhaglenni megis Ewrop Creadigol neu ynghylch ymgymryd â hwy. Mae cynsail hyd yn oed gyda thrydedd wlad lle gall gweinyddiaethau datganoledig gymryd rhan mewn rhaglenni Ewropeaidd megis y cytundeb i Quebec a Horizon 2020.

Barn gychwynnol y Pwyllgor a fynegwyd yn ei adroddiad *Goblygiadau i Gymru o ymadael â'r Undeb Ewropeaidd*:

Croesawn waith y Pwyllgor ac credwn mai drwyddo y datblygir ein dealltwriaeth o oblygiadau Brexit ar ein sector.

Safbwynt Llywodraeth Prydain:

Er bod rhinwedd mewn cael llwyfan traws-sectoraidd o'r fath, ac yn sicr mae materion cyffredin i bob sector megis cwotâu fisa ayb, mae angen parhau i eiriol dros anghenion ac effeithiau sector-benodol. Gwna Ffederasiwn y Diwydiannau Creadigol hyn ar lefel Brydeinig. A ninnau'n aelodau o'r sefydliad hwnnw, cawn fudd ond yn aml nid yw'r trafodaethau'n ein cynnwys ac eu bod yn dra gwahanol i'r hyn sy'n briodol i Gymru. Er enghraifft, gallai fisâu i'r sector yn hawdd gael eu dyrannu yn yr ardaloedd metropolitan. Hoffem gael sicrwydd na chyll Cymru ei chyfle yma.

Safbwynt yr Undeb Ewropeaidd:

Mae'r safbwynt hwn yn aneglur inni ac ynddo mae llawer o amrywiaeth, oherwydd mae'r trafodaethau yn digwydd rhwng aelod-wladwriaethau a'r Undeb Ewropeaidd. Gwerth diwydiannau diwylliannol a chreadigol Prydain yw £91.8 biliwn mewn GYC (yn ôl adroddiad diweddaraf Ffederasiwn y Diwydiannau Creadigol ar fasnach fyd-eang <https://www.creativeindustriesfederation.com/news/Federation-Trade-Report-warns-danger-brand-Britain>). Rydym yn gryf o blaid craffu'n fwy ar safbwynt yr Undeb Ewropeaidd ar y sector creadigol a diwylliannol yn benodol. Roedd cynrychioli Prydain yng gwrandawriad Pwyllgor Diwylliant ac Addysg Senedd Ewrop ar effaith Brexit, a chlywed cyflwyniad gan Bernd Feser yn ein hatgoffa o'r effaith Brexit ar economi creadigol ehangach yr Senedd Ewrop.

<http://www.europarl.europa.eu/committees/en/cult/events-hearings.html?id=20170707CHE02282>

Yn ogystal ag ailgyflwyno ein tystiolaeth flaenorol, hefyd atodwn isod gopi o'n cyflwyniad gerbron y gwrandawriad hwnnw ym Mhwyllgor Senedd Ewrop ym Mehefin 2017.

Senedd Ewrop – Pwyllgor ar Ddiwylliant ac Addysg

Gwrandawriad cyhoeddus ar “Oblygiadau Brexit i Ddiwylliant ac Addysg” 21 Mehefin 2017

Cyflwyniad gan Eluned Haf, Pennaeth Celfyddydau Rhyngwladol Cymru

Pnawn da, bon apre midi, good afternoon, diolch i aelodau'r pwyllgor am roi'r cyfle i mi a'm sefydliad roi cyflwyniad i chi heddiw. Fy enw yw Eluned Haf a fi yw Pennaeth Celfyddydau Rhyngwladol Cymru sef cangen ryngwladol Cyngor Celfyddydau Cymru, corff cyhoeddus a noddir gan Lywodraeth Cymru. Siaradaf ag awdurdod Cyngor Celfyddydau Cymru, fy nghyflogwr, y cafodd ei ymateb i ganlyniad Refferendwm yr UE gryn gyhoeddusrwydd. Mae Brexit yn cael effaith sylweddol ar ddiwylliant a chreadigrwydd, nid yn unig yn y DU ond yn Ewrop. Gobeithio y gallaf gyfeirio at rywffaint o'r effaith honno a gwneud cyfiawnder â hynny yn y 10 munud sydd gennyf. Byddaf yn canolbwyntio ar dri maes lle ceir effaith bosibl:

- ar bobl a dinasyddiaeth;
- ar raglenni Ewropeaidd;
- ar yr economi greadigol ac ehangach

Fodd bynnag, mae angen rhywfaint o gyd-destun yn gyntaf. Cymru yw un o bedair gwlad y DU sydd wedi'i lleoli ar ei harfordir gorllewinol. Rhannwn ein treftadaeth ddiwylliannol Geltaidd â gwledydd arc Atlantig Ewrop a hefyd â thapestri cyfoethog diwylliannau'r DU. Rydym yn wlad ddwyieithog. Mae'r Gymraeg yn iaith leiafrifol sy'n rhan o Rwydwaith yr UE i Hyrwyddo Amrywiaeth leithyddol.

Ond os yw ein hunaniaeth yn un gymhleth, felly hefyd y mae'r strwythur llywodraethu sy'n sail i wledydd y DU, hyd yn oed cyn Brexit!

Yn y DU, mae polisi diwylliannol yn fater datganoledig. Felly, mae pedwar polisi diwylliannol cenedlaethol a lluo o sefydliadau yn gyfrifol am eu cyflawni. Mae Brexit wedi rhoi amlygrwydd i'r cymhlethdod hwn, felly rydym yn ddiolchgar am fentrau gan y Ffederasiwn Diwydiannau Creadigol a'r British Council sydd wedi dwyn lleisiau ynghyd o bob cwr o'r DU a'r UE.

Mae ein sectorau yn gynhenid gysylltiedig – mae pobl greadigol yn ffynnu ar gyfnewid syniadau a gwybodaeth. Ceir nifer fawr o rwydweithiau a rhaglenni Ewropeaidd a rhyngwladol bellach – fel Culture Action Europe, On the Move neu

Literature Across Frontiers – sy'n cysylltu'r DU a'n cydweithwyr Ewropeaidd. Mae cynnal y dull cydweithredol hwn o fudd i bawb.

Dengys arolygon dro ar ôl tro fod y sector yn llwyr ymrwymedig i gydweithrediad rhyngwladol – yn Ewropeaidd yn ei chalon ac o ran ysbryd. Rydym yn derbyn bod Brexit yn digwydd, ond y nod yn awr, wrth i gydberthnasau gael eu cyd-drafod o'r newydd, yw gwarchod y pethau hynny a helpodd creadigrwydd i ffynnu. Yn hyn o beth, nid arhoswyr ydym mwyach ond gwarchodwyr.

Mae cymaint o agweddau ar y sectorau diwylliannol ledled Ewrop wedi gweu i'w gilydd ac yn ddibynnol ar ei gilydd. Felly gall eu datod deimlo fel datod pwythau tapestri Bayeux...a beth bynnag mae rhywun yn ei feddwl am naratif y cyfnas ei hun, mae ei werth diwylliannol yn mynd y tu hwnt i'r canrifoedd ac yn ein hatgoffa o'r angen i gydweithio er heddwch a ffyniant. Wrth i gyd-drafodaethau ddechrau a buddiannau wthio yn erbyn ei gilydd am sylw, rhaid i ni beidio ag anghofio bod y sectorau diwylliannol a chreadigol yn fusnes mawr i Ewrop.

Yn 2015 cyfrannodd y Diwydiannau Creadigol dros £87 biliwn at economi'r DU – 5.3% o gyfanswm Gwerth Ychwanegol Gros y DU, gan gyflogi tua 2m o bobl. Mae hyn yn cynrychioli twf o 7% ers 2014, o gymharu â 2.3% ar gyfer yr economi gyfan. Byddai'n hawdd iawn gwrthod gadael i Sinderela fynd i'r ddawns er ei bod wedi ei gwisgo ar gyfer yr achlysur.

Fodd bynnag, ni ddylem gael ein hudo gan ystadegau yn unig. Nid wyf yn argymhell mesur ein sector drwy niferoedd yn unig ond drwy bwysleisio hefyd yr hyn y mae'n ei gynnig i ansawdd ein bywyd yn gyffredinol.

Yr hyn sydd gennym yn Ewrop, yn y bôn, yw “un farchnad y meddwl” – un rydym ni yn y sector celfyddydol a diwylliannol yn ei choleddu a'i pharchu. Mae hwn yn ymadrodd a fathwyd gan Geraint Talfan Davies mewn papur diweddar ar gyfer y Sefydliad Materion Cymreig a archwiliodd effaith Brexit ar addysg a diwylliant yng Nghymru a'r DU. Mae'r papur yn pwysleisio nad oes monopoli ar syniadau na diwylliant – maent yr un mor debygol o ddeillio o gymuned ddifreintiedig yn y gorllewin a'r Cymoedd, neu Silesia ag y byddent o Ferlin, Bucharest neu Birmingham.

A gwyddom fod grym y celfyddydau a diwylliant yn cyrraedd ymhell y tu hwnt i'r ymateb emosiynol i berfformiad neu'r budd ariannol a geir drwy werthu paentiad. Mae'r celfyddydau yn goleuo ac yn rhoi bywyd i ystod eang o strategaethau sy'n sail i fywyd cyhoeddus. O'r celfyddydau ac iechyd i dwristiaeth ddiwylliannol, celfyddyd gyhoeddus i adfywio canol trefi, mae'r celfyddydau yn rhoi ystyr, dilysrwydd a mwynhad yn ein bywydau beunyddiol. Maent yn creu ac yn cynnal swyddi, yn cyfoethogi gwasanaethau addysg, yn dwyn pobl at ei gilydd, yn gwella ansawdd bywyd...

Sy'n dod â fi at effaith fawr gyntaf Brexit yr hoffwn ei nodi – sef yr un ar bobl a dinasyddiaeth.

Pobl yw prif ased y sector a'u lingua franca yw cydweithredu. Mae cyfyngu ar eu gallu i symud a gweithio mewn partneriaeth yn debygol o gael canlyniadau arwyddocaol iawn i economi greadigol Ewrop. Eisoes mae gennym fwlch sgiliau yn yr economi greadigol ac mae'r gallu i recriwtio o'r tu hwnt i'n ffiniau ni yn ffactor pwysig iawn o ran twf ein heconomi greadigol. Mae gan sefydliadau a busnesau fel ei gilydd bryderon mawr ynghylch colli'r sgiliau a allai ddatblygu yn sgîl Brexit.

Felly sut gallwn warchod yr hyn sy'n gweithio, o gofio'r sefyllfa rydym ynnddi?

Mae dod o hyd i ffyrdd o warchod rhyddid gweithwyr, os nad pobl, i symud, yn nod hollbwysig, a gallai trafodaethau sy'n mynd rhagddynt ynghylch fisas dros dro tymor byr yn ogystal â digwyddiadau lle nad oes angen fisa fod yn rhan o'r trefniant terfynol. Ond y cam cyntaf ar y daith hon yw penderfynu ar ddyfodol holl ddinasyddion yr UE yn y DU, yn ogystal â dinasyddion Prydeinig ym mhob rhan o'r UE.

Beth bynnag a fydd yn digwydd, mae'r sector hwn yn dibynnu ar ddull partneriaeth sy'n galluogi artistiaid a gweithwyr creadigol i symud i'r llefydd lle mae gwaith ar gael. Ac o ran teithio – a theithiau rhyngwladol cerddorfeydd a chwmnïau theatr a dawns – mae symud yn rhwydd rhwng ffiniau heb rwystrau cyfreithiol i'ch llethu yn safon aur y mae'n werth anelu ati.

Gallwn ddisgwyl i'r materion hyn ddatblygu gyda chryn sensitifrwydd ynghylch y ffin yn Iwerddon.

Mae'r gydberthynas hirsefydlog rhwng Cynghorau Celfyddydau Gogledd Iwerddon a'r Weriniaeth yn seiliedig ar alluogi amgylchedd niwtral yn wleidyddol sy'n caniatáu i artistiaid weithio'n ddi-dor ar draws y ddwy awdurdodaeth. Gall Brexit olygu na fydd sefydliadau celfyddydol sy'n gweithredu ar gyllidebau bach iawn heb lawer o hyblygrwydd ariannol yn gallu lleddfu na rheoli effeithiau amrywiadau mewn arian cyfred, trethiant a rheoleiddio symudiadau.

Yr ail fater rwyf am ei godi yw effaith Brexit ar raglenni cyllido Ewrop. Rwy'n siŵr eich bod yn gyfarwydd ag effaith sylweddol cyllid Interreg ac ERDF ledled y DU. O'r Sage yn Gateshead i Home ym Manceinion, o Ikon yn Birmingham i Pontio ym Mangor, mae rhaglenni cyllido Ewrop wedi helpu i drawsnewid seilwaith diwylliannol y DU.

Ond er bod y cronfeydd strwythurol wedi cael eu llunio i helpu rhanbarthau tlotach i geisio dal i fyny â gweddill economi'r UE, fel y dadleuodd adroddiad diweddar gan DEMOS, mae risg go iawn y bydd dileu'r rhaglenni hynny yn cael effaith fwy andwyol ar y rhanbarthau hynny.

Felly gallai sicrhau bod y DU yn parhau i chwarae ei rhan mewn rhaglenni amlochrol arwain at fuddiannau sylweddol, buddiannau sydd yr un mor gymwys i'r UE ag y maent i'r DU. Pwysleisaf nad ofn colli cyllid yn unig yw hyn. Y rhwydweithiau a'r partneriaethau y mae'r rhaglen Ewrop Greadigol wedi eu meithrin, y seilwaith a ddatblygwyd ar gyfer ein sector, arbenigedd gweithio yn draws-wladol - dyma'r pethau na ellir eu mesur mewn termau ariannol yn unig. Ac ni all effaith dileu'r cyllid hwnnw - boed yn Ewrop Greadigol neu Gronfeydd Strwythurol - gael ei lleddfu yn syml gan yr hyn a gynigir sy'n benodol i'r wlad yn lle'r cyllid a gollir.

Mae'r gyfres deledu lwyddiannus "Y Gwyll" yn enghraifft o hyn. Wedi ei hariannu drwy faes Cyfryngau rhaglen Ewrop Greadigol, cafodd ateb ditectif gwledig Cymru i genre noir Sgandinafia ei ffilmio gefn wrth gefn yn Gymraeg a Saesneg a'i darlledu ar S4C a sawl llwyfan arall ar y BBC. Ers hynny, mae wedi cael ei gwerthu i fwy na 30 o wledydd ac mae ar gael ar Netflix ledled y byd.

Gwêl Ed Thomas, Cyfarwyddwr Fiction Factory, cynhyrchydd y gyfres, y budd diwylliannol ehangach i'r UE nid yn unig mewn perthynas â'i gwmmi, â Chymru, neu economi'r DU. Dywed, a dyfynaf.

"Celebrating and nurturing the diversity of culture and language across Europe is vital, and our partnership has given a voice to a small country, its culture and its people." (Mae dathlu a meithrin y diwylliannau a'r ieithoedd amrywiol ledled Ewrop yn hollbwysig, ac mae ein partneriaeth wedi rhoi llais i wlad fach, ei diwylliant a'i phobl.)

Byddai cadw ein haelodaeth o Ewrop Greadigol ochr yn ochr â phartneriaid eraill nad ydynt yn rhan o'r UE, naill ai fel aelod llawn neu drwy ryw fath o gytundeb cyswllt, yn helpu ein sector yn uniongyrchol ac yn anuniongyrchol wrth ddatblygu sgiliau, a chreu marchnadoedd newydd yn y tymor hwy ar gyfer cwmnïau sy'n cymryd rhan.

O safbwynt y sector creadigol, mae buddiannau cymhellol i aelodaeth y DU o'r rhaglen Ewrop Greadigol. Ond gofynaf gwestiwn arall. O gofio bod diwylliant wedi ei ddatganoli o fewn y DU, a allai gwledydd cyfansoddol y DU ddod yn aelodau o Ewrop Greadigol yn eu rhinwedd eu hunain? Efallai bod rhai cynseiliau ar gael yn y Rhaglenni Cydweithredu Tiriogaethol Ewropeaidd neu Interreg?

Y trydydd maes yr wyf am gyfeirio ato yw effaith Brexit ar yr economi greadigol a'r economi ehangach.

Os mai rhyddid gweithwyr i symud yw rhan hanfodol y celfyddydau a'r diwydiannau creadigol, eiddo deallusol yw ei gylchrediad. Dim ond yn draws-wladol y gall eiddo deallusol gael ei herio yn yr oes sydd ohoni. Mae Cwmni Buddiannau Cymunedol Lloegr yn nodi, yn ail chwarter 2016 yn unig, fod pobl wedi cael mynediad ar-lein i tua 78 miliwn o draciau cerddoriaeth a 51 miliwn o ddarnau o ffilm a chynnwys teledu yn anghyfreithlon a bod problemau sylweddol hefyd o ran nwyddau ffisegol ffug a fewnforir.

Dylem edrych yn awr ar fodelau partneriaeth newydd sy'n adeiladu ar gydfuddiannau. Byddai hyn yn cynnwys cadw rhai egwyddorion allweddol a bennwyd gan yr UE fel fframwaith gwlad tarddiad yr UE yn ogystal â'r diffiniad cyfredol o waith Ewropeaidd.

Mae angen i'r DU a'r UE barhau i ymwneud yn weithredol â'r Farchnad sengl ddigidol ac yn enwedig â'r ddeddfwriaeth hawlfraint newydd. Bydd hyn yn bwysig wrth lunio cydweithrediad rhyngwladol yn y dyfodol ar ddiogelu eiddo deallusol.

Mae'n bwysig ein bod yn parhau i allu cyfnewid data rhwng y DU a'r UE mewn ffordd gyfrifol a heb gyfyngiadau beichus fel rhan o'n cydberthynas newydd.

Dylai'r ddwy ochr ymwrthod â'r cam o osod tariffau ar nwyddau a gwasanaethau diwylliannol – o lenyddiaeth i gerddoriaeth, gwasanaethau pensaernïol i ddarpariaethau teithio.

Mae gan bob un ohonom lawer i'w golli os lladdwn yr iâr sydd fwyaf tebygol o ddodwy wy aur.

Yn olaf, ond nid lleiaf, dylem barhau i sicrhau ei bod yn bosibl i'r cyhoedd barhau i gefnogi sector y cyfryngau a'r sector creadigol o fewn cytundebau masnach newydd.

Dylid cytuno ar yr eithriad Diwylliannol ar gyfer rhannau mawr o'r diwydiannau creadigol o gyd-drafodaethau masnach yr UE a'i gynnal. Mae hyn yn bwysig am ei fod yn galluogi'r ymyriadau polisi cyhoeddus sy'n cefnogi buddsoddiad cyhoeddus mewn system darlledu gwasanaeth cyhoeddus ac amrywiaeth o ymyriadau eraill sy'n cefnogi creadigrwydd, sefydliadau celfyddydol a busnesau creadigol.

Yn y DU, mae buddsoddiad cyhoeddus drwy gyfuniad o gymorth grant ac arian y loteri genedlaethol i'r celfyddydau cymorthdaledig wedi darparu sylfaen meithrin hollbwysig ar gyfer y diwydiannau creadigol masnachol.

Ni chaiff hyn ei wneud ar ei ben ei hun. Rydym yn ffynnu ar gydweithredu ag artistiaid a chwmnïau creadigol ledled yr UE ac yn rhyngwladol er gwaethaf naratif dryslyd Brexit.

Felly, wrth i mi ddod i derfyn, rwy'n eich annog i ofyn i'ch llywodraethau cenedlaethol helpu'r sector creadigol yn y DU a thu hwnt yn ein nod o warchod y dull partneriaeth – yn ddiwylliannol ac yn economaidd y tu hwnt i Brexit. Mae angen i'n cydberthynas newydd fod yn Ewropeaidd ac yn fyd-eang o ran ei rhagolygon mewn marchnad fyd-eang gystadleuol iawn, yr amcangyfrifir ei bod yn werth mwy na \$2 triliwn bob blwyddyn – gan fynd y tu hwnt i Gynnyrch Domestig Gros cyfan India – a chyflogi dros 30 miliwn o bobl. Ac mae cyfleoedd sylweddol am dwf pellach dros y blynyddoedd i ddod.

Mae effaith ddiwylliannol Brexit yn effeithio ar ffyniant Ewrop. Ac mae'n effeithio ar ein dinasyddion – nid yn unig am ei fod yn amddifadu cenhedlaeth o'r hunaniaeth y maent wedi ei chymryd yn ganiataol, ond hefyd am ei fod yn ymyrryd o bosibl â'n gallu i fod yn ddinasyddion byd-eang gweithredol a all ddysgu ieithoedd, astudio dramor, mwynhau a gwerthfawrogi diwylliannau cyfoethog heblaw am ein diwylliant ni. Peidied neb â chamgymryd. Rwy'n credu'n gryf bod cynnig amrywiaeth eang o weithgareddau diwylliannol rhyngwladol i ddinasyddion yn sylfaenol i feithrin cydberthnasau cymunedol blaengar sy'n helpu i oresgyn yr estrongasedd sydd ar gynnydd ar draws rhannau helaeth o Ewrop yn ôl pob golwg, sef rhywbeth sy'n peri gofid.

Ond er fy mod i yn bersonol yn pryderu efallai am ddyfodol fy mhlant o ran y gamddealltwriaeth ddiwylliannol sy'n amlwg yn lleol ac yn fyd-eang ... rwy'n parhau i fod yn obeithiol y bydd eu cenhedlaeth nhw, o gael y cyfle, yn gwneud pethau'n wahanol. Mae'r sector rwy'n gofidio cymaint amdano yn cynnig rhan o'r ateb yn yr ystyr ei fod yn meithrin gobaith, dilysrwydd a dealltwriaeth sy'n croesi ffiniau a rhaniadau.

Mae diwylliant a chreadigrwydd yn bwysig i bob un ohonom.

A dyna reswm arall dros wneud hyn yn iawn

Summary:

- The EU is a source of key talent and expertise for the arts and creative industries in Wales. The easy two-way flow of this talent is currently part of the success of the creative industries as a major growth area of the UK economy.
- The creative industries are also an increasingly important engine for economic growth in Wales and a key sector for the new UK Industry strategy. One in 11 people in the UK workforce are employed in the creative economy (including creative jobs outside the creative industries). And one in 17 are employed directly in the creative industries.
- It will be difficult for Wales and the UK to attract and retain talent from the EU if freedom of movement is restricted. EU employees play an invaluable role in the development of talent in our education system, particularly in Higher Education. This is equally important in our cultural organisations.
- The free flow of talent and ideas fosters the innovation and experimentation that drives the growth of the arts and creative industries. Curtailing this could lead to a substantial loss of important skills to Wales and to the Welsh economy.
- The creative industries work in specific and distinctive ways across borders. This must be recognised.
- In a post EU membership world, we would need to retain Intellectual Property policies that will help Wales and the UK's creative industries thrive and protect their intellectual and creative assets.
- There will be a significant impact in terms of funding infrastructural and other developmental projects in Wales if EU funding is not replaced by equivalent substantive UK funding.
- The arts and creative industries in Wales need to maintain access to EU networks for the sharing of collaborative working and the exchange of knowledge around best practice.
- The proposed Great Repeal Act has significant implications for the arts and creative sector across the UK. However in certain devolved matters, particularly in the field of culture and education, Wales may have a distinctive set of priorities to that of the UK as a whole eg: Wales is a bilingual nation and has benefited from the linguistic diversity of the European Union.
- We will have to work hard to promote a continuing understanding that we are a nation open for business, exchange and collaboration.

1. This written evidence is submitted jointly by the Arts Council of Wales and Wales Arts International. The arts and creative sector that we support will have its own comments to offer. However, our work with the sector leads us to believe that our observations will be broadly representative of the sector as a whole. This submission is therefore intended to provide a perspective from the devolved nation within which we work.

2. The Arts Council of Wales is the official public body responsible for funding and developing the arts in Wales. We are accountable to the National Assembly for Wales and responsible to the Welsh Government for the way the money they provide to fund the arts in Wales is spent. We are also a Lottery distributor for the arts in Wales. Wales Arts International is the international arm of the Arts Council of Wales.

3. Since 2008, Wales Arts International has hosted a European Desk, set up to increase our engagement, and that of the wider arts sector in Wales, with European networks, opportunities and projects. This has been particularly important for projects and relationships developed through transnational European funding streams. We have worked as a partner in strategic European projects including the pilot mobility network Practics (2008-2011) and the INTERREG IVC project Toolquiz (2010-2012). We have also established an informal network of arts organisations based in Wales who are active in, or seeking to engage with, EU networks and projects. This is called the Wales European Arts Forum. We disseminate information to this group on matters concerning EU cultural policy, networking and potential project opportunities, signposting relevant sources of transnational funding. We held a recent meeting with this group in partnership with the UK-wide Creative Industries Federation. This provided an important opportunity to gather information on the impact of the EU referendum result.

4. In the summer of 2016 Wales Arts International conducted a survey on behalf of Arts Council of Wales to understand the potential impacts of the EU referendum decision on the creative and cultural sector in Wales. We have used its findings as the basis for answering the two key questions posed by the committee below. We also offer other evidence that we have gathered through the work of the Wales European Arts Forum, including the event with Creative Industries Federation held in Swansea in September 2016. This event helped us to understand better the potential impact of Brexit on the arts and creative industries in Wales. The event also fed into the recently published Brexit Report published by the Creative Industries Federation which has made key recommendations to the UK government. All of the recommendations pose opportunities and challenges for the cultural and creative sector in Wales.

5. What should be the top priority for Wales in advance of the UK Government triggering of Article 50 (which starts the formal process of exiting the EU)?

From the perspective of arts and culture, it is essential that the UK Government considers the full impact of leaving the EU on the UK sector overall as well as the many varied 'regional' implications. There is an opportunity for Wales, and the Welsh Government in particular, to highlight the particular concerns for the sector here, but also to reflect on changes needed to help greater cohesion with partners across the UK. This will be paramount post Brexit. The immediate priorities for Wales to consider are:

5.1 Freedom of movement of artists and cultural workers to perform and tour, collaborate and exhibit and a recognition of this sector's uniqueness in this respect;

Touring Europe is an essential part of many of Wales' artists' working lives. It is also critical to the success of many of Arts Council of Wales' Arts Portfolio Wales clients (the principal organisations funded by the Council). Many earn a substantial part of their income from touring other European countries. And touring in Europe is much less costly and easier for our arts companies than in other territories because of the removal of restrictions and barriers (visas, employment and taxes) for EU member states. A key theme that emerged from our survey was the concern that restrictions to freedom of movement would be cost and time prohibitive and would therefore inhibit many from bringing EU artists to work in the UK. Added visa costs and the time needed for additional paperwork were cited as particular concerns. A need for certain types of sponsorship licenses could also be restrictive for many small companies. (The full survey results can be seen here: www.wai.org.uk/news/7143).

For NoFit State, our flagship contemporary circus company, revenues from international touring counted for almost 40% of total turnover in the financial year 2015/16. Their recent experience of touring America highlighted the additional costs involved over and above the travel costs (£46,000) compared with a tour of the same scale and piece of work in the EU. Major costs included visas (£13,406), carnets (£9,384) for touring equipment and medical insurance (£4,250), as well as for certification required by New York state around temporary public spaces and NoFit State's performance tent (£19,002). From our recent survey of the impact of Brexit on the arts in Wales, Freedom of Movement is the key concern for the sector. One of the questions we asked was about the potential impact of bringing artists and organisations into the UK. 60% of the respondents to our survey thought there would be a negative impact, 19% were uncertain and only 3% thought it would impact positively. In short, restricting the mobility of artists and

creative workers risks compromising the creative, artistic and commercial success of a key sector.

5.2 Retention of staff and skills from EU countries

The creative industries and the arts sector that we work with rely on a constant flux of local, national and global participants. This is essential for the creation and production of the high quality of work for which we are known. The strength, diversity and innovation of the arts depend on the free movement and exchange of ideas, talent and creativity. Europe is a source of key talent for a whole range of companies, from Welsh National Opera to National Dance Company Wales, with creative individuals employed both as part of the core team as well as for specific productions. The easy two-way flow of this talent currently is part of the success factor of creative industries in the UK, a major growth area of the economy.

A diverse workplace makes our companies competitive internationally. Attracting international talent and leaders offer a new perspective to our companies' culture. Alongside Welsh and British colleagues they transform the fortunes of our art companies developing their capacity and enabling them to break into the new international markets that are so important in sustaining a viable business. BBC National Orchestra of Wales recently appointed the Chinese conductor Xian Zang and is planning a tour of China in 2018. In our Brexit survey, we asked about the potential implications of exiting the EU on the employment of staff from EU countries. While 41% of respondents did not consider this relevant to them, 38% thought there would be a negative impact.

None thought there would be a positive impact. Many of our arts organisations have voiced concerns about their ability to offer reassurance to their non-British EU staff. Pressure should be maintained on the UK Government to confirm that EU nationals currently employed in the UK will be able to stay. The Creative Industries Federation's recent report "Social Mobility and the Skills Gap. Creative Education Agenda 2016", points out that the skills shortage in the UK's creative industries will be exacerbated by any restriction to freedom of movement. Current success – economic and cultural – depends on the supply of talent to the creative industries from the EU.

www.creativeindustriesfederation.com/supporters/

There is an opportunity to develop a long term approach to creative skills training provision. The current joint Welsh Government/Arts Council arts education project, Creative Learning through the Arts, is attracting significant interest from the European ACEnet network and the OECD. There is an appetite to exchange information and to collaborate with European colleagues. There is significant potential here to animate and enrich learning in Welsh schools.

5.3 Access to EU Funding programmes and partnerships after Brexit

European Funding delegated to Wales (Objective 1, Convergence and Less Developed Regions Programmes) have transformed the arts in Wales. This investment has provided a significant match in funding for projects as diverse as training, apprenticeships, community projects and capital build schemes for arts centres, galleries and theatres. Wales now boasts an enviable infrastructure of architecturally distinctive arts venues that are creating new opportunities for people across Wales to enjoy and take part in cultural activity. And many of these flagship capital projects have kick-started economic regeneration and have been the catalyst for inward investment and increased community engagement.

One exemplar recipient of European Regional Development Fund which has paved the way for further investment in the arts is Galeri, an arts and creative enterprise centre in Caernarfon. Opened in 2005, through partnership investment including around £1.7m ERDF funding, Galeri has always had a strong focus on local regeneration, community engagement and support for the creative sector in Gwynedd. Its development on the site of Victoria Dock became a catalyst for the eventual re-development of this area.

www.galericarnarfon.com

ERDF, matched through the Arts Council of Wales' Capital Lottery Scheme and other investors, has provided significant funding investment into a network of high profile arts and creative industries centres across Wales. All have had a transformational impact in their communities and include Aberystwyth Arts Centre, Theatr Mwldan and most recently opened, Pontio – Bangor University's Arts & Innovation Centre, (which benefited from some £15m through ERDF.)

www.pontio.co.uk

There has also been a significant investment through European Social Fund into the arts and creative economy in Wales. Between 2007- 2013, as a joint sponsor of the Welsh Government's Reach the Heights Programme (2007-13), Arts Council of Wales distributed over £10 million to 73 projects involving over 9,000 young people. Many skills development programmes for the Creative Industries have been of benefit to the arts in Wales, from courses at Further and Higher Education establishments to programmes managed by Skillset to train writers for TV and Film.

The arts in Wales like the creative economy as a whole have benefited from a variety of transnational programmes such as the dedicated Creative Europe and Interreg. For example, in 2015, five Welsh creative organisations benefitted from almost €1m of funding from Creative Europe (Media and Culture sub-programmes). This includes Literature Across Frontiers, based in Aberystwyth University, leading one of the flagship European "platforms" with their Literary Europe Live project. The CORACLE project, led by the University of Wales Trinity St David, received just over €1.2m of ERDF funding through the Interreg Ireland

Wales 4A programme. The project supported skills development for those working in the creative and cultural sectors, to maximise the economic, social and cultural benefit of these sectors to both regions. Erasmus+ is another programme that has invested in creativity and creative skills, for example through the Network of International Circus exchange project that NoFit State Circus participated as a partner in (2014). From our survey on the Impact of Brexit on the Arts in Wales, 25 respondents indicated they had participated as partners in transnational projects that had received funding totalling almost £4.8m from across a range of EU programmes (2007-2013 and 2014-2020).

A further £7.5m is being sought from these EU funding programmes by 21 respondents who are either considering or in the process of making an application in 2016. This is likely to be higher as not all recipients and applicants responded to the survey and it's very difficult and onerous to gather the information needed.

The lack of comprehensive data on the breadth and depth of EU investment into the arts and the creative economy (and no doubt other sectors) in Wales and the UK. The Creative Industries Brexit report states "Without a full audit of what the EU has funded in the UK, there is a risk that the impact of comparatively small amounts of EU investment, producing significant impact for the organisations supported, will be overlooked."

This is something Wales and the arts sector needs to prioritise to fully understand the impact of leaving the EU on our economy and culture. The lack of data is due in part to the complexity of EU funding programmes; the fact that all programmes are managed differently - some at EU level (eg Creative Europe), some such as Interreg Atlantic Arc (from Portugal) and others in Wales (Convergence) and the UK (Erasmus+). The ways in which Welsh artists and organisations benefit also varies. Some have participated in programmes managed by other partners in Europe as well as being lead partners themselves.

Others have simply benefited from key training and networking opportunities. In the same way that we would expect the UK government to replace the funding lost to Wales from its withdrawal from the EU, so would we and the sector wish to make the case for the government to replace lost investment to the sector from participation in wider EU programmes. We also believe that any alternative arrangements in the future for investing in regional development should adopt the same international perspective and vision that we have seen in the operation of EU structural funds. For example, the Welsh Government has prioritised developing new international markets for the funds. We would recommend that the UK still retain access to EU networks and programmes under third country status, or a similar arrangement.

It is doubtful, under current British tax laws, that tax exemptions could bridge the gap in the funding that might potentially be lost. In the arts, private sponsorship provides helpful 'added value' that enhances core support. It would not be able to fill the gap from such a substantial loss of EU funding.

5.4 Continued access and membership to networks and programmes

Respondents to our survey highlighted the fact that accessing European programmes was as much about accessing networks as funding. The potential impact - apart from a financial loss - would be the diminution of opportunities for cultural exchange and enrichment. This could lead to creative, artistic and commercial isolation. As well as networking on EU level, it is critical that the arts and creative sector in Wales are fully engaged with UK wider programmes and initiatives too.

5.5 Replacement arrangement for current funding models

The UK government should seek to achieve, through its negotiations that the UK continues to be a full member of Creative Europe. We would urge Wales to ensure that this is part of the current negotiations. This might not be possible, given that culture is a devolved matter. We are in uncharted waters here, and we would want to explore whether there are new ways in which regional membership could be considered by the EU should Wales, Scotland and Northern Ireland wish to pursue such a course of action. Although there will inevitably be costs attached to being a non-EU member of the programme, and the details of this should nevertheless be considered.

5.6 Wales' reputation internationally

Many of our survey respondents voiced concern about the perception of Wales in terms of its openness and willingness to collaborate and work with others. Many examples were quoted of a reluctance demonstrated by some EU partners to enter into projects/partnerships with the UK in these uncertain times. Eluned Hâf, Head of Wales Arts International, recently chaired a panel at the WOMEX World Music Expo. European participants described how their perception of Wales and the UK had changed since the EU referendum. It was clear from the comments made that we will have to work hard to demonstrate that we value trading and cultural links and that as a nation we remain 'open for business'. Wales would do well to prioritise its international image and to use the arts and creative economy to develop meaningful cultural relations for Wales internationally.

5.7 Community cohesion and celebrating diversity

The impact of the referendum on community cohesion and in particular the rise that we are starting to see in racially motivated attacks is of key concern to our sector. The Leave vote and the discourse over the past few months was a clear rejection of the status quo and of the so-called political elite. These will be matters that all public institutions will want to reflect upon. However, one of the consequences is not only the emergence of sensitive issues around immigration, but also a danger of communities rejecting their role in helping Wales to adopt a progressive and forward-looking responsibility towards local, national and global issues.

This is a responsibility enshrined within the Government's landmark Well-being of Future Generations legislation. If the Brexit vote has demonstrated anything, it is the need for public sector agencies to redouble their efforts to engage communities across Wales. Through our participation work, the Arts Council has valuable experience in showing how the arts can bridge into communities to celebrate diversity whilst also empowering those who feel marginalised.

6. Can you provide examples of where the UK's proposed approach to transferring the *acquis communautaire* (the body of European law), through the proposed Great Repeal Bill, into domestic law might have particular implications for Wales?

There are areas where the Great Repeal Bill will re-centralise responsibilities at the UK level (employment and immigration law). These will affect the cultural and creative sector UK wide. There are other devolved matters where Wales may have a distinctive view and need that must be recognised and expressed through the process of Brexit negotiation.

Great Repeal Bill and UK wide Creative and Cultural matters

As identified by our colleagues Arts Council England in their recently published survey, the sector benefits from EU laws and regulations relating to copyright, intellectual property, artist re-sale rights, VAT exemption as well as employment legislation.

Together with Arts Council of England, we recommend an UK-wide review to discover how relevant intellectual property and copyright frameworks, as well as tax exemptions, can be maintained and improved upon outside the EU.

On these matters of common interest we should work together, by ensuring that Wales' voice is heard and that our national bodies (as well as English counterparts) are involved in the discussion of new ways forward.

In trade, there will be new opportunities and an imperative to develop new models for the sector to develop international partnerships. EU funding enabled a growth in effective distribution networks for UK creative companies, and we would not wish to see the advances made over many years lost as part of the Brexit process. The issue of visas and restrictions to Freedom of Movement are issues highlighted by the respondents to our survey. They are also highlighted by the Creative Industries Federation as a key issue for the UK-wide sector. Any added visa costs and time would be prohibitive for many to either work/tour in the EU or bring EU work/artists to work in the UK.

A revisiting of our visa rules offers an opportunity to understand the needs of the sector and to create a new system that better supports companies as well as freelance artists and cultural workers. It is important therefore that the sector has an input into the new system. Another UK wide issue is that of IP. While the Intellectual Property Office has stated that the position on trademarks, designs, patents, copyright and enforcement remains the same until exit negotiations are concluded, what will happen in relation to Copyright after the UK leaves the EU?

Intellectual Property is a very important area for artists. If IP protection was to be diminished, we could see a weakening in the viability/strength of our creative industries. IP protection will need to be assured. Agreements developed at an EU level in these policy areas offer a good basis for the UK to look at what could be retained if the creative sector is to continue to thrive.

The Great Repeal Bill and devolved matters.

There are devolved matters, such as culture and education, which operated within an EU framework since the devolution. Our culture, language and arts have grown alongside similar European cultures and languages. Could there be an opportunity to have a "sectoral single market" where, due to devolution, Wales could take the lead on buying into key EU programmes areas?

There may be areas where a wholesale repatriation of the programmes (such as Creative Europe) may need to be resisted from Wales. It is important that any future membership of the programme (or any British replacement programmes) includes culturally and linguistically specific priorities for Wales. Wales should retain a Creative Europe desk, even if this is funded by Wales outside of the programme to encourage partnership under a "third country model".

The Welsh language is a recognised European minority language and has benefited from comparable models and partnerships with other similar nations, such as Catalonia, the Basque Country, Flanders and Brittany. It is important that

the commitments made to protecting and celebrating linguistic diversity are embraced by future programmes. In this respect there are also examples of where European models have been introduced to policy and programmes in Wales, and where Wales may want to continue with a different approach to elsewhere in the UK. For example, through the Well-being of Future Generations Act, the Welsh approach to sustainable development now embraces cultural development as a key policy 'pillar', a model adopted from EU partnerships.

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.

1. Cefndir

Sefydlwyd Cymru Dros Ewrop yn sgil refferendwm 2016 i drafod y berthynas barhaus agosaf posibl rhwng y DU a'r UE. Er ein bod wedi ein cyfansoddi'n gyfreithiol felcangenOpenBritain,rydymynannibynnolynweithredol,acmae gennym bwyllgor gweithredol yng Nghymru.HelenBirtwhistleywCyfarwyddwr rhan-amser Cymru Dros Ewrop. Cadeirydd y pwyllgor gweithredol yw Geraint Talfan Davies.

Mae Cymru Dros Ewrop wedi sefydlu grwpiau cymorth lleol yng Nghaerdydd, Abertawe a Chasnewydd, Rhondda Cynon Taf, Powys a Gogledd Cymru. Rydym yn cydweithredu gyda sawl sefydliad arall sydd o blaid yr UE. Mae ein gweithgareddau'n cynnwys presenoldeb sylweddol arcyfryngaucymdeithasol, gweithgareddau stryd rheolaidd mewn canolfannau mawr ac, ar hyn y bryd, cyfres o ddarlithoedd sy'n cael eu cyflwyno gyda chydweithrediad Canolfan Llywodraethiant Cymru ym Mhrifysgol Caerdydd.

2. Datblygiadau diweddar

Dros y flwyddyn ddiwethaf, rydym wedi ystyried gyda phryder cynyddol

- a. methiant Llywodraeth y DU i sefydlu gweledigaeth resymegol ar ôlBrexit,ar wahân i ddiystyru aros yn rhan o'r farchnad sengl Ewropeaidd a'r undeb tollau
- b. y dystiolaeth gynyddol o effeithiau negyddol tebygol Brexit, yn arbennig ar sectorau hanfodol economi Cymru
- c. y diffyg ymgais gan Lywodraeth y DU i feithrin safbwynt cyffredin gyda Llywodraethau Cymru a'r Alban
- d. y diffyg realaeth sydd yn hanfodol o ran y graddfeydd amser ar gyfer cytuno arfframwaith(erbynmisHydrefeleni)acargyferterfynucytundebaumanwl ar yr holl faterion sydd yn weddill (erbyn Rhagfyr 2020)
- e. diffyg unrhyw sicrwydd dibynadwy ganLywodraethyDUanafydddychwelyd pwerau ar draul y setliadau datganoli.

3. Y gofrestr risg

Ym mis Ionawr 2017, cyhoeddodd Pwyllgor EAALarfarniaddihafalooblygiadau Brexit i Gymru. Yn y flwyddyn a aeth heibio ers yr adroddiad hwnnw, mae'r dystiolaeth o'r effeithiau negyddol tebygol wedi cynyddu.

Mae un adroddiad ar ôl y llall, gan felinau trafod annibynnol neu'r gwasanaeth sifil, wedi rhagweld effeithiau o ddifrifoldeb amrywiol. Nid oes un adroddiad wedi nodi effaith gadarnhaol yn unol ag unrhyw un o'r sefyllfaoedd tebygol, yn cynnwys gwaith yr Athro Patrick Minford, amlinellwr damcaniaethol ar y mater hwn. Mae wedi datgan ei fod yn weddol sicr o'r posibilrwydd y bydd cynhyrchu ym Mhrydainyndodiben. Maehynnyngolygu,hydnoedwrthddadlauybyddai buddion hirdymor cadarnhaol, ei fod ef hyd yn oed yn gweld ybyddsectorsydd yn cynrychioli 16% oGVACymru-6.3pwyntcanranynfwynaLloegr-yncaelei ddileu.

Mae'n amlwg, yn ddiamau, bod Cymru'n wynebu peryglon anghymesur, o'i chymharu â gwledydd eraill yn y DU, nid yn unig mewn cynhyrchu, ond mewn amaethyddiaeth hefyd, lle mae cyfran y gyflogaeth yng Nghymru bron ddwywaith cymaint ag yn yr Alban a bron bedair gwaith yn fwy nag yn Lloegr.

Pwysleisiwyd y ffeithiau hyn yn adroddiad 2017 EAALC, ond, nichafwyd unrhyw gydnabyddiaeth agored a chyhoeddus gan Lywodraeth y DU o'r peryglon y mae risg ar y raddfahon-nyntymorbyrneu'r hirdymor- yneucyflwynoi Gymru. Yn dilyn datgelu rhannol, mae ASau wedi cael caniatâd i weld dadansoddiad yn gyfrinachol. Mae hyn yn gwbl annerbyniol. Ni ddylid cadw gwybodaeth o'r fath rhag y cyhoedd - na Llywodraeth Cymru - ar y sail ffug y byddai'n niweidio sefyllfa Llywodraeth y DU yn y trafodaethau. Byddai hyn ond yn wir pe na fyddai'r ffeithiau'n hysbys i wledydd eraill yr UE. Nid yw hynny'n wir.

Rydym hefyd yn siomedig nad yw Llywodraeth y DU wedi cyhoeddi astudiaethau effaith manwl argyfer bob un o wledydd arhanbarthau'r DU. Rydym yn nodi bod Llywodraethau'r Alban a Chymru wedi cyhoeddi astudiaethau effaith eu hunain. Ond, er ein bod yn canmol y cydweithredu cynyddol rhwng y ddwy lywodraeth ddatganoledig, rydym yn siomedig na fyddent wedi gallu cydweithredu'n agosach i greu astudiaeth o'r effaith economaidd wedi ei pharatoi yn unol â'r un fethodoleg, er mwyn gallu cymharu'r canlyniadau ar gyfer y ddwy wlad yn uniongyrchol.

Byddem hefyd wedi croesawu cofrestr risg fanylach ar gyfer pob sector, hefyd yn rhestru gweithredoedd niweidiol posibl, ar gyfer pob sector yn economi Cymru, yn ogystal â phwrs y wlad ac, yn ogystal, i'r gwasanaethau cyhoeddus. Credwn fod angen y gwaith hwn ar frys, nid yn unig i hysbysu Llywodraethau Cymru a'r DU, ond hefyd i gyfathrebu'n helaeth ar draws Cymru cyn i'r Senedd gynnal unrhyw 'bleidlais ystyrlon'.

Mae'r Prif Weinidog wedi pwysleisio nad yw hi eisiau i'r DU aros yn y farchnad sengl na'r undeb tollau. Mae'r datganiad hwn yn cynyddu'r perygli'r economi, yn arbennig yma yng Nghymru, yn sylweddol iawn. Mae hefyd yn anwybyddu dymuniadau Llywodraethau Cymru a'r Alban.

Oherwydd diffygion amlwg y cyfryngau cynhenid yng Nghymru, **credwn fod angen brys am raglen gyfathrebu ddwys o dan arweiniad Llywodraeth Cymru, i gyflwyno'r ffeithiau i bobl Cymru. Mae hwn yn anghenraid democrataidd.**

4. Peryglon anfasnachol

Nid yw'r peryglon i'n cymdeithas wedi eu cyfyngi'n masnachgydag Ewrop. Ein cred yw y bydd y peryglon i'n masnach – sydd eisoes â diffygion sylweddol yn draddodiadol – yn cael effaith negyddol ar gyllid cyhoeddus y DU. Heb newid radical, byddai hyn yn debygol o arwain at ganlyniadau trychinebus i wasanaethau cyhoeddus. Mae Cymru eisoes mewn sefyllfa waeth o ran cyllid cyhoeddus na'r Alban a Gogledd Iwerddon, a bydd newidiadau demograffigynny 10 mlynedd nesaf yn ychwanegu at y straen hyd yn oed gan ystyried lefelau gwariant cyhoeddus presennol.

Rydym hefyd yn nodi bod mewnfudo i Gymru o'r UE wedi bod o fudd mawr i'n gwasanaethau cyhoeddus, ac yn arbennig i addysg. Dylai'r Llywodraeth gymryd camau creadigol i bwysleisio ein gwerthfawrogiad fel cenedl am bopeth y mae'r bobl hyn wedi ei gyfrannu at ein cymdeithas.

5. Llywodraeth y DU a gweinyddiaethau datganoledig

Er bod cyswllt rheolaidd wedi bod rhwng Llywodraeth y DU a'r gweinyddiaethau datganoledig, nid oes llawer o dystiolaeth bod y rhain wedi mynd y tu hwnt i ymgysylltu difater. Nid oes unrhyw dystiolaeth o gwbl bod y cysylltiadau hyn wedi effeithio ar safbwyntiau Llywodraeth y DU. Byddai'n gwbl annerbyniol i'r sefyllfa hon barhau yn ystod y trafodaethau manwl fydd yn digwydd yn ystod 'cyfnod pontio'. Dylid cytuno ar rôl y gweinyddiaethau datganoledig wrth ffurfio amcanion y DU, a'r trafodaethau eu hunain, a chytuno arnynt yn agored cyn gynted â phosibl, achyrcytuno ar unrhyw gytundeb fframwaith. Nid oes unrhyw reswm o gwbl pam y dylai cyfranogiad y gweinyddiaethau datganoledig yn y trafodaethau manwl fod yn llai nag oedd yn arferol yn ystod ein haelodaeth o'r UE.

Rydym hefyd yn dymunog weld dystiolaeth llawer cliriach bod Llywodraeth y DU, yn ogystal â dwy blaid bennaf y DU, yn bwriadu parhau i datblygu ffurf arfer datganoli, pan neu os byddwn yn gadael yr Undeb Ewropeaidd.

INTRODUCTION

1. The Welsh Local Government Association (WLGA) represents the 22 local authorities in Wales, and the three national park authorities, the three fire and rescue authorities, and four police authorities are associate members.
2. It seeks to provide representation to local authorities within an emerging policy framework that satisfies the key priorities of our members and delivers a broad range of services that add value to Welsh Local Government and the communities they serve.
3. We support the committees' decision to launch this inquiry into Wales' future relationships with the European Union at this stage and look forward to contributing further to the work of the committee as the nature of Wales' future relationship with the EU and wider European partners evolves over the coming period.
4. We welcomed the opportunity to provide oral evidence during the stakeholder event the committee hosted as part of this inquiry on Monday the 29th of January. This written submission builds on the issues we raised during that event and is also supplemented by some additional observations regarding Wales's future relationship with the EU.
5. Our response is also based on feedback received by our member local authorities as part of our second Brexit Questionnaire, issued recently to all Local Authorities in Wales to seek their views on a number of Brexit related issues. We look forward to further engagement with the committee as the planning for Brexit intensifies.

Our future relationship with the EU: Priorities for Wales

6. Wales should remain outward looking and maintain constructive dialogue with the EU in the future. Wales should also continue to have close relationships with nations and regions across the EU, and wider, which face similar challenges and opportunities.
7. Continued access to the Single Market and the Customs Union and maintaining free movement of workers and goods with minimal restrictions are key priorities for Wales.
8. Ideally Wales should continue to have access to all EU Funding Programmes that it currently accesses. Realistically, however, continued access to the following Funding Programmes will be vital for Wales, both for the remainder

of the current EU programming period (to 2020) and for the future programming period (Post 2020):

- HORIZON
- ERASMUS
- European Territorial Cooperation (Cross-Border Ireland Wales in particular)
- Creative Europe
- LIFE
- Cooperation aspects of both the LEADER element of the Rural Development Plan and the Fisheries Fund
- Themed Sectoral Programmes e.g. funding for nuclear energy, digital and young people

Continued access to the European Investment Bank will also be vital for Wales.

Wales' presence in Brussels

9. In our view a key component of Wales' future relationship with the EU is a need for a different Wales presence in Brussels. We encourage the Welsh Government to start a dialogue with all its key partners, from the wider public sector, higher and further education, private and third sector, and cultural organisations, to consider what kind of presence Wales needs to have in Brussels to maximise all the opportunities from our different relationship going forward.
10. New arrangements will need to reflect the current context of devolution in Wales, including the emergence of 4 Economic Development Regions. Future arrangements will thus need to accommodate and offer opportunities for our four Economic Development Regions to build relevant partnerships with similar areas across Europe as they deliver their respective City and Growth Deal initiatives.

Our future relationship with the EU: Opportunities for continued engagement with the EU and its institutions after Brexit

Associate and/or observer status on EU Institutions

11. The LGA has presented options for the future relationship between UK Local Government and the EU Committee of the Regions post Brexit. Welsh local authorities that responded to the WLGA's second Brexit Questionnaire all told us there should be a future relationship between UK local Government and the CoR, along the lines of the LGA's proposals.
12. The UK Delegation to the EU Committee of the Regions (WLGA & National Assembly for Wales have 2 elected representatives each) is in the process of considering a discussion paper outlining potential future arrangements that would ensure continuing links between UK Local Government and Devolved Parliaments with their counterparts in the EU 27 (notably regions bordering the North Sea, Channel and Irish Sea) and possibly Norway and Iceland.
13. The paper advocates a North West Europe Forum involving Local Government representatives from the UK, EFTA and the EU Committee of the Regions, underpinned by a North West Europe macro-regional strategy. Similar arrangements exist for other areas outside of the EU. They provide opportunities for non- EU countries to continue to benefit from some funding programmes (European Territorial Cooperation in particular), networking initiatives and other forms of cooperation. Other benefits of such an arrangement would be that UK local government and devolved parliaments are enabled to:
 - maintain a pan-European dialogue
 - debate and seek solutions to topical issues of common concern
 - influence new EU laws that may affect UK laws
 - give political direction and oversight for continuing pan-European projects and programmes
 - maintain networks and partnerships
 - facilitate continuing economic ties between regions
 - promote exchanges of experience and good practice in local and regional governance
 - promote cultural and academic exchanges

A phased approach is proposed to achieve this new arrangement as follows:

- Short term: set up a EU Committee of the Regions and UK Joint Committee for bilateral dialogue.
- Medium term: merge CoR-UK Joint Committee with EFTA Forum to enable a dialogue with Norway and Iceland to progress the North Sea and Atlantic/Channel links.
- Long term: establish a North-West Europe Forum involving CoR, EFTA and the UK, underpinned by a macro-economic strategy.

14. On many environmental matters, there is widespread acceptance of the need for a trans-boundary approach, based on minimum common standards. This is essential for the effective protection of the environment and the prevention of competitive deregulation. At present such areas are strongly governed by EU policy and legislative frameworks, with oversight by EU institutions. (For example, a common set of standards has been established for the designation and management of protected Natura 2000 sites and the conservation of habitats and species. Bathing water standards, air quality, water quality and waste would be other areas where the EU has been a driving force in setting standards). Compliance with EU requirements has also been important in meeting a range of some 40 international environmental commitments and obligations, to which the UK and/or the EU is a signatory.
15. WLGA believes that the common sets of (minimum) environmental standards in place as part of the UK's membership of the EU should be retained in domestic law post-Brexit. The UK government has given a commitment that environmental standards will not suffer as a result of Brexit. All four UK governments will therefore need to work together on new domestic governance arrangements to replace functions currently carried out by EU institutions in securing compliance with these common standards. At present, when a Member State breaches EU law, the European Commission refers the case to the Court of Justice of the EU – a process that can ultimately result in fines for non-compliance. A mechanism for dispute resolution (and for agreeing derogations) will also need to be agreed between the UK and the EU to deal with those cases where questions over the acceptability of new standards are raised.
16. There is obvious merit in any new UK institution(s) set up to take on roles currently undertaken by EU institutions establishing close working relations with the existing EU bodies. For example, the European Environment Agency is an agency of the EU that has 33 member countries and six co-operating countries. It already works closely with national environment agencies and current reporting requirements ensure that there is transparency in the comparability of national performance.

17. Crucially, in establishing any new institutions there must be respect for the devolution settlement. In addition, strengths and expertise in the devolved nations in relevant areas (including Universities etc) need to be taken into account when establishing a new body(ies) and considering where it is (they are) located. The ability to continue to participate in EU research projects that can help to inform future environmental policies is of clear relevance here too.

Continued involvement in all EU and non-EU Organisations, Associations, Partnerships and Networks

18. Wales should continue its engagement with all existing EU and wider Associations, Partnerships and Networks. Participation in these will become more important after Brexit as it will enable Wales to continue to influence key EU legislative and policy developments and access funding from some programmes. Of particular importance to Wales is ensuring continued involvement in the following organisations:

- CEMR (Council of European Municipalities and Regions; WLGA members)
- CPMR (Conference of Peripheral Maritime Regions; Welsh Government members)
- Council of Europe (WLGA and National Assembly for Wales members)
- Eurocities (Cardiff Council members)
- European Network for Rural Development (Wales Rural Network members)

The Welsh Government to commit to the European Charter of Local Self Government and the principle of subsidiarity

19. The presumption is that power is transferred to the level of government closest to the people. Such a commitment could be incorporated within a concordat between Welsh Government and local government.
20. Furthermore, as Brexit progresses and EU powers are 'repatriated' to the UK, the WLGA would argue that, following such a principle, relevant powers should be devolved not only to Wales and the National Assembly, but also to local government where appropriate.

Develop new relationships

21. It will also be important for Wales to develop relationships with new organisations, associations and networks as follows:

- EEA (European Economic Area)
- EFTA (European Free Trade Association)

Brexit and devolution: implications for intra-UK environmental governance

The impact of Brexit on the UK's devolution settlements has been described as “one of the most technically complex and politically contentious elements” of the UK's withdrawal from the EU.¹ Here, we set out our recommendations for how the UK and devolved governments should work together to protect and enhance the environment as we leave the EU.

Devolution and the existing EU framework of environmental governance

Powers relating to most environmental matters, including agriculture, fisheries, and aspects of energy policy, are currently devolved to Scotland, Wales and Northern Ireland. To date, these powers have been exercised in the context of the UK's membership of the EU, which has shared competence for such matters.²

Many environmental issues do not respect borders. Given the widely recognised importance of a co-ordinated transboundary approach, based on minimum common standards, for the effective protection of the environment and the prevention of competitive deregulation, these areas are strongly governed by EU policy and legislation.

Operating within this common EU framework, with oversight by EU institutions, has helped to address transboundary environmental challenges and to ensure a more level playing field for economic operators.

It has helped to:

- ensure that coherent and consistent approaches to environmental protection have been adopted across the four nations, such as the establishment of a common set of standards for the designation and management of protected Natura 2000 sites and the conservation of key habitats and species;
- support the integrity of the UK's internal market and prevent unfair regulatory competition; for example, by requiring minimum standards to be met across all of the UK's jurisdictions, it has reduced the risk of any one jurisdiction seeking to gain a short term competitive advantage by unilaterally lowering its own environmental standards; □ facilitate cross-border trade and cross-border environmental co-operation on the island of Ireland; and,

- underpin compliance with the UK's international environmental commitments and obligations.

Retaining a common framework as we leave the EU

For the effective protection of the environment, the importance of this common framework will not diminish post-Brexit. Indeed, the principles justifying EU-level co-operation and regulatory alignment on environmental matters apply equally, if not more strongly, to intra-UK co-operation and regulatory alignment, as well as to co-operation and regulatory alignment on the island of Ireland.

Therefore, in our view, the default starting position should be that the common set of environmental standards in place as a part of the UK's membership of the EU are retained in domestic law post-Brexit. The loss of these common standards would risk significant regulatory divergence and a less co-ordinated approach to environmental governance, to the detriment of our shared natural heritage. In addition, it could lead to an environmentally damaging process of competitive deregulation across the UK's different jurisdictions.

To respect the devolution settlements, it will be essential for the UK and devolved governments to work closely and constructively together as we leave the EU, to agree on how to embed all existing EU environmental law in domestic law, to maintain existing minimum common standards and avoid damaging legal uncertainty.

All four governments will also need to work together to address the post-Brexit governance gap. This means designing new domestic governance arrangements to replace functions currently carried out by EU institutions in securing compliance with common standards across the four nations.

Our early thinking is that a new high level body, or set of co-ordinated bodies (ie one for each of the four nations), should be jointly established to oversee implementation, with responsibility for roles such as compliance checking, monitoring, supervision and information provision, and with the power to initiate action through the courts.

Regardless of form, this body (or bodies) would need to:

- have oversight of all environmental law, as set out above, and be fully independent;
- be established under primary legislation and report to the relevant parliaments or assemblies;

- receive and publish regular reports on the implementation of environmental objectives;
- have a technically qualified staff with the relevant knowledge and expertise to fulfil a demanding role;
- be adequately resourced via public funding with an agreed five year budget;
- oversee a free and accessible mechanism for civil society to raise breaches of environmental legislation, as can be done now via the European Commission; and
- comment on the performance of delivery bodies and competent authorities.

Moving forward together

Environmental progress across the four nations should be built on this common baseline. Any post-Brexit changes should be jointly agreed and subject to an appropriate level of scrutiny by each of the relevant legislatures. Nevertheless, each nation should retain the freedom to develop more ambitious approaches as is currently the case under EU law.

When it comes to reaching agreement on the development of any new common frameworks post-Brexit, such as in relation to aspects of future agriculture and fisheries policies, it is essential that discussions are underpinned by a clear and agreed framework of guiding principles.

Any new common frameworks should:

- be based on a robust and transparent assessment of the environmental impacts under a range of plausible scenarios;
- maintain ambitious common standards that are at least as high as those set out in existing EU law, at the same time as retaining an appropriate degree of flexibility to allow implementation tailored to the specific environmental context in each nation;
- prevent competitive deregulation within the UK by setting a minimum common baseline but not prevent any nation from introducing higher standards;
- be developed alongside a new set of fair and transparent environmental funding arrangements, based on objective environmental criteria and the delivery of public benefit, to replace the loss of EU funding streams and enable effective implementation;

- include shared governance arrangements, as set out above, to replace the current set of processes by which EU institutions ensure that all the UK's jurisdictions are acting in accordance with their obligations under EU law; and,
- take into account the need to preserve cross-border environmental cooperation on the island of Ireland.

The UK and devolved governments will need to agree and establish new and improved mechanisms for inter-governmental working at both ministerial and official levels. Wider stakeholder involvement and consultation should also be a core part of this process.

In addition to the attached position statement, we would like to make the following points:

- Establishing and maintaining high environmental standards once we leave the EU is essential for defending health and wellbeing, and also protecting future economic sustainability, as natural resources underpin the value of Wales' land management, water, tourism and fisheries industries. Maintaining these standards also ensures a level playing field for business and trade.
- A lowering of environmental standards would make it more difficult for the UK and Wales to trade with the EU in future, which would be highly damaging for the Welsh economy according to analysis in the EAAL Committee's previous report on the impact for Wales of leaving the EU.
- Retaining environmental standards that are at least as high as those of the EU in future (and keeping pace with improvements at EU level), will allow the UK to cooperate on transnational environmental issues such as climate change, air and water quality, terrestrial and marine biodiversity and sustainable development.
- Ongoing cooperation with EU institutions that promote and enforce environmental protection will still be essential after the UK leaves the EU for the purposes of tackling transboundary environmental issues that go beyond the UK's borders, delivering on our international obligations, and sharing scientific evidence and best practice in terms of environmental policy, regulation and governance.

Endnotes

1 House of Lords European Union Committee (2017) Brexit: devolution 4th report of session 2017-19

2 Shared competence between the EU and the member states applies in relation to a range of areas, including agriculture, fisheries (with the exception of marine biological resources under the Common Fisheries Policy, which is an exclusive competence of the EU), energy and the environment. The exercise of the EU's competences in these matters is governed by the general EU principles of subsidiarity and proportionality.

3 Article 193 of the Treaty on the Functioning of the EU states that protective environmental measures adopted by the EU "shall not prevent any Member State from maintaining or introducing more stringent protective measures" subject to compatibility with the Treaties.

FSB Wales welcomes the opportunity to contribute to the External Affairs and Additional Legislation Committee's inquiry into Wales' future relationship with the European Union. We previously provided evidence to the committee's inquiry into resilience and preparedness in light of Brexit and would like to take this opportunity to restate many of the issues we raised during that inquiry.

FSB Wales' Brexit Research

To inform our response to Brexit, FSB carried out four work streams on areas of concern to smaller businesses. These were; access to markets, access to skills and labour, European funding and regulation. Each theme had a published UK-wide report setting out key recommendations for the UK (and where applicable Welsh) government.

This was supplemented with additional survey work specifically with FSB Wales members which we then synthesised into a report for Wales bringing together all four themes and contextualising them in relation to the Welsh Government's Brexit White Paper. We shared the resulting report Making Brexit Work for Wales' Smaller Businesses, with the committee during the previous inquiry and have attached it again for further reference to this submission.

Key elements of the report from our perspective that relate to Wales' future relationship with the European Union are as follows:

Access to Markets

- A transitional deal which provides clarity and stability for Welsh business.
- Post-Brexit trade arrangements that preserve Welsh firms' access to their key markets.
- FSB Wales believe the UK Government should seek to minimise tariff and non-tariff barriers with the EU single market following our exit from the EU.
- Welsh Government should assist the smallest Welsh firms in exploring new markets within the UK, as a first step to trading internationally.
- The Welsh Government should consider the development of a trade and investment strategy and potentially, the creation of a body to support the delivery of this.
- Welsh Government, in partnership with the UK Government where necessary should seek to better define and promote the Wales brand as a more effective vehicle for creating opportunities for Welsh businesses and investment.

Access to Skills and Labour

- Post-Brexit migration arrangements should protect Welsh firms ability to fill skill gaps. Costs associated with hiring migrants should be kept to a minimum.

Regulation

- The Joint Ministerial Council should be repurposed and given greater visibility and transparency as a forum for resolving areas of domestic regulatory divergence where this has the potential to damage the UK internal market.

Wales' economy is one that is based on the success of small firms – the vast majority of firms in Wales hire less than 25 people and most private sector employment in Wales is in SMEs. Therefore, it is crucial that Welsh and UK Government work together to deliver a Brexit that ensures that these firms can have a bright and successful future.

Welsh Government's Brexit Position Papers

FSB Wales has welcomed the work that Welsh Government has undertaken on regional funding, migration and trade following Brexit. We called on the Welsh Government to be proactive in this area in setting out the priorities for Wales as the UK leaves the European Union and have had positive engagement with them on all of the above matters.

One theme that has emerged through all papers, but in particular around the most recent paper Trade Policy: the issues for Wales is the role of the Welsh Government in informing the future relationship between Wales, the UK and the rest of the world, particularly through trade deals. In our previous policy work on Brexit we have emphasised the need for a reformed Joint Ministerial Council process to ensure that all UK governments are able to come to consensus on the priorities for Brexit. This would help avoid threats to the internal UK market, and ensure regulatory alignment where this is needed for international trade deals.

In this respect, we welcome Welsh Government's suggestion of a JMC for International Trade and would see this as a key forum for Welsh Government and businesses in Wales to articulate the opportunities and threats for any proposed trade deal with the EU or a third-party.

Conclusion

I hope you find the comments of this letter of interest and that our report Making Brexit Work for Wales' Smaller Businesses is able to inform your inquiry.

Should you require any further information, please do not hesitate to contact FSB Wales.

Introduction

- This evidence seeks to highlight the challenges with respect to environmental protection that exist as a result of the UK's impending exit from the European Union (EU).
- Much attention has already been focused on these challenges and significant progress has been made in recognising the problems and considering appropriate responses. Nevertheless, environmental protection should remain a key concern for Wales' in the preparations for our exit from the EU.

The Report on the Implications for Wales of Leaving the European Union

- The previous report of the External Affairs and Additional Legislation Committee on the Implications for Wales of Leaving the European Union published in January 2017 identified the following issues as particularly relevant to this field:
 - The work of the CCERA Committee on the future of sustainable land management in Wales, especially with regard to the arrangements for the replacement of the Common Agricultural Policy.
 - The significance of arrangements for scrutiny with respect to climate change.
 - The need to maintain current EU standards with respect to nature conservation.

One year on these continue to be very relevant issues.

Issues addressed in 2017

- The UK government has listened to concerns raised about the need for an independent body to hold government to account on issues of environmental protection and to consider the role of environmental principles. Perhaps most significantly, attention is also being given to the development of common frameworks for environmental protection. All of

these issues will, of course, have significant implications for devolved governments.

- There is much to be gained from working with Scotland and Northern Ireland in developing approaches to these issues, but it is also important to consider these challenges from a specifically Welsh perspective.
- For example:
- Any policy statement on the retention of EU environmental principles should be cognisant of the impact on the principles of sustainable natural resource management and their significance to policy making in Wales.
- The arrangements for an independent environmental body will have to address the relationship to the existing position of the Future Generations Commissioner for Wales.

The Importance of a Distinctly Welsh Perspective

- The political position and constitutional arrangements in Wales are clearly distinct as is the nature of the 'environment' itself particularly as it relates to sustainable land management. Perhaps most importantly the Well-Being of Future Generations (Wales) Act 2015 and Environment (Wales) Act 2016 have created new structures for policy, law-making and environmental management that should be essential in considering our future approach.
- In a recent report I have noted that these legal frameworks will “provide a positive basis for strategic thinking around the challenges that will be presented in the future development of Welsh law. They also have the potential to create stability in what will undoubtedly prove to be a period of uncertainty.” (Wales, Brexit and Environmental Law, UKELA 2017).
- The way in which these frameworks can help us to consider the future environmental challenges in Wales is clearly demonstrated in a recent paper by Wales Environment Link on a Sustainable Land Management Vision.

A Continuing Relationship with the EU

- Although much attention has focused on the position in the UK after Brexit it is important not to lose sight of the perspective from the European Union. The European Parliament as well as the other institutions of Europe, will have a significant role in establishing any future agreement. It is, therefore, particularly significant that the European Parliament has indicated that it will not agree to any future deal that does not ensure the UK's compliance with EU environmental laws (Resolution 13th December).

- The extent to which EU institutions might be willing to develop a continuing relationship with government and third sector institutions in Wales after Brexit is currently underexplored. This is also an area that might benefit from a distinctly Welsh approach. For example, Wales has adopted a proactive approach to the international agenda for sustainable development as is evidenced, in particular, by its work with the global Network of Regional Governments for Sustainable Development (NRG4SD).

1. Objective: To identify the most essential aspects of the UK's future relationship with the European Union (EU) from a Welsh perspective.

1.1) From a Welsh perspective, access to a wide range of diverse European networks is a significant benefit derived from the UK's membership of the EU. These networks are important sites for inter alia information exchange and policy learning. Notably, it is not only state actors who participate in European networks; civil society organisations in Wales are also actively involved in trans-national networks within the European political system. These networks may be within a particular institutional setting, or organised around a specific policy or issue, or geographical area; and they are not necessarily formal. Given the potential impact of this policy learning for institutions and organisations across policy areas in Wales (and in turn for policy-making itself) it will be essential to ensure the fullest possible access for Welsh actors to the widest range of networks post-Brexit.

1.2) Much political and public debate around Brexit has understandably been preoccupied with the legal implications of withdrawal. As a complement to this, it is vital to consider the impact of Brexit in governance terms. There is a risk that, in underplaying this governance dimension, the benefits of EU membership to policy communities and policy-making within Wales will not be realised until post-Brexit.

1.3) There are various ways in which Welsh institutions and organisations can access the European political system, and participate therein with a distinct Welsh voice. The EU is legally a union of nation states, whose governments are recognised as key decision makers within its systems; however, the EU provides an opportunity structure for the representation and promotion of regional interests. The principle of subsidiarity is a constitutional principle of the EU order, and one that orientates policy makers to be sensitive to the regional dimension. As a "Region" of the EU, Wales enjoys representation within the institutional architecture of the EU and, beyond this, Welsh institutions and organisations (both state and non-state) mobilise along with their European counterparts around particular policy issues or matters of common interest. Welsh representatives in Brussels undertake a range of roles: seeking to influence policy; gathering data; profile raising; and networking and information exchange.

Whilst not overlooking the value of all of these activities, this current intervention seeks to emphasise the benefits of networking and policy learning to a range of institutions, organisations and policy communities in Wales.

1.4) Networking takes place within various institutional settings. A key example for Wales is the Committee of the Regions, which is an EU body that was expressly established for the representation of regional and local interests in Europe. Through membership of the Committee of the Regions, the National Assembly for

Wales and the Welsh Local Government Association representatives have access to regional and local representatives from across the EU. In addition to the formal networks within the Committee of the Regions (for example, in work undertaken around particular legislative proposals), representatives from local and regional authorities build strong informal networks. These specialised networks (both formal and informal) enable the sharing of knowledge, the exchange of best practice and policy learning. This policy learning has significant potential to inform policy-making at a regional and local level. This potential benefit risks being overlooked in discussions around Brexit.

1.5) Networking also takes place beyond the institutional architecture of the EU and also involves non-state actors. Welsh civil society organisations are active players on the EU's civil society landscape. Within the bounds of time and resource constraints, Welsh civil society organisations participate within a range of pan-European networks and advocacy coalitions. This participation exposes Welsh civil society organisations to a range of different organisations from across Europe. Significant advantage is derived from this access, as Welsh organisations can build partnerships with regional and national counterparts, exchange information and examples of best practice, develop policy and undertake advocacy activity. Furthermore, Welsh organisations can benefit from the solidarity of trans-national advocacy networks.

2. Objective: To ensure that the issues of most importance to Wales are being adequately represented in the negotiations.

2.1) There are a variety of channels, formal and informal, internal to the UK state and external to it, that may be pursued to ensure Welsh interests are being adequately represented in negotiations. Internally, this includes using both intergovernmental and inter-parliamentary channels, and the Welsh Government and the National Assembly for Wales should make use of such opportunities as arise to advance Wales's interests.

2.2) Externally, the EU itself must be considered as a site for Welsh representatives to promote Wales' particular policy preferences during the Brexit negotiations. There is a sensitivity to regional interests in the EU, although this ought not to be overstated. Furthermore, there has been evidence of this regional sensitivity as part of the Brexit process. Although, the EU and its member states will prioritise their own interests in the Brexit negotiations, Wales is well-placed to capitalise on this relatively hospitable environment, and to mobilise through more formal and informal channels in order to highlight its distinctive priorities. These priorities include Wales' future in Europe (distinct from the final post-Brexit UK-EU agreement).

2.3) Wales has an established presence in Brussels, predominantly through its representation in the European Parliament, the Committee of the Regions and the European Economic and Social Committee; and from its Brussels outpost "Wales House", which hosts the Welsh Government, the National Assembly for

Wales, Welsh Local Government Association and Welsh Higher Education Brussels. Welsh institutions and organisations (including those mentioned above) participate in a host of formal and informal networks, and have cultivated bi-lateral and multi-lateral relationships at the European, state and regional levels.

2.4) The EU itself is hospitable to the representation of regional interests. This is built into the EU's institutional and governance architectures. Furthermore, a number of key actors in the Brexit negotiations are familiar with and sympathetic towards the particularities of regional politics, specifically the European Commission's Chief Negotiator Michel Barnier (a former regional politician in France and European Commissioner for Regional Policy) and the European Parliament's Brexit lead, Guy Verhofstadt (from Belgium, a federal state comprising communities and regions). Also, the Committee of the Regions has been vocal in highlighting the particular interests of regions in the context of Brexit.

3. Objective: To identify the opportunities for continued engagement with the European Union and its institutions after Brexit.

3.1) Notwithstanding the UK's withdrawal from the EU, the EU will continue to be an important political system for Welsh institutions and organisations from across policy sectors. It will remain a rich site for information exchange, policy learning, partnership building and collaborative working with local, regional and state-level counterparts. Underpinning this activity, networks play a fundamental role. It is vital to explore the post-Brexit frameworks and/or resources required to support Wales' continued access to and participation in a wide range of European networks.

3.2) Continued participation in formal and informal networks will be dependent on a range of factors, including the nature of any future agreement between the UK and the EU, subsequent eligibility and resource.

3.3) Following Brexit, the participation of Welsh representatives in the institutions and bodies of the EU will either terminate (e.g. European Parliament) or could potentially continue on a restricted basis (e.g. Committee of the Regions, and the European Economic and Social Committee). The latter will depend on the nature and level of post-Brexit provision in place. The participation of civil society organisations in formal and informal networks will be contingent upon the membership criteria of the European network, and whether flexibility is possible in cases where membership has conventionally been restricted to EU member states.

3.4) There are a diverse range of more formal European networks or associations that are open and tailored to both EU and non-EU member states, e.g. Conference

of Regions with Legislative Assemblies; Conference of Peripheral and Maritime Regions; European Regions for Research and Innovation; Network of Regional Governments for Sustainable Development; Cine Regions (a network of regional film funds) and the European Network of National Civil Society. Welsh representatives from a wide range of institutions and organisations are able to participate within such networks, including the Welsh Government, the National Assembly for Wales and Welsh civil society organisations. There is the opportunity for continued access to and participation within these networks post-Brexit.

3.5) In some cases, the EU's Neighbourhood Policy (Article 8 TEU) may serve as a platform upon which UK-based actors can continue their participation in EU activity.

3.6) Article 8 TEU states:

(1) The Union shall develop a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the values of the Union and characterised by close and peaceful relations based on cooperation.

(2) For the purposes of paragraph 1, the Union may conclude specific agreements with the countries concerned. These agreements may contain reciprocal rights and obligations as well as the possibility of undertaking activities jointly. Their implementation shall be the subject of periodic consultation.

3.7) The potential of the EU's Neighbourhood Policy ought to be explored with respect to Wales' continued participation in the Committee of the Regions. The Committee of the Regions already has an Eastern Neighbourhood body (Conference for the Regional and Local Authorities of the Eastern Partnership, CORLEAP) and another focused on the Mediterranean (Euro-Mediterranean Regional and Local Assembly, ARLEM). Whilst these are not models for a future relationship between the Committee of the

Regions and regions and local authorities in the UK, they demonstrate that relationships beyond EU member states are possible. In an interview with Committee of the Regions officials (April 2016), the idea of a North Sea or North Atlantic Platform was raised.

3.8) In cases of restricted access to EU-level funding, Welsh civil society organisations in particular will require additional resource to enable their continued participation in European networks. As such, in some cases, domestic funding for this participation will be required.

4. General points

4.1) Below (4.2 and 4.3) is a reiteration of the two key points submitted in evidence by Dr Rachel Minto to the EAAL consultation in November 2016.

4.2) In all Article 50 TEU planning and negotiation activity, Wales should draw on the necessary EU expertise to fully understand the EU's shifting agenda. This will ensure that Wales' negotiating position (as part of the UK's negotiating position) is forward looking, leaving Wales better placed to take advantage of the opportunities presented by the European Union of the future. This could be achieved through drawing on both internal and external EU expertise.

4.3) Ensure that Wales has the requisite EU expertise and resource in Cardiff and Brussels to develop and deliver a European strategy post-Brexit. Any post-Brexit strategy will need to reflect Wales' objectives as an international actor as well as the newly defined opportunity structure provided by the EU post-Brexit.

Notes

The evidence presented in this document has largely been drawn from the findings from a research project, "Testing the limits of paradiplomacy in the EU: Brexit and regional representation", run by Dr Jo Hunt and Dr Rachel Minto (Cardiff University) during 2016. Please see the published article: Hunt, J. and Minto, R. (2017) "Between intergovernmental relations and paradiplomacy: Wales and the Brexit of the regions" *British Journal of Politics and International Relations* 19(4), pp. 647-662. Available (open access) here: <http://journals.sagepub.com/doi/abs/10.1177/1369148117725027?journalCode=bpia>

Evidence has also been shared from preliminary research findings from the ongoing project "Brexit and European networks: The impact of Brexit on policy-making in the UK", run by Dr Rachel Minto (Cardiff University) and Dr Paul Copeland (Queen Mary University of London). Phase 1 of this project is focused on three case studies: the Committee of the Regions; the European Women's Lobby Observatory on Violence Against Women (NB the representative from the UK is from Welsh Women's Aid); and the network of actors as part of the European Employment Strategy. Phase 1 findings will be presented on 28 March 2018 at the Political Studies Association Conference. They will be available to share with the EAAL Committee from this time.

Introduction

- I. FDF is the voice of the UK's food and drink industry, the UK's largest manufacturing sector. FDF represents and advises food and drink manufacturing firms across the United Kingdom, including leading brands and home-grown businesses, large and small. BSDA represents producers of soft drinks, still and dilutable drinks, fruit juices and bottled waters. In Wales, the food and drink industry accounts for £4.3 billion in turnover - which has increased by 55 per cent over the last five years. This is significantly more than Welsh manufacturing in general, which grew by 11 per cent. The sector contributes almost £1.5 billion to the Welsh economy, supports more than 22,100 jobs in Wales, contributes more than £337 million in Welsh exports, and invests more than £4 million in innovation, research and development.
- II. As the sector that faces the greatest impacts as a result of Brexit, Welsh food and farming has much at stake in the negotiations. As the Welsh Government's Brexit trade paper highlights, food and drink is particularly vulnerable to both tariffs and non-tariff barriers, with World Trade Organisation (WTO) tariffs for sugars and confectionary, cereals and meats reaching up to 50 per cent. The paper also outlined that falling back onto WTO rules would mean higher commodity prices and so higher food prices.
- III. We are ready to seize any new opportunities, whether in exports, domestic sourcing or greater innovation. However, to maintain the quality, choice, and value that consumers and shoppers demand, we are looking for four key outcomes for our industry:
 - a. The right to remain for valued EU citizens, and in the medium term, access to the skills and talent we need to address our sector's skills gap.
 - b. Zero-tariff and frictionless trade across borders.
 - c. Recognition of the island of Ireland's special circumstances.
 - d. Stable regulatory framework to maintain consumer confidence in the safety and authenticity of UK food and drink.
- IV. Securing a status quo transition period is an immediate priority for the sector and we hope swift agreement will be reached by the March European Council. We cannot afford a 'cliff edge' scenario and businesses need to have confidence in 'day one' readiness on both sides of the Channel. Any transition period must maintain the ease of trading currently enjoyed so that businesses have continued access to vital imported ingredients and export markets, and avoid the need for two points of change.

- V. The transition period should have a clearly defined start and end point and the duration provided should not be decided arbitrarily. The length of time required for importers and exporters in UK food and drink manufacturing to adapt, change and test their systems will vary significantly from business to business. This will depend on a range of factors, including the product sector, the complexity of value chains across the EU and their existing experience of trading outside the EU. For some businesses, this can be achieved relatively quickly, painlessly and with minimal cost, however for others this will present a more significant challenge.
- VI. Crucially, this should avoid the need for two points of change. This would create additional complexity, necessitating further negotiation with the EU to put in place implementation procedures and would generate additional costs for businesses and Government alike.

Towards sustainable growth

- VII. We are delighted that in the “Towards Sustainable Growth: An Action Plan for the Food and Drink Industry 2014-2020”, the Welsh Government set out its aim to grow output for the sector by 30 per cent to £7 billion by 2020 and increase the profile and reputation of Welsh food and drink.
- VIII. We welcome the Cabinet Secretary’s most recent Statement on the Welsh food and drink industry made on 23 January 2018, which highlighted the significant challenge to the industry that is posed by Brexit. We agree with the Cabinet Secretary that we should embrace change in mindset, processes and structures, and we are eager to make the most of the potential opportunities that could arise from the UK leaving the EU.
- IX. For example, we believe exports growth is a key area of opportunity, building on the excellent reputation of Welsh food and drink for quality and provenance. Looking to individual markets, China, India and the UAE come out as the top three targets for exporters, however businesses currently struggle to enter these markets due to their complexity, cost and unfamiliarity. In the case of China, FDF research shows that the UK lags significantly behind EU competitors in terms of both market share and export growth.

The right to remain for valued EU citizens, and in the medium term, access to the skills and talent we need to address our sector's skills gap.

- X. Food and drink manufacturers in the UK, like the rest of the agrifood supply chain, benefit from bringing in skilled labour from outside the UK. Around 30 per cent of the UK's food and drink manufacturing workforce are non-UK EU nationals – almost 117,000 workers. They bring with them talent, spending power, flexibility and huge diversity.
- XI. FDF leads an EU Exit workforce group, with farming, food retail and hospitality bodies. Our joint August 2017 report '[Breaking the Chain](#)' revealed that an abrupt reduction in the number of workers from the EU able to work in the UK after Brexit would cause significant disruption to the whole food and drink supply chain. Almost half (47%) of businesses surveyed said EU nationals were considering leaving the UK due to uncertainty surrounding their future, and over a third (36%) said they would become unviable if they had no access to EU workers. The report's recommendations to Government included reviewing the recording of immigration data, increasing efficiency through adequate Home Office resourcing and investment in skills provision.
- XII. While companies are working hard to build their pipeline of home grown talent, achieving this significant step change will take time. Our sector's growth potential was already under pressure due to our ageing workforce, with the industry needing to recruit a further 140,000 workers over the next decade. The UK Government and the Migration Advisory Committee must work with industry to ensure practical and evidence-based solutions. Automation does have a role to play in mitigating this and improving the sector's productivity, and we welcome the UK Government's Industrial Strategy and the formation of the Food and Drink Sector Council, which will include this in their forthcoming Sector Deal. However, we cannot afford a 'cliff edge'; which impacts on our ability to grow, produce and serve the food we eat.
- XIII. With record high levels of employment in key geographical locations, it is often a question of local labour availability for the roles we are seeking to fill. Our sector already faced a large skills gap due to demographic change. Across the UK, we will need 140,000 new skilled workers by 2024. Future migration policy must ensure that industry has access to the workers it needs to address our skills gap, and that food and drink gets its fair share.
- XIV. We welcome the reassurances from the UK Government that EU workers will have the right to remain, but it is vital that the registration system is simple, cost-efficient and operational as swiftly as possible.

International trade: Continued tariff-free market access for both UK food and drink exports and for vital imports of raw materials

- XV. The overwhelming majority of Welsh and UK trade in food and non-alcoholic drink is with the EU – more than 70 per cent of both exports and imports. On a UK level, 94 per cent of exports and 97 per cent of imports of food and non-alcoholic drink are with the EU or with countries that the EU has signed or is negotiating a trade agreement. Data from the Value of Welsh Food and Drink report shows that 88 per cent of all exports in 2015 from Wales were to the EU, worth £264 million in 2015. Our members are committed partners of our domestic agriculture industry, however they also often need to import ingredients that are not produced in the UK or are not produced in sufficient quantity to supplement their use of UK ingredients (for example in spices or oranges). To meet consumer demand for food, our industry must have access to sufficient supplies of raw materials that are safe, of high quality and competitively priced.
- XVI. UK food and drink manufacturers operate in increasingly open and competitive markets when selling their products. Manufacturers operate highly integrated EU-wide supply chains, both for sourcing raw materials and selling finished goods, while the largest producers have factories in both the UK and the EU. The success of the UK's largest manufacturing sector is inextricably linked to our ability to import and export raw materials and finished goods across borders.
- XVII. It is vital that Welsh Government recognises the strategic importance of food production, and works with UK Government to make sure that essential imported ingredients and raw materials from the EU and countries with which the EU has preferential trade agreements do not face tariffs or costly non-tariff barriers after we leave the EU. This access is essential to enable continued growth of both UK food and drink production and exports, and to avoid the very real risk of price rises and reduced product choice for consumers.
- XVIII. A no-deal scenario could pose a real threat to UK food and drink and the trade in our industry's products. The EU's WTO Most Favoured Nation (MFN) tariffs for agrifood and drink are significantly higher than for other goods, with peaks of more than 100 per cent on many products. For example, tariffs on meat can reach a maximum level of 104 per cent, fruit and vegetables 157 per cent, oilseeds 170 per cent, sugars and confectionery 127 per cent, and beverages 152 per cent.
- XIX. Food is part of the UK's Critical National Infrastructure and 'just in time' (JIT) supply chains mean empty shelves in four days or fewer if supply is delayed or interrupted. Most food has a limited shelf life and some is highly perishable. Many manufacturers form part of complex European supply

chains, developing local specialisations which help to boost company competitiveness. The ability to import and export goods and ingredients seamlessly across borders is critical to business models.

- XX. The UK Government should also ensure continuity between existing EU-third country preferential trade agreements and successor UK agreements. Any change to trading terms with these fifty or more markets would be hugely disruptive and unwelcome. Any loss of international competitiveness could have implications for domestic production and ultimately for the choice and affordability of products enjoyed by consumers.
- XXI. When negotiations start with the existing EU Free Trade Agreements (FTAs) and other trade-related treaties, the devolved nations should be consulted prior to any final agreements.
- XXII. Most food and drink products crossing the EU's external border are subject to a range of sanitary and/or veterinary certification and inspection requirements which necessitate physical checks at point of entry, including for animal and plant health. These simply cannot be resolved through the use of technology. At present, most of these mandatory physical checks do not apply to movements of products between the UK and the rest of the EU.
- XXIII. However, without explicit agreement in the negotiations, food and drink will be treated by the EU on a par with existing third country requirements, adding significant logistical challenges and costs, as well as potentially increasing food waste if delays lead to spoilage of goods in transit. EU rules for imports of meat, fish and plant products from third countries pose clear risks, e.g. physical checks needed on 62 per cent of fresh produce and 50 per cent of poultry and 100 per cent documentary and ID checks.
- XXIV. Delays at border would also threaten our industry's exports to the EU, which currently total more than £12 billion each year. We know from experience that European retailers will not tolerate delayed deliveries. Avoiding a hard border during the transition period will be vital if we are to maintain strong export growth into the valuable EU market which is currently growing at a faster rate than sales to the rest of the world.
- XXV. Designing and negotiating a new customs model to put in place beyond the transition period, that delivers the same ease of trading that UK food and drink currently enjoys with the EU27 will be a major challenge. Government will need to put in place customs arrangements that are as frictionless as possible and as a matter of priority avoid disruption to supply chains that rely on unimpeded movements of perishable ingredients and sales of limited shelf life consumer products.
- XXVI. Continued close cooperation will be required between UK-wide authorities and EU counterparts. Technical challenges will arise that require solutions on the EU27 side to ensure trade that is as frictionless as possible. Frontier

authorities need to communicate effectively and efficiently to ensure continued interoperability after the UK's new customs system enters into force. FDF also participates in the Welsh Government's Trade and Supply Chain Working Group which regularly discusses the potential challenges that may arise in this area.

Recognition of the island of Ireland's special circumstances

- XXVII. Our future trade arrangements are of particular importance in the case of the Republic of Ireland, the UK's only land border with the EU. The UK is Ireland's largest trading partner in food and drink. It buys more from us than the United States, China, Russia, Brazil, Canada and Japan combined. Nearly a fifth of UK food and drink exports go to Ireland, with more than a third of Ireland's reaching UK shores. Many of those exports/imports come through the North and South Wales ferry routes to Ireland.
- XXVIII. There are enormous practical challenges facing us in food and drink. Most UK food businesses treat the island of Ireland as a single territory. Workers, raw materials, part-finished and finished goods cross the border, sometimes several times. The UK and EU negotiating teams must swiftly agree practical solutions which provide certainty for businesses around the future of the seamless and highly valuable market in food and drink that exists between Great Britain, Northern Ireland and the Republic of Ireland. Agreement on mutual recognition of product standards and regulations will be crucial to avoiding burdensome health or veterinary checks.
- XXIX. In the medium term, there will be an opportunity for the UK Government to establish ambitious new Free Trade Agreements (FTAs) with trade partners. We expect this will provide new growth opportunities for manufacturers in terms of both sourcing ingredients and raw materials, as well as opening export markets to help fulfil our industry's export growth potential. At present, across the UK fewer than one in five food and drink manufacturers actively exports their products overseas.

Stable regulatory framework to maintain consumer confidence in the safety and authenticity of UK food and drink.

- XXX. The safety and authenticity of our products remains paramount for industry and continues to be the top priority for FDF and BSDA members. The production, processing, distribution, retail, packaging and labelling of food and drink is governed by a wealth of laws, regulations, codes of practice, and guidance, the majority of which are put in place at an EU level. Common

regulatory and legal requirements informed by sound science and evidence allow companies to do business and trade on a level playing field, while also protecting consumers. However, where EU regulation creates barriers and burdens that limit businesses' ability to innovate we believe improvements can be made where possible.

- XXXI. FDF would want to continue to have access to expertise and advice from existing European bodies, notably the European Food Standards Agency (EFSA). Any proposed changes to food and drink regulation as between the UK and EU - and across the devolved administrations of the UK - should be subject to detailed consultation with industry and we offer FDF's expertise for the task ahead.
- XXXII. Agricultural and environmental policies are fully devolved, so it is crucial that the UK develops a comprehensive agricultural framework for the sector after Brexit. It must be sensitive to needs of all the UK's nations, without creating new barriers for business across the UK's internal market.
- XXXIII. It will be vital to minimise regulatory fragmentation across the nations of the UK, and to ensure government has the right mechanisms to ensure mutual recognition for seamless trade. It is in no-one's interest to have, for example, different composition or labelling rules in different parts of the UK creating costs for business and confusion for consumers.
- XXXIV. How powers are devolved to the nations and how the funding structure replacing CAP are crucial questions for our sector. Ideally, these would be UK frameworks agreed equitably between all the UK administrations as these are likely to provide the strongest signals to business.

1. About the IWA

1.1 The Institute of Welsh Affairs is an independent think tank. Our only interest is in seeing Wales flourish as a country in which to work and live. We are an independent charity with a broad membership base across the country. We aim to bring people together from across the spectrum in a safe space where ideas can collide and solutions can be forged in our five priority areas: the economy, education, governance, health and social care, and the media in Wales.

1.2 The IWA has five Policy Groups for each of its priority areas. These groups guide and inform our policy priorities. Members include practitioners, academics and policy professionals with expertise across a diverse range of issues. A list of members is available on request.

2. About this response

2.2 We have chosen to focus on the strategic approach taken by Government and the External Affairs and Additional Legislation Committee to developing priorities for the future, the nature of relationships with Europe, and to reflect headline concerns from our health and economy policy groups where Brexit has been a key focus for discussion. We have not sought to provide detailed evidence on each of our thematic areas, as other delivery-focused organisations are better placed to describe their priorities based on their first-hand knowledge and experience. Instead, we reflect on what we have observed through our policy groups and networks as emerging priorities.

3. Key points

3. Strategic approach to developing priorities

3.1 Across our five priority areas, we have observed a significant amount of thematic overlap between concerns about the UK's exit from the European Union. Common themes include people (in particular workforce and citizens rights), trading arrangements, and the replacement of structural funds. We are also aware that a number of Welsh Government departments have undertaken stakeholder engagement exercises to understand the implications of Brexit for specific sectors such as agriculture and higher education. We are not aware of any such exercise being undertaken for the health service, which - if indeed true - seems a significant omission. We would welcome clarity on this point.

3.2 The mechanism being used by Government to bring these concerns together and identify areas of common concern across sectors is not clear. It is important

not to lose sight of the whole in seeking to understand the individual pieces, and thereby miss opportunities to make broader connections and ensure all sectors benefit from any gains made. We warmly welcome the recent exercise by the External Affairs and Additional Legislation Committee to bring a diverse range of stakeholders together to identify common priorities. This sort of exercise, which builds on subject specific examination and knowledge, allows us to look across sector boundaries, make connections and develop coherent priorities. We consider the extent to which Welsh Government is balancing sector specific concerns with cross-cutting themes an important area of particular interest for scrutiny.

3.3 We also consider that some of these common challenges present a potential opportunity. Innovation can rise out of crisis, and Wales has a number of ongoing challenges to overcome. Take, for example, the persistent difficulty in integrating health and social care delivery in Wales. Both are now facing a common potential crisis in workforce recruitment and retention. A cross-sector examination of the issues may provide opportunities to work more closely in order to overcome these challenges.

4. Relationships with Europe

4.1 We welcome the Committee's inquiry, and agree that the political and governmental institutions in Wales, the UK and Europe of course have a central role to play in determining Wales' future relationship with the UK. However, we believe it is also important to consider the role of other formal and informal links, including those maintained by civil society, academia, and the third sector in particular, who play a key role in Wales' relationship with similar groups in Europe. Change is never only driven by state actors, and many parts of Welsh society will have to play important roles in developing new and different relationships with European colleagues.

4.2 In effect, these formal and informal links provide Wales with an array of potential allies who may also themselves wish Wales to continue to be involved in the exchange of ideas, policy and practice. These relationships, which often exist outside state-led mechanisms, currently provide a platform for Wales to voice its concerns to and share its learning with our European colleagues, and vice-versa, and so present an opportunity to retain links on a wide variety of policy and practice issues after Brexit. Any strategy developed by the Welsh Government or by the National Assembly for Wales should seek to identify, nurture and actively support these relationships, in recognition of their value to Wales. If we are to maintain effective arrangements for the future a systematic exercise to chart the extent of these links, the nature of relationships and examine how they can be maintained, would add significant value.

5. Health

5.1 There are already existing acute recruitment difficulties in several disciplines and geographic areas of Wales, which largely reflect UK shortages. These shortages are predicted to become worse as the proportion of the Welsh population over 65 increases and the working age population decreases. It is difficult to predict the scale of the impact if there is a reduction in workers from the EU in the Health service, and the source of replacement workers is not obvious. As well as the makeup of the workforce itself, arrangements for mutual recognition of qualifications, and ensuring communication between national professional regulators, will need to be preserved to ensure future alignment and to prevent additional barriers to recruiting a well skilled workforce.

5.2 Regulation is also a key issue with regards to access to medicine, as well as the workforce. It has been announced that the European Medicines Agency is to leave London, and it is not clear yet what relationship it will have with the UK. If the UK is not closely linked, this is likely to result in delays of at least months to the adoption of new medicines. This may also have an impact on pharmaceutical companies based in Wales.

6. Economy (trade)

6.1 Welsh goods are far more reliant on the EU as an export destination than the UK as a whole: the EU accounts for 67% of Welsh exports compared to 49% for the UK. By sector the most 1 important exporters to the EU are: food and live animals; machinery and transport equipment; manufactured goods; chemical and related products; miscellaneous manufactures; animal and vegetable fats and waxes; mineral fuels; lubricants and related materials. However, the vulnerability of each sector is unique. For example, given the perishability of the products of the processed food sector, geographical proximity to the final market is important, whereas this matters far less for machinery and transport equipment, which are likely to be affected by individual product costs crossing trade borders numerous times before the final product is exported from Wales.

6.2 Clarity for Welsh producers is paramount for those dependent on EU trade either directly or as part of a supply chain. A sector by sector analysis of trade implications is a priority. The IWA is planning to undertake an analysis of various Brexit scenarios and their consequences for a number of key Welsh industrial sectors and the Welsh economy in Spring 2018. We will share this information with the Committee as soon as it is available.

Background

Stonewall Cymru is Wales's leading lesbian, gay, bi and trans (LGBT) equality charity. We were founded in 2003, and we work with businesses, public bodies, schools, the Welsh Government, the National Assembly for Wales and a wide range of partners in communities across Wales to work towards our vision of a world where lesbian, gay, bi and trans people are accepted without exception.

Overview

1. Stonewall Cymru welcomes the opportunity to respond to this consultation by the External Affairs and Additional Legislation Committee and looks forward to providing further evidence to the Committee following their intention to specifically consider the impact of Brexit on equalities.
2. We believe that the current framework for equalities and human rights has been central to the progression of LGBT equality across the UK. Many are fortunate enough to have never had to worry about their rights being denied or abused. But for LGBT people who have wanted to start a family, to be recognised as who they are, to serve in the military or to access services the human rights framework has offered valuable protection.

Equalities legislation after Brexit

3. While existing UK equalities legislation surpasses EU requirements, it has in several areas been influenced, improved and strengthened by EU law – whether through the EU's Charter of Fundamental Rights, anti-discrimination directives or the Court of Justice of the European Union (CJEU) case law.
4. As we note in *paragraph 3*, UK legislation, including the Equality Act 2010, often already exceeds the minimum standards set by the EU. However, in exiting the EU we lose the guarantee that EU law provides that protections and rights could never be reduced below that minimum floor in future. This presents a potential risk to the rights of LGBT people and others.
5. We agree with the view expressed in this committee's last report on the *Implications for Wales of leaving the European Union*, that '[t]here should be no weakening of equalities legislation and employment protections when we leave the European Union.'. We also welcome the commitment outlined in the joint paper by Welsh Government and Plaid Cymru, *Securing Wales' Future*, that '[o]ur guiding principle is that leaving the EU should in

no way reduce our focus on promoting equalities and challenging discrimination wherever it exists'.

6. We were disappointed to see the decision of the UK Government to single out the Charter of Fundamental Rights as the only piece of legislation not to be incorporated into UK law as part of the EU Withdrawal Bill. Furthermore, the Bill contains proposed changes to the enforceability of General Principles contained in EU law.
7. This means that as the Bill stands, people will lose a number of valuable legal rights, including rights which empower them to challenge discrimination, when the UK leaves the EU.
8. Some of these protections have been critical in LGBT people's struggles for equality. As an example, just this summer, the UK Supreme Court ruled in favour of John Walker in his claim that an exemption in the Equality Act which permitted pensions companies to pay same-sex partners less in spousal benefits than opposite-sex partners was discriminatory. It based its decision on rights contained within EU law which are not currently protected by the EU Withdrawal Bill, as referred to in *paragraph 6*, meaning that under the current Bill this progress could be undone after Brexit, and a similar challenge would not be able to be brought.
9. We support Liberty and Amnesty International's campaign to add a 'People's Clause' to the EU Withdrawal Bill. This clause would include a guarantee that ministers will not use their powers to weaken our legal rights, would give the UK parliament the ability to scrutinise how ministers change laws and would properly incorporate the Charter of Fundamental Rights and the other legal protections we have through EU law.
10. Welsh Government and the National Assembly for Wales should make representations to the UK Government opposing any weakening of human rights or equalities protections as part of Brexit, including with reference to the EU Withdrawal Bill.

Introduction

1. The CLA (Country Land & Business Association) is a well-established representative organisation with headquarters in London and a national office in Wales. We work closely with both the UK Government and the Welsh Government as a consultee-of-choice on issues concerning agriculture, land-use and the rural economy.
2. We devote ourselves to addressing our members' interests in rural affairs: the gamut of land based interests and also those affecting the rural economy in general. A key part of our role is consistently to engage with government and political representatives in Westminster and Cardiff. To ensure that the rural dimension is considered in policy and legislative developments
3. We represent 30,000 members in England and Wales, around 10 per cent of whom are in Wales. The needs of the rural community are often under-represented in UK politics. Our membership footprint accounts for the ownership/management of around half of the rural land in both countries. About 80 per cent of land-use in Wales is consigned to farming and rural business.
4. Leaving the European Union will have a major impact on our members' interests: bringing about fundamental change in support for agriculture, regulation, trade-deals and the international movement of labour.

Welsh Government's Approach

5. Following the referendum result of June 2016 to leave the European Union, it was encouraging to see the pace at which Welsh Government took the initiative and set out their position with a clear vision of their desired future relationship with the European Union.
6. Securing Wales' Future (along with its daughter papers) takes into consideration a broad number of economic issues, setting out a proposition for a future relationship with Europe that could work for Wales. Unfortunately, as more and more information becomes available from the UK Government, such as the recent announcements about Customs Union, it is increasingly difficult to see how this vision will be achieved.
7. As an organisation, we would also question the vision that it tends to focus on maintaining the boundaries of economic development around urban connotations. We are concerned with the lack of focus on rural Wales and its rural businesses.

8. Around one-third of the Welsh population live in or around rural communities, and our exclusive CLA research in 2017 found that Welsh landowners currently invest over £1.3 billion per year into the rural economy and in the right circumstances there is significant room for growth. The needs of the rural community must be considered within the Brexit Debate.

9. While in the European Union, the Common Agriculture Policy has been the primary mechanism through which we support our land-based businesses. This has provided much needed support and investment to a highly fragile sector, but in doing so has isolated farmers from wider economic development. Might Brexit be an opportunity to look again at removing the need to separate farm businesses so much from other innovative and growing businesses?

10. As key stakeholders on land based issues, we acknowledge the personal commitment of Cabinet Secretary Lesley Griffiths in keeping stakeholders within her portfolio updated on progress. The regular Roundtable meetings have been informative and enabled stakeholders from a range of interests to come together and share knowledge, research and expertise to assist Welsh Ministers and Officials in their work on Brexit. The Roundtable, and the numerous subgroups that sit underneath this have been extensive in deliberating and developing innovative ideas for post Brexit Wales. The co-production approach advocated by the Cabinet Secretary, and the response of stakeholder across traditional divides to come together to develop a 'team Wales' response has been one of the most positive outcomes from the Brexit journey to date.

11. However, Since Secretary of State Gove was appointed to DEFRA, we have seen a transformation in pace in terms of direction and detail relating to the vision for farming and land use in England; there have been a number of key note speeches and announcements, particularly in relation to protecting the current CAP budget up until 2022 for England. While, arguably, the long awaited launch of the DEFRA 25 year plan replicated the early discussion with Stakeholders in Wales around the Environment (Wales) Act, it does show a level of progress and momentum that we are currently missing in Wales in relation to the land based sector. We are also aware that the Command Paper for the UK Government draft Agriculture Bill is imminent, it is not clear what timeline or key dates that we are expecting in Wales on similar matters.

12. It seems that Welsh Government progress has been stalled by the lack of clarity on the issue of how the European Union (Withdrawal) Bill will work.

UK Government's Approach

13. In early 2017, Prime Minister Theresa May set out her 'Plan for Britain', including the 12 priorities that the UK government will use in negotiations. These offered some certainly which, from a business perspective, was welcomed. As time has moved on, however, it is far from clear the extent to which these statements

continue to offer any comfort at all as the negotiations develop. For Welsh sheep farmers, the importance of access to the Single Market is well documented, and impact of tariff or non-tariff barriers could have a catastrophic impact on the traditional face of Welsh farming. The vagueness of commitments and the pulling apart of widely accepted and understood terms like access to / member of / customs union / agreement) makes it difficult for business to make any plans based on what we hear. Farming businesses in particular need time to prepare for change as livestock is bred a year in advance of sale at market.

14. From our discussions and engagements with civil servants in Westminster, we are concerned that there is little awareness of devolution, and even where there is some acknowledgement, little true understanding of the workings of the devolutionary settlement. In meetings, we have seen a desire to 'control' Brexit and fix issues within their understanding and their sphere of influence.

The European Union (Withdrawal) Bill

15. The means through which EU law is 'returned' is currently central to the debate. While agriculture and farming amount to less than 1% of UK GVA in 2015, it is often highlighted as the sector which best illustrates the complexities of the process of leaving the European Union. As such, many farming stakeholders have become more intimately involved in the pros and cons of the debate.

16. The Welsh Government set out its interpretation that EU law which is devolved should return to Wales and the First Minister has been clear on this, often alongside the First Minister in Scotland. It is positive to see the first Minister showing a pragmatic approach on recognising the need for cooperation through frameworks, as set out in the comment below taken from his Written Statement dated 15 June 2017. "The Welsh Government readily accepts that, after we have departed the EU, there may be a need to develop binding UK-wide policy frameworks, in some devolved areas, in order to prevent friction within our own internal UK market."

17. The CLA holds a neutral position on the issue of how power is returned from the European Union; our concern is around the uncertainty that political squabbling can create for businesses on the ground. However, we do consider that it is important that the needs and contributions of each part of the UK are recognised. Each country has its own distinct challenges and opportunities and must be allowed to respond to these within the overarching policy framework. A formal platform through which to do this is essential.

18. Whilst the Welsh Government has set out their vision and asks regarding the Withdrawal Bill it is becoming increasingly clear that this is not on the same footing as the UK Government.

19. The UK Government are expecting all EU legislation to become retained UK law, with devolved issues returning to the respective authorities at a later date. As the European (Withdrawal) Bill made its way through the House of Commons with little amendments, it will be interesting to see how the concern surrounding the much contested clause 11 will be resolved, and in parallel how the possible introductions of a Continuity Bills by the Welsh and Scottish Government will work alongside this. From a business perspective, the shape of the post brexit legislative regime is becoming less clear as time goes on – there is little clarity as to where the powers will lie.

20. Whilst this matter may be the subject of ongoing debate, there does seem to be common agreement that a framework is necessary to ensure some level of consistency and avoid the creation of any internal trade-barriers either directly or indirectly.

21. However, the term ‘framework’ has become over used and unhelpful. Over recent months CLA has been represented on the Secretary of State for Wales’ Expert Implementation Group which has been considering the 64 areas of law identified by the UK Government where EU law will transect with the Welsh devolution settlement. Of these areas, it is striking how many of these affect farmers, foresters and land based businesses. The interpretation that each of these areas will require a separate solution or ‘framework’, either in terms of legislation; agreement or a distinct approach between Westminster and Cardiff, feels both cumbersome and simplistic at the same time.

22. The process of deciding the best outcome for each EU derived rule is enormous – What should we do with the rules regarding packaging, labelling and storing of chemicals? How best to take forward rules regarding organic certification? Does this need to be the same in England and Wales? To say that each of these is a ‘framework’ overlooks some of the key questions that businesses on the ground have and that are actually important to their business. Who will enforce the new rules? What will replace the EU agencies that are involved in elements of the process? What will the paperwork look like? Who will be responsible for administrating this? It is only when we move on to these practical questions will businesses and stakeholders really start to understand how Brexit will impact their business.

23. As a stakeholder, our primary discussions on frameworks have been with the UK government – via the Secretary of State for Wales.

Inter-Governmental Approach

24. We are concerned with the intergovernmental relationship and disparity between the UK and Welsh Government approach. Whilst the Constitutional debate that seems to be taking place is interesting, this is not what our members

and rural businesses need. They need continuity and are looking to the government for a clear vision and plan for the future.

25. The Welsh Government's document, *Securing Wales' Future* does refer to "current intergovernmental machinery which will no longer be fit-for-purpose," and, it says, "new ways of working" will need to be forged. We would support the view that the current ways of working will require appropriate attention in order that the devolved government do have meaningful practical role post Brexit

26. Opportunities exist to improve inter-parliamentary dialogue. As things stand around Brexit dialogues, the elected bodies do not take part in each-other's consultation exercises and seldom do members of the UK Parliament and devolved Assembly give evidence in each-others' Committee Inquiries. It does seem sensible that this gap may be bridged in some way at some point.

27. Currently the Joint Ministerial Committee does not have a formal constitutional status. Its terms of reference which indicate it could play a dominant part in post-Brexit proceedings, would suggest that the performance of the body must be improved. There are opportunities for a JMC to become the ultimate arbiter in resolving disputes; providing a helpful and useful precedent when looking at agreements and frameworks as needed. In November 2017, the Water Protocol for England and Wales was formally adopted by the Cabinet Secretary and the Secretary of State for Wales. Within this, the JMC was recognised as a practical and logical way forward in discussing and resolving issues that arise in relation to the protocol that affect both sides of the border. Giving both nations an equal voice in terms of issues arising from the terms of the protocol. Might this offer a sensible precedent for other areas of debate?

Conclusion

28. Brexit is a vastly complicated and quickly evolving subject and we understand the time constraints placed by Governments and Scrutiny Committees in keeping ahead of this fluid process. While the Committees initial views give a rounded overview of Brexit collating the work of the Welsh Government and view of numerous stakeholders, we need to be taking steps forward in clearing up the uncertainty surrounding the practicalities of Brexit, instead of focusing on the past.

29. There needs to be a proactive approach in an effort to create a future vision for Wales and the Committee must use its role to push the Government forward. We must challenge the Government to answer the key questions that could give more certainty to business and move away from the constitutional debate. There needs to be discussions on forms and procedures, including replacements for current EU bodies that will no longer be relevant. This needs to be done in a cost effective way, so that any benefit that derives from leaving the EU will not be squandered in frameworks and institutions and these have yet to begin.

Executive Summary

This submission draws on research conducted into the international activities of the Welsh Government since 1999, that focused on four policy domains: international cultural relations, trade and inward investment, international sustainable development (Wales for Africa) and climate change activity. By evaluating the implications of the research for understanding key features of Wales' current engagement with the European Union associated with these policy domains¹, the submission makes recommendations regarding the type of formal relationships and continued engagement that Wales can potentially forge with the European Union and its institutions after the UK's withdrawal from the EU.

1.1 Key Recommendations

For the UK Government

- It is essential that mechanisms to enable the Welsh Government and the devolved administrations to engage with and influence the UK's formal diplomatic relations with the EU and its institutions after Brexit reflect the current arrangements;
- That formal mechanisms to enable the Welsh Government and the devolved administrations more broadly to influence the UK's formal negotiating positions with the EU and its institutions after Brexit closely replicate the current arrangements to formally influence the UK's negotiating positions;
- That whatever diplomatic status and accreditation afforded to UK Government officials as part of a 'third country' status continues to be extended to Welsh Government (and other devolved administrations) officials;
- Ensuring appropriate arrangements for continuing the close joint working between Welsh Government and UKRep officials in Brussels on matters that affect devolved issues;

¹ This research was published in different articles, in particular,

Royles, E. (2016). 'Substate Diplomacy, Culture, and Wales: Investigating a Historical Institutional Approach' *Publius: The Journal of Federalism*, Volume 46, Issue 2, <https://doi.org/10.1093/publius/pjv053>

Royles, E. (2017) 'Sub-state diplomacy: Understanding the International Opportunity Structures', *Regional and Federal Studies*, Volume 27, Issue 4, 393-416.

<http://dx.doi.org/10.1080/13597566.2017.1324851>

- Ensuring that arrangements allow for Welsh Government officials to contribute to any formal meetings as representatives of the UK;
- That accreditation and formal arrangements for the three UK devolved administrations as part of the UK's 'third country' status is the same for all cases;
- Overall, to investigate greater formalisation of the mechanisms to enable the devolved administrations to influence the UK's formal diplomatic and negotiating positions and any engagement with the EU and its institutions after Brexit and placing them on a statutory footing;
- That the UK Government is encouraged to recognise the high levels of trust and inclusive working between the Welsh Government Brussels office and UKRep and take greater account of these working relationships as the FCO works to develop the UK's diplomatic presence in Europe post-Brexit;
- That the UK Government takes into account the Welsh Government's expanding network of offices in Europe that are co-located in UK consulates and embassies as part of the UK's diplomatic presence in Europe in the planning for the post-Brexit period.

For the Welsh Government:

- That the Welsh Government continues and expands its bilateral engagement with state offices and with sub-state governments in Europe;
- That the Welsh Government continues to expand its membership and activity in EU inter-regional networks and other European networks;
- That the Welsh Government gives greater attention to the role of Welsh international cultural relations / soft diplomacy activity in Brussels to maintain its distinctive profile and to support other functional objectives of enhancing relations with other interests and stakeholders in Brussels.

1.2 The lack of clarity regarding the exact nature of the UK's future relationship with the European Union continues with preparations taking place for the UK to operate as a 'third country'. This requires developing the capacity to influence EU Member States and EU institutions in the absence of the automatic and regularised access associated with EU membership. It is consequently somewhat difficult to assess the specifics of the implications of the UK's future relationship with the EU for Wales. We note that 'The future of UK diplomacy in Europe' House of Commons Foreign Affairs Committee (HC514, January 2018) made no reference to the devolved administrations in the UK's diplomacy in the EU.

1.3 In practice, research demonstrates that the arrangements for the devolved administrations to engage with the UK in the EU context 1999-2017 have been well developed as evidenced by Jeffery and Palmer's assertion in 2003 that:

There is certainly a stronger sense in the UK than in other regionalised member states that the FCO sees the devolved administrations as part of the same 'team' in EU affairs, as captured especially vividly in the rhetoric of the 'UKREP family' of UK-level and devolved representations in Brussels. (2003, 226)

This is further supported by the way in which the full accreditation of sub-state officials is only extended in the Belgian and UK cases and is also seen as an effective way of ensuring that sub-state governments align with a 'member state' line (Tatham 2013: 66). This illustrates the value of extending such accreditation to devolved administration officials in any 'third country' status arrangement for the UK.

Based on this precedence, it is essential that mechanisms to enable the Welsh Government and the devolved administrations to engage with and influence the UK's formal diplomatic relations with the EU and its institutions after Brexit closely replicate the current arrangements, with efforts made to enhance them further. We therefore recommend arrangements to be put in place for the following practices to continue:

-Formalised inter-governmental structures to enable the devolved administrations to influence the formation of the UK's negotiating positions on issues affecting devolved competences;

- That whatever diplomatic status and accreditation afforded to UK Government officials as part of a 'third country' status continues to be extended to Welsh Government officials.
- Close working between Welsh Government and UKRep officials in Brussels on devolved issues;
- Arrangements for the contribution of Welsh Government officials to any formal meetings as representatives of the UK.
- That accreditation and formal arrangements for the three UK devolved administrations as part of the UK's 'third country' status is the same for all cases.

1.4 Research into Welsh engagement in the EU identified that the arrangements for Wales to influence and contribute to the UK's formal engagement with the European Union institutions decision-making processes has developed and matured since 1999. Wales' regular contact and good working relations with UKRep has resulted in a relationship of trust and inclusive working. Consequently, Welsh officials regularly attended formal EU meetings as representatives of the UK and advocated the UK line (particularly in fields such as education and culture). Such involvement allowed Welsh officials to be aware of further opportunities to

represent the UK on EU-level committees, including the Council of Ministers and Open Method of Coordination working groups. Such opportunities heightened awareness of policy initiatives, partnerships or potential funding and promote Welsh activity. Such examples illustrate that it is vital that this type of joint working continues between the UK Government and devolved administration representatives whatever structure is established for the UK as a 'third country'.

1.5 As with other aspects of inter-governmental relations, sub-state involvement in the EU context has no legal or constitutional foundation and is provided by the Concordat on Co-ordination of European Union Policy Issues. We recommend that the possibility of strengthening the formalisation of the position of the devolved administrations be investigated, including by placing them on a statutory footing to build on and provide a stronger basis for existing good working relations between UKRep and the Welsh Government Brussels office.

1.6 In addition to the formal channels for the Welsh Government to influence UK decision-making, the existence and activities of the Welsh Government Brussels Office has been important in other ways. Whilst informal working with key European institutions (e.g. European Commission and with MEPs) will be significantly reduced post-Brexit, activities emanating from the wide-ranging involvement of officials in formal and informal inter-regional networks and relations with other state offices and with other organisation and agencies could increase in importance.

The presence of Welsh sub-state actors in Brussels in response to the EU's increasing recognition of regions from the mid-1980s onwards, particularly by opening a centre in Brussels in 1992, illustrates that profile-raising, networking and working through informal channels is a long-standing feature of Welsh activity in Brussels.

1.7 The likely 'external lobbyist' position of Welsh interests in a UK 'third country' status scenario is likely to benefit from the following:

- Current involvement in formal and informal networks has resulted in nurturing bilateral relations with other state offices, e.g. Estonia and with strong sub-state governments such as Flanders who have high levels of influence on the Belgian member state position. Continuing to nurture such bilateral connections could provide useful avenues to influence their respective EU Member State positions post-Brexit.

- There is strong evidence of the benefits to Wales from membership of inter-regional and European networks, including in sharing best practice, learning and generating opportunities for participation in projects and accessing funding. It is encouraging to see that the Welsh Government has already started to extend its involvement and to be proactive in networks in order to strengthen European links in preparation for the period after the UK's withdrawal from the EU. Whilst involvement in networks requires a commitment of time and resource, Wales

could build on its experience of their benefits serving as spaces to create coalitions between disparate interests and to empower sub-states.

- Culture has featured strongly in the work of the Welsh Brussels office since the Wales Brussels week events around St. David's Day held from the early 1990s onwards. In addition to participation in EU-funded arts and creative industries programmes and larger networks that have enhanced Welsh European and international cultural relations work, it has nurtured connections with cultural organisations and agencies that has provided a strong basis for partnerships as a vehicle for cultural events. A strong basis is therefore in place to strengthen the role of international cultural relations / soft diplomacy activity of the Welsh Government in Brussels to maintain its distinctive profile and to support other functional objectives of enhancing relations with other interests and stakeholders in Brussels.

1.8 This submission has outlined ways in which the current formal and informal channels of representing Wales' interests in the EU context establish a precedence to take into account and to build upon in developing the formal relationships and continued engagement of Wales with the European Union and its institutions after the UK's withdrawal from the EU. The House of Commons Foreign Affairs Committee report referred to above highlighted the need to increase the UK's diplomatic presence in Europe, in Brussels, Paris and Berlin in order to assist the FCO to respond to what is anticipated will be the increased demands in seeking to influence the EU institutions and developing effective diplomatic relationships with the EU Member States.

In many respects, building on the high levels of trust and inclusive working already in place between the Welsh Government Brussels office and UKRep,

the type of measures outlined in this submission of benefit to Welsh interests in engagement with the EU post-Brexit could also serve as additional avenues to support UK positioning as a third country as the UK works to increase the UK's diplomatic presence in Europe. This deserves to be incorporated into UK Government planning, particularly within the FCO.

1.9 It is important to highlight that the same benefits of joint working in Brussels may also be present more widely. It could be replicated and expanded in the context of the FCO European network across EU Member States as the Welsh Government similarly expands its network of offices in Europe, with new offices planned for instance in France and Germany. The common practice now for Welsh Government offices to be co-located in UK consulates and embassies. This arrangement can further enhance the opportunities for joint working and leading to benefits in recognising the devolved administrations as partners in the UK's diplomatic presence in Europe after Brexit.

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1 WHO WE ARE

1. The British Veterinary Association (BVA) is the national representative body for the veterinary profession in the UK with over 17,000 members. BVA represents, supports and champions the interests of the veterinary profession in this country. We therefore take a keen interest in all issues affecting the profession and how the profession can effectively serve the needs of society.
2. The BVA's Welsh Branch brings together representatives of the BVA's territorial and specialist divisions, government, academic institutions and research organisations in Wales. The Branch advises BVA on the consensus view of the Welsh members on Welsh and United Kingdom issues.
3. We welcome the opportunity to respond to this inquiry on Wales' future relationship with the European Union (EU).

2 KEY POINTS

4. The import and export of animals and products of animal origin to third countries is dependent on veterinary certification. Veterinary certification is dependent on having available a sufficient number of adequately trained veterinary surgeons.
5. Each year, around 50% of vets registering to practise in the UK come from overseas, with the vast majority of these coming from the rest of the EU. A future immigration system must prioritise the veterinary profession. In the short term, vets should be immediately restored to the Shortage Occupation List.
6. Any future relationship with the EU should maintain parity with the current veterinary medicine approval systems.
7. When shaping a new agricultural policy, the UK and Welsh Governments should give regard to the BVA principles for the future of agriculture policy post Brexit.

3 INTRODUCTION

8. Since the EU referendum in June 2016, we have been working hard to collate the views of our membership on Brexit - thinking about the potential impact on the veterinary profession; on animal health and welfare; public health; agriculture; trade and research. BVA has produced the report Brexit and the veterinary profession which explores the challenges and opportunities across several areas of

public policy all of which will depend, in some way, on the future relationship with the EU.

9. Government spending in Wales has been supported by EU funding. Wales is one of the only areas of the UK - alongside Cornwall - to receive ongoing funding from the EU to support deprived communities. In budgetary terms, Wales is a net beneficiary of EU membership, currently receiving about £680million in EU funding each year. The bulk of this funding comprises receipts under the Common Agricultural Policy (CAP) and Structural Funds.

10. Veterinary surgeons play a crucial role in helping to build strong communities and supporting Wales' agricultural industry, which is the cornerstone of the Welsh economy. Brexit provides the opportunity to develop a strong, competitive and innovative agricultural and food industry with agricultural policy tailored to the needs of Wales. There must also be oversight and coordination of animal health and welfare policy across the four administrations of the UK. BVA has developed principles for the future of agriculture policy post Brexit.

11. Agriculture, as a sector, is particularly exposed to any disruption in trading relationships with the EU and other countries. Veterinary surgeons play an essential role in the operation of trade, working as official controllers at farms, food premises and other settings in Wales carrying out official controls (inspection and audit). These Official Veterinarians (OVs) both certify and supervise the import and export of animals and animal products to and from third countries. The volume of products requiring veterinary export health certification could increase by up to 325% in the event of no deal being reached between the EU and UK.

12. The importance of ports to the Welsh economy is significant, with 18,400 jobs directly supported. At present, over 70 per cent of Irish cargo (including produce from Northern Ireland) passes through Wales. This is because this offers the quickest route for exporters to Great Britain and the EU. The requirement for veterinary checks on animals and products of animal origin at ports could reduce the efficiency of traffic passing through the ports. Consequently, there is a risk of displacement of traffic from Welsh ports.

13. Ensuring the UK has a veterinary workforce to meet this demand will be critical to ensuring the UK is able to exploit the opportunities for trade in agricultural produce, and this applies to Wales as much as anywhere else in the UK. In both 2015 and 2016, RCVS registered more non-UK EU vets than UK graduates. Therefore, the Government must ensure that an appropriate number of veterinary surgeons can be recruited from overseas, whether from the EU or from outside the EU, to ensure this essential veterinary work continues.

14. High UK animal welfare, animal health and public health (including food safety) standards should not be undermined by cheaper imports produced to lower standards. As public goods, the UK should prioritise the maintenance of these standards in all trade negotiations and in future domestic agricultural policy.

4 VETERINARY CERTIFICATION IN TRADE

15. Last year, the total value of all Welsh exports was £16.4 billion, up £2.6 billion compared to the previous year. Access to the EU market is a specific concern for Wales- exports to the EU accounted for 67.4% of Welsh exports compared to 49% for the UK as a whole. Agricultural produce makes a sizeable contribution towards Welsh exports. With almost three times as many sheep per hectare of agricultural holdings compared to other countries of the UK, there is a large market for Welsh products, such as Welsh lamb, at home as well as a thriving export market.

16. The import and export of animals and products of animal origin to third countries is dependent on veterinary certification. Veterinary certification is dependent on having available a sufficient number of adequately trained veterinary surgeons.

17. Veterinary certification is applied to live animals, as well as products of animal origin. These are defined as any products derived from animals or products that have a close relationship with animals.

18. Additionally, any items which contain products of animal origin, may be subject to certification. Animal products are found in confectionary that uses gelatine and wine and beer where isinglass (derived from the bladders of fish) is used. Consideration should be given to the supply chains behind non-food products that depend on animal products, for example plastic bags which are made using stearic acid derived from animal fat.

19. Official Veterinarians certify and supervise the import and export of live animals and other animal products to and from third countries ensuring smooth trade. Veterinary surgeons providing official controls at food premises (exporting food) and at border inspection posts (checking imported food) are vital for the protection of the UK consumer and national freedom from animal health diseases (e.g. Foot and Mouth Disease and African Swine Fever). The World Organisation for Animal Health (OIE), a reference organisation of the World Trade Organization (WTO), has emphasised the importance of the role of veterinary surgeons in supervising food safety:

“[The] OIE has identified animal production food safety as one of its high priority initiatives. The Veterinary Services of our Member Countries are central to this mission. They have an essential role to play in the prevention and control of food-borne zoonoses, even when animals are not clinically affected...The OIE will continue to publicise and promote the fundamental role of the Veterinary Services in the area of food safety, both on-farm and at the abattoir level.”

20. Imports of both animals and animal products may carry pathogens that represent a threat to UK public health and the health of animal populations. The EU sought to minimise the risk by ensuring appropriate standards of production and certification at the point of production thereby obviating the need for most border checks. This means that trade in goods between Member States meet a

single standard providing assurances for consumers, via the identification and health mark, a unique number given to the premises at the time of approval for animal products. Therefore, within EU trade there is no need for any additional veterinary certification. Brexit will change that for the UK, but the extent of the changes will depend on the nature of the UK's exit and the international trade deals agreed.

21. Should the UK neither become a non-EU European Economic Area (EEA) country nor enter a customs union with the EU administrative checks would apply to UK imports from and exports to the EU as currently apply to trade with non-EU countries. This is likely to be the case whether UK trade with the EU is conducted under a Free Trade Agreement or under WTO rules. Any additional costs will be incurred over and above tariff-related costs.

22. Imports of animals or animal products into the EU must, as a rule, be accompanied by the health certification laid down in EU legislation. This sets out the conditions that must be satisfied, and the checks that must have been undertaken. The certification must be signed by an Official Veterinarian, and must respect the provisions of Council Directive 96/93/EC on the certification of animals and animal products. Strict rules apply to the production, signing and issuing of certificates, as they confirm compliance with EU rules. Each category of animal and product has its own set of animal and public health requirements.

23. All products of animal origin imported from a third country are subjected to documentary checks, an assessment of the common veterinary entry document public and animal health certificates and accompanying commercial documentation. Rules of origin also apply to third country agricultural imports. In contrast, imports or exports of animal products within the Single Market can simply be accompanied by a commercial document, with details of the contents of the consignment, sender and recipient.

24. Consequently, post Brexit there will be increased demand for veterinary certification and supervision. The scale of this increase is uncertain, However, Nigel Gibbens, Chief Veterinary Officer UK, has indicated the volume of products requiring veterinary export health certification could increase "by 325%". Ensuring the veterinary profession has the capacity to meet this demand will be essential to allowing continued trade.

25. Where additional veterinary certification checks on animals and products of animal origin are required at ports this will reduce the efficiency of traffic passing through the ports. Consequently, there is a risk of displacement of traffic from Welsh ports. At present, over 70 per cent of Irish cargo (including produce from Northern Ireland) passes through Wales. To maintain this and capture the benefits of any new trade deals additional capacity at ports will be necessary. Extra inspections and inspection points will be needed. Furthermore, the necessary additional OVs to execute the inspections will be required on site.

5 VETERINARY WORKFORCE

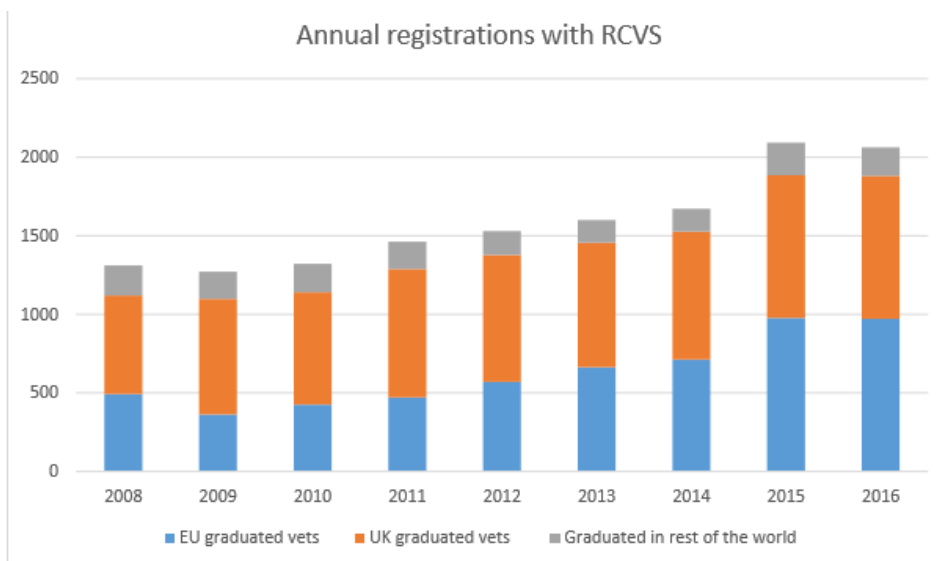
26. A strong veterinary workforce is vital to maintaining high animal health and welfare, food safety standards and overall public health. In the short to medium term, it will be impossible to meet this demand with UK nationals. Any increase in UK veterinary students may be a long term and gradual position but there is a significant risk that this will leave the profession with an acute workforce shortage in the short term.

27. The UK Government must ensure that an appropriate number of veterinary surgeons can be recruited from overseas, whether from the EU or from outside the EU, to ensure this essential veterinary work continues. As the House of Lords European Union Committee noted in the report Brexit: farm animal welfare:

“Veterinarians play a key role in ensuring and inspecting farm animal health and welfare in the UK from farm to abattoir. They also play an important role in certifying animals in the context of trade. We note the overwhelming reliance on non-UK EU citizens to fill crucial official veterinary positions in the UK, and call on the Government to ensure that the industry is able to retain or recruit qualified staff to fill these roles post-Brexit.”

28. Statistics provided by the Royal College of Veterinary Surgeons (RCVS) reveal the dependence of the UK on non-UK EU vets. RCVS currently registers around 1,000 overseas vets per year, of which non-UK EU nationals make up the clear majority. In both 2015 and 2016, RCVS registered more non-UK EU vets than UK graduates.

29. Currently, of the 1,038 vets working in Wales, almost a quarter are non-UK EU graduates.



30. Non-UK EU veterinary surgeons make a particularly strong contribution to public health-critical roles, who are indispensable for trading purposes. Estimates suggest 95% of Official Veterinarians (OVs) who are responsible for verifying and

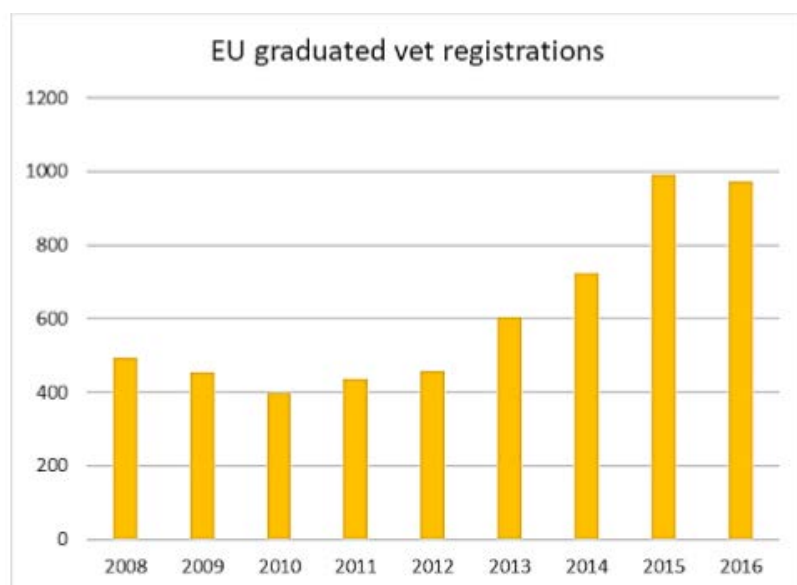
auditing meat hygiene in abattoirs graduated overseas with the clear majority of these being non-UK EU graduates.

31. OVs also minimise the risk of food fraud, promote animal welfare and provide public health reassurance to consumers at home and overseas. There are significant concerns within the meat processing industry about the potential impact of a post Brexit veterinary workforce shortage on the UK agri-food sector which would impact on the UK's ability to meet its international animal health, public health, and animal welfare obligations and that could jeopardise trade.

32. As noted above, following Brexit, there will be increased demand for veterinary certification and supervision, which would require more OVs than are currently employed in the sector. As the Institute for Government notes: "If the UK is required to undertake checks on animal produce coming from the EU, it will need an increase in the number of vets."

33. When veterinary surgeons are required more than ever, non-UK EU vets are facing considerable uncertainty about their futures. We have called on the Government to guarantee working rights for non-British EU vets and veterinary nurses currently working and studying in the UK.

34. In the months following the UK's decision to leave the EU, there was a reduction in the numbers of EU graduated vets registering to work in the UK. This contradicts the trend, which had seen a steady increase in the numbers of vets from elsewhere in the EU.



35. To protect the trade in animals and animal products, priority must be given to the veterinary profession. As the Government response to the EU Energy and Environment Sub-Committee report Brexit: Farm Animal Welfare notes:

"Many vets working in the UK are EU nationals, including those filling Official Veterinary positions, and the Prime Minister has made clear that securing the status of the veterinary workforce is a top priority."

36. The veterinary profession is concerned that there will not be a workforce with the capability and capacity necessary to ensure animal health and welfare; food safety and public health and the facilitation of trade. We are calling on the Government to undertake a major review of third country certification to ensure the UK has the capacity to facilitate new trade agreements.

6 VETERINARY MEDICINES

37. To protect animal and public health there must be access to medicines for the treatment of animals that meet standards that ensure safety, quality and efficacy. Therefore, the Government should guarantee the UK veterinary profession has ongoing access to all existing and future veterinary medicines licensed through the EU regulatory systems and existing import certificate mechanisms.

38. Currently, there are three channels for the authorisation of veterinary medicines in the UK. Firstly, there is national authorisation by the Veterinary Medicines Directorate (VMD) when an applicant has applied to the UK only, and has no desire or intention to license and commercialise the product in any other Member State. The second is the centralised procedure, under which an applicant submits a dossier to the European Medicines Agency (EMA) and a product is then licensed for use throughout the EU. Thirdly, the mutual recognition or decentralised procedure by which an applicant submits a dossier to one Member State which undertakes the authorisation. In this third procedure, other Member States may approve the product by mutual recognition of the original marketing authorisation. Any new trade deal should maintain the link with the current EU veterinary medicine approval systems.

7 CONCLUSIONS

39. At present, non-UK EU vets are faced with considerable uncertainty about their futures. The publication of the joint report on progress in phase 1 of the Brexit negotiations has provided some clarity on the way forward. We now call upon the UK Government to bring forward legislation that will give legal effect to this agreement and guarantee working rights for non-British EU vets and veterinary nurses currently working and studying in the UK.

40. In 2011, the veterinary profession was removed from the Home Office Shortage Occupation List because the Migration Advisory Committee made an assessment that there were sufficient veterinary surgeons to meet demand. However, this move did not anticipate the possible loss of non-UK EU graduates from the veterinary workforce. Therefore, we call for vets to be immediately restored to the Shortage Occupation List.

41. A future immigration system must prioritise the veterinary profession. The Government should consider the economic and social impact the profession has, beyond its relatively small size.

42. Any future relationship with the EU should maintain the link with the current veterinary medicine approval systems.

43. When shaping a new agricultural policy, the UK and Welsh Governments should give regard to the BVA principles for the future of agriculture policy post Brexit.

Wales' future relationship with the European Union

EAAL(5) FRL28

Evidence from Mudiad Meithrin

Mudiad Meithrin is the main provider of Welsh medium care and education in the voluntary sector through a national network of cylchoedd meithrin, Ti a Fi cycles, wrapcare and Welsh medium day nurseries.

Mudiad Meithrin was established in 1971. Our main goal is to give every young child in Wales the opportunity to access early years services and experiences through the medium of Welsh. We also believe that it is important to ensure that every child has the opportunity to benefit from experiences and early years activities in their local community.

When Mudiad started in 1971 it had around 50 cylchoedd. Nowadays, it has grown tremendously and there are about 1000 Cylchoedd Meithrin, Cylchoedd Ti a Fi, 'Cymraeg for Kids' groups and nurseries under the Mudiad Meithrin banner. These provide early years experiences to around 22,000 children per week. In addition, the Mudiad works very closely with parents to provide help and advice to enable them to develop and support the work of the cylchoedd within the home.

As a result, we work with children and families from a variety of socio-economic backgrounds. We are working in partnership with the Flying Start programme to provide opportunities in the most deprived areas. We also work with the local education authorities to offer part-time education places for 3 year olds in their local community.

In addition, our Cam wrth Gam subsidiary company provides Welsh-medium training for early years qualifications through our national training plan. This is done by working with secondary schools to provide courses for school pupils, and through national training schemes. Training based on work-based learning is provided by a network of tutors, assessors and internal verifiers across Wales. Er mwyn cyflawni hyn, mae Mudiad Meithrin yn elusen gofrestredig sy'n cyflogi dros 200 o bobl, yn staff cenedlaethol a sirol ac mewn meithrinfeydd dydd, gyda 2000 o staff ychwanegol yn gweithio yn y cylchoedd ei hunain.

The cylchoedd are supported by a national network of professional staff advising them on a range of issues, for example promoting good practice, staff training and liaison with Local Authorities. In addition, the Mudiad works very closely with parents to provide help and advice to enable them to develop and support the work of the cylchoedd in the home.

As a voluntary organisation Mudiad Meithrin faces and deals with many of the issues already identified by other third sector organisations in response to this call for evidence. These have been voiced by others throughout the consultation process undertaken by the External Affairs and Additional Legislation Committee to date.

Recognising this, many of our messages will be familiar to the committee and will complement and support the concerns and considerations previously identified in past reports.

National Assembly for Wales

External Affairs and Additional Legislation Committee

As an organisation Mudiad Meithrin has benefited significantly in the past of financial investment which was instrumental to the development of Mudiad Meithrin and contributes to the strength of the Mudiad today. Over the past twenty five years Mudiad Meithrin received capital funding towards the cost of opening up 2 integrated children's centers. Hundreds of students have been trained and achieved childcare vocational courses supported by European grants. We have also built bridges with colleagues across Europe that work in the field of promoting the use of minority languages in the early years.

Ensure that the issues that are most important to Wales are adequately represented in the discussions

From the point of view of your investigation, we share anxiety with of the Committee found in the External Affairs and Additional Legislation (EAAL) Committee's report in June 2017 'The Great Repeal Bill White Paper: Implications for Wales for the White Paper'

We agree that the lack of consultation on behalf of the UK government with Wales is unacceptable. We welcome the strong views of the Welsh Government and the Scottish Government on this issue and their efforts to enforce full consideration for delegated powers to make Welsh subordinate legislation following the Big Repeal Bill. There is a detailed analysis and suggestions in the AEEL Committee report 'UK governance post-Brexit'. Implementing these recommendations would provide a robust infrastructure for the relationships between UK governments after leaving the EU.

Our aim in Mudiad Meithrin is to try to ensure that every child in Wales has the opportunity to learn Welsh in the early years. So for us, it is important that the language is given worthy attention and is represented as one of the most important issues for Wales during the negotiations about leaving the EU. The Welsh Language Commissioner has voiced concerns that leaving the European Union:

- *undermine the provision of programmes and projects in Wales that are fundamental to creating skilled bilingual workforce and supporting the use of Welsh in the community and in business; and*
- *impact on economic sectors that are important to Welsh speakers and to a large extent sustain Welsh speaking communities*

We are in agreement with the Welsh Language Commissioner:

'In that regard, I would argue that the extent of the economic impact of Brexit on the Welsh language should be recognised in connection with other sectors of the economy, such as creative industries and post-16 education, as well as specific programmes and projects that have potential to combine economic and linguistic benefits. Following on from that, it is essential that

the Government, as a matter of urgency, makes plans to mitigate the detrimental effects on the Welsh language and those who use it.

Identifying opportunities to continue to engage with the European Union and its institutions after leaving the Union.

Taking into account the report of the EAALCommittee 'How is the Welsh Government preparing for Brexit? Mudiad Meithrin would like to offer the following comments:

We strongly agree with Recommendation 4 that the Welsh Government should give clear and accessible leadership to businesses, public organisations and the third sector on what the implications of different EU exit scenarios, including what a "no deal" situation could mean for the institutions. Organisations and public bodies will need time to plan and assess the risks to their work and services. We also agree with the committee's view that public services and third sector organisations do not have the information we need to **prepare adequately for leaving the EU.**

Identifying opportunities to continue to engage with the European Union and its institutions after leaving the Union.

We also wish to support comments made by the Wales Council for Voluntary Action noted in part in the report 'How is the Welsh Government preparing for Brexit' about children's rights and human rights. As an organisation who believe in, and implements children's rights, it is worrying to see the rise in xenophobic attitudes that have led to the decline in attitudes that respect equality and understanding among people from different backgrounds. We welcome the fact that this is the subject of investigations by the Senedd's Equality, Local Government and Communities Committee.

We also agree with the Committee that on leaving the EU there should be no weakening on employment protections and equality legislation. This is extremely important for Mudiad Meithrin as an organisation where 90% of our employees are female.

We have already referred to the sharing of ideas and experiences that have occurred historically between us in Wales and our sister countries across Europe. As a result of the European Union, there was a flourishing of networks and transnational projects which gave the opportunity to share good practice and innovation. It would be good to see continued investment to share good practice and build relationships with organisations and bodies across Europe in future for the purpose of learning from each other. The list of projects that facilitated this is too long to be named here. As a country that promotes minority language growth it is crucial we continue to learn and share the expertise of other countries across Europe that seek to restore and promote other minority languages.

Mudiad Meithrin yw'r prif ddarparwr gofal ac addysg i'r blynyddoedd cynnar trwy gyfrwng Cymraeg yn y trydydd sector, drwy rwydwaith genedlaethol o gylchoedd meithrin, cylchoedd Ti a Fi, gofal cofleidiol a meithrinfeydd dydd cyfrwng Cymraeg.

Sefydlwyd Mudiad Meithrin ym 1971. Ein prif nod yw rhoi cyfle i bob plentyn ifanc yng Nghymru fanteisio ar wasanaethau a phrofiadau blynyddoedd cynnar trwy gyfrwng y Gymraeg. Credwn hefyd ei bod yn bwysig sicrhau cyfle i bob plentyn elwa o brofiadau a gweithgareddau blynyddoedd cynnar yn ei gymuned leol.

Pan gychwynnodd Mudiad ym 1971 roedd ganddo oddeutu 50 cylch. Erbyn hyn, wedi tyfu'n aruthrol, mae tua 1000 o Gylchoedd Meithrin, Cylchoedd Ti a Fi, grwpiau 'Cymraeg i Blant' a meithrinfeydd dan faner Mudiad Meithrin. Mae'r rhain yn darparu profiadau blynyddoedd cynnar i oddeutu 22,000 o blant bob wythnos. Yn ogystal, mae'r Mudiad yn gweithio yn agos iawn gyda rhieni er mwyn darparu cymorth a chynghor i'w galluogi i ddatblygu a chefnogi gwaith y cylchoedd yn y cartref.

O ganlyniad, rydym yn gweithio gyda phlant a theuluoedd o amryw o gefndiroedd cymdeithasol-economaidd. Rydym yn cydweithio gyda'r asiantaeth *Dechrau'n Deg* i ddarparu cyfleoedd yn yr ardaloedd mwyaf difreintiedig, a gyda'r awdurdodau addysg leol i gynnig llefydd addysg rhan amser i blant 3 oed yn eu cymuned leol.

Yn ogystal, mae'r is-gwmni Cam wrth Gam, yn darparu hyfforddiant cyfrwng Cymraeg i ennill cymwysterau blynyddoedd cynnar trwy'n cynllun hyfforddiant cenedlaethol. Gwneir hyn trwy gyd-weithio ag ysgolion uwchradd i ddarparu cyrsiau i ddisgyblion ysgol, a thrwy'r cynlluniau hyfforddi cenedlaethol. Darperir cyrsiau hyfforddi yn seiliedig ar ddysgu yn y gweithle gan rwydwaith o diwtoriaid, aseswyr a dilyswyr mewnol ledled Cymru.

Er mwyn cyflawni hyn, mae Mudiad Meithrin yn elusen gofrestredig sy'n cyflogi dros 200 o bobl, yn staff cenedlaethol a sirol ac mewn meithrinfeydd dydd, gyda 2000 o staff ychwanegol yn gweithio yn y cylchoedd ei hunain.

Cefnogir y cylchoedd gan rwydwaith cenedlaethol o staff proffesiynol sy'n eu cynghori ar amrediad o faterion er enghraifft hybu ymarfer da, hyfforddiant staff a chyswllt ag awdurdodau Lleol. Yn ogystal, mae'r Mudiad yn gweithio yn agos iawn gyda rhieni er mwyn darparu cymorth a chynghor i'w galluogi i ddatblygu a chefnogi gwaith y cylchoedd yn y cartref.

Fel mudiad gwirfoddol mae Mudiad Meithrin yn wynebu ac yn delio gyda nifer o'r materion sydd eisoes wedi eu nodi gan fudiadau eraill y trydydd sector. Lleisiwyd y rhain gan eraill trwy gydol y broses ymgynghorol y mae'r Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol wedi ymgymryd ag ef hyd yma.

Gan gydnabod hyn mi fydd y negeseuon hyn yn gyfarwydd i'r pwyllgor ac yn ategu a chefnogi nifer o'r pryderon ac ystyriaethau a nodwyd mewn adroddiadau amrywiol eisoes.

Rydym wedi elwa yn sylweddol yn y gorffennol o fuddsoddiad ariannol a fu yn rhan ganolog o ddatblygu Mudiad Meithrin i'r hyn yr ydyw heddiw. Dros y bum mlynedd ar hugain ddiwethaf derbyniodd Mudiad Meithrin arian cyfalaf i gyfrannu at y gost o agor 2 ganolfan plant integredig. Rydym wedi hyfforddi cannoedd o fyfyrwyr i gyflawni cyrsiau galwedigaethol gofal plant gyda chymorth grantiau Ewropeaidd. Rydym hefyd wedi adeiladu pontydd gyda chydweithwyr ar draws Ewrop sydd yn gweithio yn y maes o hybu defnydd ieithoedd lleiafrifol yn y maes blynyddoedd cynnar.

Sicrhau bod y materion sydd bwysicaf i Gymru yn cael eu cynrychioli'n ddigonol yn y trafodaethau

O safbwynt man cychwyn eich ymchwiliad rhannwn bryder ynglŷn â chasgliadau adroddiad y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol (MSDY) yn Mis Mehefin 2017 am y Papur Gwyn: Bil Diddymu Mawr: Golygiadau i Gymru. Cytunwn fod y diffyg ymgynghoriad sydd wedi bod ar ran llywodraeth y DU gyda Chymru yn annerbyniol. Croeswn safbwyntiau cryf Llywodraeth Cymru a Llywodraeth yr Alban ar y mater hwn a'u hymdrechion i orfodi ystyriaeth lawn i ddirprwyo pwerau i wneud is-ddeddfwriaeth Gymreig yn sgil y Bil Diddymu Mawr. Ceir dadansoddiad ac awgrymiadau manwl yn adroddiad Y Pwyllgor Materion Cyfansoddiadol a Deddfwriaethol Llywodraethant yn y DU ar ôl gadael yr Undeb Ewropeaidd¹. Byddai gweithredu'r argymhellion hyn yn rhoi seilwaith cadarn i berthynas Llywodraethau'r DU wrth ymgymryd â threfniadaeth gadael yr Undeb Ewropeaidd.

Ein nod fel Mudiad yw ceisio sicrhau fod pob plentyn yng Nghymru yn cael cyfle i ddysgu'r Gymraeg yn y blynyddoedd cynnar. Felly i ni, mae'n bwysig fod yr iaith yn cael sylw teilwng ac yn cael ei gynrychioli fel un o'r materion pwysicaf i Gymru yn ystod trafodaethau gadael yr UE. Mae Comisiynydd y Gymraeg wedi lleisio gofidion y gallai gadael yr Undeb Ewropeaidd:

- *danseilio darpariaeth rhaglenni a phrosiectau yng Nghymru sy'n allweddol er mwyn creu gweithlu medrus dwyieithog a chefnogi'r defnydd o'r Gymraeg yn y gymuned a'r byd busnes;*
- *ac effeithio ar sectorau economi sy'n bwysig i siaradwyr y Gymraeg ac sy'n cynnal cymunedau Cymraeg eu hiaith i raddau helaeth²*

¹ <http://www.assembly.wales/laid%20documents/cr-ld11405/cr-ld11405-w.pdf>

²

<http://www.comisiynyddygydraeg.cymru/Cymraeg/Rhestr%20Cyhoeddiadau/20171102%20DG%20C%20Ymchwiliad%20Brexit.pdf>

Cytunwn gyda dadansoddiad Comisiynydd y Gymraeg

'wrth i'r broses o ymadael â'r UE fynd ei bod yn hanfodol fod ei effaith ar y Gymraeg yn derbyn sylw priodol ym mhob agwedd o waith y Llywodraeth. Yn hynny o beth, dylid adnabod hyd a lled effaith economaidd Brexit ar y Gymraeg mewn cysylltiad â sectorau economi eraill, megis sector diwydiannau creadigol ac addysg ôl - 16, yn ogystal â rhaglenni a phrosiectau penodol sydd â photensial i blethu buddion economaidd ac ieithyddol. Yn dilyn hynny, mae'n hanfodol bod y Llywodraeth yn cynllunio ar frys er mwyn lliniaru'r effeithiau niweidiol ar y Gymraeg a'i defnyddwyr³.

Nodi cyfleoedd i barhau i ymgysylltu â'r Undeb Ewropeaidd a'i sefydliadau ar ôl gadael yr Undeb.

Gan ystyried cynnwys adroddiad y Pwyllgor MADY 'Sut y mae Llywodraeth Cymru yn paratoi ar gyfer Brexit' hoffai Mudiad Meithrin gynnig y sylwadau canlynol:

Cytunwn yn gryf gydag Argymhelliad 4 y dylai Llywodraeth Cymru roi arweiniad clir a hygyrch i fusnesau, sefydliadau cyhoeddus a'r trydydd sector ar yr hyn y gallai goblygiadau gwahanol sefyllfaoedd gadael yr UE, gan gynnwys sefyllfa "dim bargaen" ei olygu i'r sefydliadau hyn. Bydd angen amser ar fudiadau a chyrrff i gynllunio ag asesu risgiau i'w gwaith a'u gwasanaethau. Cytunwn gyda barn y pwyllgor hefyd nad oes gan wasanaethau cyhoeddus a mudiadau'r trydydd sector wybodaeth sydd ei angen arnom i baratoi'n ddigonol ar gyfer gadael yr UE.

Rydym hefyd am gefnogi sylwadau a wnaed gan Gyngor Gweithredu Gwirfoddol Cymru⁴ ac a nodwyd yn rannol yn yr adroddiad 'Sut mae Llywodraeth Cymru yn paratoi ar gyfer Brexit' ynglŷn a sefyllfa hawliau plant a hawliau dynol. Fel mudiad sydd yn credu ac yn gweithredu hawliau plant mae'n ofid i nodi'r cynnydd a fu mewn agweddau zenoffobaidd sydd wedi arwain at ddirywiad cymdeithasol mewn agweddau sy'n parchu cydraddoldeb a dealltwriaeth ymysg pobloedd o wahanol gefndiroedd. Croesawn y ffaith fod hyn yn destun archwiliadau gan Bwyllgor Cydraddoldeb, Llywodraeth Leol a Chymunedau y Senedd.

Cytunwn gyda'r Pwyllgor hefyd wrth adael yr UE ni ddylai fod dim gwanhau ar ddeddfwriaeth cydraddoldeb a gwarchodaeth ym maes cyflogaeth. Mae hyn yn hynod o bwysig i Mudiad Meithrin fel mudiad ble mae 90% o'n cyflogai yn fenywaidd.

Rydym eisoes wedi cyfeirio at y traws rannu syniadau a phrofiadau sydd wedi digwydd yn hanesyddol rhyngddom ni yng Nghymru a'n chwaer wledydd ar draws Ewrop. O ganlyniad i'r Undeb Ewropeaidd fe ffynnodd rhwydweithiau a phrosiectau trawsgwladol a roddodd gyfle i rannu arfer dda a blaengaredd. Braff

³ Ibid

⁴ https://www.wcva.org.uk/media/5336460/eng_final_tspc_notes_13.02.17.docx

iawn fyddai gweld buddsoddiad yn parhau yn y dyfodol i rannu arfer dda a magu perthynas gyda mudiadau a chyrff ar draws Ewrop er mwyn dysgu wrth ein gilydd. Mae'r rhestr o brosiectau a hwylusodd hyn yn rhy faith i'w henwi yma. Fel gwlad sydd yn hybu tŵf iaith lleiafrifol mae'n holl bwysig in bod yn parhau i ddysgu a rhannu arbenigedd gwledydd eraill ar draws Ewrop sydd yn ceisio adfer a hybu ieithoedd lleiafrifol eraill.

Introduction

1. Aviation is one of the most important sectors in the EU - it is the vital infrastructure that enables the flows of people and commerce between the UK and the EU. Without this building block, any EU-UK agreement on trade, services and people would be severely hampered.
2. Following the EU referendum, there has been considerable uncertainty over the future of aviation in the UK. Negotiating a new aviation relationship between the UK and the EU will be difficult and complex. It involves much more than traffic rights and airline ownership rules; any negotiations will also impact on the UK's air links with countries and airlines outside of the EU.
3. It is critically important, therefore, for the UK Govt to act swiftly to limit the period of uncertainty and provide reassurance to the industry. Reduced consumer confidence and its potential to impact demand for travel is a concern for airports heavily reliant on leisure traffic (87% of Cardiff Airport's traffic)
4. There are several key areas for re-negotiation:
 - a. a series of EU 'liberalisation packages' have created an 'open-skies' market within which member-state airlines can fly between any 2 points within the Union with no controls on fares or capacity.
 - b. in parallel, there are more than 250 EU regulations and directives, which take effect in UK laws. Some are very aviation specific, others are more general, but have a direct impact on aviation.
 - c. the UK benefits from a series of air transport agreements signed by the EU with other countries, external to the EU, the most significant of which is the EU-US open-skies agreement. Outside the EU, the UK will no longer be party to these agreements.
 - d. the UK is directly involved in several European aviation initiatives such as the European Aviation Safety Agency (EASA) (Cardiff Airport currently operates under the terms of an EASA Aerodrome Certificate), Single European Skies (air traffic control system) and the European Investment Bank, which amongst other things, funds airport development.
 - e. Industry has been vocal in expressing the importance of the EU Single Aviation Market and the EU multilateral air services agreements to the industry, with the over-riding agreement that retaining participation in both is crucial for the sector.

The importance of aviation

5. Aviation is crucial to the UK economy: not only is it an enabler of trade, both in terms of goods (40% of exports by value travel by aviation) and services (people who provide services need ease of travel to meet clients), but also in terms of the investment and employment opportunities resulting from the infrastructure necessary to support the industry.

6. This infrastructure and employment contribution ranges from aerospace manufacturing to the services in and around airports. Taken together, the UK aviation sector is worth £52 billion in overall GDP, £8.7 billion in taxation to the Treasury and provides 960,000 jobs, according to an Oxford Economics report published in 2014. If the catalytic effects aviation brings through tourism are included, this rises to £71 billion or 4.7% of overall GDP and 1.4 million jobs (4.9% of total UK economic employment).

7. The Aerospace industry in Wales has a turnover of £5 billion, Wales is a centre of excellence for aerospace manufacturing and MRO related activities, with over 160 companies employing in excess of 23,000 people. Six of the world's top ten aerospace and defence companies operate in Wales and over 20% of the UK's MRO is carried out within 20 miles of Cardiff Airport. As examples, British Airways maintain their Boeing long haul fleet at Cardiff Airport and Airbus builds the wings for its jets in Broughton, North Wales, and exports them to factories around the world. Airbus in particular, could face growing political pressure to bring jobs back to France, Germany and Spain as a result of the decision to leave the single market.

8. Looking specifically at Cardiff Airport, the overall GVA impact to the local economy is £102 million, there are 1750 aviation related jobs at the Airport and 2600 indirect and induced jobs. One in 4 passengers using the Airport are visitors to Wales, contributing an estimated £50 million annually to the Welsh economy.

9. To get to this point, the UK's and therefore, Wales' aviation sector has benefited from being a full member of the EU's Single Aviation Market. This allows all EU airlines to operate air services on any route within the EU, including within a particular country. The UK is also part of the EU's aviation agreements with other countries, such as the EU-US Open Skies Agreement.

The challenge ahead

10. The challenge ahead is three-fold.

a. First there is an information deficit in Government, Parliament and in the public debate over the way aviation is regulated. There is little awareness that aviation is legally distinct from the Single Market and requires a separate agreement in the future.

- b. The second element of the challenge is that the UK's intended position is unclear. The UK may seek to negotiate a completely new type of arrangement with the EU on aviation or it could adopt one of the existing models already used by non-EU countries.
- c. Thirdly and lastly, most of the options for a future UK-EU aviation agreement would involve the UK accepting EU regulations and directives, but having no say over their creation, unless a new consultative model could be achieved.
11. On the first challenge, the EU-US Open Skies Agreement exists without there being a trade deal between the two parties to the Agreement, suggesting that continued access to EU airports (distinct from Single Aviation Market participation) could be achieved.
12. On the second challenge, full participation in the Single Aviation Market (including cabotage rights) has to date only ever been achieved in the context of an acceptance of the Single Market principles of the free movement of labour, goods, capital and services, whether through European Economic Area membership or a separate trade agreement. Even then, those non-EU countries in the Single Aviation Market have not always gained access to the EU's multilateral air services agreements. It is also unclear what would happen in the event that the EU and the UK were unable to reach agreement.
13. A third and simpler option would be for the UK to apply to join the European Common Aviation Area, as several non-EU and even non-European countries have done. Countries such as Serbia, Morocco and Jordan have progressively gained more access and rights to EU markets, as they have accepted and enforced more of the EU's aviation regulation. But, by going down this route, the UK, having previously been a very powerful player, would have no say in future regulations and would have little influence in future European aviation policies.

The view from the other side

14. The remaining EU countries (EU27) have a say in any new aviation agreement between the UK and the EU. Despite some knee-jerk reactions on the EU side, the UK's continued participation in European aviation has enormous mutual benefits, too great for other EU countries to forego. The UK aviation market is crucial for the commercial viability of many EU27 airports and there will be a desire on their part to maintain this.

Key messages

15. Based on the above, the key messages are as follows:
16. Aviation should be prioritised as part of the Article 50 negotiations or, if that is not possible, to agree a deal outside of those negotiations ("sooner or separate"). The justification for this is as follows:

- a. Aviation is a crucial sector for the UK economy in its own right, accounting for close to 3.5% of UK GDP and employment
- b. Aviation is vital as an enabler of economic growth, both in terms of transporting UK exports as well as bringing in tourism and facilitating business dialogue between the UK and other countries
- c. The UK was one of the drivers of deregulation in the aviation sector and the resulting Single Aviation Market and the EU's multilateral air services agreements have allowed UK aviation to flourish, including through the rise of low-cost carriers.

Policy Asks

17. Policy asks:

- a. there should be a seamless transition between the current EU-led institutional structures regulating aviation and any new post-BREXIT alternatives that are put in place. This is likely to involve transitional arrangements whilst negotiations progress.
- b. continued participation for UK aviation in the single aviation market, current EU multi-lateral aviation agreements and potentially future EU multi-lateral air service agreements.
- c. continued participation in common safety and security regulations, in such a way that enables the UK to continue to exercise voting rights within EASA
- d. the UK should continue to work at a national and EU-level to streamline regulation in order to reduce the burden on business as far as possible. This is particularly relevant to Cardiff Airport and the other smaller regional airports that operate with less than 3million pax/year
- e. the UK Govt should clarify as soon as possible its position regarding non-UK EEA nationals currently living and working in the UK
- f. the UK Govt should keep the current UK/EEA/Swiss passport channel at UK airports, as well as maintaining current regulations on what people can carry when travelling from and to the EU (goods, cash etc)
- g. the Govt should review APO, particularly its position regarding the devolution of the tax to Wales
- h. the Govt should allow for the return of duty-free for travellers to EU27 nations following the formal exit of the UK from the EU.
- i. The Govt should consider what more it can do to support regional connectivity after the UK leaves the EU

18. Potential Opportunities following the UK leaving the EU - "BREXIT-boosters":

a. Added impetus for the devolution of APO to Wales

i. Abolishment of the long-haul element of APO would have a significant economic impact for Wales - encouraging exports and stimulating trade with wider markets outside of the EU

ii. Abolishment of the short-haul element of the tax would serve as a major attraction for airlines and would significantly boost passenger numbers.

iii. Or, there could be an opportunity to revisit the levying of APO on both domestic outbound and return flights, enabling a return to only levying APO on one leg.

19. If the UK is no longer subject to EU state aid rules, there would be scope for additional support for regional connectivity from Cardiff Airport and ability to invest in the future development of the national airport for Wales.

20. It could enable the return of duty free shopping for travellers to EU27 destinations, if the UK leaves the Customs Union.

Annex to evidence from Cardiff Airport

BREXIT AND THE FREEDOMS OF THE AIR

BACKGROUND

The proposed Negotiating Directives (NDs) adopted by the European Commission (EC) on 3rd May 2017, detailed the way in which the European Council (EU Member States) will formally authorize the EC to open Brexit negotiations. The ND is fully consistent with the Negotiating Guidelines (NGs) approved by the European Council on 29 April 2017. Taken together, the NGs and NDs frame the objectives and the remits of the EC in conducting these negotiations. The NDs were formally adopted by the European Council on 22 May 2017 - allowing negotiations to start.

The NDs confirm that the UK will not be able to cherry pick some parts of the Single Market: "preserving the integrity of the Single Market excludes participation based on a sector-by-sector approach". This excludes a separate deal for aviation.

On this basis, it is reasonable to expect that the UK could be granted market access to the EU aviation market under terms similar to the ones granted to other "third countries" (ie. US, Canada, Brazil, Morocco, etc). This means that 3rd & 4th freedom should be fully liberalized, that restrictions could be applied to 5th

freedoms - but that other freedoms (7th , 8th & 9th) would probably not be granted as these are akin to Single Market participation.

"Nothing will be agreed until everything is agreed'. With the clock ticking to 29 March 2019, this means that the EU will hold the cards until the very end. It also means that businesses will continue to face uncertainty for some time.

The UK's White Paper, which sets out the 12 principles of BREXIT negotiation, does little to clarify the mechanism by which existing airline market access can be maintained. It says,

"As we exit the EU, there will be a clear interest for all sides to seek arrangements that continue to support affordable and accessible air transport for all European citizens, as well as maintaining and developing connectivity".

This does not rule out - or rule in - any option, but it certainly does not map out a clear path to UK membership of the European Common Aviation Area (ECAA). It seems more likely that future traffic rights between the UK and Europe will be governed by a bilateral agreement between the two sides.

Typically, free trade agreements do not cover aviation. Instead, air services tend to operate under rights agreed through bilateral air services agreements between nations. The EU's internal aviation market supersedes the old bilateral air services agreements between member states and allows any EU airline to operate freely within the bloc. In the case of aviation, the bloc includes nine non-EU countries that are part of the ECAA and Switzerland, which effectively has access to the single aviation market through a bilateral agreement.

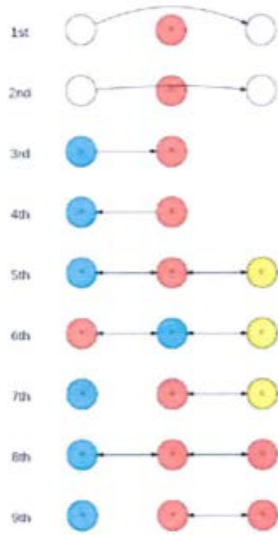
The UK government's White Paper did not mention the ECAA, continued membership of which would be the simplest way for UK airlines to preserve their current access to the single aviation market. However, its broader approach, involving leaving the cross sectoral EU Single Market, suggests that it will favour a fresh start.

A UK-EU bilateral that gives liberal rights to airlines of both sides to operate on any route between the UK and the EU (mirroring the US-EU bilateral) should be straightforward to achieve. However, it will be more challenging to reach an agreement that reproduces UK airlines' existing rights to operate within the ECAA, and EU airlines' existing rights to operate in the UK domestic market.

FREEDOMS OF THE AIR

Freedom	Description	Example
1st	The right to fly over a foreign country without landing. ^[4]	A flight from Canada to Cuba, flown by a Canadian airline, flying over the United States.
2nd	The right to refuel or carry out maintenance in a foreign country without embarking or disembarking passengers or cargo. ^[4]	A flight from the United Kingdom to Australia, flown by a British airline, with a fuel stop in Singapore.
3rd	The right to fly from one's own country to another. ^[4]	A flight from the United States to Mexico, flown by a US airline.
4th	The right to fly from another country to one's own. ^[4]	A flight from Mexico to the United States, flown by a US airline.
5th	The right to fly between two foreign countries on a flight originating or ending in one's own country. ^[4]	A flight from the United States to Hong Kong, flown by a Hong Kong airline, with a full stop in Vancouver. Passengers and cargo may board or disembark the flight in Vancouver, with no intention to continue the flight to Hong Kong.
6th	The right to fly from a foreign country to another while stopping in one's own country for non-technical reasons. ^[4]	A flight flown from Germany to Mumbai, flown by an airline based in Dubai, with a full stop in Dubai.
7th	The right to fly between two foreign countries while not offering flights to one's own country. ^[4]	A flight flown between Japan and Taiwan, flown by an Australian airline.
8th	The right to fly inside a foreign country, continuing to one's own country. ^[4]	A flight flown between Fukuoka, Japan, and San Francisco, USA, with a full stop in Tokyo, Japan. Passengers and cargo may board or disembark the flight in Tokyo, with no intention to continue the flight to San Francisco.
9th	The right to fly inside a foreign country without continuing to one's own country. ^[4]	A flight flown between Moscow, Russia, and St. Petersburg, Russia, flown by a German airline.

Diagram of the nine freedoms, with blue circles indicating the operating airline's domestic market and red or yellow circles indicating foreign markets



Executive Summary

- Leaving the EU represents an opportunity to continue to raise animal welfare standards in the UK, but there are also threats and challenges arising from this decision
- This briefing details the impact that 5 different Brexit scenarios can have on specific areas related to animal welfare; it summarises the threats and opportunities brought by each model
- The UK will lose full access to TRACES under all options except remaining an EU Member State. Losing access could lead to increased checks on animals at borders
- The UK will lose access to institutions such as the European Centre for the Validation of Alternative Methods (ECVAM) and the European Chemicals Agency (ECHA) under all options except maintaining access to the Single Market and contributing to the EU budget. Losing access could increase the risk of duplication in animal safety testing, and slow down progress with the developments and acceptance of humane alternatives.
- In all Brexit scenarios, the UK will have the ability to change its farm support system to better prioritise farm welfare
- If the UK concluded a Customs Union with the EU, it would limit its ability to conclude comprehensive FTAs with other partners due to the existence of shared external tariffs, but it would also allow the elimination of checks on origin at the EU-UK border, reducing waiting times. Checks on animals could even be fully eliminated if regulatory equivalence on animal health occurs on top of the CU
- Reverting to WTO rules would mean the UK would have to seek new markets for imported farm products, leading to a race to the bottom on welfare standards
- If the UK reduced its agricultural tariffs (outside the framework of specific FTAs), it would have to trade with every country under such low tariffs, also leading to undercutting UK welfare standards with lower standard products
- The UK will be able to better defend and promote animal welfare through its trade policy, however it might face difficulties as it will have a smaller market to bargain with
- The UK may not be able to ban live exports or imports of puppies and kittens over 15 weeks if it remains in a Customs Union with the EU
- In all scenarios (except the EEA and EU ones), the UK will be able to increase the number of checks on animal imports and exports at our ports and elsewhere; this

would need additional resources but would increase biosecurity and aid enforcement on non-compliant movements of animals.

Introduction

The UK started its Brexit negotiations with the EU on 19 June 2017 and has until 29 March 2019, or rather the end of 2018 if you take into consideration the required ratification procedures on both sides, to conclude those negotiations, agree a transitional arrangement or leave without any agreement. The Joint Report on “Progress during Phase 1 of the negotiations” agreed in December 2017¹ seems to favour a Deep and Comprehensive Free Trade Agreement (DCFTA) approach with the EU, underlining the importance to protect North-South cooperation on the island of Ireland by preventing any hard border. If not possible, the UK would have to “maintain full alignment with those rules of the Internal Market and the Customs Unions”.

On 29 January 2018, the EU adopted its guidelines for the negotiation² of the transitional agreement with the UK. There appears to be disagreement on the length of the transition period (December 2020 for the EU and March 2021 for the UK) and on whether the UK will have any say in the EU legislative process during that period. The Transitional Agreement must be agreed before Brexit date (March 2019) as a ratification process is needed. The EU believes negotiations must be over by October 2018 while the UK believes it should be December 2018. The UK also wants to be able in the transitional period to opt out of new EU rules that it objects to, a demand the EU has so far refused. Several disagreements must thus be resolved before any agreement on the transition period can be signed.

While the UK had said previously that its goal was a DCFTA model, it is now using the wording “Customs Partnership” or arrangement.⁶ This “partnership”, as expressed by Prime Minister May on 5 February 2018, will not entail any involvement with a customs union with the EU.

This paper does not intend to take any position on the different options available to the UK to leave the EU. Our objective is to see a scenario where animal welfare standards are retained and improved and where funding to animal welfare, particularly farm support payments, delivers good animal welfare outcomes. The arrangement the UK currently has inside the EU is a high level of animal welfare standards protected by external tariffs. This should be retained in any future trade arrangement the UK will have with the EU and with other trade partners, to prevent the race to the bottom that could arise from a surge in imports of products produced to lower animal welfare standards. The opportunities and results we wish to see, as well as the main threats, can be summarised in five areas:

- Legislation and domestic standards: around 70% of the animal welfare rules currently applied in the UK originate from Brussels; these are being nationalised through the EU (Withdrawal) Bill but we wish to see them then improved;
- Domestic support of agricultural production: the UK currently pays £3.1 billion in farm payments annually; we want a new farm support system which prioritises animal welfare payments and scraps the old payments based on size of the farm;
- Trade in live animals and products: we want to see movement of animal-based products and live animals which help to guarantee good welfare (e.g. no long hold ups at the border, no unnecessary increase of the journey time) and ensures through veterinary equivalence and tariff levels that there is no race to the bottom on welfare standards;
- Dispute Settlement Mechanisms: as we move away from the ECJ system we want to see a legal resolution framework that is transparent and open to all;
- Trade agreements: we want to see the UK keep and raise its welfare standards, as well as promote better standards in other partners' territories, through its newly independent trade policy (it will have to grandfather the 65 or so free trade agreements concluded as part of the EU, and then to negotiate new ones with other countries)

This briefing uses five different models of exiting the EU that have been suggested in the current debate. The objective is to examine the impact that each scenario would have on animal welfare standards in the UK. First, there are two issues for which each scenario of leaving the EU will give the same result: the ability to implement a new farm support system and the denied access to the full TRACES system.

Domestic Support & the Common Agricultural Policy (CAP)

The EU's Common Agricultural Policy (CAP) only applies to Member States. In every scenario, the UK will be able to design its own farm support system.

- The UK could design a more animal welfare oriented system. It could decide what level of payments it will give to farmers and utilise the newly built scheme to further incentivise animal welfare through direct payments, place a cap on subsidies, and direct those subsidies towards programmes the UK's devolved nations want to prioritise.

TRACES (TRAdE and Control Expert System): Tracking live animal movements

The TRACES system is used by Member States to track live animals moved commercially into or within the EU. While non EU countries may introduce and

consult documentation through the system, only EU member states can use TRACES tracking functions. The system only applies to EU member states' territories, and cannot be extended to a third partner. TRACES helps to ensure the respect of EU regulations notably related to food safety and animal health.

In any of the five scenarios outside the EU, the UK will have to create its own tracking system as UK exporters will be able to use TRACES to submit information, but the UK authorities will not be able to use it to track shipments. TRACES underpins the Tripartite Agreement which regulates trade between Ireland, UK and France in horses. The Agreement will have to be renegotiated.

- Renegotiating the Tripartite Agreement could impact on the trade in high value and low value horses across the three countries. It could also contribute to reducing potential delays at the borders and thus minimise journey times, particularly for 'high health' equines.

On other issues, the impact on welfare will depend of the model that is adopted by the EU and the UK. These are now examined for each of the five scenarios.

The “European Economic Area” model (the Norwegian model)

What does this mean?

The agreement setting up the European Economic Area (EEA) has been signed by the EU and the European Free Trade Association (EFTA). The European Economic Area is composed of the EU and three of the four EFTA countries (Lichtenstein, Iceland and Norway, but not Switzerland as it did not ratify the Treaty on the EEA).

This model covers a scenario in which the UK would either join the EEA agreement or establish bilaterally a similar arrangement with the EU. To join the EEA, the UK would need to join EFTA and its accession would have to be approved by all other EFTA members; hence it is not automatically feasible.

How would it affect animal welfare?

Border measures – EEA countries have considerable, but not unlimited, access to the European single market in industrial goods. However, tariff barriers are still applied to agricultural and fisheries products. The EEA is a very deep FTA, not a customs union. This means that goods from EEA countries need to prove they respect the “Rules of Origin” (RoO) contained in the EEA agreement. If the UK was to set a similar agreement bilaterally, it could cover agriculture as well.

- Being part, to a certain extent, of the Single Market, the UK would not be able to introduce specific border measures that diverge from EU standards (e.g. ban live exports of animals or ban imports of puppies under six months).
- Customs procedures would be necessary as the UK would not be part of a customs union with the EU. Border procedures such as those related to the “Rules of Origin” (the requirement to prove the origin of a product), will be reintroduced.
- As the UK would participate in certain aspects of the Single Market, there would have to be regulatory equivalence in those fields. Therefore it would be possible to agree a veterinary agreement and to get veterinary health and animal control barriers to be lowered, or even removed.
- The Norway/Sweden border represents a fair example of this model: border procedures still exist, but they are reduced compared to other models.

Regulations – The vast majority of EU animal welfare laws apply within the EEA, therefore meaning that were the UK to join EFTA and then the EEA agreement, it would have to continue observing EU standards, just as now. In policy area where there is regulatory alignment with the EU, the relevant rulings of the ECJ will have to be followed, or another dispute settlement mechanism, similar to EFTA courts, will have to be set up.

- The UK would continue to observe EU animal welfare standards but, as a non-member, it would have little influence over creating new standards or setting higher standards.

Regulatory Agencies – EEA states continue to make budgetary contributions to the EU and are thus members of bodies such as the European Chemicals Agency (ECHA) and European Centre for the Validation for Alternative Methods (ECVAM).

- ECHA’s responsibilities are to grant “market authorisation” for chemicals, and to monitor the use of new testing methods. This body underpins the REACH legislation, which, among others, aims to avoid unnecessary animal testing by ensuring that chemicals are only tested on animals as a last resort. Companies registering chemicals are obliged to share information on their hazardous properties by jointly submitting that information to ECHA. Companies producing or importing the same substance are obliged to work together and share the results of their tests on vertebrate animals, such as fish, rabbits or rats. Membership of ECHA, and ECVAM, would reduce repetition of reliable and adequate studies involving tests on vertebrate animals.
- There is no alternative body in the UK that is funded to replicate either ECHA or ECVAM. An EEA-like agreement, including contribution to the EU budget, would thus allow to maintain the UK membership to those bodies.

Trade policy - EFTA members are not in a customs union and the EEA agreement is not a customs union either. EFTA countries are allowed to negotiate their own free trade agreements, fix their own external tariffs and have a trade policy separated from the EU's. EFTA also has a coordinated trade policy and negotiates joint agreements between EFTA and third partners. Obviously as EEA countries do respect most of the regulations that are produced in Brussels, it reduces their flexibility in terms of what they can offer the third partner.

- If the UK becomes part of EFTA, it could be party to the 27 trade agreements mentioned above that have been negotiated by EFTA as a whole.
- The UK would not be constrained by a common external tariff, but possibly by the regulatory alignment that derives from accessing the Single Market.
- If the UK were to become a member of EFTA and a party to the EEA agreement, it might be easier for the UK to agree on grandfathering trade deals with third partners who have FTAs with both the EU and the EEA. However as EU agreements tend to be more comprehensive even this may not be that simple.

2. The 'Swiss model' option

What does this mean?

The Swiss model implies the establishment of a plethora of specific bilateral agreements between the partners, rather than a comprehensive one. As a member of EFTA, Switzerland started in a similar place to the countries now in the EEA. However, as it decided not to ratify the EEA agreement, it negotiated access to the EU's internal market via a series of bilateral deals, including one on agriculture.³

How would it affect animal welfare?

Border measures - The Swiss agreements allows for the free movement of agricultural goods between the EU and Switzerland. They also provide the basis for a 'common veterinary area'.

However, agricultural products, including those that are animal based, are still protected behind significant tariffs, notably the imports and exports of meat and of certain processed agricultural products. The range of any bilateral agreements between the EU and the UK could be different in certain aspects but for the sake of the analysis, we will consider Switzerland's situation.

- There would be checks at the border regarding the origin of the products/animals.

- If a veterinary agreement, as well as other agreements that might be required such as concerning transport, are included in the set of agreements signed by the EU and the UK, veterinary checks could be eliminated at the border between the UK and the EU.

Regulatory Agencies – Switzerland is not a member of the ECHA or ECVAM. It would cost tens of thousands of pounds to set up a new body.⁴

- The UK would have to establish key regulatory agencies to allow for the smooth functioning of regulatory requirements which may impact on duplication of tests (see above). Trade policy – Switzerland is not part of a customs union with the EU and leads its own trade policy. It is however constrained by what is agreed with the EU on a regulatory level.

- The UK could negotiate its own bilateral trade deals, with any regulatory constraints it decides to adopt.

3. Customs Union (CU) option

What does this mean?

Under a CU, customs duties on goods are eliminated between members and common external tariffs are set on products imported from countries that are not members of the CU. The establishment of a customs union only impacts the trade in goods. Historically a Customs Union was seen as a step towards economic integration and often accompanied by additional regulatory alignment (though this is not mandatory in a CU).

The EU-Turkey CU (which only allows tariff-free access in industrial goods, including goods related to veterinary medicines, and in processed agricultural goods) and EU-San Marino CU (which covers agricultural goods) will be used as examples.

How would it affect animal welfare?

Border measures - In a Customs Union, members do not need to prove the origin of the goods they are trading. This means that there is no application of “Rules of Origin” (RoO), and no subsequent checks at the border. An EU-UK customs union could cover all sectors of goods, including live animals.

- There would be no checks on the origin of the products/animals but paperwork could still be needed at the border.

- Lack of checks regarding the origin of the products (the animals in this case) would mean reduced delays at the border.

- Other checks, such as veterinary ones or ones allowing unlimited access for transporters, would depend on whether the UK agrees on regulatory alignment with the EU in that field. If it does not, checks will be necessary and, as shown by the Turkish case, it can lead to huge delays and thus to animal welfare challenges at the border.⁵

- Providing there is veterinary standards equivalence, trade could become almost frictionless, so avoiding the animal welfare problems that would arise in the event of border delays. This is particularly important as there are large amounts of trade in the island of Ireland, especially in sheep and dairy sectors.

- Banning trade in certain animals, such as live exports of animals or imports of puppies, may be problematic if those animals are covered by the CU.

Regulations - A Customs Union per se does not address the issue of regulatory convergence or alignment. This comes on top of the CU, either in another agreement or as part of it. For instance the EU-San Marino CU covers agricultural products but mandates San Marino to adopt the EU's veterinary regulations "necessary for the proper functioning of the agreement".

- Provided there is additional regulatory equivalence on veterinary standards, no customs checks need be applied on animals crossing the border between the EU and the UK.

Regulatory Agencies - Turkey is not a member of ECHA and ECVAM. A Customs Union is not designed to address those matters.

- the UK would have to establish key regulatory agencies to allow for the smooth functioning of regulatory requirements which may impact on duplication of tests (see above).

Trade Policy - As members of a customs union share external tariffs, they are only free to lead their own trade policy insofar as it does not impact those shared tariffs.

- The UK would be unable to freely carry out its own trade policy on areas that would be covered by the CU.

- If regulatory alignment is introduced on top for certain sectors covered by the customs union, UK's trade policy would be even more constrained as it would not be able to diverge from adopted EU's standards.

- Being in a customs union with the EU could make it easier for the UK to grandfather the 65 or so existing EU FTAs, but the EU would still have to agree to this, as would the original FTA country. The CU option simplifies the situation in terms of trade in goods (and Rules of Origin), but not regarding other aspects of FTAs that are important to the UK, ie services and public procurement.

4. A (Deep and Comprehensive) Free Trade Agreement (DCFTA)

What does this mean?

Free trade agreements are all different and each is a product of its own unique negotiation and of the context around it. While the UK has now stated it wanted a “Customs Partnership” (aka a Customs Union) with the EU⁶, it has also supported the idea of concluding a DCFTA with the EU⁴. It is assumed that an EU-UK DCFTA would cover all farm products and live animals and keep low, or even no, duties and tariffs on the majority of goods.

To date, the most comprehensive free trade agreement that the EU has struck is the EU-Canada Comprehensive Economic Trade Agreement (or CETA), which made 98% of the goods moving between the two territories tariff-free – either immediately or within four years. Nevertheless, Canada had to accept tariff-rate quotas (a lesser form of liberalisation) on specific agricultural products - including on live animals.⁷

The EU has traditionally used DCFTAs with partner countries that are economically weaker as a step towards closer integration with the EU (eg Ukraine, Moldova and Georgia). An EU-UK DCFTA would be negotiated in a very different context.

How would it affect animal welfare?

As a free trade agreement might take very different shapes, the impact on animal welfare of an EU-UK (DC)FTA could change entirely depending on the depth of the text agreed.

Border measures – An FTA is not a customs union but it always contains ‘Rules of Origin’, which are a key component of the agreement.

- However deep an EU-UK DCFTA is, the origin of the products/animals will have to be proven at the border, in respect of the RoO contained in the agreement.
- Ensuring bilateral tariff-free access to and from the EU market would ensure the UK could maintain and improve its farm welfare standards. Though this varies between sectors (69% of UK pig exports go to the EU compared to 98% of beef), the EU is the main market for all the UK farm products. This dependence is not only on the UK side, the EU and UK markets are really pivotal to each other for farm trade.⁹ 98% of UK beef exports go to the EU, and 90% of UK beef imports come from the EU.
- Concluding an FTA (or DCFTA) could allow to maintain zero tariff trade in agricultural products between the EU and the UK while maintaining higher tariffs

with other partners, protecting the UK market from cheaper low-standards imports. Tariff-wise, this would be a “business as usual” scenario.

Regulations – the degree of regulatory alignment depends on negotiations, yet the more aligned the UK commits to be, the less friction there will be at the border. Regulatory alignment with the EU would however imply a recognition of relevant past and future ECJ rulings.

- Without regulatory alignment, veterinary and animal health checks will be required on the border between the UK and EU, which might create trade disruption. Given that, at present, the UK exports £4.7bn of animals and animal derived products to the EU 27, and imports products amounting to £9.7bn from the EU 27, the sheer volume of trade would require adequate systems to ensure that animal welfare is not compromised during border checks. Any situation comparable to the EU-Turkey border would impact hugely on live animal trade, and on the animals themselves.
- If the EU and the UK agree on regulatory alignment in veterinary standards, it would be possible to reduce and even eliminate veterinary checks at the border.
- If the UK and the EU agree on regulatory alignment, and if this implies minimum standards, the UK would still be able to set its own import regime on farm or tested products, as long as they are higher than the ones agreed with the EU. They might however have to defend those import restrictions at the WTO if other countries object.

Trade policy – The UK can have their own trade policy. However, as indicated earlier, this policy can be constrained by the regulatory commitments made to the EU. For instance, under the EU-Ukraine DCFTA, the Ukraine has agreed to align its standards with European ones in several fields, among others animal welfare. Ukraine is thus less able to negotiate new FTAs with other countries as it cannot bargain away those standards.

- The UK may use this DCFTA as a model, but, as the UK would not be able to diverge from regulatory commitments it has agreed with the EU, it would limit its ability to offer different trade terms to other countries. From another point of view, it would also enshrine that the UK cannot bargain away its high animal welfare standards.
- If Rules of Origin have to be applied this will involve checks at the border, impacting on the welfare of animals being traded but allowing better checking.
- The UK will have to insist on transferring any bans or non-tariff barriers it agrees to transpose within the EU DCFTA to other FTAs, to prevent re-export problems. There are a number of non-tariff barriers that impact on animal welfare such as the present ban on beef-hormones and on the use of growth promoters in pig farming, as well as the ban on chicken-chlorine washing. Keeping such bans is good for animal welfare and the UK has stated it wishes to do so 6 but other

countries, particularly the USA, will want the UK to relax these rules and might take the opportunity to attack the UK at the WTO.

- Adopting strong regulatory convergence in various fields would also limit the UK negotiating power in non-farm animal-related issues. For instance, China requires cosmetics to be tested on animals, yet since March 2013 the EU and UK law refuse the use of animal testing to get market approval for cosmetic products. At present UK firms submit their products to be retested to enter China's market but Chinese products tested on animals cannot access the British market.

5. Reverting to WTO rules

What does this mean?

If the UK leaves without any trade agreement, it will have to revert to WTO rules. How would it affect animal welfare? Border measures - the UK will have to trade under the Most Favoured Nation (MFN) rule, which means it has to apply the same tariffs to every WTO member, unless it has a preferential trade agreement in place with that member.

- The UK will not be able to choose to set higher tariffs for certain countries to prevent imports of specific products, respecting lower standards than those applied in the UK, or reversely, to set lower ones to favour imports from countries with equivalent standards.
- The UK is likely to inherit its WTO tariff schedule from the EU and therefore will not be able to apply to imports from the EU - and from other third countries - higher tariffs than the EU's Most Favoured Nation tariffs, where the highest are around 30-50% for certain farm products.
- the EU will be able to apply the level of tariffs it applies to imports from third countries to the UK, which average around 4% but are much higher on agricultural products.
- Trade between the EU and the UK on any goods would be subject to checks on origin at the border.
- If the UK reduces its MFN tariffs from the current ones, which are high in farm products (e.g. over 30% for dairy and beef ; 10-30% for pork, poultry and eggs), it would have to apply these reduced tariffs to all imports. This could lead to increased imports of cheap products produced at standards below the UK's, and in turn put pressure to intensify farming in the UK, lowering farm welfare standards to produce more or to compete with lower standards cheaper imports. 8 This will have a huge impact on farm animals and animal welfare standards.
- If there is no deal, exports to the EU and imports from the EU could be expected to fall by 62%.¹¹ British farms would quickly be expected to make up for large

shortfalls, particularly in the very vulnerable pig sector. If there is an overall reduction in supply, prices are likely to increase.^{10,12}

- The UK will not be able to have different rules on import and export to Ireland than to other countries; Ireland is an important country for trade in horses, dairy animals, sheep and products.
- There could not be borderless trade on the island of Ireland.

Regulations - there is nothing preventing the UK and the EU to work towards some regulatory arrangements in specific sectors that could lead to reduced border controls. However if both countries could not agree to such arrangements in the context of trade negotiations, it seems unlikely that they decide to agree on them outside of more comprehensive talks.

- In the absence of regulatory arrangements, official controls and inspections would be required when a product is shipped between the two countries.

Trade Policy

- With the EU market closed due to high tariffs, the UK would have to seek new markets for imported farm products. This risks a race to the bottom as most other countries do not have the same high animal welfare standards as the UK. To prevent that, it will be essential for the UK to negotiate ambitious free trade agreements covering most products imported into its territory, with sufficiently strong wording on animal welfare standards so that only products that meet British standards can be allowed in.
- Traded products need to meet globally agreed standards on animal health. The UK has specific bans on imports of certain products such as hormone beef or chlorine-washed chicken which are, or could be, contrary to WTO rules. As the UK will have to negotiate new agreements, it could be under pressure to overturn these bans. This is underlined by the US position where it hopes to negotiate these standards away with the UK.

Conclusion

The objective of this paper is not to assess which model the UK should pursue in its future trade negotiations with the EU. However it sets out the impact such scenarios might have on animal welfare and the opportunities that could be seized to improve our own regulation in the field.

Out of the EU, the UK will be able to design its own farm support system in a way that better favour animal welfare. It will have to create a system equivalent to TRACES, and in many scenarios, and create regulatory bodies that would take over ECHAM and ECVA's role in avoiding animal test duplications. Any checks on animals, products or veterinary matters at the border, whilst providing a better

enforcement opportunity, may lead to delays, which can in turn lead to difficult conditions for the animals in terms of welfare. Being outside the Single Market and possibly the CU, will allow the UK to adopt more restrictive border measures - like a ban on live exports or on imports of puppies younger than 15 months. However, the UK might have to defend these import restrictions at the WTO. Out of a CU with the EU, the UK will be able to drive its own trade policy, which will only be constrained by the regulatory commitments that it undertakes with any trade partner. The UK will thus have to defend the high standards the UK has on animal welfare in its endeavour.

Were the UK not to maintain current trading arrangements with the EU, we would urge for the UK to find ways to maintain and improve existing animal welfare regulations, avoiding any race to the bottom, and to implement new measures to better protect the welfare of animals, such as a ban on live exports, extra control on the movement of dogs and cats and a reshaped farm support system that would better foster animal welfare.

Annex - Animal Welfare and Brexit Scenarios

The table below summarises threats and opportunities to animal welfare standards on several issues. Obviously those issues are not equally weighted and are listed alphabetically rather than in priority order. Each NGO that signed up and contributed to this briefing has different priorities depending on its area of work. In addition, certain issues are not dichotomic. The UK does not lose or gain an ability to defend trade restriction based on animal welfare or to promote better welfare in partner countries based on each scenario. However, this ability might seriously decrease with the loss of the access to the EU market as leverage particularly for farm animals. This could have a very detrimental long-term impact on animal welfare in the UK (see above the points on race to the bottom regarding standards) but it cannot be represented in the table below. In addition, it is also recognised that whilst every scenario is theoretically possible the reality of international trade deals means that some of the best outcomes for animals will be very difficult to achieve unilaterally by the UK.

The scenario envisaged in the case of the Customs Union (CU) and of the Deep Comprehensive Free Trade Agreement (DCFTA) are not country specific. A question mark indicates that the outcome is feasible under that scenario but depends on the negotiations that will define depth and scope of the agreement.

Animal welfare issue	Different models of relations with the EU 27					
	EU	EEA	CH	CU	DCFTA	WTO
Ability to ban live exports for further fattening and slaughter	✗	✗	✓	✗	✓	✓
Ability to introduce method of production labelling	✗	✗	✗	✓	✓	✓
Ability to introduce new farm support system which encourages higher animal welfare	✗	✓	✓	✓	✓	✓
Ability to participate in the Pet Travel Scheme (PETS)	✓	✓	✓	✓	✓	✓
Ability to reintroduce extra veterinary requirements for dogs and cats moved via non-commercial means into UK	✗	✗	✓	✗	✓	✓
Continued ability to maintain a ban on the testing of cosmetics on animals	✓	✓	✓	✓	✓	✓
Continued collaboration with key EU regulatory agencies / enforcement bodies	✓	✓	✗	✗	?	✗
Continued full access to TRACES (tracking of shipment and use within the territory)	✓	✗	✗	✗	✗	✗
Tariff-free access for agricultural goods	✓	✗	?	✗	?	✗
Tariff-free access to veterinary medicines	✓	✓	✓	✓	?	✗
Unimpeded movement of animals between the EU and the UK	✓	✗	✗	✗	✗	✗

Key: EU - existing relationship EEA - European Economic Area CH - the 'Swiss model' - EFTA + bilateral agreements WTO - World Trade Organisation CU - Customs Union DCFTA- Deep and Comprehensive Free Trade Agreement

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Wales' future relationship with the European Union
EAAL(5) FRL31
Evidence from Cardiff University

On behalf of Cardiff University, please find below a response to the inquiry by the External Affairs & Additional Legislation Committee into Wales' future relationship with the European Union.

Cardiff University is an ambitious and innovative university with a bold and strategic vision located in a beautiful and thriving capital city. Our world-leading research was ranked 5th amongst UK universities in the 2014 Research Excellence Framework for quality and 2nd for impact. We provide an educationally outstanding experience for our students. Driven by creativity and curiosity, we strive to fulfil our social, cultural and economic obligations to Cardiff, Wales, and the world.

Our ambition is to remain among the top 100 universities in the world and top 20 in the UK. Our new strategy sets out our strategic direction and focus on research, innovation, education and students, international and civic mission.

We have 31,595 students enrolled, representing over 130 countries, including from the EU. We have a world-leading research community with a strong and broad research base: our research contract awards have a total value of over £530m. We have won seven Queen's Anniversary Prizes and our researchers include two Nobel Prize winners.

Overview

Support for higher education will be crucial if Wales and the UK are to make a success of Brexit. By securing an effective post-Brexit settlement, universities can continue to make a vital contribution to a successful, dynamic and internationally competitive country and can continue to attract international talent.

Cardiff University is a key driver of economic and social prosperity in Wales. Cardiff is a global, outward looking university with links to more than 100 countries, and we have a strong sense of civic mission. A 2016 report by London Economics found that the University contributes nearly £3bn to the UK economy, with the University's contribution to the Welsh economy approximately £2.2bn in 2014/15. Generating £6.36 for every £1 it spends, Cardiff is positioned as a top five university within the 2014 Research Excellence Framework, our research tackles challenges of global significance while our students receive a student experience that is ranked among the best in the UK.

We acknowledge that many issues relating to Brexit are complex and will take time to resolve, and we welcome the progress that has been made so far on key issues such as the UK Government confirming arrangements for the last year of the Horizon 2020 programme post-Brexit, and the continued access to Erasmus+ for academic year 2019/2020. However, we are still keen to secure reassurance on other genuine practical arrangements to help deal with uncertainty and promote stability as the UK exits the EU, such as clarification on replacement of European Structural Funds in Wales.

We would also urge interested parties to support five priorities for Brexit negotiations to ensure that all higher education providers - including Cardiff University - are in a position to continue to deliver economic, social and community benefits in the South East Wales region and Wales as a whole, and that we are in a position to continue to play a central role in ensuring a successful, dynamic and internationally competitive UK post Brexit.

Urgent clarification on replacement of European Structural and Investment Fund (ESIF) Wales receives almost £2 billion in regional policy funding which is used to support economic development in some of our poorest areas. The vote to for the UK to leave the European Union has left uncertainty over future programmes that involve EU funding.

Universities in Wales receive a significant amount of funding from European Structural Funds, and this continues to provide vital investment and funding for projects and infrastructure that contribute towards economic and social growth in Wales. European Structural and Investment Funds have also played an important role in both innovation funding in Wales, and private investment in research and development. High quality research and innovation are the bedrocks of a growth economy, and have knock-on benefits for all communities across Wales.

Urgent clarification is sought about how these funds will be sustained or replaced at a devolved level following the UK's withdrawal from the EU so that Welsh universities can continue to deliver the maximum economic and social impact in communities across Wales.

Should the UK look to establish a new regional development fund, such as the UK Shared Prosperity Fund in place of ESIF, it is imperative it allocates funding appropriately and on a similar needs-based system if it is to help rebalance the economy.

Five priorities for Brexit negotiations

As part of the Brexit negotiations, the UK Government should prioritise:

1. Structural funds in Wales
2. Research funding, collaboration and networks
3. Status of EU students and staff
4. Student mobility and Erasmus+
5. City Region Deals in Wales

Structural funding in Wales

Certainty is needed on a replacement to ESJF in Wales post-Brexit as outlined above. This includes assurances before the date that the UK will leave the EU that there will be a full replacement for the European Regional Development Fund (ERDF) distributed at a devolved level currently through WEFO. These funds are vital in helping Welsh universities build critical research and innovation capacity and infrastructure that delivers the maximum economic and social impact in communities across Wales.

The UK's withdrawal from the EU will mean Wales' access to EU Structural Funds will disappear when the current round ends in 2020. Structural Funds in Wales are used to support research capacity building in the HE sector on a very significant scale that contributes towards economic and social growth in Wales.

European Regional Development Fund (ERDF) spending is one of the funding streams of Structural Funds that support research and innovation. Projects are match funded by ERDF /ESF over long-term programmes of activity (more than five years) and at high values (generally £5m-£20m grants). Crucially, ERDF programmes in Wales allow fundamental research activities to be supported.

In the most recent round (2014-2020), ERDF spending was used to help build the Cardiff University Brain Research Imaging Centre, a state-of-the-art European centre of excellence for neuroimaging research. The centre plays a pivotal role in the global endeavour to better understand the causes of neurological and psychiatric conditions such as dementia, schizophrenia and multiple sclerosis, so as to yield vital clues for the development of better treatments.

Routes for such innovation activities funded by ERDF are important - more so in Wales given there is no Higher Education Innovation Funding (HEif) available to Welsh institutions. They are particularly important for Welsh Government schemes that support Technology Transfer and other engagement between HEIs and industry, as well as for projects delivered by HEIs, which seek to develop and exploit HE-led research with SMEs in Wales.

For example, Cardiff University is a partner in the ASTUTE 2020 (Advanced Sustainable Manufacturing Technologies) project, which brings together expertise from Welsh universities to work with manufacturing industries to facilitate and de-risk the development and adoption of advanced technologies, increasing competitiveness and future proofing. Part-funded by the ERDF and the participating universities, it specifically aims to stimulate transformational and sustainable growth in the High Value Manufacturing Industry in West Wales and the Valleys.

ERDF is also match-funding capital awards for the Institute for Compound Semiconductors and Supercomputing Wales. It is also supporting grant programmes for Research Fellowships run by the Welsh Government which aim to boost

research by attracting and developing talented researchers to Wales such as COFUND and Ser Cymru; and PhD/MRes studentship funding programmes (KESS2).

Structural Funds are therefore, highly strategic and valuable contributions to strengthening and sustaining the research base in Wales. We would urge that in establishing new terms for the UK's relationship with the EU, and recognising the role that science and research play more broadly in stimulating economic growth and fostering innovation, assurances are made that ERDF funds distributed through WEFO are replaced in their entirety, and that research and innovation play a central role in any replacement regional development mechanism.

2. Research funding, collaboration and networks

Security in terms of continued UK access to and influence over Horizon 2020 and future EU research and innovation programmes focused on excellence, including FP9, is sought. Should such access prove to be impossible, a replacement scheme that will support collaborative international research must be secured.

Cardiff University believes that the overall level of spending on research and development needs to be maintained at least at current levels to preserve the capacity of UK science and research, and to maintain the UK's position as a world leader in this field. Research and innovation are global pursuits, reliant on ideas and people that are mobile across borders. It is not only the funds provided by the EU but also the networks and facilities made available to researchers. Continued collaboration in international networks is paramount if the UK is to maintain its standing as a leader in science and technology, and drive forward a culture of innovation.

If the UK Government secures continued access to Horizon 2020 and future EU research and innovation programmes such as the 9th Framework Programme (FP9), it will be important to ensure that we can continue to exert influence on the research programme and funding mechanisms.

If the UK Government cannot secure continued access, the government should make provision through uplift to the national science and research budget equivalent to the amount secured from Horizon 2020, recognising the UK as an existing net beneficiary from EU research programmes. The Government should consider building on existing mechanisms, such as the targeted Global Challenges Research Fund and the Newton Fund.

In the event that the UK no longer participates in European research funding mechanisms post-Brexit, the Government should ask UK Research and Innovation (UKRI) to propose alternative mechanisms such as an International Research Council in partnership with other leading countries with a substantial advanced science base.

If sufficient access to funding cannot be negotiated, or alternative long-term funding cannot be found, then we will lose not only a major and irreplaceable funding stream, but the equally important opportunities to engage in international research collaboration. Such collaboration is critical to excellent science and any reduction could cause lasting harm to the UK research effort.

The total value of future research income to Cardiff University from live FP7 and Horizon 2020 projects awarded up to 30 April 2017 amounts to £26.9m, with further applications to Horizon 2020 in the pipeline to the value of £18m. ERDF projects are worth an additional £39m with a further £7.5m of projects pending contract. An estimated further £10m of grant funding is currently in early stages of business planning. One significant recipient of this funding is the Cardiff University Brain Research Imaging Centre. Our other EU-led collaborative initiatives are supporting our researchers in upwards of 80 Horizon 2020 projects. Together with our remaining FP7 projects, these cover topics ranging from developing the next generation of renewable energy connectivity through to research into diabetes.

3. Status of EU students and staff

Assurance is needed to ensure universities can continue to recruit and retain talented students and staff from across the EU and more widely by reducing barriers for qualified international staff and students, recognising their huge local economic and social impact.

As an international community that values students and staff who come to work and study here, 16% of our academic staff and 5% of our students are EU nationals (10% of our research students are EU nationals). Our international students contributed £217m to the economy in 2014/15. They are a long-term asset to cultural and trading partnerships of the UK. Many members of the public do not see students as migrants⁷, and a policy of cutting international students to reduce net migration does not therefore address concern about immigration.

While we welcome the confirmation that EU students currently studying here (including the 2017/18 and 2018/19 cohorts) will receive student support for the duration of their studies, we would also welcome confirmation of the fee rate EU students might move to and when this would come into effect.

We believe there is also a risk that EU staff (and UK staff with EU spouses) will seek employment outside the UK if they no longer feel welcome or are uncertain about whether they will retain their right to remain. We are seeking a commitment from the UK Government that EU nationals already living in the UK have the right to remain.

We need a new post-Brexit immigration policy that encourages all international students to choose to study in the UK coupled with welcoming messages from

Government, recognising their hugely positive social and economic impact on the UK.

4. Erasmus+ and Student mobility

Early assurance is needed on the continued access to Erasmus+, but if this should prove impossible or undesirable, a replacement Welsh or UK scheme that will allow our students to study, work and volunteer abroad must be secured.

In 2015/16, 18% of the University's home undergraduate students at Cardiff were internationally mobile⁸. Many of these participated in the Erasmus+ programme, supporting the enhancement of students' personal development, inter-cultural understanding and linguistic abilities, as well many of the transferable skills sought by employers.

We believe that Brexit offers an opportunity to create a new international outward mobility programme that could replicate and perhaps improve upon the most successful elements of the Erasmus+. This would allow universities to continue valuable collaboration with EU partners and support compulsory periods abroad for modern language students, in addition to supporting wider internationalisation of education in Wales and the UK.

5. Cardiff City Region Deals

Assurances from both UK and Welsh Governments are needed on the EU funding component of the Cardiff City Deal, specifically the allocation of £106m of funding for the development of the Cardiff Capital Region Metro from the European Regional Development Fund.

Cardiff University is involved in the Cardiff Capital Region City Deal, a £1.2bn agreement by UK Government, Welsh Government and the 10 local authorities of south-east Wales. It seeks to improve productivity and drive innovation. It expects to create 25,000 jobs throughout the region and attract £4bn worth of private sector investment.

We welcomed the joint commitment by the Secretary of State for Wales and the Cardiff Capital Region City Deal Joint Cabinet to ensure the programme for the region is successfully delivered and in full. UK Government has already announced a £50m investment to help develop the compound semiconductor (CS) technology of the future as part of the UK Government's City Deal investment. The University and Cardiff-based CS specialist IQE will spearhead the UK national 'catapult'. The 10 councils have recently agreed a £38m investment in a new state-of-the-art foundry for CS technologies, further supporting the development of a CS cluster in Wales.

The University's involvement is expected to go much further. The City Deal foresees the potential for investment in other areas in which the University is able to offer expertise, such as software development and cyber security, public service innovation, energy and resources, the creative sector, health and wellbeing, and the development of Cardiff Capital Region.

We are, therefore, seeking assurances from both UK and Welsh Governments on the status of the EU funding component of the City Deal, specifically the ERDF funding in pipeline projects, which includes approved funding for compound semiconductor investment and business support, and the allocation of the agreed £106m for the development of the Cardiff Capital Region Metro from the ERDF.

Conclusion

Cardiff University is committed to working with partners to navigate the best course for Wales and the rest of country as the United Kingdom exits the European Union.

Though the UK's exit from the EU will bring challenges, we are committed to seeking opportunities in the new world context. We want to continue to form productive collaborations across Europe and across the world.

Perthynas y DU â'r Undeb Ewropeaidd yn y dyfodol EAAL(5) FRL31 Ymateb gan Prifysgol Caerdydd

Ar ran Prifysgol Caerdydd, gweler isod yr ymateb i Ymgynghoriad y Pwyllgor Materion Allanol a Deddfwriaeth Ychwanegol ynghylch perthynas Cymru gyda'r Undeb Ewropeaidd yn y dyfodol.

Mae Prifysgol Caerdydd yn brifysgol uchelgeisiol ac arloesol a chanddi weledigaeth feiddgar a strategol, sydd wedi'i lleoli mewn prifddinas hardd a ffyniannus. Daeth ein gwaith ymchwil rhagorol yn Sed am ansawdd ac yn 2il am effaith ymysg prifysgolion y DU yn Fframwaith Rhagoriaeth Ymchwil (REF) 2014. Rydym yn cynnig prof iad addysgol rhagorol i'n myfyrwyr. Drwy roi pwyslais ar greadigrwydd a chwilfrydedd, ein nod yw cyflawni ein rhwymedigaethau cymdeithasol, diwylliannol ac economaidd i Gaerdydd, Cymru, a'r byd.

Ein huchelgais yw parhau ymhlith y 100 o brifysgolion gorau'r byd a'r 20 uchaf yn y DU. Mae ein strategaeth newydd yn amlinellu ein cyfeiriad strategol a'n pwyslais ar ymchwil, addysg a myfyrwyr, rhyngwladol a'n cenhadaeth ddinesig.

Mae 31,595 o fyfyrwyr wedi ymrestru gyda ni, sy'n hanu o dros 130 o wledydd, gan gynnwys yr UE. Mae gennym gymuned ymchwil sy'n arwain y byd gyda sylf aen ymchwil gref ac eang: rydym wedi ennill contractau ymchwil a'u gwerth dros £530m. Rydym wedi ennill saith o Wobrau Pen-blwyr:d y Frenhines ac mae dau o enillwyr gwobrau Nobel ymhlith ein hymchwilwyr.

Trosolwg

Bydd cymorth ar gyfer addysg uwch yn hanfodol os yw Cymru a'r Deyrnas Unedig i sicrhau llwyddiant yn sgll Brexit. Drwy sicrhau setliad effeithiol ol-Brexit, gall prifysgolion barhau i wneud cyfraniad hanfodol i wlad lwyddiannus sy'n ddeinamig ac yn gystadleuol yn rhyngwladol, a pharhau i ddenu doniau rhyngwladol.

Mae Prifysgol Caerdydd yn sbardun allweddol ar gyfer ffyniant economaidd a chymdeithasol yng Nghymru. Mae Caerdydd yn brifysgol fyd-eang sy'n edrych tuag allan ac mae ganddi gysylltiadau a thros 100 o wledydd, yn ogystal ag ymdeimlad cryf o genhadaeth ddinesig. Cantu adroddiad gan London Economics yn 2016 fod Prifysgol Caerdydd yn cyfrannu bron £3bn at economi'r Deyrnas Unedig, a bod cyfraniad y Brifysgol i economi Cymru yn rhyw £2.2bn yn 2014/15. Mae Caerdydd yn cynhyrchu £6.36 am bob £1 y mae'n ei gwario, ac roedd yn un o'r pum prifysgol ar y brig yn Fframwaith Rhagoriaeth Ymchwil 2014. Mae ein gwaith ymchwil yn mynd i'r afael a heriau o arwyddocad byd-eang tra bod ein myfyrwyr yn cael profiad myfyriwr sy'n sgorio ymhlith y gorau yn y Deyrnas Unedig.

Rydym yn cydnabod bod llawer o faterion sy'n ymwneud a Brexit yn gymhleth a bydd yn cymryd amser i'w datrys. Rydym yn croesawu'r cynnydd a wnaed hyd yn

hyn ar faterion allweddol, fel Llywodraeth y DU yn cadarnhau'r trefniadau ar gyfer y flwyddyn ddiwethaf o raglen Horizon 2020 ar ol-Brexit, a'r mynediad parhaus i Erasmus+ ar gyfer blwyddyn academaidd 2019/2020. Fodd bynnag, rydym yn

awyddus o hyd i gael sicrwydd ynghylch y trefniadau ymarferol go iawn era ill er mwyn helpu i ymdrin ag ansicrwydd a hybu sefydlogrwydd wrth i'r DU adael yr UE e.e. cael eglurhad ar beth fydd yn dod yn lle'r Cronfeydd Strwythurol Ewropeaidd yng Nghymru.

Carem annog partYon a diddordeb hefyd i gefnogi pum blaenoriaeth ar gyfer trafodaethau Brexit er mwyn sicrhau bod pob darparwr addysg uwch -gan gynnwys Prifysgol Caerdydd -mewn sefyllfa i barhau i ddarparu manteision economaidd, cymdeithasol a chymunedol yn rhanbarth De-ddwyrain Cymru a Chymru gyfan, a'n bod mewn sefyllfa i barhau i chwarae rol ganolog wrth sicrhau bod y Deyrnas Unedig yn llwyddiannus, yn ddeinamig ac yn gystadleuol ar lefel ryngwladol ar ol Brexit.

Eglurhad ar frys ynghylch disodli Cronfeydd Strwythurol a Buddsoddi Ewrop (ESIF) Mae Cymru'n cael bron £2 biliwn mewn cyllid polis: rhanbarthol, a defnyddir yr arian hwnnw i gynnal datblygiad economaidd yn rhai o'n hardaloedd tlotaf. Mae'r bleidlais i'r Deyrnas Unedig adael yr Undeb Ewropeaidd wedi gadael ansicrwydd ynghylch rhaglenni yn y dyfodol sy'n cynnwys arian Ewropeaidd.

Mae Prifysgolion yng Nghymru yn derbyn cyllid sylweddol o Gronfeydd Strwythurol Ewrop, ac mae hynny'n parhau i ddarparu buddsoddiad a chyllid hanfodol ar gyfer prosiectau a seilwaith sy'n cyfrannu at dwf economaidd a chymdeithasol yng Nghymru. Mae Cronfeydd Strwythurol a Buddsoddi Ewrop hefyd wedi chwarae rol bwysig o ran arian arloesedd yng Nghymru⁵, a buddsoddiad preifat mewn ymchwil a datblygiad. Ymchwil ac arloesedd o ansawdd uchel yw conglfeini economi twf, ac mae manteision yn deillio ohonynt ar gyfer holl gymunedau Cymru.

Ceisir eglurhad brys ynghylch sut bydd y cronfeydd hyn yn cael eu cynnal neu eu disodli ar lefel ddatganoledig wedi i'r Deyrnas Unedig adael yr Undeb Ewropeaidd fel bod modd i brifysgolion Cymru barhau i gael cymaint o effaith economaidd a chymdeithasol a phosibl mewn cymunedau ledled Cymru.

Os bydd y Deyrnas Unedig yn dymuno sefydlu cronfa datblygu rhanbarthol newydd, megis Cronfa Ffyniant a Rennir y Deyrnas Unedig yn ,le ESIF, mae'n hanfodol ei bod yn dyrannu cyllid yn briodol ac ar sail system debyg, seiliedig ar anghenion, os ydyw i helpu i gadw' r ddysgl yn wastad o ran yr economi.

Pum blaenoriaeth ar gyfer trafodaethau Brexit

Yn rhan o drafodaethau Brexit, dylai Llywodraeth y DU roi blaenoriaeth i'r canlynol:

1. Cronfeydd strwythurol yng Nghymru
2. Cyllid ar gyfer ymchwil, cydweithredu a rhwydweithiau

3. Statws myfyrwyr a staff o'r UE
4. Symudedd myfyrwyr ac Erasmus+
5. Bargeinion Dinas-Ranbarth yng Nghymru

Cronfeydd strwythurol yng Nghymru

Mae angen sicrwydd ynghylch beth fydd yn cymryd lle yr ESIF yng Nghymru ar of Brexit, fel yr amlinellwyd uchod. Mae hyn yn cynnwys sicrwydd cyn y dyddiad pan fydd y Deyrnas Unedig yn gadael yr UE y bydd trefni'nt amnewid llawn ar gyfer Cron/a Datblygu Rhanbarthol Ewrop (ERDF), a ddisbarthir ar lefel ddatganoledig drwy WEFO ar hyn o bryd. Mae'r cronfeydd hyn yn hanfodol o ran helpu prifysgolion Cymru i feithrin adnoddau hollbwysig o ran ymchwil ac arloesedd fydd yn cael cymaint o effaith economaidd a chymdeithasol a phosibl mewn cymunedau ledled Cymru.

Bydd y ff aith bod y Deyrnas Unedig yn gadael yr UE yn golygu bod mynediad Cymru i Gronfeydd Strwythurol yr UE yn diflannu pan ddaw'r cylch cyfredol i ben yn 2020. Defnyddir Cronfeydd Strwythurol yng Nghymru i gefnogi'r gwaith o ddatblygu adnoddau ymchwil yn y sector AU ar raddfa sylweddol iawn sy'n cyfrannu at dwf economaidd a chymdeithasol yng Nghymru.

Mae gwariant Cronfa Datblygu Rhanbarthol Ewrop (ERDF) yn un o ffrydiau cyllid y Cronfeydd Strwythurol sy'n cefnogi ymchwil ac arloesedd. Mae prosiectau yn derbyn arian cyfatebol o'r ERDF /ESF ar hyd rhaglenni hirdymor o weithgaredd (mwy na phum mlynedd) sydd a gwerth uchel (grantiau o £5m-£20m yn gyffredinol). Yn allweddol, mae rhaglenni ERDF yng Nghymru yn golygu bod modd cynnal gweithgareddau ymchwil sylfaenol.

Yn y cylch diweddaraf (2014-2020), defnyddiwyd gwariant ERDF i helpu i adeiladu Canolfan Delweddu Ymchwil yr Ymennydd Prifysgol Caerdydd, canolfan ragoriaeth yn Ewrop sydd a'r cyfleusterau diweddaraf ar gyfer ymchwil niwroddelweddu. Mae gan y ganolfan rol allweddol yn yr ymdrech fyd-eang i gael gwell dealltwriaeth o achosion cyflyrau niwrolegol a seiciatrïg fel dementia, sgitsoffrenia a sglerosis ymledol, er mwyn cynnig gwybodaeth hanfodol fydd yn arwain at ddatblygu triniaethau gwell.

Mae'r llwybrau ar gyfer y cyfryw weithgareddau arloesedd a ariannir gan ERDF yn bwysig - ac mae hynny'n fwy gwir fyth yng Nghymru gan nad oes Cyllid Arloesedd Addysg Uwch (HEIf) ar gael i sefydliadau yng Nghymru. Maent yn arbennig o bwysig ar gyfer cynlluniau Llywodraeth Cymru sy'n cefnogi Trosglwyddo Technoleg ac ymgysylltiad arall rhwng Sefydliadau Addysg Uwch a diwydiant, yn ogystal ag ar gyfer prosiectau a gyflawnir gan Sefydliadau Addysg Uwch, sy'n ceisio datblygu a manteisio ar ymchwil dan arweiniad AU gyda Mentrau BaCh yng Nghymru.

Er enghraifft, mae Prifysgol Caerdydd yn bartner ym mhrosiect ASTUTE 2020 (Uwch-dechnolegau Gweithgynhyrchu Cynaliadwy), sy'n dwyn ynghyd arbenigedd o brifysgolion Cymru i weithio gyda diwydiannau gweithgynhyrchu i hwyluso a dileu risgiau datblygu a mabwysiadu uwch-dechnolegau, gan gynyddu cystadleu'rwydd a diogelu at y dyfodol.

Mae'r prosiect yn cael ei ariannu'n rhannol gan ERDF a'r prifysgolion sy'n rhan ohono, a'i nod penodol yw ysgogi twf cynaliadwy a thrawsffurfiannol yn y Diwydiant Gweithgynhyrchu Gwerth Uchel yng ngorllewin Cymru a'r Cymoedd.

Mae ERDF hefyd yn darparu arian cyfatebol ar gyfer dyfarniadau cyfalaf i'r Sefydliad Lled-ddargludyddion Cyfansawdd ac Uwchgyfrifiadura Cymru. Mae hefyd yn cefnogi rhaglenni grant ar gyfer Cymrodoriaethau Ymchwil sydd yng ngof al Llywodraeth Cymru ac sy'n ceisio rhoi hwb i ymchwil trwy ddenu ymchwilwyr dawnus i Gymru a'u datblygu, megis COFUND a Ser Cymru; a rhaglenni ariannu efrydiaeth PhD/MRes (KESS2).

Mae'r Cronfeydd Strwythurol, felly, yn eithriadol o strategol ac yn gyfraniadau gwerthfawr i gryfhau a chynnal y sylfaen ymchwil yng Nghymru. Wrth sefydlu telerau newydd ar gyfer perthynas y Deyrnas Unedig a'r UE, a chydabod rol fwy cyffredinol gwyddoniaeth ac ymchwil wrth ysgogi twf economaidd a meithrin arloesedd, byddem yn annog rhoi sicrwydd y bydd y cronfeydd ERDF a ddsbarthir trwy WEFO yn cael eu hamnewid yn gyfangwbl, a bod ymchwil ac arloesedd yn chwarae rhan ganolog mewn unrhyw system datblygu rhanbarthol sy'n eu disodli.

2. Arian ar gyfer ymchwil, cydweithredu a rhwydweithiau

Ceisir diogelu mynediad parhaus y Deyrnas Unedig i Horizon 2020 a rhaglenni ymchwil ac arloesedd yr UE yn y dyfodol sy'n canolbwyntio ar ragoriaeth, gan gynnwys FP9, a'r gallu i ddylanwadu arnynt. Os na fydd mynediad o'r fath yn bosibl, rhaid sicrhau cynllun arall fydd yn cynnal ymchwU ryngwladol ar y cyd.

Mae Prifysgol Caerdydd o'r farn bod angen cadw lefel gyffredinol y gwariant ar ymchwil a datblygu fel y mae ar hyn o bryd o leiaf i ddiogelu adnoddau ymchwil a gwyddoniaeth y Deyrnas Unedig, ac i gynnal safle'r Deyrnas Unedig fel un o arweinwyr y byd yn y maes hwn. Mae ymchwil ac arloesedd yn digwydd ar draws y byd, ac yn dibynnu ar syniadau a phobl sy'n gallu symud ar draws ffiniau. Nid yr arian a ddarperir gan yr UE yn unig sydd dan sylw yma, ond hefyd y rhwydweithiau a'r cyfleusterau sydd ar gael i ymchwilwyr. Mae parhau i gydweithio mewn rhwydweithiau rhyngwladol yn hanfodol bwysig os yw'r Deyrnas Unedig i gynnal ei statws fel arweinydd ym myd gwyddoniaeth a thechnoleg, a datblygu diwylliant o arloesedd.

Os bydd Llywodraeth y Deyrnas Unedig yn sicrhau mynediad parhaus at Horizon 2020 a rhaglenni ymchwil ac arloesedd yr UE yn y dyfodol, megis Rhaglen y 9fed

Fframwaith (FP9), bydd yn bwysig sicrhau ein bod yn gallu parhau i ddylanwadu ar y rhaglen ymchwil a'r mecanweithiau ariannu.

Os na all Llywodraeth y Deyrnas Unedig sicrhau myn Jdiad parhaus, dylai'r Llywodraeth sicrhau darpariaeth ar ffurf cyfraniadau uwch i'r gyllideb wyddoniaeth ac ymchwil genedlaethol sy'n cyfateb i'r swm a sicrhawyd trwy Horizon 2020, gan gydnabod bod y Deyrnas Unedig yn un o fuddiolwyr net presennol rhaglenni ymchwil yr UE. Dylai'r Llywodraeth ystyried ychwanegu at fecanweithiau sydd eisoes yn bodoli, megis Cronfa Ymchwil Heriau Byd-eang a Chronfa Newton, sydd wedi'u targedu.

Os na fydd y Deyrnas Unedig bellach yn rhan o fecanweithiau Ewropeaidd ar gyfer ariannu ymchwil ar ol Brexit, dylai'r Llywodraeth ofyn i Ymchwil ac Arloesedd y Deyrnas Unedig (UKRI) awgrymu mecanweithiau eraill, megis Cyngor Ymchwil Rhyngwladol mewn partneriaeth a gwledydd blaenllaw eraill sydd a sylfaen wyddoniaeth uwch ddatblygedig.

Os na ellir sicrhau mynediad digonol at arian, neu os na ellir cael hyd i gyllid hirdymor arall, byddwn nid yn unig yn colli ffrwd ariannu fawr ac unigryw, ond hefyd y cyfleoedd i gymryd rhan mewn mentrau ymchwil cydweithredol rhyngwladol, sydd yr un mor bwysig. Mae cydweithio o'r fath yn elfen hanfodol o wyddoniaeth ragorol, a gallai unrhyw leihad yn hyn achosi niwed parhaol i ymdrechion ymchwil y Deyrnas Unedig.

Cyf answm gwerth yr incwm ymchwil yn y dyfodol i Brifysgol Caerdydd o brosiectau byw FP7 a Horizon 2020 a ddyfarnwyd hyd at 30 Ebrill 2017 yw £26.9m, ac mae ceisiadau pellach gwerth £18m i Horizon 2020 ar y gweill. Mae prosiectau ERDF yn werth £39m ychwanegol gyda £7.5m o brosiectau eraill yn disgwyl am gontract. Ar hyn o bryd amcangyfrifir bod £10 miliwn arall o arian grant yng nghramau cynnar cynllunio busnes. Un derbynnnydd sylweddol o'r arian hwn yn Canolfan Delweddu Ymchwil yr Ymennydd Prifysgol Caerdydd. Mae ein mentrau eraill ar y cyd sy'n cael eu harwain gan yr UE yn cefnogi ein hymchwilyr mewn mwy na 80 o brosiectau Horizon 2020. Ynghyd a'n prosiectau FP7 sy'n weddill, mae'r rhain yn cwmpasu pynciau sy'n amrywio o ddatblygu'r genhedlaeth nesaf o gysylltedd ynni adnewyddadwy i ymchwilio i ddiabetes.

3. Statws myfyrwyr a staff o'r UE

Mae angen sicrwydd er mwyn i brifysgolion fedru parhau i recriwtio a chadw staff a myfyrwyr dawnus o bob rhan o'r UE ac yn ehangach drwy leihau'r rhwystrau ar gyfer staff a chymwysterau rhyngwladol a myfyrwyr, gan gydnabod eu he/faith economaidd a chymdeithasol enfawr yn lleol.

A ninnau'n gymuned ryngwladol sy'n gwerthfawrogi'r myfyrwyr a'r staff sy'n dod i weithio ac astudio yma, mae 16% o'n staff academiaidd a 5% o'n myfyrwyr yn wladolion yr UE (mae 10% o'n myfyrwyr ymchwil yn wladolion yr UE). Cyfrannodd

ein myfyrwyr rhyngwladol £217m i'r economi yn 2014/15. Maent yn ased hirdymor i bartneriaethau diwylliannol a masnachol y Deyrnas Unedig. Nid yw llawer o'r cyhoedd yn gweld myfyrwyr fel mudwyr⁷, ac nid yw polisi o dorri'n 6l ar y myfyrwyr rhyngwladol er mwyn lleihau lefelau mudo net, telly, yn ymateb i'r pryder ynghylch mewnfudwyr.

Er ein bod yn croesawu'r cadarnhad y bydd myfyrwyr o'r UE sy'n astudio yma ar hyn o bryd (gan gynnwys carfannau 2017-18 a 2018/19) yn derbyn cymorth i fyfyrwyr drwy gydol eu hastudiaethau, byddem hefyd yn croesawu cadarnhad o'r gyfradd ffioedd y gallai myfyrwyr o'r UE symud iddi, a phryd byddai hynny'n dod i rym.

Rydym o'r tarn bod risg hefyd y bydd staff o'r UE (a staff o'r Deyrnas Unedig sydd yn briod a rhywun o'r UE) yn chwilio am gyflogaeth y tu allan i'r Deyrnas Unedig os byddant yn teimlo nad oes croeso iddynt yma bellach, neu os byddant yn ansicr a fyddant yn cadw eu hawl i aros yma. Rydym yn ceisio ymrwymiad gan Lywodraeth y Deyrnas Unedig bod gan wladolion yr UE sydd eisoes yn byw yn y Deyrnas Unedig hawl i aros yma.

Mae angen polisi mewnfudo newydd 6l-Brexit sy'n ar.nog pob myfyriwr rhyngwladol i ddewis astudio yn y Deyrnas Unedig, ynghyd a negeseuon croesawgar gan y Llywodraeth, yn cydnabod eu heffaith gymdeithasol ac economaidd hynod gadarnhaol a_r y Deyrnas Unedig.

4. Erasmus+ a Symudedd myfyrwyr

Mae angen sicrwydd cynnar ynghylch mynediad parhaus i Erasmus+, ond os bydd hynny'n amhosibl neu'n rhywbeth na ddymunir, rhaid sicrhau cynllun amnewid i Cymru neu'r Deyrnas Unedig a fydd yn caniatáu i'n myfyrwyr astudio, gweithio a gwirfoddoli dramor.

Yn 2015-16, roedd 18% o fyfyrwyr israddedig cartref Prifysgol Caerdydd yn symudol yn rhyngwladol⁸. Bu llawer o'r rhain yn cymryd rhan yn y rhaglen Erasmus+, a oedd yn helpu i wella datblygiad personol myfyrwyr, eu dealltwriaeth ryng-ddiwylliannol, a'u galluoedd ieithyddol, yn ogystal a datblygu llawer o'r sgiliau trosglwyddadwy y mae cyflogwyr yn chwilio amdanynt.

Credwn fod Brexit yn cynnig cyfle i greu rhaglen symudedd allanol ryngwladol newydd a allai efelychu ac efallai wella elfennau mwyaf llwyddiannus Erasmus+. Byddai hyn yn caniatáu i brifysgolion barhau a'u cydweithio gwerthfawr a phartneriaid yn yr UE a chef nogi cyfnodau gorfodol dramor ar gyfer myfyrwyr ieithoedd modern, yn ogystal a chefnogi'r broses ehangach o ryngwladoli addysg yng Nghymru a'r Deyrnas Unedig.

5. Bargeinion Dinas-Ranbarth Caerdydd

Mae angen cael sicrwydd gan Lywodraeth Cymru a'r Deyrnas Unedig ynghylch elfen ariannu UE Bargaen Ddinesig Caerdydd, yn benodol y £106m a ddyrannwyd ar gyfer datblygu Metro Prifddinas-ranbarth Caerdydd o Gronfa Datblygu Rhanbarthol Ewrop.

Mae Prifysgol Caerdydd yn rhan o Fargaen Ddinesig Prifddinas-ranbarth Caerdydd, cytundeb gwerth £1.2bn gan Lywodraeth y Deyrnas Unedig, Llywodraeth Cymru a'r 10 awdurdod lleol yn ne-ddwyrain Cymru. Mae'n ceisio gwella cynhyrchiant a sbarduno arloesi. Mae'n disgwyl creu 25,000 o swyddi ar draws y rhanbarth a denu gwerth £4bn o fuddsoddiad sector preifat.

Croesawyd yr ymrwymiad ar y cyd gan Ysgrifennydd Swladol Cymru a'r Cabinet ar y Cyd ar gyfer Bargaen Ddinesig Prifddinas-ranbarth Caerdydd i sicrhau bod y rhaglen ar gyfer y rhanbarth yn cael ei darparu'n llwyddiannus ac yn llawn. Mae Llywodraeth y Deyrnas Unedig eisoes wedi cyhoeddi buddsoddiad o £50m i helpu i ddatblygu technoleg lled-ddargludyddion cyfansawdd (CS) y dyfodol fel rhan o fuddsoddiad Bargaen Ddinesig Llywodraeth y Deyrnas Unedig. Bydd y Brifysgol a chwmni IQE yng Nghaerdydd, sy'n arbenigo mewn lled-ddargludyddion cyfansawdd, yn arwain 'catapwlt' cenedlaethol y Deyrnas Unedig. Yn ddiweddar mae'r 10 cyngor wedi cytuno ar fuddsoddiad o £38m mewn ffowndri newydd a'r hall gyfleusterau modern ar gyfer technolegau CS, gan gefnogi ymhellach ddatblygiad clwstwr CS yng Nghymru.

Mae disgwyl i gyfranogiad y Brifysgol fod yn llawer ehangach na hynny. Mae'r Fargaen Ddinesig yn rhagweld potensial buddsoddi mewn meysydd eraill lle gall y Brifysgol gynnig arbenigedd, megis datblygu meddalwedd a seiberddiogelwch, arloesedd ym maes gwasanaethau cyhoeddus, ynni ac adnoddau, y sector creadigol, iechyd a llesiant, a datblygu Prifddinas-ranbarth Caerdydd. Rydym yn ceisio sicrwydd, felly, gan Lywodraeth Cymru a Llywodraeth y Deyrnas Unedig ynghylch statws cydran arian UE y Fargaen Ddinesig, yn benodol y cyllid ERDF mewn prosiectau sydd yn yr arfaeth, sy'n cynnwys cyllid cymeradwy ar gyfer buddsoddi mewn lled-ddargludyddion cyfansawdd a chymorth busnes, a dyrannu'r £106m cytunedig ar gyfer datblygu Metro Prifddinas-ranbarth Caerdydd o'r ERDF.

Casgliad

Mae Prifysgol Caerdydd yn ymroddedig i weithio gyda phartneriaid i gael hyd i'r llwybr gorau i Gymru a gweddill y wlad wrth i'r Deyrnas Unedig adael yr Undeb Ewropeaidd.

Er gwaethaf yr heriau a ddaw yn sgîl y bleidlais i adael yr UE, rydym wedi ymrwymo i ddod o hyd i gyfleoedd yn y cyd-destun rhyngwladol newydd. Rydym

am barhau i ffurfio tref niadau cydweithredol cynhyrchir I led led Ewrop a gweddill y byd.

Summary:

- The EU is a source of key talent and expertise for the arts and creative industries in Wales. The easy two-way flow of this talent is currently part of the success of the creative industries as a major growth area of the UK economy.
- The creative industries are also an increasingly important engine for economic growth in Wales and a key sector for the new UK Industry strategy. One in 11 people in the UK workforce are employed in the creative economy (including creative jobs outside the creative industries). And one in 17 are employed directly in the creative industries.
- It will be difficult for Wales and the UK to attract and retain talent from the EU if freedom of movement is restricted. EU employees play an invaluable role in the development of talent in our education system, particularly in Higher Education. This is equally important in our cultural organisations.
- The free flow of talent and ideas fosters the innovation and experimentation that drives the growth of the arts and creative industries. Curtailing this could lead to a substantial loss of important skills to Wales and to the Welsh economy.
- The creative industries work in specific and distinctive ways across borders. This must be recognised.
- In a post EU membership world, we would need to retain Intellectual Property policies that will help Wales and the UK's creative industries thrive and protect their intellectual and creative assets.
- There will be a significant impact in terms of funding infrastructural and other developmental projects in Wales if EU funding is not replaced by equivalent substantive UK funding.
- The arts and creative industries in Wales need to maintain access to EU networks for the sharing of collaborative working and the exchange of knowledge around best practice.
- The proposed Great Repeal Act has significant implications for the arts and creative sector across the UK. However in certain devolved matters, particularly in the field of culture and education, Wales may have a distinctive set of priorities to that of the UK as a whole eg: Wales is a bilingual nation and has benefited from the linguistic diversity of the European Union.

- We will have to work hard to promote a continuing understanding that we are a nation open for business, exchange and collaboration.

1. This written evidence is submitted jointly by the Arts Council of Wales and Wales Arts International. The arts and creative sector that we support will have its own comments to offer. However, our work with the sector leads us to believe that our observations will be broadly representative of the sector as a whole. This submission is therefore intended to provide a perspective from the devolved nation within which we work.

2. The Arts Council of Wales is the official public body responsible for funding and developing the arts in Wales. We are accountable to the National Assembly for Wales and responsible to the Welsh Government for the way the money they provide to fund the arts in Wales is spent. We are also a Lottery distributor for the arts in Wales. Wales Arts International is the international arm of the Arts Council of Wales.

3. Since 2008, Wales Arts International has hosted a European Desk, set up to increase our engagement, and that of the wider arts sector in Wales, with European networks, opportunities and projects. This has been particularly important for projects and relationships developed through transnational European funding streams. We have worked as a partner in strategic European projects including the pilot mobility network Practics (2008-2011) and the INTERREG IVC project Toolquiz (2010-2012). We have also established an informal network of arts organisations based in Wales who are active in, or seeking to engage with, EU networks and projects. This is called the Wales European Arts Forum. We disseminate information to this group on matters concerning EU cultural policy, networking and potential project opportunities, sign posting relevant sources of transnational funding. We held a recent meeting with this group in partnership with the UK-wide Creative Industries Federation. This provided an important opportunity to gather information on the impact of the EU referendum result.

4. In the summer of 2016 Wales Arts International conducted a survey on behalf of Arts Council of Wales to understand the potential impacts of the EU referendum decision on the creative and cultural sector in Wales. We have used its findings as the basis for answering the two key questions posed by the committee below. We also offer other evidence that we have gathered through the work of the Wales European Arts Forum, including the event with Creative Industries Federation held in Swansea in September 2016. This event helped us to understand better the potential impact of Brexit on the arts and creative industries in Wales. The event also fed into the recently published Brexit Report published by the Creative Industries Federation which has made key recommendations to the UK government. All of the recommendations pose opportunities and challenges for the cultural and creative sector in Wales.

5. What should be the top priority for Wales in advance of the UK Government triggering of Article 50 (which starts the formal process of exiting the EU)?

From the perspective of arts and culture, it is essential that the UK Government considers the full impact of leaving the EU on the UK sector overall as well as the many varied 'regional' implications. There is an opportunity for Wales, and the Welsh Government in particular, to highlight the particular concerns for the sector here, but also to reflect on changes needed to help greater cohesion with partners across the UK. This will be paramount post Brexit. The immediate priorities for Wales to consider are:

5.1 Freedom of movement of artists and cultural workers to perform and tour, collaborate and exhibit and a recognition of this sector's uniqueness in this respect;

Touring Europe is an essential part of many of Wales' artists' working lives. It is also critical to the success of many of Arts Council of Wales' Arts Portfolio Wales clients (the principal organisations funded by the Council). Many earn a substantial part of their income from touring other European countries. And touring in Europe is much less costly and easier for our arts companies than in other territories because of the removal of restrictions and barriers (visas, employment and taxes) for EU member states.

A key theme that emerged from our survey was the concern that restrictions to freedom of movement would be cost and time prohibitive and would therefore inhibit many from bringing EU artists to work in the UK. Added visa costs and the time needed for additional paperwork were cited as particular concerns. A need for certain types of sponsorship licenses could also be restrictive for many small companies. (The full survey results can be seen here: www.wai.org.uk/news/7143).

For NoFit State, our flagship contemporary circus company, revenues from international touring counted for almost 40% of total turnover in the financial year 2015/16. Their recent experience of touring America highlighted the additional costs involved over and above the travel costs (£46,000) compared with a tour of the same scale and piece of work in the EU. Major costs included visas (£13,406), carnets (£9,384) for touring equipment and medical insurance (£4,250), as well as for certification required by New York state around temporary public spaces and NoFit State's performance tent (£19,002).

From our recent survey of the impact of Brexit on the arts in Wales, Freedom of Movement is the key concern for the sector. One of the questions we asked was about the potential impact of bringing artists and organisations into the UK. 60% of the respondents to our survey thought

there would be a negative impact, 19% were uncertain and only 3% thought it would impact positively.

In short, restricting the mobility of artists and creative workers risks compromising the creative, artistic and commercial success of a key sector.

5.2 Retention of staff and skills from EU countries

The creative industries and the arts sector that we work with rely on a constant flux of local, national and global participants. This is essential for the creation and production of the high quality of work for which we are known. The strength, diversity and innovation of the arts depend on the free movement and exchange of ideas, talent and creativity. Europe is a source of key talent for a whole range of companies, from Welsh National Opera to National Dance Company Wales, with creative individuals employed both as part of the core team as well as for specific productions. The easy two-way flow of this talent currently is part of the success factor of creative industries in the UK, a major growth area of the economy.

A diverse workplace makes our companies competitive internationally. Attracting international talent and leaders offer a new perspective to our companies' culture. Alongside Welsh and British colleagues they transform the fortunes of our art companies developing their capacity and enabling them to break into the new international markets that are so important in sustaining a viable business.

BBC National Orchestra of Wales recently appointed the Chinese conductor Xian Zang and is planning a tour of China in 2018.

In our Brexit survey, we asked about the potential implications of exiting the EU on the employment of staff from EU countries. While 41% of respondents did not consider this relevant to them, 38% thought there would be a negative impact. None thought there would be a positive impact.

Many of our arts organisations have voiced concerns about their ability to offer reassurance to their non-British EU staff. Pressure should be maintained on the UK Government to confirm that EU nationals currently employed in the UK will be able to stay.

The Creative Industries Federation's recent report "Social Mobility and the Skills Gap. Creative Education Agenda 2016", points out that the skills shortage in the UK's creative industries will be exacerbated by any restriction to freedom of movement. Current success – economic and cultural – depends on the supply of talent to the creative industries from the EU. www.creativeindustriesfederation.com/supporters/

There is an opportunity to develop a long term approach to creative skills training provision. The current joint Welsh Government/Arts Council arts education project, Creative Learning through the Arts, is attracting significant interest from the European ACEnet network and the OECD. There is an appetite to exchange information and to collaborate with European colleagues. There is significant potential here to animate and enrich learning in Welsh schools.

5.3 Access to EU Funding programmes and partnerships after Brexit

European Funding delegated to Wales (Objective 1, Convergence and Less Developed Regions Programmes) have transformed the arts in Wales. This investment has provided a significant match in funding for projects as diverse as training, apprenticeships, community projects and capital build schemes for arts centres, galleries and theatres. Wales now boasts an enviable infrastructure of architecturally distinctive arts venues that are creating new opportunities for people across Wales to enjoy and take part in cultural activity. And many of these flagship capital projects have kick-started economic regeneration and have been the catalyst for inward investment and increased community engagement.

One exemplar recipient of European Regional Development Fund which has paved the way for further investment in the arts is Galeri, an arts and creative enterprise centre in Caernarfon. Opened in 2005, through partnership investment including around £1.7m ERDF funding, Galeri has always had a strong focus on local regeneration, community engagement and support for the creative sector in Gwynedd. Its development on the site of Victoria Dock became a catalyst for the eventual re-development of this area. www.galericaernarfon.com

ERDF, matched through the Arts Council of Wales' Capital Lottery Scheme and other investors, has provided significant funding investment into a network of high profile arts and creative industries centres across Wales. All have had a transformational impact in their communities and include Aberystwyth Arts Centre, Theatr Mwldan and most recently opened, Pontio – Bangor University's Arts & Innovation Centre, (which benefited from some £15m through ERDF.) www.pontio.co.uk

There has also been a significant investment through European Social Fund into the arts and creative economy in Wales. Between 2007- 2013, as a joint sponsor of the Welsh Government's Reach the Heights Programme (2007- 13), Arts Council of Wales distributed over £10 million to 73 projects involving over 9,000 young people.

Many skills development programmes for the Creative Industries have been of benefit to the arts in Wales, from courses at Further and Higher Education establishments to programmes managed by Skillset to train writers for TV and Film.

The arts in Wales like the creative economy as a whole have benefited from a variety of transnational programmes such as the dedicated Creative Europe and Interreg. For example, in 2015, five Welsh creative organisations benefitted from almost €1m of funding from Creative Europe (Media and Culture sub-programmes). This includes Literature Across Frontiers, based in Aberystwyth University, leading one of the flagship European “platforms” with their Literary Europe Live project. The CORACLE project, led by the University of Wales Trinity St David, received just over €1.2m of ERDF funding through the Interreg IrelandWales 4A programme. The project supported skills development for those working in the creative and cultural sectors, to maximise the economic, social and cultural benefit of these sectors to both regions. Erasmus+ is another programme that has invested in creativity and creative skills, for example through the Network of International Circus exchange project that NoFit State Circus participated as a partner in (2014).

From our survey on the Impact of Brexit on the Arts in Wales, 25 respondents indicated they had participated as partners in transnational projects that had received funding totalling almost £4.8m from across a range of EU programmes (2007-2013 and 2014-2020). A further £7.5m is being sought from these EU funding programmes by 21 respondents who are either considering or in the process of making an application in 2016. This is likely to be higher as not all recipients and applicants responded to the survey and it’s very difficult and onerous to gather the information needed.

The lack of comprehensive data on the breadth and depth of EU investment into the arts and the creative economy (and no doubt other sectors) in Wales and the UK. The Creative Industries Brexit report states “Without a full audit of what the EU has funded in the UK, there is a risk that the impact of comparatively small amounts of EU investment, producing significant impact for the organisations supported, will be overlooked.”

This is something Wales and the arts sector needs to prioritise to fully understand the impact of leaving the EU on our economy and culture. The lack of data is due in part to the complexity of EU funding programmes; the fact that all programmes are managed differently – some at EU level (eg Creative Europe), some such as Interreg Atlantic Arc (from Portugal) and others in Wales (Convergence) and the UK (Erasmus+). The ways in which Welsh artists and organisations benefit also varies. Some have participated in programmes managed by other partners in Europe as well as being lead partners themselves. Others have simply benefited from key training and networking opportunities.

In the same way that we would expect the UK government to replace the funding lost to Wales from its withdrawal from the EU, so would we and the sector wish to make the case for the government to replace lost investment to the sector from participation in wider EU programmes.

We also believe that any alternative arrangements in the future for investing in regional development should adopt the same international perspective and vision that we have seen in the operation of EU structural funds. For example, the Welsh Government has prioritised developing new international markets for the funds. We would recommend that the UK still retain access to EU networks and programmes under third country status, or a similar arrangement.

It is doubtful, under current British tax laws, that tax exemptions could bridge the gap in the funding that might potentially be lost. In the arts, private sponsorship provides helpful 'added value' that enhances core support. It would not be able to fill the gap from such a substantial loss of EU funding.

5.4 Continued access and membership to networks and programmes.

Respondents to our survey highlighted the fact that accessing European programmes was as much about accessing networks as funding. The potential impact - apart from a financial loss - would be the diminution of opportunities for cultural exchange and enrichment. This could lead to creative, artistic and commercial isolation.

As well as networking on EU level, it is critical that the arts and creative sector in Wales are fully engaged with UK wider programmes and initiatives too.

5.5 Replacement arrangement for current funding models

The UK government should seek to achieve, through its negotiations that the UK continues to be a full member of Creative Europe. We would urge Wales to ensure that this is part of the current negotiations. This might not be possible, given that culture is a devolved matter. We are in uncharted waters here, and we would want to explore whether there are new ways in which regional membership could be considered by the EU should Wales, Scotland and Northern Ireland wish to pursue such a course of action. Although there will inevitably be costs attached to being a non-EU member of the programme, and the details of this should nevertheless be considered.

5.6 Wales' reputation internationally

Many of our survey respondents voiced concern about the perception of Wales in terms of its openness and willingness to collaborate and work with others. Many examples were quoted of a reluctance demonstrated by some EU partners to enter into projects/partnerships with the UK in these uncertain times.

Eluned Hâf, Head of Wales Arts International, recently chaired a panel at the WOMEX World Music Expo. European participants described how their perception of Wales and the UK had changed since the EU referendum. It was clear from the comments made that we will have to work hard to demonstrate that we value trading and cultural links and that as a nation we remain 'open for business'.

Wales would do well to prioritise its international image and to use the arts and creative economy to develop meaningful cultural relations for Wales internationally.

5.7 Community cohesion and celebrating diversity

The impact of the referendum on community cohesion and in particular the rise that we are starting to see in racially motivated attacks is of key concern to our sector. The Leave vote and the discourse over the past few months was a clear rejection of the status quo and of the so-called political elite. These will be matters that all public institutions will want to reflect upon. However, one of the consequences is not only the emergence of sensitive issues around immigration, but also a danger of communities rejecting their role in helping Wales to adopt a progressive and forward-looking responsibility towards local, national and global issues. This is a responsibility enshrined within the Government's landmark Well-being of Future Generations legislation.

If the Brexit vote has demonstrated anything, it is the need for public sector agencies to redouble their efforts to engage communities across Wales. Through our participation work, the Arts Council has valuable experience in showing how the arts can bridge into communities to celebrate diversity whilst also empowering those who feel marginalised.

*6. Can you provide examples of where the UK's proposed approach to transferring the *acquis communautaire* (the body of European law),*

through the proposed Great Repeal Bill, into domestic law might have particular implications for Wales?

There are areas where the Great Repeal Bill will re-centralise responsibilities at the UK level (employment and immigration law). These will affect the cultural and creative sector UK wide. There are other devolved matters where Wales may have a distinctive view and need that must be recognised and expressed through the process of Brexit negotiation.

Great Repeal Bill and UK wide Creative and Cultural matters

As identified by our colleagues Arts Council England in their recently published survey, the sector benefits from EU laws and regulations relating to copyright, intellectual property, artist re-sale rights, VAT exemption as well as employment legislation.

Together with Arts Council of England, we recommend an UK-wide review to discover how relevant intellectual property and copyright frameworks, as well as tax exemptions, can be maintained and improved upon outside the EU.

On these matters of common interest we should work together, by ensuring that Wales' voice is heard and that our national bodies (as well as English counterparts) are involved in the discussion of new ways forward.

In trade, there will be new opportunities and an imperative to develop new models for the sector to develop international partnerships. EU funding enabled a growth in effective distribution networks for UK creative companies, and we would not wish to see the advances made over many years lost as part of the Brexit process.

The issue of visas and restrictions to Freedom of Movement are issues highlighted by the respondents to our survey. They are also highlighted by the Creative Industries Federation as a key issue for the UK-wide sector. Any added visa costs and time would be prohibitive for many to either work/tour in the EU or bring EU work/artists to work in the UK.

A revisiting of our visa rules offers an opportunity to understand the needs of the sector and to create a new system that better supports companies as well as freelance artists and cultural workers. It is important therefore that the sector has an input into the new system.

Another UK wide issue is that of IP. While the Intellectual Property Office has stated that the position on trademarks, designs, patents, copyright and enforcement remains the same until exit negotiations are concluded, what will happen in relation to Copyright after the UK leaves the EU?

Intellectual Property is a very important area for artists. If IP protection was to be diminished, we could see a weakening in the viability/strength of our creative industries. IP protection will need to be assured. Agreements developed at an EU level in these policy areas offer a good basis for the UK to look at what could be retained if the creative sector is to continue to thrive.

The Great Repeal Bill and devolved matters.

There are devolved matters, such as culture and education, which operated within an EU framework since the devolution. Our culture, language and arts have grown alongside similar European cultures and languages. Could there be an opportunity to have a “sectoral single market” where, due to devolution, Wales could take the lead on buying into key EU programmes areas?

There may be areas where a wholesale repatriation of the programmes (such as Creative Europe) may need to be resisted from Wales. It is important that any future membership of the programme (or any British replacement programmes) includes culturally and linguistically specific priorities for Wales. Wales should retain a Creative Europe desk, even if this is funded by Wales outside of the programme to encourage partnership under a “third country model”.

The Welsh language is a recognised European minority language and has benefited from comparable models and partnerships with other similar nations, such as Catalonia, the Basque Country, Flanders and Brittany. It is important that the commitments made to protecting and celebrating linguistic diversity are embraced by future programmes.

In this respect there are also examples of where European models have been introduced to policy and programmes in Wales, and where Wales may want to continue with a different approach to elsewhere in the UK. For example, through the Well-being of Future Generations Act, the Welsh approach to sustainable development now embraces cultural development as a key policy ‘pillar’, a model adopted from EU partnerships.

1. Introduction

1.1 UNISON Cymru/Wales is Wales' largest public sector trade union. UNISON Cymru/Wales has 100,000 members working in public services across Wales.

1.2 We represent full-time and part-time staff who provide public services, although they may be employed in both the public and private sectors. Two thirds of our members are women and our members work at every level in public services. This includes frontline staff and managers, working full or part time, in local authorities, the NHS, the police service, colleges and schools, the electricity, gas and water industries, transport and the voluntary sector.

1.3 We welcome the opportunity to feed into the inquiry on Wales' future relationship with the European Union.

1.4 This inquiry will result in a wide response and so UNISON has opted to limit our response to elements of specific interest to public services and public service workers.

2. To identify the most essential aspects of the UK's future relationship with the European Union from a Welsh perspective

2.1 We have serious concerns over the UK government's approach to new trade deals and the impact these could have on devolved services. This must be addressed in any common framework.

2.2 The primary focus of modern trade agreements are 'regulatory barriers to trade' and the trade in services rather than traditional tariffs and quotas on goods. Subsequently, these agreements affect many aspects of public policy including jobs, labour rights, environmental and consumer protection. They also seek to extend services liberalisation including public services.

2.3 UNISON believes any trade agreement that the UK negotiates after exiting the EU should be subject to meaningful public and parliamentary scrutiny. The Trade Bill currently before Parliament fails to ensure that.

2.4 Instead the Bill grants the Secretary of State for International Trade wide-ranging powers to open, conduct, conclude and sign trade agreements without a mandate or scrutiny from Parliament. Furthermore, under the Constitutional Reform and Governance Act (2010) the Government may simply lay a trade agreement before Parliament for 21 days and it is deemed to be agreed unless there is an objection from the Commons.

2.5 The Trade Bill is aimed at replicating after Brexit those trade agreements to which the UK is already party through its membership of the EU and does not make any provision for the negotiation of new agreements.

2.6 UNISON believes that the Bill is a missed opportunity to shape a modern, open and transparent mechanism that is fit for purpose in giving Parliament the powers to fully scrutinise modern trade agreements thereby allowing public concerns and groups with expertise to be taken into consideration.

2.7 We believe the UK Government should obtain the consent of the devolved administrations and believe an amendment to the Bill should be made on this basis.

2.8 UNISON believes individuals should be able to continue to bring free-standing legal challenges in UK courts on the basis that UK law breaches the principles of EU law.

2.9 In recent years, UK workers have increasingly relied on the principles of EU law to defend and enforce their workplace rights. For example, in the recent UNISON landmark victory, on employment tribunal fees, the Supreme Court concluded that Employment Tribunal fees not only breached the common law principle of access to justice, but it was also inconsistent with the principle of effectiveness in EU law which means that domestic law must not make it impossible or excessively difficult to enforce any EU right.

2.10 The principles of EU law have also played a vital role in ensuring working people are fully compensated if they face discrimination at work. UK workers have been able to rely on the principles of effectiveness and equivalence in EU law to challenge previous caps on compensation in equality cases. UNISON is concerned that measures in the Bill could create the opportunity for a future UK government to reintroduce a cap on compensation in discrimination claims.

2.11 A further point is that the Francovich rule will also no longer apply to domestic law after exit day. The Bill would remove the right in domestic law to seek Francovich damages where the government has failed to comply with its obligations under EU law.

2.12 This would mean:

- The UK government can no longer be held to account for past breaches of EU obligations which only come to light once we leave the EU
- Individuals or communities would have no right to legal redress if a future UK government decides not to comply with EU environmental standards

- Workers would have no legal remedy if the UK government were to renege on promises to protect their workplace rights, for example, by removing rights to holiday pay or equal treatment rights for part-time workers or agency workers

3. To ensure the issues of most importance to Wales are being adequately represented in negotiations

- 3.1** Under the current terms being discussed, devolved administrations will continue to be bound by EU law, unless the UK government and Parliament agrees to devolve power to modify it.
- 3.2** Ministers will be able to release powers to devolved administration using Orders in Council, where the agreement has been reached between the UK government and the relevant authority. However, decisions over whether to initiate this process will lie solely with UK ministers. We believe this represents an imbalance of power.
- 3.3** The UK government had sought to justify this policy on the basis that existing restrictions, which prevent devolved administrations from amending EU law, should be retained until decisions have been taken on whether common policies are needed.
- 3.4** This will mean that devolved administrations are restricted from creating new agricultural, fisheries and regional policies – a striking move away from the current conferred powers model of devolution that was agreed through a referendum.
- 3.5** Instead, devolved powers in these areas would be frozen until the UK government decides whether to “unfreeze” any of them, resulting in all powers exercised at EU level to flow back to Westminster.
- 3.6** This will impact the Welsh Government’s legislative competence in many devolved areas for, in our view, no legitimate reason. In essence, the UK government is unilaterally moving devolution in the UK away from the referred powers model. This is undemocratic and of no benefit to Wales.
- 3.7** Clearly this is against the public choice and will be of no benefit to Wales. The Welsh Government and National Assembly have vast and growing experience of legislating in these devolved areas – unlike the UK government which has no recent experience in these areas.
- 3.8** Whilst the UK government maintains this will be a temporary measure, the lack of a sunset clause on powers is alarming.

3.9 UNISON as part of the Repeal Bill Alliance (www.repealbill.org) agrees that following the UK's withdrawal from the EU, there will be a need for common standards and frameworks to enable cross-border working and the maintenance of an internal common market.

3.10 Establishing high standards in common UK frameworks will help to ensure future delivery of high quality public services. UNISON and the Repeal Bill Alliance urges MPs to back amendment New Clause 64 which will ensure that a common framework is mutually agreed between the four administrations. Such a framework should maintain a common UK approach but respect the difference of the territorial constitutions.

3.11 The starting point of any common framework in the UK should be to respect devolution.

3.12 Whilst the EU (Withdrawal) Bill would ensure EU derived employment rights will remain in place when we leave the EU, these provisions will only protect workers' rights on day one. There is nothing in the Bill to stop a future UK government from watering down or removing these rights after Brexit.

3.13 UNISON believes a clear amendment should rule out the use of delegated powers to amend employment law, equality law, and health and safety standards. We believe any future changes employment law, equality law and health and safety standards should require an Act of Parliament, which would ensure Parliament can fully scrutinise and decide on any proposed changes.

3.14 The EU Charter of Fundamental Rights currently provides important protections for rights that fall within the scope of EU law, such as non-discrimination rights in employment, rights to fair treatment at work and to collective bargaining. UNISON is very concerned that the UK government has explicitly exempted the charter from being retained. There is no reasonable explanation as to why an exception has been made.

3.15 UNISON believes that several Charter rights – for example, rights relating to children and the free-standing right to non-discrimination – have no equivalent protection in UK law.

3.16 UNISON is clear that Wales should not lose out financially as a result of the UK exiting the EU and appropriate funding should be allocated to Wales and, crucially, be within the control of the Welsh Government.

3.17 Furthermore, it is UNISON's view that this money should then be prioritised and spent on public services. This would benefit the entire population of Wales and will go some way to addressing the ongoing underfunding of services which has resulted from the UK Government's austerity agenda. Quality public services reduce poverty and inequality, creating a fairer, better Wales we want to live in.

3.18 We have ongoing concerns about the lack of clarity over the citizenship status EU citizens from outside of the UK post-Brexit. These individuals represent a

significant and valuable element of the public sector workforce. We have concerns over the long-term sustainability and continuity of the public services after Brexit.

3.19 Furthermore, we are already aware of continuity issues in areas including social care where clients have experienced a change in care personnel because EU citizens from outside the UK have opted to return to their country of citizenship in order to access job opportunities in the face of uncertainty. This will inevitably lead to a loss of skill and expertise within the workforce.

4. To identify opportunities for continued engagement with the EU and its institutions after Brexit

4.1 UNISON believes it is vital that the rights of working people across Wales and the rest of the UK do not fall behind those of their counterparts in the EU. We therefore believe the withdrawal agreement and the future UK-EU deal should include a commitment that UK employment law will keep pace with improvements in EU social and employment policy.

4.2 The ECJ has played a central role in improving the rights of working people. If UK courts are no longer required to take new decisions of the ECJ into account, UK workers could lose out on future advance in workplace rights.

