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David Rees MS
Chair, External Affairs and Additional Legislation Committee
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27 October 2020

Dear David,

Intergovernmental Relations

Thank you for your letter of 12 October on our interactions with the UK Government on the UK Internal Market Bill, preparedness for the end of the transition period, and on the joint Review of Intergovernmental Relations.

Review of Intergovernmental Relations

We are making progress on new intergovernmental machinery as well as an improved mechanism for dispute avoidance and resolution. Officials continue to collaborate on the proposals, which are now well advanced.

Two Ministerial quadrilateral meetings have been held to discuss the proposals. At the most recent of those meetings, which I chaired, we noted the significant impact and adverse implications of the UK Government's Internal Market Bill on intergovernmental relations and I called for it to be amended to respect devolution. I continue to emphasise the need to conclude the review and begin the work of implementing new governance arrangements ahead of the end of the transition period. It is very important that we do not reach January without the new arrangements being in place.

On Lord Dunlop's Review of UK Government Union Capability, we engaged in the review last year, when the First Minister and I, as well as the Permanent Secretary, spoke with Lord Dunlop in Cardiff. Despite this, the UK Government has not yet shared with us the report they received some months ago. As the UK Government has not been forthcoming with the findings of the Dunlop Review, it is not therefore possible to confirm if it is influencing intergovernmental relations.

UK Internal Market Bill

I have made very clear that, while we support maintaining the coherence of both the UK internal market and also a UK-wide subsidy regime, the UK Government's Internal Market

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Bill goes far beyond what is necessary to achieving these goals. Rather than strengthen the efforts through the Common Frameworks programme to co-design on a consensual basis measures which would protect both the internal market and devolved competence, the Bill would undermine them.

We are taking a pro-active approach to amending the Internal Market Bill, in order for the Bill to be one to which we could recommend the Senedd gives its consent, drastic changes are required, however we firmly believe that these changes are not only in the interests of Wales, but of the United Kingdom as a whole.

Last week, I published a [written statement](#) which included the Welsh Government's proposed amendments to the Bill which we hope will be taken up by the House of Lords.

We have also engaged with the UK Government, the detail of which is outlined at Annex A.

Preparedness for the end of the transition period

In terms of overall engagement, both I and my officials have consistently made the case over recent months for full sharing of information on the UKG's preparedness projects. I have made this point to Michael Gove at meetings of JMC(EN) and to Penny Mordaunt at Ministerial Quadrilaterals. By way of example, I wrote to UK Government Ministers on 15 September about borders. I am still awaiting a response.

In October, Welsh Government Ministers have now also attended three meetings of the UK Government's 'XO' Cabinet Committee, which are our first invitations since January 2020.

Ministerial colleagues have also written on specific issues; for example on 14 October the Minister for Environment, Energy and Rural Affairs sought clarity on UK Government planning on food supply issues including underpinning analysis on UK Government planning assumptions. The Education Minister wrote to the Minister of State for Future Borders and Immigration on 25 September regarding changes to the post-study visa and the lack of advance notice provided to the Welsh Government despite the impact of these changes on a fully devolved area. The Education Minister also wrote to the Minister of State for Universities on 14 September and again on 18 September following Ministerial Quadrilateral meetings regarding changes to the executive summary of the business case for a domestic alternative to Erasmus+. In June, the Minister for Environment, Energy and Rural Affairs wrote to George Eustice MP, Secretary of State for Environment, Food and Rural Affairs, in respect of Sanitary and Phytosanitary checks; and in August to Victoria Prentis MP, Parliamentary Under Secretary of State at Defra, in respect of information about imports of critical commodities.

There is also a wide range of frequent contact between Welsh Government officials and counterparts in the UK Government and the other devolved administrations on work related to preparing for the end of the transition period.

I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,





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Annex A

UK Internal Market Latest discussions and correspondence with the UK Government

7 July	Letter from CGMET to SoS for BEIS & CDL: Welsh Government concerns re. the future UK Internal Market	 2020-07-07 FINAL CGMET letter to CDL 2
16 July	Meeting between MET&NW and SoS for BEIS, ahead of the publication of the UK Government's White Paper on the UK Internal Market	
14 August	Letter from CGMET to SoS for BEIS: Welsh Government analysis of the UK Government's White Paper	 2020-08-14 IM White Paper - FINAL L
w/c 24 August	Official-level meetings following the publication of the White Paper, focussed on three areas: <ol style="list-style-type: none"> 1) Governance – Office of the Internal Market 2) Mutual Recognition 3) Inter-governmental relations 	
2 September	Meeting between CGMET and SoS for BEIS, following the Welsh Government's response to the UK Government's White Paper	
8 September	Letter from UKG ministers to MET&NW: Outline of the UK Internal Market Bill ahead of its publication on 9 September	
22 September	Letter from SoS for BEIS to CGMET: Response to Welsh Government analysis of the White Paper (14 August)	
25 September	Publication of the Welsh Government's legislative consent memorandum: https://senedd.wales/laid%20documents/lcm-ld13513/lcm-ld13513-e.pdf	
28 September	Meeting between CGMET, Chloe Smith MP (Cabinet Office Minister for the Bill) and SoS for Wales	
w/c 5 October	Series of official-level meetings between Welsh Government and BEIS, Cabinet Office & Wales Office: <ol style="list-style-type: none"> 1) Part 4: Office of the Internal Market 2) Part 5: NI Protocol and Part 7: Protected enactment status 3) Parts 1-3: Mutual recognition and non-discrimination 	

	<p>4) Part 7: Subsidy control</p> <p>5) Part 6: Financial assistance powers</p>	
13 October	Meeting between CGMET, Chloe Smith MP, and Simon Hart MP.	
15 October	<p>Publication of the Welsh Government's proposed amendments to the Internal Market Bill: https://gov.wales/written-statement-welsh-government-amendments-united-kingdom-internal-market-bill</p>	
16 October	Official-level meeting between the Welsh Government and UK Government to discuss the amendments	