



Department
for Environment
Food & Rural Affairs

The Rt Hon Michael Gove MP
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Lesley Griffiths AC/AM
Cabinet Secretary for Energy, Planning
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Welsh Government
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Dear Lesley,

I am writing following extensive and highly collaborative discussions between our officials on a process for the initial making and ongoing operation of Part 7 (WTO clause) regulations in the Agriculture Bill. I am absolutely delighted to learn that we have reached a position that officials agree works for both our administrations. I am attaching a proposition for how Defra and the Welsh Government will continue to work together on the regulations. I understand one official level workshop has already taken place where good progress was made to kick-start this process and is, I hope, an indication of how Defra wants relations to continue with the devolved administrations. I do hope that this concludes the matters set out in your letter of 12th September and will enable the Welsh Government to recommend to the National Assembly for Wales that legislative consent be granted for the Agriculture Bill. I would very much welcome your formal agreement to this proposition before the bill's Commons Report stage.

This is excellent progress and I am very pleased that our two administrations continue to collaborate so positively.

With every good wish,

Michael Gove

UK Government proposal on WTO provisions within the Agriculture Bill

The initial making of Part 7 regulations

- Defra will make clear on the floor of the House of Commons at Report speech in the Commons, that the UK Government will consult the devolved administrations before bringing forward regulations under this power.
- Defra officials will share with DA counterparts proposals for regulations to be made under the WTO powers in the Agriculture Act including:
 - objective methodology and rationale for determining or changing Amber Box limits, and the resulting limits themselves;
 - the type of information, and its frequency, that should be provided for the purpose of classifying schemes and notifying WTO AoA box usage; and
 - the process to be set out for the classification of schemes and the role of a memorandum of understanding (see below).
- Draft regulations will be presented to the four UK agriculture Ministers with the aim of securing agreement, followed by an exchange of letters. This would provide the opportunity for a devolved administration to set out its position, and for the Defra Secretary of State to explain the reasons for the final form of the regulations and how UKG has sought to reach agreement.
- The process for sharing regulations and consulting the devolved administrations should be guided by the principles set out in the Inter-governmental Agreement. Consistent with those, the administrations are committed to seek to proceed by agreement. But if this is not possible, the matter would be escalated in line with the existing MoU governing Intergovernmental relations and any future agreements in place between Defra and the DAs on dispute resolution. In the event of a dispute, once all these attempts at resolution have been exhausted, the exchange of letters should be made available to both Houses in advance of the affirmative vote on the regulations made under part 7.

The ongoing operation of the Part 7 regulations

- The administration intending to introduce or change the way funding supports agricultural producers proposes a WTO classification, consistent with the regulations and the detailed process set out in a Memorandum of Understanding on their operation. Proposed classifications should be discussed by officials, and submitted to the four UK agriculture Ministers, initially by correspondence and if necessary for discussion, with the aim of securing agreement. Proposed classifications will be reviewed, as necessary, before schemes are implemented. Assuming agreement is achieved, the Secretary of State notifies the classifications to the WTO.

- In the event agreement on any aspect of the operation of the regulations cannot be reached between the Secretary of State and the Minister of the relevant devolved administration, the matter would be escalated in line with the existing MoU governing Intergovernmental relations and any future agreements in place between Defra and the DAs on dispute resolution. The UKG and devolved administrations will continue to work together to consider specifically the role of independent advice.
- Consideration must be given to avoiding the provocation of a challenge by other WTO members to the UK's notification decision, so the UKG and the devolved administrations will seek to agree the right balance between transparency around, and accountability for, the Secretary of State's final decision.