



Our ref: MA-P-EM-0493-19

David Rees AM  
Chair  
External Affairs and Additional Legislation Committee  
National Assembly for Wales

26 February 2019

Dear David,

Thank you for your letter of 31 January 2019 on International agreements.

As set out in the annex to the Secretary of State for Exiting the EU's letter to Lord Boswell, dated 25 January 2019, there is a wide range of international agreements affected by Brexit. Not all of these fall within my brief and Ministers retain responsibility for international agreements within their remit. Hence, this response addresses only those agreements – on international trade - which fall within my ministerial responsibilities (please see **Annex A**).

I will address your requests individually but I should like first to update you on the engagement between the Department for International Trade (DiT) and Welsh Government by way of setting out context.

You will be aware that Welsh Government has continued to press the case for effective engagement between UK Government and devolved governments on all trade agreements: in particular we have called for a Joint Ministerial Committee on International Trade. I see the recent announcement from UKG Ministers in the House of Lords of their intention to create a Joint Ministerial Forum as a very positive step. A Senior Officials Group has now met on three occasions with more detailed policy roundtables taking place regularly under this group.

### **Trade Agreements**

Your letter rightly makes the distinction between two UK Government programmes of work led by DiT:

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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.

- Trade Agreement Continuity (TAC) - transitioning existing EU trade agreements, replicating as far as possible the terms of the existing agreements.
- Future Free Trade Agreements (FTAs) – DiT has consulted on its intention to negotiate FTAs with Australia, New Zealand and the USA and on its intention to seek accession to the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP).

### Trade Agreement Continuity

You will be aware that there are around 40 trade agreements with over 70 countries that would need to be replicated by exit day in a ‘no deal’ scenario to ensure that the UK maintains existing trading relationships with these countries. In total Welsh goods exports to these countries is worth around 10% of our total exports (on top of the 61% of our exports which go to the EU27). Our most significant trading partners within this group are Canada, South Korea, Switzerland, Turkey, Norway and South Africa; **Annex B Table 1** sets out data on Wales’ trade with these countries.

DiT officials and my officials are in regular contact in relation to TAC – we receive weekly updates on the status of these agreements and more detailed conversations are held between senior officials on this specific topic every three weeks. At a Ministerial level myself (and my predecessor, the Minister for Economy and Transport) have had regular telephone discussions with the Minister of State for Trade Policy, George Hollingbery, where ‘no deal’ projects such as this are covered. Please see **Annex C** for copies of specific correspondence between the Department for International Trade and Welsh Government on Trade Agreement Continuity.

At the time of writing, the UK Government has agreed bilateral agreements with Switzerland, Chile, the Faroe Islands and the Eastern and Southern African States<sup>1</sup>. **Annex B Table 2** sets out data on Wales’ trade with these countries whilst **Table 3** sets out data on the other agreements listed in Lord Boswell’s letter.

### Future Trade Agreements

The Welsh Government responded formally to the UK Government consultation on future FTAs. Please find attached copies of our response at **Annex D**. Annex D will provide you with the Ministerial response, including a Ministerial letter, sector response, country response and the relevant trade data for Wales.

### House of Lords (HoL) motion

The consequence of the motion by Baroness Smith of Basildon and the resultant amendment tabled by Baroness Fairhead is that the Trade Bill is unable to proceed to Report Stage until the UK Government ‘has presented to both Houses proposals for a process for making international trade agreements once the United Kingdom is in a position to do so independently of the European Union, including roles for Parliament and the devolved legislatures and administrations in relation to both a negotiating mandate and a final agreement’. While I welcome the motion and its reference to the devolved institutions, I see the responsibility for responding to it as sitting firmly with the UK Government. We share the view of the House of Lords that a clear statement of how the Government

proposes to involve Parliament and the devolved institutions in proper dialogue and consultation is long overdue. As a Government, we have clearly articulated our views in relation to how UK Government and Devolved Administrations should work together in developing a trade policy that is fit for purpose for the whole of the UK (I refer you back to Trade Policy: the issues for Wales). I do believe that progress is being made and as I have previously mentioned I very much welcome the commitment from the UK Government to a Joint Ministerial Forum and the development of a concordat which will specifically detail how the Department for International Trade and Devolved Administrations will work together for the UK's future trade agreements with third countries after EU exit.

As a Government, we support a strengthened role for both Parliament and the Assembly in scrutiny of International Agreements, and believe that there is a need for enhanced inter-parliamentary working to address this. This is a matter which the Assembly should itself take forward directly with Parliament and hence I support your approach to reach out to Baroness Fairhead.

### **Interim arrangements for reporting on Trade Agreement Continuity**

As I have already set out, the number and range of international trade agreements that the UK Government is looking to transition in time for exit day is considerable. We are in unprecedented territory and officials are under considerable pressure in order to ensure that Welsh interests are protected. With this in mind, I do not think it will be possible to work to the timescale you propose but I would be very keen to meet with you to discuss a way forward that better balances the need to keep the Assembly updated with the unparalleled short time scales we are facing and the obvious resource implications.

Finally, I would of course like to accept your invitation to continue our discussions at a further Committee session on 4 March 2019. In addition I think it would be useful to meet before this session and I will ask my Office to contact yours to arrange.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'M. E. Morgan'.

**Eluned Morgan AC/AM**

Gweinidog y Gymraeg a Chysylltiadau Rhyngwladol  
Minister for International Relations and the Welsh Language

## **Annex A**

### **Bilateral Agreements the UK has signed or intends to sign shortly (name of the successor UK – Third Country)**

- Economic Partnership Agreement between the UK and the Eastern and Southern African States (ESA EPA).
- Free Trade Agreement between the UK and the Kingdom of Denmark in respect of the Faroe Islands.
- Agreement establishing an association between the UK and the Republic of Chile.
- Economic Partnership Agreement between CARIFORUM States and the United Kingdom (CARIFORUM EPA).
- Trade Agreement between the UK and the Swiss Confederation.
- UK- Palestinian Liberation Organisation Interim Political, Trade and Partnership agreement.
- The Canada-UK Comprehensive Economic and Trade Agreement.
- Partnership Agreement between the UK and the Pacific States.
- UK and Southern African Customs Union and Mozambique Economic Partnership Agreement ((SACU+M)EPA).
- UK- Norway & Iceland Trade Agreement.

## Annex B

**Table 1- Most important agreements for current Welsh Trade**

Country	Welsh Exports (£m)	Percentage of Total Welsh Exports	Welsh Imports (£m)	Percentage of Total Welsh Imports
Canada	404.4	2.4%	501.4	2.8%
Turkey	372.5	2.2%	443.9	2.5%
South Korea	259.3	1.5%	345.6	1.9%
Switzerland	144.4	0.9%	147.4	0.8%
Norway	79.6	0.5%	380.6	2.1%
South Africa	53.7	0.3%	143.5	0.8%
Algeria	8.6	0.1%	671.6	3.7%

Source: WG analysis of HMRC Regional Trade in Goods Statistics.

Data refers to the year ending September 2018.

**Table 2- Agreements signed by UK Government**

Country	Welsh Exports (£m)	Percentage of Total Welsh Exports	Welsh Imports (£m)	Percentage of Total Welsh Imports
Chile	6.0	0.04%	9.0	0.05%
<b>ESA:</b>				
<i>Comoros</i>	not available	-	not available	-
<i>Madagascar</i>	not available	-	not available	-
<i>Mauritius</i>	0.7		5.1	
<i>Seychelles</i>	not available	-	not available	-
<i>Zambia</i>	not available	-	not available	-
<i>Zimbabwe</i>	not available	-	not available	-
Faroe Islands	not available	-	not available	-
Switzerland	144.4	0.85%	147.4	0.82%

Source: WG analysis of HMRC Regional Trade in Goods Statistics.

Data refers to the year ending September 2018.

**Table 3- Agreements the UK Government are working towards signing**

<b>Country</b>	<b>Welsh Exports (£m)</b>	<b>Percentage of Total Welsh Exports</b>	<b>Welsh Imports (£m)</b>	<b>Percentage of Total Welsh Imports</b>
Palestine	Not available	-	Not available	-
<i>CARIFORUM:</i>				
<i>Antigua &amp; Barbuda</i>	Not available	-	Not available	-
<i>Bahamas</i>	Not available	-	Not available	-
<i>Barbados</i>	Not available	-	Not available	-
<i>Belize</i>	Not available	-	Not available	-
<i>Dominica</i>	Not available	-	Not available	-
<i>Dominican Republic</i>	7.2	0.04%	0.9	0.00%
<i>Grenada</i>	Not available	-	Not available	-
<i>Guyana</i>	Not available	-	Not available	-
<i>Haiti</i>	Not available	-	Not available	-
<i>Jamaica</i>	Not available	-	Not available	-
<i>Saint Lucia</i>	Not available	-	Not available	-
<i>Saint Vincent</i>	Not available	-	Not available	-
<i>Granadines</i>	Not available	-	Not available	-
<i>Saint Kitts &amp; Nevis</i>	Not available	-	Not available	-
<i>Suriname</i>	Not available	-	Not available	-
Israel	38.3	0.23%	32.9	0.18%

Source: WG analysis of HMRC Regional Trade in Goods Statistics.

Data refers to the year ending September 2018.