# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

|  |  |
| --- | --- |
| **TITLE** | **UK Government Documents – Brexit** |
| **DATE** | **18 August 2017** |
| **BY** | **Carwyn Jones, First Minister of Wales** |

Members will have noted the publication by the UK Government of two documents relating to positions on Brexit, “Future customs arrangements” and “Northern Ireland and Ireland”. These matters are of major importance to Wales and I want to comment on how they sit in relation to the Welsh Government’s ambitions for Wales and the United Kingdom.

**Future Customs Arrangements**

This paper provides very little confidence or assurance of a robust and plausible negotiating position for the UK. The two possible approaches it advocates are wholly unsatisfactory. The “highly streamlined customs arrangement” is a camouflage for defeatism: it is the imposition of a customs border between the UK and the EU, with requirements for additional documentation, rules of origin controls and potentially tariffs which will damage our economy, not the way in which those controls are implemented. The second option – “a new customs partnership with the EU” – is based on nothing more than groundless optimism and takes no account of real-world complexities such as the EU’s Rules of Origin requirements. While it offers an explanation, albeit highly implausible, about how the UK might operate a ‘dual control’ system for imports into the UK destined for subsequent export to the EU, it provides no clue as to how imports to the UK from the EU which may have originated in third countries would be managed.

The Welsh Government’s position is based firmly on the trade evidence and represents a sustainable negotiating position for the UK while taking account of the interests of our negotiating partner. We advocate continued full and unfettered access to the Single Market and (unless and until there is convincing evidence that the benefits of being free to conduct an independent trade policy outweigh the costs of introducing new barriers to trade with the EU economies) continued participation in a Customs Union with the EU, including primary agricultural and fisheries products. Where this position is adopted, the need for “highly streamlined customs arrangements” – with all its added costs, friction, delays and complexity for business - simply goes away. Indeed, the fact that the UK Government has concluded that the only way to avoid significant disruption of our trade relationships with our European neighbours in the short term is to replicate the conditions of the Customs Union during a transitional period after March 2019 – a position which we welcome - underlines this fact.

The special frustration arising from the UK document is that it outlines a philosophy of trade which it then undermines in its conclusions. The paper recognises that the EU accounts for the largest proportion of UK trade (imports and exports worth £553bn in 2016) and then undermines this business through promoting divergent approaches rather than protecting our trade through retaining convergence. The Welsh Government believes that maintaining free trade with the EU is a core national interest for the United Kingdom as a whole and we are unpersuaded by any arguments mounted so far to the contrary. By contrast, the UK Government has determined that a core objective of our approach to Brexit should be to establish an independent international trade policy without presenting any evidence as to why or how this can benefit business.

The Welsh and UK economies are closely integrated into the Single Market and all the available analysis shows that any reduction in access to the Single Market will be damaging, and the greater the reduction, the worse the consequence for reduced growth. We believe that full and unfettered access to the Single Market for goods, services and capital is vital for the future interests of Wales and the UK as a whole and we continue to urge the UK Government to adopt this as the top priority for negotiation with the EU.

**Northern Ireland and Ireland**

Wales and Ireland enjoy close friendship and neighbourly relations underpinned by substantial trade volumes in both directions across the Irish Sea. Holyhead, Fishguard and Pembroke Dock, along with other ports, are heavily dependent on these trade flows.

The Welsh Government strongly supports the Good Friday Agreement, the Common Travel Area and the mutual benefits brought by close collaboration through the EU. Specifically, we agree that the land border in Ireland should remain soft. In keeping with our position described above, the best way to achieve this is through retaining full and unfettered access to the Single Market and a Customs Union with the EU. If we can achieve this, the questions about managing the UK’s land and maritime borders are greatly reduced and, crucially, business can continue to trade in an almost identical way to the present, without additional costs or friction.

We agree with the UK paper that it would be wrong to introduce trade friction between any parts of the UK – it would be illogical to approach Irish border issues on that basis. We equally contend that future trade between Ireland and the UK must take place on an equal basis for all parts of the United Kingdom. We would oppose any suggestions which disadvantaged Welsh ports relative to any other part of the UK. Any artificial stimulus which encouraged Irish freight to divert away from southern ports (Dublin or Rosslare, for example) in favour of a land crossing into the north would be regarded by us as unfair and anti-competitive.

All of the evidence strengthens the Welsh Government’s belief that retaining Single Market access and participation in a Customs Union is in the best interests of Wales, the United Kingdom as a whole, Ireland and all our European neighbours.

Finally, the content of the two papers published this week is concerning, but the process through which the UK Government has adopted them is equally troubling. Despite the undertakings at the Joint Ministerial Committee last October that the UK Government would seek to agree its approach to EU negotiations with the Devolved Administrations, there has been no consultation with the Welsh Government about their content and only minimal advanced notice of their publication. I would hope that all Assembly Members could unite in expressing concern at the dismissive fashion in which the UK Government is dealing with the Devolved Administrations and institutions, and their failure to recognise that the whole United Kingdom must agree fundamental positions on our shared future.