

Negotiations on the UK's withdrawal from the EU

Monitoring Report

17 September 2020



The Senedd and

BREXIT

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Welsh Parliament
Cardiff Bay
CF99 1SN

Tel: **0300 200 7571**
Email: **lucy.valsamidis@senedd.wales**
Twitter: **[@SeneddResearch](https://twitter.com/SeneddResearch)**
Blog: **SeneddResearch.blog**

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Authors:

Lucy Valsamidis and Sara Moran



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1. Introduction

This report provides a headline summary and analysis of the latest developments in the UK-EU negotiations, at the UK level and in Wales since 30 June.

Summary of developments

Round 8 of the **UK-EU future relationship negotiations** concluded on 10 September with significant differences remaining. A specialised session will be held during the week of 14 September and Round 9 is scheduled for the week of 28 September. Both remain committed to reaching agreement by mid-October, when there is an opportunity for the EU Council to consider a final text at its 15-16 October meeting. An agreement is needed by 31 October at the latest in order to allow sufficient time to complete the EU's and UK's ratification procedures before it enters into force on 1 January 2021.

Meanwhile, a dispute has arisen between the UK and the EU regarding the implementation of the Withdrawal Agreement, following the introduction of the UK Internal Market Bill. The Bill has been widely criticised for enabling the UK to depart from its obligations under the Withdrawal Agreement's Ireland-Northern Ireland Protocol. The UK Government's admission that this constitutes a breach of the Withdrawal Agreement, and therefore of international law, drew widespread criticism, including from five former UK Prime Ministers, the EU and lawmakers in the United States.

At **UK level**, the Internal Market Bill passed its second reading in the House of Commons. The Welsh and Scottish Governments argue that the Bill undermines the devolution settlements and have indicated that they do not expect the Senedd or the Scottish Parliament to grant their consent. The UK Government published its border operating model for the end of the transition period and began a communications campaign, but businesses and logistics groups warned of gaps in preparedness. The Joint Ministerial Committee (European Negotiations) endorsed the first two common frameworks and Brexit legislation continued to progress through Parliament. The UK and Japan agreed in principle to a new free trade agreement.

The **Welsh Government** published 11 letters to the UK Government setting out its priorities for the UK-EU negotiations. The Minister for International Relations welcomed the agreement of the UK-Japan deal. The Minister for European Transition welcomed increased engagement from the UK Government on

preparing for the end of the transition period, confirming that Ministers from the devolved governments would again be invited to the UK Government's Cabinet committee on preparedness. However, he warned that time to prepare had already been lost.

2. UK-EU developments

Overview

Following the conclusion of **negotiating Round 8** on 10 September in London, both negotiating teams confirmed that further negotiations would continue despite significant differences remaining and the introduction of UK legislation that would override the Withdrawal Agreement (see section 2.1).

Regarding Round 8, **EU Chief Negotiator Michel Barnier stated** that the UK Government had not engaged in a reciprocal manner on key principles and major issues of interest to the EU, such as dispute settlement mechanisms, essential safeguards for judicial cooperation and law enforcement, fisheries, or level playing field requirements in the areas of transport and energy. It had also failed to provide guarantees in areas such as fair competition and non-regression on social, environmental, labour and climate standards.

UK Chief Negotiator **Lord David Frost stated** that 'useful exchanges' took place and that they had engaged 'in discussions in all areas'. He reasserted the UK Government's position that its proposals are 'appropriate to a modern free trade agreement between sovereign and autonomous equals'. He confirmed that the UK remains committed to working towards an agreement by mid-October.

Writing in the **Telegraph on 12 September**, the Prime Minister set out his view of the EU's position in the negotiations. He drew attention to the possibility of the UK not being listed as a third country by the EU, so as to allow for food imports to Northern Ireland from Great Britain:

We are now hearing that unless we agree to the EU's terms, the EU will use an extreme interpretation of the Northern Ireland protocol to impose a full-scale trade border down the Irish Sea.

We are being told that the EU will not only impose tariffs on goods moving from Great Britain to Northern Ireland, but that they might actually stop the transport of food products from GB to NI.

I have to say that we never seriously believed that the EU would be willing to use a treaty, negotiated in good faith, to blockade one part of the UK, to cut it off; or that they would actually threaten to destroy the economic and territorial integrity of the UK.

Both negotiators exchanged views on the matter via Twitter the following day. **Michel Barnier stated** that the Ireland-Northern Ireland Protocol is 'not a threat to the integrity of the UK' and reiterated that the EU is not refusing to list the UK

as a third country. **Lord David Frost later stated** that the EU had made clear that there was no guarantee that the UK would be listed.

Detailed background information on the negotiations is provided in section 3 below.

Next steps

A **specialised session between 14 and 21 September** will take place in Brussels. Negotiating **Round 9 is scheduled to take place between 28 September and 2 October**, also in Brussels.

If an agreement is to enter into force from 1 January 2021, it will need to be finalised by **31 October at the latest** in order to have sufficient time to complete the UK and EU's ratification processes. EU Chief Negotiator, Michel Barnier, has **circulated a draft plan** showing that the EU Council could consider the final agreement at its 15-16 October meeting. If agreement is reached, it is not yet clear whether it will take the form of a single agreement or multiple agreements.

You can read Senedd Research's latest **Brexit Timeline blog post** for a detailed look at the remainder of 2020 and the ratification procedures for a UK-EU agreement.

Withdrawal Agreement and the UK Internal Market Bill

Meetings of **the specialised committees** on citizens' rights and the Ireland-Northern Ireland Protocol took place on 6 August and 16 July respectively.

On 9 September, the UK Government introduced domestic legislation relating to the UK's internal market, the **UK Internal Market Bill** (see section 3.1 below). The Bill enables the UK to depart from its obligations under the Withdrawal Agreement's Ireland-Northern Ireland Protocol. Before the Bill was introduced, the Secretary of State for Northern Ireland, Brandon Lewis, **explained to the House of Commons** that:

[T]his does break international law in a very specific and limited way. We are taking the power to disapply the EU law concept of direct effect, required by article 4, in certain very tightly defined circumstances. There are clear precedents of this for the UK and, indeed, other countries needing to consider their international obligations as circumstances change. [Column 509]

The approach was widely criticised, including by **former UK Prime Ministers**,

Theresa May, David Cameron, Sir John Major and **Tony Blair**.

It was also criticised by the Speaker of the **US House of Representatives, Nancy Pelosi**, who advised in a statement that there would be 'absolutely no chance' of a UK-US trade agreement passing Congress if the UK were to breach its obligations towards Northern Ireland and Ireland.

EU Commission response

EU Commission President, **Ursula Von Der Leyen, tweeted:**

Very concerned about announcements from the British government on its intentions to breach the Withdrawal Agreement. This would break international law and undermines trust.

The EU called an urgent meeting of the Joint Committee on 10 September. Following the meeting, the **EU Commission issued a statement** that:

[I]f the Bill were to be adopted, it would constitute an extremely serious violation of the Withdrawal Agreement and of international law.

If adopted as proposed, the draft bill would be in clear breach of substantive provisions of the Protocol: Article 5 (3) & (4) and Article 10 on custom legislation and State aid, including amongst other things, the direct effect of the Withdrawal Agreement (Article 4). In addition, the UK government would be in violation of the good faith obligation under the Withdrawal Agreement (Article 5) as the draft Bill jeopardises the attainment of the objectives of the Agreement.

The EU does not accept the argument that the aim of the draft Bill is to protect the Good Friday (Belfast) Agreement. In fact, it is of the view that it does the opposite.

EU Commission Vice-President Šefčovič stated that:

[B]y putting forward this Bill, the UK has seriously damaged trust between the EU and the UK. It is now up to the UK government to re-establish that trust.

The EU's statement calls on the UK government to withdraw these measures from the draft Bill in the shortest time possible and, in any case, by the end of September. EU Commission Vice-President Šefčovič reminded the UK Government that the EU would 'not be shy' in using the Withdrawal Agreement's mechanisms and legal remedies to address violations of its legal obligations.

The **Chancellor of the Duchy of Lancaster Michael Gove** rejected the EU's request. He said that the UK Government 'could not, and would not do that and instead I stressed the vital importance of reaching agreement through the Joint

Committee on these important questions.' The Prime Minister also defended the proposals in an **article in the *Telegraph***. He stated that '[w]e cannot leave the theoretical power to carve up our country – to divide it – in the hands of an international organisation.'

European Parliament response

At the European Parliament, **according to *Politico***, senior MEPs immediately called for the negotiations to be paused, including the Chair of the European Parliament's **International Trade Committee, Bernd Lange**, and MEP Markus Ferber, **who tweeted that** 'there is no need for any further negotiations.' Belgian **MEP Philippe Lambert**, who is a Member of the European Parliament's UK Coordination Group, declared that the UK risks becoming a 'rogue state.'

On 11 September, leaders of the Parliament's political parties and UK Coordination Group **issued a joint statement**, in which they warned that:

Should the UK authorities breach – or threaten to breach – the Withdrawal Agreement, through the United Kingdom Internal Market Bill in its current form or in any other way, the European Parliament will, under no circumstances, ratify any agreement between the EU and the UK.

The European Parliament's consent is required for a UK-EU agreement. On consent, it stated that:

For any deal to take effect, democratic oversight institutions on both sides of the Channel must be able to carry out a meaningful assessment, as stated in the Withdrawal Agreement. The European Parliament recalls that its consent to any deal will only be granted after detailed scrutiny of the legal provisions. The European Parliament will not accept having its democratic oversight curbed by a last-minute deal beyond the end of October.

UK and EU Legal Opinion

EU legal opinion, **leaked to the *Guardian***, concludes that the UK Government has already breached the Withdrawal Agreement by tabling the legislation, regardless of whether it passes or whether its provisions are used. The **UK Government's legal opinion** was also published. This cites parliamentary sovereignty as the fundamental principle on which the decision is based:

Parliament is sovereign as a matter of domestic law and can pass legislation which is in breach of the UK's Treaty obligations. Parliament would not be acting unconstitutionally in enacting such legislation.

Negotiations: more detail

Key points: UK

The UK Government's preference is to agree trading arrangements similar to those between the EU-Canada. If this is not possible, it will accept '**Australian-like**' trading arrangements, synonymous with a no deal Brexit. The **Prime Minister described** Australia's arrangements as a 'good outcome for the UK' on 7 September and advised that:

Even at this late stage, if the EU are ready to rethink their current positions and agree this I will be delighted. But we cannot and will not compromise on the fundamentals of what it means to be an independent country to get it.

On reaching agreement in time for the next EU Council meeting of 15-16 October, he stated that:

If we can't agree by then, then I do not see that there will be a free-trade agreement between us, and we should both accept that and move on.

Ahead of negotiating Round 7, UK Chief Negotiator Lord David Frost had advised that agreement **could be reached by September**. However, **in a statement** following Round 7, he explained that there had been 'little progress' and described how key areas of divergence remained between the UK and the EU, both on specific areas and on the approach to the negotiations. He advised that the EU's insistence to reach agreement on state aid and fisheries before moving on to negotiations in other areas 'makes it unnecessarily difficult to make progress.' Since the start of the negotiations, **the EU has made clear** its intention of making 'parallel progress' across all areas.

On 4 September, Lord David Frost tweeted that the EU's stance could 'limit the progress we can make' in the eighth round. The following day, in an interview with the **Mail on Sunday** ahead of Round 8, he stated that:

We are not going to be a client state. We are not going to compromise on the fundamentals of having control over our own laws. We are not going to accept level playing field provisions that lock us in to the way the EU do things; we are not going to accept provisions that give them control over our money or the way we can organise things here in the UK and that should not be controversial – that's what being an independent country is about, that's what the British people voted for and that's what will happen at the end of the year, come what may.

He added that:

If we can reach an agreement that regulates trade like Canada's, great. If we can't, it will be an Australian-like trading agreement and we are fully ready for that.

According to the article accompanying the interview, the Prime Minister has established a 'No.10 Transition Hub,' comprised of officials preparing for the UK to trade without arrangements in place.

Key points: EU

Following negotiating Round 7 on 21 August, **EU Chief Negotiator Michel Barnier** **stated** that:

[T]oo often this week, it felt as if we were going backwards more than forwards. Given the short time left, what I said in London in July remains true: Today, at this stage, an agreement between the UK and the European Union seems unlikely. I simply do not understand why we are wasting valuable time.

On 2 September, during his Keynote Address to the **Institute of International and European Affairs**, he explained that:

We want a close partnership with the UK. Provided the conditions are right. This is in everybody's interest. And in Ireland's interest in particular. So far, the UK has not engaged constructively on those conditions.

During the address, Mr Barnier confirmed that he continues to believe that the Prime Minister wants an agreement with the EU and that the Prime Minister recently confirmed this to Irish Taoiseach, Micheál Martin.

However, he advised that he is 'particularly worried – and disappointed – by the UK's lack of engagement on three points.' Since the start of the negotiations, the UK has:

- refused to engage on credible guarantees for open and fair competition,
- not shown any willingness to seek compromises on fisheries,
- been extremely reluctant to include any meaningful horizontal dispute settlement mechanisms in our future agreement.

He added that 'we are simply asking to translate the political engagements taken in the Political Declaration into a legal text.'

Sectoral examples

Mr Barnier explained that, contrary to the UK Government's claim of wanting a 'clean break' from the EU, UK negotiators are seeking continuity in many areas and, in doing so, are looking to keep the benefits of the EU and its Single Market without the obligations. He provided the following sectoral examples:

British proposals on **road transport** would allow British truckers to drive on EU roads without having to comply with the same working conditions as EU drivers.

The UK's proposals on **air transport** would allow British airlines to operate inside the EU without having to respect the same labour and environmental standards.

In the area of **energy**, the UK is asking to facilitate electricity trade without committing its producers to equivalent carbon pricing and state aid controls.

In this area, as in others: without a common framework on **state aid**, the UK government would be free to hand out subsidies at will. Not just to support the green economy, but also polluting industries. Not just to support industries of the future, but also traditional sectors, such as steel and automotive – before exporting these, tariff and quota-free, to our markets.

I noted with interest a recent speech by the Chief Executive of the Environment Agency for England, Sir James Bevan. He suggested that, after Brexit, **water quality** standards for English rivers, lakes and beaches should be less rigorous than under the EU's Water Framework Directive. Of course this raises major environmental and health concerns. But let us consider the economics too: If English farmers and industrials are no longer bound by high standards on water pollution – wouldn't they gain a decisive – and unfair – cost advantage? We have no issue with regulatory divergence. It is normal that the UK wants to set its own standards and rules. But if these serve to distort competition with us, then we have a problem.

On the **food sector**: Here, not only is the UK looking to go back on protections for Geographical Indications secured in the Withdrawal Agreement. It has also given us no reassurance on the future sanitary and phyto-sanitary regime that

the UK will apply after 1 January 2021. How can we make progress on sanitary and phyto-sanitary issues when we have no idea how the UK's system will evolve?

Areas of divergence

The following areas remain areas of divergence between the UK and the EU. Brief updates are included against each area:

1. Level Playing Field (LPF)

Provision for an LPF between the UK and EU remains an issue, with state aid highlighted as a particular area of divergence **by EU Chief Negotiator, Michel Barnier**, in recent weeks. On 2 September, the *Financial Times* reported that the UK Government intends to publish **a state aid statement of intent** by October.

2. Fisheries

The Times reported calls from the Prime Minister in the negotiations to **double the fishing quota** for UK vessels fishing in UK waters. EU negotiators reportedly rejected the request, which would lead to an estimated loss of one in three EU vessels. Speaking on 2 September, EU Chief Negotiator, Michel Barnier, stated that:

Contrary to media reports this week, the UK government's position has not evolved in past months. No new legal texts have been tabled by UK negotiators.

And

[W]e will not accept that the work and the livelihoods of these men and women be used as a bargaining chip in these negotiations. (...) Without a long-term, fair and sustainable solution on fisheries, there will simply be no new economic partnership with the UK.

3. Governance

Following Round 5 of the negotiations, **UK Chief Negotiator, Lord David Frost**, had advised that the UK was prepared to 'consider simpler structures' for the governance of the future relationship. **EU Chief Negotiator, Michel Barnier**, however, advised following Round 7 that the two were 'far from agreeing' on a dispute settlement mechanism.

Whilst these areas of divergence have continued to play a key role in the negotiations, the **EU has consistently explained** that other areas of divergence remain. These include, but are not limited to, law enforcement, fundamental rights, mobility and social security coordination.

Resignation of EU Commissioner for Trade

On 26 August, the EU's Commissioner for Trade, Phil Hogan, issued his **resignation statement** following a visit to Ireland, during which he was accused of breaching Covid-19 public health guidelines and quarantine rules on arrival in the country. **Mairead McGuinness MEP** and **Andrew McDowell** (former Vice-President of the European Investment Bank; former Economic Advisor to Ireland's Taoiseach) have been put forward by the Irish Government to replace Commissioner Hogan, in line with the **gender-balance policy** of EU Commission President, Ursula Von Der Leyen. This led to a **proposal from the President** to change the composition of roles at the Commission, whereby Mairead Guinness would lead on the EU's financial services, financial stability and the Capital Markets Union.

Executive Vice-President Valdis Dombrovskis will assume responsibility for the trade portfolio, and will remain the Commission's representative on **the Eurogroup**, along with **Commissioner Paolo Gentiloni**. The Eurogroup is an informal body of Ministers of the euro area Member States.

3. Developments in the UK

UK Internal Market Bill

The UK Government introduced its **Internal Market Bill** to Parliament on 9 September. It states that the Bill is needed to ensure businesses can 'continue to trade freely across the UK as they do now'. The Bill would:

- establish a new market access commitment for goods and services, so that any good or service which met a new requirement for sale in one part of the UK could automatically be sold in another part of the UK;
- establish provision for mutual recognition of qualifications, so that (within certain limits) individuals who have qualified in one part of the UK are automatically entitled to practise in another part of the UK;
- give the Competition and Markets Authority powers to oversee and monitor the internal market, through a new Office for the Internal Market;
- give UK ministers powers to provide financial assistance across the UK in devolved areas;
- reserve subsidy control (state aid); and
- establish provision for UK ministers to vary or disapply some elements of the Ireland and Northern Ireland Protocol, relating to exit declarations for goods leaving Northern Ireland for Great Britain and to state aid (see above, section 2.3).

The Minister for European Transition and his Scottish Government counterpart Michael Russell gave evidence to the House of Commons Future Relationship Committee on the Bill on 15 September. The **Minister said** that the UK Government was seeking 'to neuter devolution' through the Bill and described this as 'unacceptable'.

Before introducing the Bill, the UK Government held a four-week consultation over the summer. **Senedd Research has published a briefing** summarising the white paper and responses to it.

Common frameworks and intergovernmental relations

The **Minister for European Transition said** that the Joint Ministerial Committee (European Negotiations) endorsed the first two common frameworks – Nutrition and Hazardous Substances – on 3 September. The **Minister also wrote to Senedd**

Committee chairs to confirm that ministers had begun a series of meetings on intergovernmental relations and dispute resolution on 12 August.

In evidence to the Committee on 14 July, **the Minister said** that the Welsh Government expected three frameworks to be endorsed by the Joint Ministerial Committee and to enter the formal scrutiny phase by the end of the year. Outline frameworks would operate in other framework areas and undergo scrutiny in 2021. Where no outline framework agreement is reached, an interim framework will be put in place.

In response to the UK Government's Internal Market white paper, the **Welsh Government said:**

[W]hile we agree that every aspect of the Internal Market is not covered by current Frameworks, this is not a justification for a heavy-handed piece of legislation which goes much further than areas covered by retained EU law.

He called for the UK Government to resume multilateral discussion on the UK internal market 'underpinned by our continuing and joint efforts to put in place Common Frameworks'.

Preparedness

Ports and borders

The UK Government published a new **border operating model** in July. This outlines the process for moving goods between Great Britain and the EU after the transition period. The UK Government has also **made £50m funding available to customs intermediaries** to increase their capacity to make declarations.

The UK Government held a consultation on **amending the Operation Brock plans for mitigating disruption** at the Port of Dover for the end of the transition period. These would apply whether or not a deal is reached. Plans for mitigating disruption at other ports have not been published. Section 3.3 below looks at the preparedness of ports in Wales.

The **House of Lords EU Goods Sub-Committee wrote** to the UK Government to highlight the importance of minimising non-tariff barriers. The Committee noted that the UK's border operating model did not cover the EU side of the border and that the UK had not yet developed sufficient capacity in the customs intermediary sector. **Logistics groups also wrote** to the Chancellor of the Duchy of Lancaster to highlight 'significant gaps' in preparedness and **secured a roundtable discussion.**

On 1 September, the **UK Government announced** that it would continue to recognise the EU's CE product marking for some goods in Great Britain until 1 January 2022, where EU and UK requirements remain the same. The UK will also introduce a new 'UKCA' product marking. This will not be valid in Northern Ireland.

Business preparedness

The **UK Government launched the Check Change Go** campaign for readiness for the end of the transition period in July. The European Commission has also published **a readiness communication** for the end of the transition period and confirmed that it is in the process of updating stakeholder preparedness notices.

On 30 June, the **Committee asked the Secretary of State for Wales** about communications for the end of the transition period, citing **internal UK Government data** from last October that 61% of businesses had not looked for information on preparing for the end of the transition period if there was no deal. The Secretary of State said:

I don't know what the latest set of figures says. However, I do think that the Government narrative around this is about getting a deal.

In a survey published on 13 July, the **Institute of Directors found** that only a quarter of company directors said their businesses were fully ready for the end of the transition period and nearly half said they were unable to prepare at present. A **survey published by the CBI on 31 July** found that business preparations for the end of the transition period had 'stalled or gone into reverse since January'.

UK legislation

Agriculture Bill

The House of Lords completed scrutiny of the **Agriculture Bill** at committee stage on 28 July. Government amendments were made to require the Secretary of State to obtain the consent of the Welsh ministers before making regulations within devolved competence (clauses 32 and 36) and to remove the power in clause 42(4) for the Secretary of State to make regulations requiring devolved ministers to provide information to the Secretary of State in connection with the WTO Agreement on Agriculture. Amendments were also made to enable powers created by the Bill to be exercised immediately after Royal Assent is given. Report stage took place on 15 September.

The **Senedd's CCERA Committee** and **Legislation, Justice and Constitution**

Committee reported on the Welsh Government's **supplementary legislative consent memorandum** in July. This memorandum reflected earlier changes to the Bill. The committees asked for further information from the Welsh Government on the changes to the Bill.

Fisheries Bill

The **Fisheries Bill** completed its House of Lords stages and had its second reading in the House of Commons on 1 September. The Bill began **committee stage** on 8 September. House of Lords amendments made to the Bill to enhance commitments to sustainability were removed, reverting the Bill to its original form.

The Welsh Government published a **supplementary legislative consent memorandum** on the Bill on 8 July, reflecting changes made by the House of Lords. The reporting deadline for committees is 24 September.

Trade Bill

The **Trade Bill** completed its stages in the House of Commons. It had its second reading in the House of Lords on 8 September. The date for committee stage is yet to be announced.

The **Legislation, Justice and Constitution Committee reported** on the Welsh Government's **legislative consent memorandum** in July. It raised concerns about the breadth of the regulation-making powers in the Bill and said 'it is not clear to us how the Minister has ensured that the interests of Welsh citizens, Welsh businesses, and Welsh democracy are taken account of in the Bill.'

Environment Bill

The House of Commons Bill Committee is due to report on the **Environment Bill** by 29 September. The Bill is **currently at committee stage** and no date has been confirmed for the next sitting. The latest amendments paper was **published on 28 August**.

The **Senedd's CCERA Committee** and **Legislation, Justice and Constitution Committee** reported on the Welsh Government's legislative consent memorandum in July. The committees raised concerns about the Welsh Government's approach, including over the scope of delegated powers and the lack of clarity over when the Welsh Government will introduce a Bill on environmental governance. The Welsh Government responded to the **CCERA**

Committee on 22 July and to the **LJC Committee** on 28 August.

For more information on what the Bill means for Wales, you can read **Senedd Research's latest briefing**.

Medicines and Medical Devices Bill

The **Medicines and Medical Devices Bill** completed its House of Commons stages and had its second reading in the House of Lords on 2 September. The Bill was amended in the House of Commons to enable the Secretary of State to make regulations for a database of information relating to medical devices (clause 16). Unlike the rest of the Bill, this new clause falls within devolved competence.

The Welsh Government issued a **legislative consent memorandum** on the Bill on 8 July. This states that the Welsh Government generally supports the principles behind clause 16, but that there are 'a number of outstanding concerns'. The reporting deadline for committees is 22 October.

Other bills

The **Private International Law (Implementation of Agreements) Bill** **completed its stages** in the House of Lords on 29 June and moved to the House of Commons. First reading took place on 30 June without debate and the Bill's second reading **took place on 2 September**. Following amendments in the House of Lords, the scope of the Bill has been reduced so that it implements the 1996, 2005 and 2007 Hague Conventions only. Previously, the Bill's Clause 2 would have also established a new delegated power to implement private international law agreements via secondary legislation. Clause 2 was removed during the Bill's **stages in the House of Lords**. However, the **Lord Chancellor confirmed his intention** to reinsert Clause 2 on 2 September during second reading.

The House of Lords has been considering the **Immigration and Social Security Co-ordination (EU Withdrawal) Bill** at committee stage since 7 September. The **Extradition (Provisional Arrest) Bill** completed committee and report stage in the House of Commons on 8 September. Government amendments were made to remove changes made by the House of Lords. The Bill will now enter 'ping pong'.

International negotiations

The UK Government continued to seek to negotiate new free trade agreements

and reached agreement in principle on an agreement with Japan. The **UK Government has also set up a Trade and Agriculture Commission**. This will advise on trade policy and its implications for agriculture, animal welfare and consumers. The Commission will run for six months and submit an advisory report to the Secretary of State for presentation to Parliament. The devolved governments are not represented on the Commission.

Senedd Research published a blog on the progress of free trade negotiations and implications for the Welsh economy on 2 September.

Japan

The UK and Japan reached agreement in principle on a free trade agreement with Japan on 11 September. This will replace the EU-Japan agreement for the UK after the end of the transition period.

In a press release, the **UK Government said** that the agreement would go beyond the EU-Japan agreement in several areas, including geographical indications; digital and data; online infringement of intellectual property rights; and mobility for workers. **Reports suggest** that the text of the agreement will be published in October.

USA

The third round of UK-US negotiations was held in August. The **Department for International Trade said** that 'positive progress' was made and that negotiations would continue at pace during the autumn. The **Financial Times reported** in July that it is unlikely a deal will be agreed by the end of the year.

Australia and New Zealand

The UK held the first rounds of negotiations with **Australia** and **New Zealand** in July. Talks are expected to resume in the autumn.

4. Developments in Wales

EU negotiations

On 8 September, the Welsh Government **published 11 letters** to the Chancellor of the Duchy of Lancaster. These set out the Welsh Government's priorities for each of the workstreams in the UK-EU negotiations. The Minister for European Transition said:

I have received responses to some but not all of these letters, but the responses do not provide me with reassurance that the interests and priorities of Wales are being taken into account by the UK Government in its approach to the negotiations.

The UK's chief negotiator Lord David Frost updated the Joint Ministerial Committee (EU negotiations) on the negotiations on 16 July and 3 September. In a statement after the September meeting, the **Minister for European Transition said** that he raised concerns that 'the UK Government does not seem intent on securing a deal which protects jobs and businesses'.

International negotiations

The **Minister for International Negotiations welcomed** the agreement of the UK-Japan free trade agreement on 11 September. She noted that if such an agreement had not been reached in time for the end of the transition period, the UK and Japan would have reverted to trading on WTO terms with increased tariff and non-tariff barriers.

Preparedness

Following the Joint Ministerial Committee (EU Negotiations) meeting on 3 September, the **Minister for European Transition said** that participants agreed:

...there had been an improvement with the UK Government starting to share more detailed information about their assumptions and contingency plans

He said that devolved Ministers would be invited to UK Cabinet Committee meetings on preparedness, as they had been in 2019. Quadrilateral meetings with the Paymaster General would continue. However, he said that these arrangements were 'long overdue' and that time to prepare earlier in the year had been lost.

Ports and borders

The Committee asked the Secretary of State for Wales about preparing ports in Wales on 30 June. The **Secretary of State said**:

The UK Gov consulted with ports across the UK, including Holyhead and Fishguard, to agree what infrastructure is required. This includes working with Welsh Gov, recognising devolved responsibilities with regard to ports, and from 1 Jan, autonomy introduced own approach—UK, this is—to goods from the UK.

On the readiness of ports, he said:

Can I guarantee that everything will slide seamlessly and painlessly into place according to the timetable? No, I can't. [...] At this moment in time, we think the arrangements are about on schedule.

The Committee asked the Minister for European Transition about the UK Government's plans for ports and customs on 14 July. The **Minister said** that the Welsh Government had been able to provide input into the UK Government's draft plans. He said that it was 'likely' that new infrastructure would be required at ports for July 2021 and confirmed that this was now the subject of discussion between the governments, local government and ports.

Business preparedness

On 30 June, the **Committee asked the Secretary of State** about the preparedness of businesses in Wales. He said that:

[T]here is—I think I can safely say—daily liaison, daily discussion, daily debate about how we make sure that everybody is as prepared as possible and everybody knows exactly what that means and that all of the necessary stakeholders are fully familiar with the situation.

The **Committee also asked the Minister for European Transition** about communication with businesses on preparedness for the end of the transition period on 14 July. The Minister said that the Welsh Government estimated preparedness among businesses at about 45%. He said that the Welsh Government was carrying out an audit of the **Preparing Wales** website and that the UK Government had not given the Welsh Government 'advance warning' before launching their communications campaign.

Implementation of the Ireland and Northern Ireland Protocol

The **Committee asked the Secretary of State** about the UK Trade Policy Observatory's analysis of the implications of the Ireland and Northern Ireland

Protocol for Wales on 30 June. Asked about the **UK Trade Policy Observatory's analysis for the Welsh Government** that the Protocol could create an incentive for goods from third countries travelling to Ireland or Northern Ireland to bypass Great Britain and Welsh ports, the Secretary of State said:

That is not a question that has been raised by the individual ports.

The **Minister for European Transition told the Committee** on 14 July that the four governments were set to meet in a taskforce on the implementation of the Protocol for the first time that week.

