



Llywodraeth Cymru  
Welsh Government

PUBLICATION

# European Advisory Group meeting: 25 November 2020

Summary record of the European Advisory Group  
videoconference of 25 November 2020.

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# Contents

## Introductions

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## EU/UK negotiations

---

## Constitutional issues

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## Any other business

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## 1. Introductions

The Chair welcomed European Advisory Group (EAG) members to the videoconference and the 5th meeting to be held remotely during the COVID-19 outbreak.

The videoconference was scheduled instead of the meeting in light of the continuing challenges and pressures resulting from the coronavirus outbreak.

The Chair provided a short summary of the action points from the EAG meeting held on 24 September 2020 and highlighted that members should have received the Welsh Government's 'model amendments' to the Internal Market Bill, which were presented to the Lord Speaker and to the leaders of the political groups in the House of Lords on 24 September. He explained that the Counsel General and Minister for European Transition (CGMET) would provide an update on this in his agenda item to the group.

The Chair outlined the agenda for the meeting. He explained that the meeting would focus on two substantive agenda items: an update on the EU/UK negotiations and preparation for the end of transition period, and an update on constitutional issues – UK Internal Market Bill and Common Frameworks.

## 2. EU/UK negotiations and preparation for the end of transition period

As context to this item, the CGMET provided an update on EU Negotiations / departure alongside COVID efforts.

Other key points in his update included:

- The Welsh Government continued to seek to influence the UKG about negotiations to underline WG position and focus on end of Transition.
- It appeared far from certain that a deal could be reached in the coming days to the need for compromise. Difficult areas for negotiations continued to be fisheries, the level playing field (specifically in relation to State Aid, and more generally the issue of non-regression) and governance.
- If a deal could be reached, it was likely to be a thin deal. One which, would for the most part avoids tariffs but would see very major non- tariff barriers being erected, which will hurt businesses and the communities and households which rely on them for employment.
- In relation to preparedness, Welsh Government were preparing to implement whichever outcome emerges.
- It was clear that there would be profound practical differences for citizens and businesses whether the UK were to leave the transition period on 31 December with or without a trade deal, such as new border checks, new restrictions for providing and receiving services and new requirements for the movement of people across borders.
- The Welsh Government had published its **End of Transition Action Plan** on 11 November, which provided evidence that the Welsh Government was doing all that it could to respond to the challenges Wales faces as the end of the Transition Period approaches.
- The Welsh Government had put in place the necessary legislative corrections to ensure a functioning statute book. Significant progress had been made; nearly all of the legislative work necessary had been completed; with the remaining work on track to be completed by the End of Transition.
- Welsh Government had supported the development of a Shortage Occupation List (SOL) for Wales and had responded to the call for representations from the Migration Advisory Commission on the content of

this over the summer. Analysis had highlighted a number of key occupations Welsh Government thought should be within a SOL. In particular, the skills needs of health and social care, manufacturing, digital, trade and creative industries, the food and drink industry including vets, professional and business services, and construction.

- Based on the Welsh Government's analysis the MAC published a report on 29 September and made the recommendation of having all health professionals not elsewhere classified, on a Wales-only SOL. However, the CGMET was disappointed to learn that UK government had taken the decision not to implement any of the MAC recommendations, citing Covid pressures as a reason why there should be no significant changes to immigration policy.
- The CGMET had pressed the Home Office to establish better, more structured relations with the devolved administrations.

The Chair led a group discussion, in which points made included:

- The CGMET and Chair thanked the group for everything they had done and continued to do to help Welsh Government gain the best understanding of the realities facing business and the third sector as a result of European transition, the impact of policy on these sectors and how best to put Wales in a position to respond to it.
- The Chair thanked the CGMET and Welsh Government officials on behalf of the group for their efforts in constructively engaging with the UK government and stakeholders in Wales and for putting forward some really informed, expert and constructive help.
- There was a discussion around the possibility of high tariffs being imposed on the Sheep sector in the event of a limited deal being reached or in a no deal scenario. It was highlighted that 90% of Welsh, lamb exports go to the EU and that was critical that Wales continued to access this market without tariffs, especially as the cost of handling the new non-tariff barriers would be significant on the sector. In anticipation of an alternative scenario, there had been contingency discussions around financial support for the sector but this would depend on new funding from the UK Treasury. The goal at this stage would be to avoid tariffs on all lamb, beef, poultry and dairy exports.

- Local authorities reported that they were confident that they had undertaken as much planning, co-ordination and preparation as they could to prepare for the end of transition. With the help of funding, they had worked closely with Grant Thornton UK to develop a **Brexit preparedness toolkit** and **Brexit exposure dashboards** to help them identify and address local impacts. With funding directly from the Welsh Government, they were able to have a dedicated resource to undertake the necessary work to prepare for EU transition. EU transition coordinators had been set up in every authority and had made a real difference in this sector by operating as a network. Good opportunities had arisen in this context in sharing best practice, risk assessments and contingency plans.
- The CGMET thanked colleagues in local government for the extraordinary work they had been doing in this space over the last few years and highlighted that significant challenges lay ahead where collaboration and joint working between authorities would need to continue to be part of the solution. He also wanted to acknowledge and thank colleagues in local government for their contribution to the work on developing the framework for regional investment.
- Concerns were voiced around freedom of movement ending in the UK on 31 December 2020 and having significant implications for Wales. It was highlighted that those EU Citizens who did not apply for EU settled status by 30 June 2021 may lose their legal basis to stay in the UK, which would affect sectors such as the NHS and social care, Welsh universities, tourism, hospitality and construction; and that many EU citizens in Wales were deterred from applying because of the bureaucracy around and barriers to the process.
- The Bevan Foundation had published a paper entitled 'When free movement ends: protecting the rights of EU Citizens in Wales'. It was explained that this paper sets out the barriers to their application and what this meant for EU citizens who wished to stay in Wales. It was agreed that this paper would be shared with the group.
- The Welsh Government was doing everything possible to support EU Citizens by providing free advice, information and awareness raising initiatives. It was explained that in the last 6 months, because of the coronavirus pandemic, providing face-to-face support and advice to EU citizens seeking settled status, had been a challenge. Campaign activity

would be intensified in the New Year to raise general awareness and to reach vulnerable groups. It was unclear as to what would happen once the deadline had passed but the Home Office had stated that people who had "reasonable grounds" for missing the application deadline would have further opportunities to apply, with more guidance to be published in the New Year.

- Critical points were raised around the service industry. It was explained that the UK services industry makes up three quarters of the UK economy. The limitations of taking a precedent-based approach to the negotiations had meant the de-prioritisation of this part of the economy. The Minister for Economy, Transport and North Wales (MET&NW) had been working on expanding Welsh Government's capacity to provide business support to businesses and specialist expert trade advice to exporters to better prepare them for the new landscape and the new challenges this will present.
- There was a concern that many smaller export businesses might not be ready for the end of transition and that they might struggle to access IT systems or the services of customs intermediaries and that they might not have the resources or the management to understand the issues and identify the associated risks of leaving the EU. It was felt that there is a need for business to find ways to support each other.
- There was a discussion around Holyhead and border infrastructure. The CGMET had had two recent meetings with government ministers about ports and a bespoke meeting about Holyhead, which were productive. It was explained that there were 3 separate challenges that needed to be addressed in relation to Holyhead – border checks and haulier readiness; traffic management and border infrastructure; and trade flow. The border operating model staggered the introduction of border checks in a way which was helpful. There had been a set of considerations around haulier readiness to ensure that custom aspects were dealt with at an earlier stage. There were contingency measures in place to manage any disruption around Holyhead. Border arrangements in respect of customs, which came into force from 1 January, were in the hands of UKG but from 1 July there would be a responsibility on the Welsh Government to conduct sanitary and phytosanitary checks at points of entry. Discussions had taken place around the logistics for delivering that. 30% of trade going through Holyhead was either to or from Northern Ireland (NI) and so would be impacted by the decision around the protocol and trading arrangements around GB and NI.

Currently, it appeared that NI goods would be permitted to come into GB principally Liverpool, without checks, whilst goods coming through the republic to Holyhead would be subject to tariffs and checks: this would incentivise goods to be shipped direct from NI into Britain. The Welsh Government had made a case for traders shipping through Dublin Holyhead to be provided with the same level of support as other traders who traded directly between NI and GB. The point was also made that this information should be in the public domain so that traders could think confidently about their next steps.

- There was an update on the Aerospace sector. In terms of readiness, the industry was as prepared as it can be. However, the aerospace industry remained concerned over the issue of regulatory alignment and the serious risks regulatory divergence would pose. Airbus had put in a huge amount of work in this space and was offering to share this good practice with companies outside of the sector.
- There were concerns around the Internal Market and the 'levelling up' agenda in particular and the need to ensure that funds came into Wales to help with research and development into new technologies around aerospace such as drones; electric craft; and new energy sources, like hydrogen.
- Several conversations had taken place with the Chief Scientific Officer on what Wales could and was doing to position itself as part of the 'levelling up' agenda. There needed to be a spatial aspect as to how future R&D investment was made and the Welsh Government were engaging significantly in that. The importance of Wales' Framework for Regional Investment in positioning itself as part of this agenda and there were concerns around the SPF being rolled out on a basis that would see the decision-making and the coordination of funding being made by the UKG.
- The need for businesses to work together on the future, to find practical ways in which to provide advice, help and support to each other.
- The importance of engagement with statutory organisations across EU into the future. It was suggested that Welsh Government could establish a cross sectoral forum in Wales that would build on the expertise of EAG and help regain Wales' links with major European institutions and their organisations. There should be a forum in which to share ideas and contacts and understand how to work with the European Commissions, external Foreign

Office and to maintain links with the EU Parliament and the statutory advisory organisations in Brussels.

- It was highlighted that businesses were faced with too much information and advice on business readiness and did not know what they should be reading, watching or engaging in and the worry was that they might not engage at all. There was a need to make it easier for companies to access information relevant to their company.
- The Welsh Government were incorporating the two risks of Covid and European Transition into its policy thinking. The Economic Resilience Fund by the MET&NW offered opportunities for businesses to address the consequences of both in a coherent way.
- It was highlighted that Wales was switched on in terms of the digital agenda in health and the importance of Wales carving out a new future in the world in technologies around digital and genomics.

### **3. Constitutional issues – UK Internal Market Bill and Common Frameworks.**

The CGMET provided an updated to the group on Constitutional issues with regards to the UK Internal Market Bill and Common Frameworks.

Key points in his update included:

- The Welsh Government had In advance of the second reading in the House of Lords, prepared a suite of model amendments to the Bill, which were sent to all the political groups in the Lords.
- The CGMET expressed his gratitude to Baroness Finlay and Lord Thomas for their unwavering support in helping Welsh Governments concerns and amendments to be taken up in the House.
- The UK government had suffered some heavy defeats on the Bill, particularly in relation to Part 5 (Northern Ireland Protocol) and Parts 1-3 (market access commitments) in relation to Common Frameworks. It was explained, that despite these defeats, it was not clear what the UK government will do other than press on with the Bill and seek to overturn the Lords amendments in the Commons.

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- The Welsh Government' believed it was difficult to overestimate the potential negative impact of the UK government's proposals for the Internal Market on devolved government more widely and without significant amendments to the Bill, their concerns around the provisions of the Bill would remain.
- The Welsh Government remained clear that Common Frameworks, either those in development or additional ones if the UK government could identify significant areas of concern that are not being addressed through the work programme, should be the key to reconciling the needs of the internal market and Devolved Governments' existing rights to regulate. This view had been strongly supported by the recently formed House of Lords Scrutiny Committee on Common Frameworks.
- The Welsh Government would continue to seek to use its influence to amend the Bill, both via further discussions with the UK government and, crucially, via their engagement with the House of Lords.
- The CGMET extended his thanks and gratitude to all the members of the group who had been and continued to be greatly involved in the process in the Lords.
- The CGMET suggested that in opening the discussion on this item the Chair might wish to invite Baroness Finlay to share her reflections on the latest position and what lay ahead.

The Chair led a group discussion, in which points made included:

- Baroness Finlay wished to state formally her gratitude for the amazing and constant support she and Lord Thomas had received from the CGMET and Gareth Williams, during the process to seek to amend the Bill in the House of Lords.
- Baroness Finlay spoke to the Group and shared her reflections on the latest position with regards to the UKIM Bill and what lay ahead - On voting there had been some fantastic majorities particularly on the Common Frameworks. Whether the amendments would remain when the Bill returned to the Commons was not known, but the Lords were prepared to fight back at Ping Pong. Baroness Finlay's update was warmly received.
- The CGMET noted that the House of Lords had given the Bill the thorough and detailed interrogation it deserved. ? It was highlighted that it was the International Day for the Elimination of Violence against Women. The earlier

call to set up a cross sectoral forum in Wales was echoed as it was considered important from a gender equality point of view. It was explained that there were many new initiatives coming through the Council of Europe and European Commission, which would have a huge impact on women today. The 'Woman and Brexit' report details the negative impacts of the Brexit process and its consequences for Women in the UK. This report had not taking into account of the negative impacts of Covid or poverty on women in Wales and the Welsh Government were urged to give serious consideration to the interaction of these two developments.

- Concerns were raised by the environmental sector. The sector were hoping for non-regression and dynamic alignment in this area, the reality was that the sector faced uncertainty. At a time when the sector had called for transformative change to the climate and ecological crisis, the government have had to postpone this priority to focus on the short-term issues associated with a global pandemic and resulting health crisis, European transition and an impending economic crisis. The sector was looking to the devolved governments to provide reassurance around the domestic environmental agenda. The sector were looking for a green and just recovery agreement and had concerns around the UKG compromising the Welsh Government's devolved ability to address environmental issues – particularly around fertilisers and pesticides, around single use plastics, the sale of peat and around the lack of a governing body in Wales. Concerns were also raised around renewable energy as an approach to the climate crisis as it might compromise the ecological crisis. There was a need for Welsh Government to invest in renewable energy communities where the profits could be ploughed back into those communities.
- The CGMET had spoken to Dr Rebecca Heaton from the Climate Change Committee, which advises the Welsh Government on its climate policy about COP and what this should mean to Wales in terms of its Covid and European Transition work and how to bring all those dimensions together.
- The need for Wales to pull together in what was a 'new world' and a time for change. To look forward with optimism and be pragmatic and innovative in finding solutions to build a 'new' Wales.
- In closing, the CGMET thanked the group for their extraordinary work in helping to navigate the Welsh Government to the position it was in today. He also wished to acknowledge and put on record his thanks to both the officials

right across WG who had worked incredible hard on this agenda for the Welsh Government and the European Transition Team who had delivered extraordinary results in a very difficult context. Finally, he wished to echo the thanks and gratitude made by Baroness Finlay about the work of Gareth Williams who had helped navigate the Welsh Government to its present position.

## 4. Any other business

- The Chair confirmed that the next EAG meeting was likely to be held virtually and would be scheduled for late January, early February and the secretariat would make contact and seek to arrange.
- The Chair wished the group and their family all the best and season's greetings and thanked them for everything they have done.

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