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Llywodraeth Cymru
Welsh Government

Michel Barnier
Chief Negotiator -
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United Kingdom under Article 50 TEU

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Trade Policy: the issues for Wales

I am writing to share with you our new policy position paper *Trade Policy: the issues for Wales*. This document builds on the issues raised in our White Paper *Securing Wales' Future*, and outlines the Welsh Government's proposals for working constructively with the UK Government and other Devolved Governments in future on a coherent approach to trade.

We recognise that international trade is not in itself a devolved competence. However, we are keen for the UK Government to fully appreciate the connections between trade policy and devolved matters such as agriculture, environmental standards, economic development and skills and qualifications.

We believe a new way of working is needed between the UK Government and the Devolved Governments to ensure the smooth functioning of the UK after we leave the EU. In relation to trade specifically, our paper outlines the need for a Memorandum of Understanding on how the devolved governments will be engaged in trade policy. We believe it is critical that an approach is agreed before trade negotiations with the EU are formalised. We acknowledge that the EU has in the past recognised the need for regional governments to participate in trade negotiations, for example during the negotiations with Canada, and we would welcome a similar approach being taken between the EU-UK negotiations.

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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.

The Welsh economy is deeply embedded in the EU's Single Market – 61% of Welsh goods exports go to the EU compared with only 49% of the UK as a whole. For this reason we have been consistent that full and unfettered access to the EU's Single Market is vital to Wales' forward economic interests and we remain to be convinced that leaving a customs union with the EU is in our best long-term interests. The risk analysis by Cardiff Business School, published alongside this report clearly highlights some of the potential negative economic impacts on sectors in Wales.

Kind regards,

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Cabinet Secretary for Finance