1 Introduction – Stakeholder Engagement Summary

In July 2016, following the UK's vote to leave the European Union, stakeholders connected to the Environment and Rural Affairs (ERA) portfolio met for a round table meeting at the Royal Welsh Show. At this discussion, it was agreed that workshops should be held to look in more detail at the implications of Brexit – in particular the key risks, opportunities, and impact on the way forward – for the ERA portfolio.

A total of five independently-facilitated, full-day stakeholder coproduction workshops were held between the end of August and early October 2016. The meetings were attended by more than one hundred invited stakeholders from organisations with an interest in the impact of Brexit on the ERA portfolio.[1]

Each of the workshops focused on a different stage of the supply chain:

- Workshop 1: Primary Production, Land Use and Sea Management
- Workshop 2: Markets and Supply Chains
- Workshop 3: Consumers and Services
- Workshop 4: Resource Efficiency and Waste Minimisation

The workshops were designed to be iterative, and at each stage outputs of the previous sessions were presented to encourage the development of ideas and minimise repetition.

Wellbeing of Future Generations Act and the Environment Act were core to shaping this debate.

2 Overview of Results

Although each workshop brought up discrete issues, generally relating to the stage of the supply chain being considered, there was a degree of commonality in terms of the headlines and these are summarised below. All issues raised have been compiled into opportunities and risks, along with some sectoral specifics. It should be noted that we have not attempted to interpret the results, but present them as discussed at the events.

2.1 Opportunities and Risks

Opportunities

1. Stakeholders identified a clear opportunity for cross-sector collaboration to maximise the impact of Wales and the ERA sectors to 'find a new way forward for Wales'.

- Stakeholders saw Brexit as an opportunity for Wales to do something different. It offers a chance to develop legislation and standards that are more suited to the needs and aspirations of Wales, rather than a compromise solution drawn from the needs of 28 nations. Our existing legislation in terms of the WFGA and EA can provide a strong framework for policy development. There is scope to better link policy across different sectors, e.g. education, health and land use, and to develop legislation that enables, as well as protects.

---

[1] *See Appendix 2 for lists of workshop delegates and the organisations they represented.*

.

2. This is a good time to develop a strong brand (underpinned a value set, not a logo) and Unique Selling Point (USP) for Wales, based around high quality products and services produced in a sustainable way, to high welfare standards. Sustainable meant protecting and not depleting our natural resources whilst enhancing the resilience of our ecosystems. .To achieve this it was agreed that a whole supply-chain approach was necessary to maximise value.
3. The social benefits of taking this approach were seen to better connect the citizens of Wales with their environment, what it provides them and their food. The importance of agriculture to the rural economy was emphasised including the tourism services and the health benefits it provides.
4. There is scope to develop greater resilience through investment in processing, adding value and shortening supply chains, all of which are currently lacking in several sectors. In the timber and forestry sector there was an identified need to secure sites for planting in order to ensure future resilience.
5. Investment in innovation could be used to replace low-skilled jobs and mitigate the impact of less-favourable access to the European labour market.
6. Brexit presents the opportunity for a fresh start in terms of our approach to farming and for support mechanisms, for example reshaping CAP for public benefit and to tackle the decline in biodiversity[2], or refocusing environmental support to include forestry. There were caveats around the need for transitional support to soften the impact of change.
7. Wales needs to ensure that the value of natural resources is taken account of in negotiations, along with our leadership in resource management, as demonstrated in our progress towards zero waste and carbon neutrality. The value of our water resources was seen as especially important, as was our wider marine environment (for energy, tourism, food and raw materials) and the potential to benefit from environmental goods and services.
8. There may be an opportunity to develop the domestic market and increase consumer choice through certification schemes that promote local produce, and promote Wales as a sustainable source of food.

Risks

1. One of the greatest risks is that Wales will not have a place at the table and so its interests will not be adequately represented in negotiations. Our lack of leverage with UK government might risk our ability to ensure that agriculture and food are high priorities and ensure the best outcomes for Wales.
2. The loss of access to the single market, for both sales of products (especially meat and fish) and supply of raw materials. There were concerns over continued access to markets post-Brexit in light of the presence of bovine TB in Welsh cattle. Our overall identity and PFN / PGI products are seen as a great strength and guarding Protected Food Names was especially key for the markets and supply chain. Loss of access to

---

[2] The SoNaRR report was published after these events. Subsequent comments at the Roundtable highlighted the opportunity to use SoNaRR to inform the key actions that need to be taken.

.

the single market could be mitigated to some extent by developing our domestic market in the UK.

3. It was felt that there was a risk to the labour supply arising from a devalued pound (in the short term) and loss of free movement (in the medium to long term). The loss of key workers from the EU was also a concern, including in critical occupations such as vets working in abattoirs. Access to collaborative research is also at risk.
4. There is a risk to environmental resilience and legislative safeguards from breaking links to the EU and also the risk that UK Government might not take key devolved legislation such as WFGA / EA seriously enough to respect its implications. Environmental legislation safeguards both our natural environment and human health and risks include the degradation of the landscape and quality of water (due to loss of protective legislation) and a decline in biosecurity (due to loss of Invasive Non-Native Species (INNS) regulation.
5. A risk of higher food prices was identified, as was exposure to cheaper goods from outside of the EU. There was, however, scope to adjust tariffs to protect sensitive products, and for better border management to control pests and diseases.
6. There is a risk to funding and support – with a need to maintain funding, albeit within the context of a greater focus on environmental outcomes and moves towards self-sufficiency. The timescale for negotiation and an associated period of prolonged uncertainty could be very damaging to Welsh business.

Key Asks for Brexit Process

1. The Welsh “voice” needs to be heard throughout this process.

2. Welsh businesses need unfettered access to the EU Single Market (tariff and non-tariff-barrier free).

3. Policy and Regulation needs to fit Wales’ distinct context and priorities, which also support the drive for high standards.

4. To support investment in processing and market development in some sectors to help build resilience, and give consideration to future arrangements concerning non-devolved R&D funding.

5. To maintain appropriate levels of access to skilled, semi-skilled and unskilled labour

6. Support for transitional arrangements and consideration in the meantime on how to focus remaining EU investment funding to enhance competitiveness of Welsh businesses

7. Assurance over long term financial commitments (beyond 2019) as a consequence of loss of access to expected European funding.

8. Trade options that adequately reflect and account for our risks, vulnerabilities, potential and opportunities in Wales.

9. Wales (and the UK) must take the opportunities afforded by Brexit to integrate policy thinking and delivery action to secure lasting, joined-up, sustainable outcomes, in keeping with the Well-being of Future Generations Act

.

2.2 Issues by Sector

Primary Agriculture

- Access to markets is the key factor for the sector – alternative markets such as Australia or New Zealand do not offer anything of consequence for Welsh primary produce.
- It was recognised that Brexit offers an opportunity for a redesign of the farming sector and current approaches to subsidies.
- There are opportunities for increased diversification in the sector around renewable energy and the use of water and other natural resources.
- A stronger brand for Wales would be of benefit in selling high quality Welsh produce across all markets.
- There is a need to factor in transitional support to mitigate the effects of both a possible hard exit and loss of markets in the short term and to replace existing subsidies and support for production that will be lost.
- A significant risk for the sector is that of hardened attitudes amongst current export target markets towards Bovine TB in the food chain in the UK.

Timber and Forestry

- In the timber and forestry sector, there is considerable scope for exploiting the domestic market to a greater extent; displacing imports from Scandinavia and the Baltic nations.
- Forestry currently sits outside many of the environmental support mechanisms in primary production. There is the potential to realise environmental benefits by addressing this.
- The sector needs investment to ensure that Wales enjoys a sustainable and resilient timber resource for the future.
- As with other areas of primary production, there is significant scope for increasing the added value not currently derived in Wales at present.

Fisheries and Marine Management[3]

- Access to EU markets is critical to the fisheries industry – given our reliance on sales of live shellfish – and this needs to be protected.
- Wales lacks either wholesaling or processing capacity in fisheries and this needs to be addressed in order to build resilience in the sector and boost supply chain activity. One example is the lack of a wholesale fish auction in Wales at present.
- The complexity of fishing quotas and ownership of fishing rights risks a prolonged period of uncertainty in the sector, which might impact on willingness to invest.

---

[3] *This sector has subsequently been the focus of a more detailed sectoral workshop, run within the framework of the WMSAG.*

.

- Wales needs to value its headline assets in the marine sector, including access to the sea (and world class tidal ranges), seabed and beaches. These should be considered in the context of energy, tourism, food, aggregates and well-being.

Natural Resources

- The natural resources of Wales were considered central to the development of a 'Brand Wales' that would appeal to, and encourage, 'green' and ethical consumer choices. Recognised standards and regulations, alongside the Welsh coast and countryside were considered central to developing Welsh tourism and a way in which to break into emerging markets for Welsh agricultural exports.
- Regardless of the relationship the UK has with the EU after leaving, there was a consensus in support for maintaining and improving upon European environmental standards and regulations. It was considered important to avoid a 'race to the bottom' and deregulation for short-term gains during periods of economic instability.
- Welsh environmental legislation, such as that concerning waste management, could be better tailored to meet Wales' needs, rather than top-level EU policy that has to compromise to the demands of 28 member states.
- The importance of land-management was central to discussions about the Welsh ERA's 'offer', because of its economic and environmental value to the rest of the UK. Welsh peatlands, for example, could be promoted as a carbon storage solution.
- The development of Wales' renewable energy capacity was considered an opportunity post-Brexit.

.