

## **Minutes of the Cabinet sub-committee on EU transition on 6 July 2017**

### **Present:**

- Rt. Hon. Carwyn Jones AM, First Minister (Chair)
- Mick Antoniw AM
- Mark Drakeford AM
- Lesley Griffiths AM
- Ken Skates AM
- Kirsty Williams AM

### **Officials:**

- Shan Morgan, Permanent Secretary
- Des Clifford, Director, Office of the First Minister and Cabinet Office
- Peter Greening, Head of Cabinet Division
- Piers Bisson, Deputy Director, European Transition
- Andrew Johnson, Special Adviser
- Alex Rawlin, Special Adviser
- Tom Woodward, Special Adviser
- Gareth Williams, Special Adviser
- Damian Roche, Cabinet, Plenary and Committee Secretariat (minutes)
- Jeff Godfrey, Director of Legal Services
- Diane Dunning, Deputy Director of Legal Services
- Simon Brindle, Deputy Director, European Transition
- Eleanor Vaughan, Policy Adviser European Transition
- Laurian Hubbard, Communications Co-ordinator, European Transition
- Sian Brown, Deputy Head of State Aid Unit
- Euros Jones, Policy Adviser, European Transition

### **Apologies:**

- Alun Davies AM

## **Item 1: Minutes of the previous meeting**

1.1. The minutes of the previous meeting were agreed.

## **Item 2: Oral Update on Developments**

### ***'Great Repeal' Bill***

2.1 The Sub-Committee noted that following the UK General Election, the First Minister had written to the Prime Minister outlining his concerns about the Great Repeal Bill White Paper. The First Minister had also written to Damian Green MP, First Secretary of State and Minister for the Cabinet Office, re-iterating his concerns about the direction taken by the UK Government in relation to the devolved administrations.

2.2 The Welsh Government had published the policy document 'Brexit and Devolution' on 15 June, which emphasised that the devolution settlement should not be eroded as a result of Brexit. It was noted that formal EU negotiations had begun on 19 June, prior to the Queen's Speech on 21 June and the UK Government had published its own paper on EU Citizens' rights on 26 June, which did not provide sufficient reassurance to those citizens who were effectively being used as bargaining tools by the UK Government in its negotiations with the EU.

### ***First Minister's visit to Gibraltar***

2.3 The First Minister provided feedback from his recent visit to Gibraltar where he had discussions with the Chief Minister on the challenges and opportunities created by the UK's withdrawal from the EU. They also discussed the UK Government's negotiating position and the current state of the negotiations. It was agreed that both administrations would keep in contact as the situation developed.

### ***Next steps***

2.4 Further UK – EU Brexit negotiation rounds would take place every four weeks, with each round including discussions on citizens' rights, the financial settlement and other separation issues, such as the border with Ireland. The First Minister would be providing evidence to the External Affairs and Additional Legislation Committee on 10th July, followed by a visit to Brussels on 13th July where he would meet with Michel Barnier, the EU's Chief Negotiator for Brexit.

### ***European Advisory Group (EAG) and other developments***

2.5 The Cabinet Secretary for Finance and Local Government provided an update on the latest EAG meeting on 25th May, which had covered EU / UK frameworks and employment rights stemming from EU-wide protections, and noted that the next meeting would take place on 13th July. In addition, the Cabinet Secretary reported that on 25th May he had held a useful conversation with Mike Russell MSP, Minister for UK Negotiations on Scotland's Place in Europe, who had also attended the EAG meeting to discuss the Scottish Government position and its publication Scotland's Place in Europe. The WG's Brexit and Devolution paper had been well received by the Scottish Government.

2.6 The Cabinet Secretary for Education reported that Colin Riordan, Vice Chancellor of Cardiff University, was leading on a paper about funding on behalf of the Brexit working group established by Jo Johnson MP, Minister of State for Universities and Science. It was commented that this would be a helpful opportunity to promote the Welsh Government's position on full replacement of any funding lost in Wales.

2.7 The Counsel General had recently met the Lord Advocate for Scotland, James Wolffe QC, where he emphasised the need for close collaboration between the two countries.

2.8 It was reported that the Ministerial stakeholder group had met regularly to engage the agricultural sector across Wales to address issues of concern.

### **Item 3: Transitional Arrangements**

3.1 The First Minister introduced the paper, which set out the options for transitional arrangements following Brexit. The UK Government had acknowledged the need for a phased process of implementation and the paper argued for arrangements that would work in the best interests of the UK as a whole. In particular, the arrangements should seek to maintain full and unfettered access to the Single Market, as set out in the Welsh Government's White Paper Securing Wales' Future.

3.2 The Sub-Committee noted the paper.

### **Item 4: Migration Policy Document**

4.1 The Cabinet Secretary for Finance and Local Government introduced the paper, which proposed the publication of a policy document on migration. Whilst migration was a non-devolved matter, the aim of the document was to set out the key issues that the Welsh Government would want to see considered in the UK Government's development of future migration policy.

4.2 Two strands to the Welsh Government's approach included linking future migration more closely with employment and doing more to prevent the exploitation of workers.

4.3 The policy document focused on four main points, the first and most pressing of which was securing the rights and status of EU citizens in Wales and the rights of Welsh citizens in EU Member States. Minimising the uncertainty experienced by EU migrants was paramount, but despite the UK Government recently setting out its position, uncertainty would remain until negotiations with the EU had concluded. The section about the future of migration policy reinforced the high-level WG policy position set out in Securing Wales' Future but then also considered potential changes the UK Government might make to introduce quantitative limits on EU migration. Tackling the exploitation of workers was another key theme. Finally, recognising and responding to some negative public attitudes towards migration in Wales was a focus. Evidence gathered by the Institute for Fiscal Studies, and referenced in the document, showed that immigration creates a net benefit for public finances, as on average immigrants pay more in taxes and receive less in benefits than the UK born population.

4.4 The Sub-Committee agreed the paper.

## **Item 5: Oral update on Regional Economic Development Policy**

5.1 The Cabinet Secretary for Finance and Local Government updated the Sub-Committee about the ongoing work on Regional Economic Development Policy.

5.2 The Sub-Committee noted the update.

## **Item 6: State Aid**

6.1 The First Minister introduced the paper, which considered some of the potential risks and opportunities in any changes to State aid policy as a result of EU exit negotiations, focusing on industrial State aid rules rather than agriculture and fisheries rules, as they were substantially different. The paper explored the link between securing full and unfettered access to the Single Market and continued operation of State aid rules similar to those in the EU. In addition the paper considered issues of particular relevance to Wales, such as Regional Aid Guidelines, the steel sector and airport infrastructure policy.

6.2 Key points outlined in the paper included the fact that the internal UK State aid regime would depend on the trade deal negotiated with the EU. If the UK were to gain full and unfettered access to the EU Single Market, the UK would likely need to operate State aid rules similar to those of the EU. In addition, State aid would be an area in which the Welsh Government would have an active policy and practical interest, so any UK internal State aid framework should be drawn up and agreed by all four UK Governments.

6.3 It was noted that any authority appointed to have overall responsibility for compliance with State aid rules within a UK framework should be independent of government and impartial. In addition, the devolved administrations should retain responsibility for assessing compliance with the rules at a country level.

**Cabinet, Plenary and Committee Secretariat  
July 2017**