

Summary



Llywodraeth Cymru
Welsh Government

Securing Wales' Future

**Transition from
the European Union
to a new relationship
with Europe**

1 First Minister's Preface



A majority in Wales voted to leave the European Union (EU) and the Welsh Government has been clear from the outset that this democratic decision must be respected.

We are equally clear that the terms of exit must protect Wales' vital interests and should be capable of bringing together those who voted to leave and those who voted to remain. We do not believe that people were persuaded to vote leave with the intention that Wales should become worse off as a result, nor do we believe that this should be an inevitable consequence of leaving the EU.

Decisions taken in the months ahead will define Wales' economic and social interests for many years to come. Exiting the EU presents clear risks which need to be managed and mitigated and the Welsh Government has a responsibility to preserve and develop the country's prosperity. There will also be opportunities to think afresh about our policies and programmes, about how we work together in a changed United Kingdom (UK) outside the EU, and the potential to help businesses explore new markets around the world.

Politicians in Wales have no monopoly on wisdom and our perspective has been informed by extensive debate, not just within the National Assembly for Wales but beyond it. Our European Advisory Group draws on individual specialist expertise and the spectrum of political opinion as we consider detailed

questions. The Council for Economic Renewal provides a particular focus on the economic and business challenges. More widely, thought about Wales' future is informed by extensive and active debate across sectors such as agriculture, environment, Higher Education, the third sector, the creative sector, local government and others.

Departing the EU in no sense means that Wales will turn its back on Europe. Continued full and unfettered access to the Single Market is fundamental to our future. Our friends and neighbours in Europe will continue to be our friends and neighbours, and we need to find new ways of working together on our common challenges. Equally, Wales is a world-facing nation. We have a long record of trade and investment with North America, Japan, the Middle East and elsewhere. We embrace the world and its horizons, and where new trade opportunities open up, we will work with businesses to help our economy prosper.

This White Paper outlines Wales' key strategic interests and priorities as the UK prepares to leave the EU. We are working with the UK Government, Northern Ireland Executive and the Scottish Government with the

intention of helping shape a viable and consensual UK negotiating position. This White Paper sets out the broad aims of the Welsh Government for those negotiations. Throughout, the emphasis is on preserving and promoting prosperity while recognising the majority wish to leave the EU.

As we face the future many questions remain. The Welsh Government must approach its work in new ways and the UK itself must adapt and change. We believe that the UK's exit from the EU should be conducted through constructive negotiation based on mutual respect and shared long-term interests among European neighbours.

The Welsh Government is determined to protect this country's vital interests and the future prosperity of Wales.

A white cursive signature of Carwyn Jones on a dark red background.

Carwyn Jones
First Minister of Wales

2 Preface by the Leader of Plaid Cymru



Since the vote to leave the European Union, Plaid Cymru has advocated that the priority should be to secure and defend the Welsh national interest, in particular our economic interests.

Plaid Cymru outlined our desire for a formal Welsh negotiating position on EU withdrawal; for parties to collaborate on defining and promoting the Welsh national interest; and for Wales to secure as much common ground as possible with the other devolved administrations so that there is a 'Four Countries' approach.

Thanks to significant and constructive efforts through liaison between Plaid Cymru and the Welsh Government, these positions have been advanced, and will now become the policy of the government, and the position of a clear majority of Members of the National Assembly.

For Plaid Cymru, this document reflects our core principle that Wales has a democratic right to shape the kind of EU withdrawal that takes place.

Wales' role should be to influence any negotiations which take place, rather than simply accepting that EU withdrawal can be carried out without regard to the interests of Wales, Scotland and Northern Ireland.

It is therefore of crucial importance that the UK Government recognises in any negotiations that the UK is a multi-national state, not a single nation.

In promoting the Welsh national interest, this White Paper

solidifies the view of the involved parties that Wales should be able to benefit from continued participation in the European Single Market. There has been movement between the parties involved in terms of agreeing possible forms which this continued participation could take, with agreement being reached that this could include EEA and/or EFTA membership, and that it must avoid tariff barriers.

The document welcomes the contribution of European workers and migrants to Welsh society and our economy, and challenges the negativity which has been allowed to dominate political discourse. It upholds the principle of freedom of movement and is therefore consistent with full Single Market participation.

It further sets out a way for Wales not to lose out financially when EU funding ends. The document also clarifies that Wales could and should continue to benefit from a range of European programmes which are of benefit to our citizens.

On the issue of environmental, social and workplace regulations, a strong message is sent to the UK Government that these must not be eroded or discarded in the name of deregulation or ideology.

Crucially for Plaid Cymru, the document contains agreement

that withdrawal from the EU should precipitate a remodelling of the governance structures of the UK, a long-held belief within our party.

It also progresses the Party of Wales' calls for a more comprehensive international policy, as well as our key priority of retaining and enhancing vital links between Wales and Ireland.

Just as Plaid Cymru has worked in the name of Welsh national unity to develop this joint position, we are confident that the Welsh Government will continue to work with Scotland, Northern Ireland and other partners, to identify common ground, both ahead of and during any negotiations.

Regardless as to how people voted in the EU referendum, there should now be a sense of encouragement that Wales has a clear and articulate position ahead of forthcoming negotiations. Our national interests and needs are clearly expressed in this paper, and I have no hesitation in commending it to people in Wales.



Leanne Wood
Leader of Plaid Cymru

3 Summary

The White Paper sets out the main issues which we have identified as vital for Wales as the UK moves to leave the EU. It has been developed by the Welsh Government in conjunction with Plaid Cymru through an official Liaison Committee¹. The views of the European Advisory Group, appointed by the First Minister in summer 2016², have played a helpful role in developing its content.

The Welsh Government will work constructively with the UK Government as the UK prepares to exit the EU and transition towards a different relationship with our European neighbours. Together with Plaid Cymru, the Welsh Government will speak for Wales to ensure that the terms on which the UK leaves the EU are not damaging to Wales' interests. In return, we expect the UK Government to take full account of the issues we have identified as vital to Wales' interests in forming

its negotiating position. In so doing, the UK will be pursuing outcomes which we firmly believe will be beneficial for the UK as a whole, as well as for Wales.

There are six key areas which we believe need to be addressed in negotiations: the Single Market and international trade, migration, finance and investment, constitutional and devolution issues, Wales' social and environmental protections and values and transitional arrangements.

The Single Market and International Trade

The Welsh economy is closely integrated into the EU Single Market and some two thirds of identifiable Welsh exports go to EU countries. Wales' success in attracting foreign direct investment over many decades is largely based on access to the EU market of more than 500 million customers. Analysis

shows that any significant reduction in access to the Single Market will be damaging, and the greater the reduction, the worse the consequences will be in terms of reduced or negative growth. We believe that full and unfettered access to the Single Market for goods, services and capital – including our key agricultural and food products – is vital for the forward interests of Wales and the UK as a whole and we urge the UK Government to adopt this as the top priority for negotiation with the EU. There are various ways in which this might be achieved. These might involve UK membership of the European Free Trade Association (EFTA), of which the UK was a member prior to joining the EU, and through this continuing to form part of the European Economic Area (EEA); or through a negotiated bespoke arrangement unique to the UK.

(below) Swansea city at dusk



¹ In the Paper, “we” should be taken to refer to both the Welsh Government and Plaid Cymru.

² <http://gov.wales/about/cabinet/cabinetstatements/2016-new/euadvisory/?lang=en>

Migration

We acknowledge that a wish to address concerns arising from EU migration was part of what stimulated support for leaving the EU and that the UK Government sees migration as a key focus of the forthcoming negotiations. Equally, we recognise the very positive contribution EU migrants make to our economy and communities. The rights of EU migrants already living in Wales to remain should be guaranteed immediately and all who live here must be treated with equal respect. We call upon the EU to give a reciprocal guarantee to Welsh and UK citizens living in the EU. We believe that Wales will continue to need migration from EU countries to help sustain our private sector economy and public services. In our view, the key is to ensure that, apart from students and those who are able to sustain themselves independently, freedom of movement of people



is linked to employment. For students and researchers, we believe continued free mobility across Europe is in the best interests of Wales and the UK as a whole. Linking freedom of movement to employment should be complemented by rigorous enforcement of existing legislation to prevent exploitation of workers, particularly those in low-wage occupations.

Finance and Investment

In budgetary terms, Wales is a net beneficiary of EU membership, currently receiving about £680million in EU funding each year.

Not only is this funding hugely important to Wales in terms of driving economic growth and jobs, it also enables the Welsh Government to leverage additional resources from both public and private sources. While the UK Government has largely guaranteed funding for projects agreed prior to 2020, it is crucial in the longer term that EU funding is replaced by a revision to the Block Grant. During the referendum campaign voters in Wales were assured that leaving the EU would not result in Wales being worse off and it is vital to public faith in political process that this promise is honoured. Replacement funding from UK sources must reflect



(above) European Investment Bank in Luxembourg

current EU funding for regional economic development in Wales, agriculture and the countryside. Significant investment in Wales is stimulated by a number of smaller EU programmes and we strongly believe Wales should continue to benefit from access to them from outside the EU. These include: Horizon 2020, ERASMUS+, Creative Europe and the Wales-Ireland Programme. We also set out why we believe the UK should remain a partner in the European Investment Bank.

Constitutional and Devolution Issues

Withdrawing from the EU is a major constitutional turning point for Wales and the UK as a whole. Powers already devolved to Wales – agriculture, fisheries, regional development and environment, for example – will in future be exercised here without an EU regulatory framework. Similarly, reserved powers which would, in

principle, be exercised at UK level (for example, on international trade or competition) would have potential to impact adversely on devolved policies in Wales.

The current inter-governmental machinery will no longer be fit-for-purpose and new ways of working – based on agreements freely entered into by the UK Government and the three devolved administrations and subject to independent arbitration – must be developed. The scale of change demands that the UK itself be remodelled to energise a dynamic and decentralised future based on co-operation, common purpose, solidarity and workable, more federal, structures. We see preparation for departure from the EU as the starting point for a detailed debate about reform and change within the UK. We need sight of detail on the ‘Great Repeal Bill,’ proposed by the UK Government before we can develop an informed position on its implication for devolution in Wales. If, after analysis, it is necessary to legislate ourselves, in the National Assembly for Wales, in order to protect our

devolved settlement in relation to the Bill, then we will do so.

Social and Environmental Protections and Values

The UK has been part of the EU for more than 40 years and a substantial body of legislation has been developed which protects Wales’ environment and social well-being. Clean air, water and beaches are all underpinned by this legislation. A range of rights and protections for workers limiting exploitation in the workplace, including, for example, the Working Time Directive, have resulted in safer working environments and better conditions for employees. The safety of products sold in our shops and a range of wider consumer protections have accrued from EU legislation. In the short term, the so-called Great Repeal Bill will preserve existing legislation in domestic law. In leaving the EU, we need to be vigilant and insistent that protections and standards which benefit our citizens and the well-being of society as a whole are not eroded.

Transitional Arrangements

It seems increasingly likely that negotiating both the terms of our withdrawal and a workable, detailed future relationship with the EU may not be achieved within the limited timescale set for the Article 50 negotiations. Experience from elsewhere suggests that trade negotiation, for example, is necessarily complex and time-consuming. The scale of work required to adapt our legal, constitutional and institutional structures is equally complex and likely to require significant development time. We therefore believe the UK Government should seek agreement, as a matter of high priority within the Article 50 negotiations, on a transitional phase, after our formal exit from the EU, to avoid the chaos and uncertainty which would arise from a sudden ‘cliff edge’ departure. Leaving the EU does not mean leaving Europe and we believe negotiations should be based on good faith and mutual neighbourly interest.

(below) Three Cliffs Bay, Gower



This White Paper been developed jointly by the Welsh Government and Plaid Cymru
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