

Q&A ON ARTICLE 50 LETTER

Support for the UK Government's position

Q. Given that the UK Government approach as set out in the White Paper is a recipe for a hard Brexit, why are you giving them support?

The Welsh Government has been completely clear about its priorities for the Brexit negotiations which are set out in our *Securing Wales' Future White Paper*. These absolutely still stand. However, the UK Government has said quite clearly that on the question of full and unfettered access to the Single Market, their position is very close to our own and we take them at their word.

While we doubt whether they can achieve both this crucial outcome and some of their other, more ideologically driven objectives as set out in their White Paper [and in the art 50 letter], we recognise that they cannot at this stage of the negotiations start spelling out potential trade-offs between them. So long as the UK Government continues to press the case for tariff and non-tariff barrier free access to the single market, we will support them.

At the end of the day, Wales voted to Leave, and we respect that. We need to help achieve the best outcome for Wales in terms of our economic prosperity and well-being, and on single market issues the UK Government is still pursuing such an outcome.

Q. But in the White Paper you argue for Single Market participation? Have you given that up?

No, we believe that while the language is different, the UK Government has set as its goal a future relationship with the single market which is based on trade free of both tariff and non-tariff barriers, much as at present, which works across the entire economy, rather than only for specific sectors. This is compatible with what we mean by full and unfettered access to the single market or single market participation. In our White Paper we say this could be achieved either by membership of EFTA and the EEA or a by a bespoke bilateral agreement - it is the latter the UK Government have set out to achieve.

Q. Why is the Welsh Government being so half-hearted in its support for the Prime Minister? Haven't you got a patriotic duty to support her as she goes in to these really tough negotiations?

We will work constructively and supportively with the UK Government so long as it is working for what we believe to be the best outcome for Wales, as spelt out – on the basis of clear evidence – in our White Paper. The UK Government has repeatedly said that it thinks our positions, particularly on full and unfettered access to the single market are quite close, which is why we are willing to work with them to seek to secure this outcome.

Q. Why are you being so uncritical and being a cheer leader for Theresa May's hard Brexit when Scotland is so opposed to the way in which the UK Government is triggering Article 50?

We agree with the Scottish Government that the process has been unsatisfactory. But we have an overwhelming duty to try to secure the best economic outcome not just for Wales but for the whole UK, and that is what we are doing. At the end of the day, Wales voted to Leave, and we respect that. We need to work constructively with the UK Government and others to achieve the best outcome for Wales.

Q. Why do you say the A50 letter is consistent with your 'joint' White Paper and yet Plaid say it isn't? Who is telling the truth? Is your partnership at an end?

Both the Welsh Government and - as far as we are aware - Plaid Cymru remain fully committed to the priorities set out in our White Paper, *Securing Wales Future*. We clearly take different views as to the extent to which the UK Government's ambitions are compatible with our priorities. We believe that the UK Government's stated ambition for continued free and frictionless trade with the EU-27 through a bespoke comprehensive free trade agreement would provide the sort of full and unfettered access to the single market which is our central demand. We doubt whether they can achieve both this crucial outcome and some of their other, more ideologically driven

objectives as set out in their White Paper, but for so long as the UK Government does not sacrifice this objective, we feel we are justified in giving them qualified support.

We remain committed to achieving a broad consensus within the National Assembly on the future relationship with the EU and, in particular, will continue to work with Plaid Cymru through our liaison arrangements.

Q. Where do your six priorities appear in the A50 letter, or have they been ignored?

Three of our priorities could be achieved and are reflected to some extent in the letter:

- 'Full and unfettered' single market access is akin to 'freest and most frictionless' trade possible.
- Transitional arrangements are akin to 'a phased process of implementation'
- The UK Government's position is not yet clear, but could end up being close to our position of achieving greater control of migration – through making a clear link to employment, and guarding against exploitation of workers – whilst not sacrificing full and unfettered single market access.

Our other three priorities (finance, constitutional, and social and environmental protections) are for the intra-UK discussions on the future of the UK rather than for the negotiations with the EU. On employment rights, the UK Government has said it will maintain all of the existing rights after Brexit, as we have urged.

Interplay between different negotiating objectives

Q. But do you share the UK Government's ambitions for taking back control of migration?

We set out our position in *Securing Wales' Future*, namely that we should be exploring ways to achieve greater control of migration – through making a clear link to employment, and guarding against exploitation of workers – whilst not sacrificing full and unfettered single market access. The UK Government's proposals, beyond a desire to “control migration”, are not yet clear. Their position could end up being close to ours and we are therefore continuing to engage and seek to influence.

Q. But do you share the UK Government's ambitions for being free of the European Court of Justice?

There will need to be mechanisms in place to help resolve any disputes that arise between the UK and the EU after exit. What such mechanisms might be, and how to ensure that disputes are definitively resolved rather than left to fester and create prolonged uncertainty, is something for agreement in the negotiations. They will need to be appropriate for the UK as an independent country outside the EU and also for the EU, but we do not start from an ideological position on this: we've made it very clear our top priority is securing full and unfettered access to the single market.

Q. What about the 'exit fee' of up to €60 billion that the EU wants us to pay?

This is clearly a matter for the negotiations but while that sum may be unreasonably high, the UK is a country that takes its international responsibilities seriously and we need to discuss the basis of the EU's claim, not just dismiss it. We should not fall into the trap being set by the extreme Brexiteers, who will constantly try to find reasons to engineer a collapse of the negotiations. They have a vision of Britain as a sort of offshore European Singapore, where social and environmental protections are sacrificed in an effort to undercut other European countries. We wholly reject that sort of vision of a cut-price, sweatshop Britain.

Q. So you are in favour of handing more money over to Brussels?

The main reason why there is talk of the UK needing to make a payment is because we are likely to leave part-way through a budget cycle which runs to 2020 where spending commitments have been made – including in Wales from the Structural Funds – on the basis that the UK would continue to be a member. So it's like if you have signed up for a mobile phone or electricity contract and you decide to walk away half way through – you normally have to buy out all or some of the contract. From Wales' perspective, either the EU continues to pay out against commitments entered into even after we leave, in which case it seems reasonable for the UK to pay something into the pot, or the UK Treasury has to pick up the bill: either approach would be acceptable to us.

In addition, in *Securing Wales' Future* we set out our desire to continue to participate in EU programmes such as Horizon 2020 and Erasmus+ because of the benefits they bring to Wales. We recognise that this would mean contributing to the operation of these programmes. The UK Government has also recognised this – in its White Paper it said: *“There may be European programmes in which we might want to participate. If so, it is reasonable that we should make an appropriate contribution.”*

Q. The UK Government says that it is essential that we negotiate both the withdrawal agreement and a new free trade agreement at the same time, but the EU seems to say we have to agree the terms of leaving first, before they will even start discussing our future relationship. What's your view?

This is really a matter to be resolved at the first session of the negotiations. Whichever route is followed, we have made clear we don't think it will be possible to fully complete both within the short time-frame available, particularly as securing ratification of a new Free Trade Agreement will be much more onerous than the withdrawal agreement. That's why we have argued and continue to argue that we need to work early on to put in place transitional arrangements to give a longer time to negotiate a new relationship with the EU-27.

Q. Do you agree that no deal is better than a bad deal?

No, but we are working for a good deal, a deal which works for the whole of the UK while respecting the legitimate interests and concerns of our EU neighbours.

Process around the negotiations and Wales' role

Q. Can Wales and the Welsh Government really make a difference to the negotiations?

We believe that Wales has considerable credibility with the EU institutions. During his recent visit to Brussels, a range of interlocutors stressed to the Cabinet Secretary for Finance and Local Government that we could play a role in ensuring that the UK gets a sympathetic hearing for its case for a mutually beneficial future trading relationship between the UK and the EU – 27, perhaps particularly in the European Parliament. So long as the UK Government continues to pursue its goal of 'free and frictionless' trade, we will try to support them make the case for this.

We will also continue to be a constructive and influential voice within the UK, ensuring that the priorities for Wales are not sacrificed during the negotiations for narrow, ideological aspirations.

Q. What role will the Welsh Government have in the negotiations?

At the moment, it is not clear what format the negotiations with the EU will take. The Welsh Government has made clear to the UK Government that it expects to be part of the UK negotiating delegation whenever devolved areas, or areas in which we have a strong interest, are being discussed.

This reflects what should happen now, as set out in the Concordat on Co-operation of European Union Policy issues – which sets out a commitment by the UK Government “... *to involve the Welsh Ministers as directly and fully as possible in decision making on EU matters which touch on devolved areas (including non-devolved matters which impact on devolved areas and non-devolved matters which will have a distinctive impact of importance to Wales)*”.

Process within the UK to date and next steps

Q. Has the JMC(EN) (Joint Ministerial Committee EU Negotiations) failed in its terms of reference to seek to agree a UK approach to, and objectives for, Article 50 negotiations?

JMC(EN) has struggled to fulfil its remit and the Welsh Government's concerns on its operation are well documented. We have had constructive bilateral discussions with the UK Government – and we have identified some common ground for the negotiations – but JMC(EN) has not worked as it should have.

Looking ahead, the UK must be more than a set of bilateral discussions and it is important that the UK Government shows a step change in its commitment to JMC(EN) and to effective inter-governmental decision making processes more broadly by addressing the problems encountered so far.

Q. What do you expect to happen next? When do you next expect the JMC(EN) to meet?

In terms of the negotiations, we look forward to seeing the EU's draft negotiating remit, which we understand may be published on Friday, and will then be considered at a European Council meeting at the end of April, which will enable the negotiations to get underway in earnest.

Domestically, we expect to be discussing the White Paper related to the Great Repeal Bill – which we understand will be published on Thursday – with the UK Government and the other devolved governments. It is essential that the Bill when it is introduced respects our devolution settlement.