

# Welsh Government Response to Recommendations from the External Affairs and Additional Legislation Committee Report: Wales' Future Relationship with Europe & the World

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## Introduction

For decades our approach to the world has been defined by our relationship with the European Union. With the UK's decision to leave the European Union marking a fundamental shift in our international environment, now is the time for a new, refocused, international strategy that will set out our international vision for Wales.

Although the nature of this relationship remains uncertain – Wales will continue to be a European nation and will remain an outward-looking nation.

Wales is starting from a strong foundation and we want to build on the strong international links that have been developed over past decades which will help to enrich the country economically, socially and culturally.

At its heart, the strategy must deliver positive outcomes for the people of Wales, extending the positive benefits of international activity through the regions and set us on a path to a greater presence and influence in the world.

I welcome the Committee's report, and the extensive evidence gathering, which has provided valuable input during the development stages of a new international strategy for Wales.

## Detailed responses to the Committee's recommendations

**Recommendation 1.** *We recommend that the new international engagement strategy for Wales sets out the scale of the Welsh Government's ambition in terms of international engagement after Brexit and that, in response to this report, the Welsh Government sets out the anticipated timescales for publication of this work.*

**Recommendation 3.** *We recommend that the new international strategy has an accompanying suite of key performance indicators. These should be made available publicly so that progress can be measured against the objectives of the new strategy on an annual basis.*

## Response: Accept

One of my first priorities after taking up the Ministerial post was to define a new international strategy for Wales. As stated during my appearance before the Committee, I wanted to ensure that there was a period of engagement allowing public, private and third sector groups and organisations to feed in their thoughts, ideas, experience and expertise during the scoping stages. Since the beginning of

the year I have already engaged with a wide number of stakeholders across the key sectors including a small independent Task and Finish Group.

Going a step further to widen the engagement, I published a series of questions online and on social media to gather evidence from the public and help shape the image and message that Wales should be presenting to the world. The survey has already gained many responses with a number from the international community. The deadline for the survey was extended by two weeks to 15 April to give further opportunity for engagement, and ensuring responses would also reflect the wider issues around the Brexit timetable. The survey can be found at <https://www.smartsurvey.co.uk/s/KXVXI>

The strategy will set out the scale of our ambition in detail, while identifying the challenges and opportunities posed by Brexit. It will outline what success looks like over both the short term and longer term periods and will set out our ambition in terms of key performance indicators for Welsh Government, where we are able to measure outputs.

It is my aim to produce a strategic document that will underpin our international agenda, rather than a detailed action plan, although I do intend to set out some high level ambitions which will be possible to measure. It is difficult to complete this work however whilst there is such a lack of clarity on our future relationship with the EU. I plan to have a first draft to Cabinet by May with a final document ready for publication before the summer.

**Financial Implications** - None. Any additional costs will be drawn from existing programme budgets.

***Recommendation 2.*** *We recommend that the Welsh Government establishes a formal mechanism – for example through the creation of a Cabinet sub-committee – to ensure effective coordination between the remit of the Minister for International Relations and the remits of other Ministers that may have an international dimension to their work.*

### **Response: Accept in Principle**

The Welsh Government recognised the importance of the international agenda through the creation of a new ministerial post for International Relations. The international agenda runs like a thread through nearly every cabinet portfolio, so part of my role is to co-ordinate international effort at this critical time for Wales and the UK.

At the time of publishing this report bi-lateral meetings with most Cabinet Ministers have already taken place. The purpose of those meetings was to explore how the Minister for International Relations can support international efforts across Cabinet and to encourage closer working relations across the international relations portfolio. These discussions have proved to be instrumental in shaping the strategy and will be beneficial in developing coordinated cross-portfolio working.

A cabinet sub-committee may be an appropriate mechanism to set direction and drive progress for the international dimension of all WG activity, however, given the importance of the agenda and its spread across many portfolio areas, other options need to be considered, including the option of allowing for full cabinet discussions on internationalisation.

**Financial Implications** - There are no direct financial implications from accepting this recommendation.

**Recommendation 4.** *We recommend that the Welsh Government outlines in its response to this report, details of the work it is undertaking to support civil society through the transition to a post-Brexit future. This response should include an assessment of any additional funding required by priority sectors to achieve this.*

**Response: Accept**

We are providing direct financial support to sectors across Wales to plan and prepare for Brexit. This includes the £50 million EU Transition Fund. The Fund is part of our Brexit plans and has been designed to help private, public and third sector organisations prepare for Brexit and the significant changes associated with leaving the European Union. The Fund will help business, public services and other partner organisations in Wales plan and prepare for the impacts of Brexit and will help future proof our economy. The Fund is directly managed through Welsh Government departments to ensure it is aligned with our strategic priorities and embeds partnership working across sectors.

Welsh Government has been working with partner organisations including the Welsh Local Government Association, Wales Council for Voluntary Action, Natural Resources Wales, Hybu Cig Cymru, and NHS Confederation among others. Bids already funded include £150k to support WCVA to consider how Brexit will impact on community services in Wales, £1.2m to support victims of hate crime, and £1.52m to support community cohesion. £1.35m has also been available to Local Authorities, directly and via the Welsh Local Government Association (WLGA) to support their Brexit preparations. It will be important going forward to ensure we help the third sector as much as possible to prepare for the UK leaving the EU.

A chaotic Brexit process, such as the one now evolving, will impact civil society and third sector organisations in different ways, depending on the type of services they provide; the people and communities they serve and the people they employ.

The work we are funding will help us assess and understand how Brexit will impact community services in Wales and help the third sector plan for all eventualities. This work will help community groups ensure contingency planning and preparations are proportionate and reassure the sector and the communities which benefit from these services.

The Welsh Government is working with the Wales Council for Voluntary Action (WCVA) on this project which is funded through the European Transition Fund. We

are working closely with WCVA to ensure we better understand the third sector's needs.

We are also keen to actively assess the impact of Brexit on priority sectors. As such, the Welsh Government accepts the recommendation with the intention that we will make such an assessment on an ongoing basis as the process of leaving the EU unfolds.

**Financial Implications** - There are no direct financial implications from accepting this recommendation, as activity has been funded through the European Transition Fund.

**Recommendation 5.** *We recommend that the Welsh Government explores with the EU the possibility of Wales' continued participation in European programmes that are undertaken in devolved areas. This work should be progressed urgently, with an update provided to the Assembly by autumn 2019.*

### **Response: Accept in Principle**

It is fundamentally important that the benefits Wales has received through membership of the EU are not lost after the UK leaves. The UK Government must honour the commitment that Wales will not lose a penny in funding after Brexit. We continue to call on the UK Government to confirm that it will provide Wales with this continuity of funding – without precondition and with the same level of flexibility to deploy funds that we exercise now and have done so for the last 20 years.

We know how important it is for Wales to have continued access to European partnerships and networks such as those established through the European territorial Co-operation programmes which includes the Ireland-Wales programme, Horizon 2020, ERASMUS+, Creative Europe, and their successor programmes after we leave the EU.

Consequently, it is our clear preference, as set out in the *Securing Wales's Future* policy paper, for the UK Government to negotiate a future relationship with the EU that involves the whole of the UK in a range of EU programmes that have a broad range of benefits for citizens and businesses across the UK and Europe. In the event that this does not happen, we are actively working to ensure that Wales maintains its current level of funding and flexibilities to use that funding to support people and businesses in Wales.

We continue to explore all options for continued involvement in international fora, including EU programmes operating in devolved areas. For example, our EU office in Brussels has been working closely with UKREP and through its partner networks (such as CPMR and Vanguard Initiative) to help ensure that the regulations for future EU programmes leave the way open for third countries to participate in future EU programmes.

However, participation in EU programmes, and the associated agreement with the EU, would normally be entered into by a nation state. We will need to explore

whether it would be possible for Wales (or a combination of UK nations) to participate in key EU programmes as the UK, even if England declined to participate. While we make every effort to engage with the EU, this exploration and discussion takes time.

**Financial Implications** - While the initial costs of exploring options can be met from within existing budgets, any participation in future EU programmes will be contingent on appropriate contributions as part of an agreement between the UK and EU on a future relationship.

The Welsh Government would be reliant on the UK Government either meeting these costs directly, or providing the Welsh Government with repatriated funding that could be used to provide appropriate contributions.

**Recommendation 6.** *We recommend that the Welsh Government reviews the bilateral relationships it currently has in order to assess which of these relationships can be strengthened and deepened in the future, in line with Wales' strategic priorities.*

**Response: Accept**

The Government is currently evaluating its bilateral relationships as part of the development of our new International Strategy and in line with the First Minister's manifesto commitment to "*identify those key EU regions and partnerships with whom future governmental relationships must be secured and prioritised*".

Based on this assessment, and in line with our strategic priorities, we will identify key priority relationships on which we will focus our activity. However, flexibility will be needed and we should not preclude governmental co-operation with other partners as the most promising commercial opportunities, the best performer, or the most useful and influential partner in any given area of activity, may not always be located in our priority regions and nations.

**Financial Implications** - None. Resources will be met from within existing departmental running costs.

**Recommendation 7.** *We recommend that the Welsh Government draws up an action plan for engaging with the Welsh diaspora. This action plan should include details of which countries will be prioritised and how the Government will seek to achieve this.*

**Response: Accept in Principle**

We recognise the importance of developing a more systematic approach to connect with the Welsh diaspora. Countries take different approaches in developing their diaspora network. Some focus on the economic benefits that can be derived while others take a more rounded approach and include culture, tourism and sport. Some deliver their diaspora engagement through an arm's length organisation, some are

driven by government, and other models include a joint approach between the government and the private sector. We are currently in the process of which model will be most appropriate for us to follow in Wales and are actively engaged in conversations with organisations which are already active in this space.

It is not unusual for countries to have more than one approach or organisation engaging with their diaspora. This acknowledges that a 'one size fits all' approach does not always apply and engagement doesn't always have to be led by government.

Engagement with diaspora in Wales is already happening at different levels. Our overseas teams engage with diaspora organisations to build networks and there are a number of groups active in this area, including GlobalWelsh, Wales International / Undeb Cymru a'r Byd, and the Welsh Centre for International Affairs to name a few.

The new strategy will be underpinned by activity to work with diaspora groups to ensure better coordination, but we need to consider what engagement is happening already, and identify where the gaps are.

**Financial Implications** - No immediate impact on budgets but any decision to formalise and increase our engagement with diaspora groups would need to include an assessment of resource requirements.

***Recommendation 8.*** *We recommend that the Welsh Government commissions an independent baseline analysis, for example by the Wales Audit Office, of the operation of the Government's overseas offices. Subsequently, these baselines should be used to measure progress made by the offices, in line with the forthcoming international strategy.*

**Response: Accept in Principle**

The Welsh Government will give further consideration to the recommendation while the strategy is in development. Ideally, a strategy with key performance indicators would develop the baseline. The Welsh Government has already appointed an official to oversee the performance management of the overseas offices.

'Baseline performance' and subsequent 'progress' made by the overseas offices can't be assessed in isolation. .

We need to consider whether an audit of very small offices would be appropriate as in many cases the audit would in effect be an audit of a single individual.

**Financial Implications** - None at present. If an independent audit was considered beneficial, and appropriate, there could be costs associated with its implementation.

***Recommendation 9.*** *We recommend that the Welsh Government sets out in its response to this report:*

- *the steps that it is taking to strengthen its presence and influence in London;*
- *an assessment of the sufficiency of resources in place to improve awareness and access to Whitehall departments to maximise its influence*

**Response: Accept**

The Welsh Government's London office is a multifunctional office supporting Wales related activity in London across all areas of the Welsh Government.

The office acts as a hub for promoting Wales on a world stage, enhancing the profile, reputation and influence of Wales, and helping promote Wales and support business growth.

The Welsh Government staff based in the office engage with the London market in several key areas:-

- Trade and Inward Investment – Raising awareness in the London (and global) business community of Wales as both a trading partner and location for foreign direct investment.
- International Relations – Strengthening Wales' relationships with International Embassies and Chambers of Commerce located in London.
- Stakeholder Interactions – Enhancing Wales' profile among industry bodies in the city such CityUK and TechNation.
- UK Government/Whitehall – Actively promoting capabilities and interests of Wales within the UK Government departments including FCO, BEIS, DEFRA, DIT.
- Diaspora engagement – Work in partnership with the Welsh diaspora in the city to raise the profile of Wales and create economic benefit.

The Welsh Government has already taken steps to strengthen its presence in London to enhance our influence with UK Government departments and wider networks in London.

Following the recommendations of Professor Reid's Review into Government-funded research and innovation in Wales, 2 further dedicated staff are to be located at the London office to specifically promote Welsh research and innovation interests within Whitehall departments such as BEIS and research bodies, UKRI and NESTA. The additional resource will look to increase Wales's research and innovation engagement in the UK capital; pursue funding opportunities to draw in talent and investment and showcase Wales's innovative companies and world-class sectors; and identify opportunities for Welsh participation in UK and international exchanges and collaboration with research and innovation bodies.

An assessment of the need for further strengthening the London Office will be considered in the context of the new international engagement strategy and ongoing consideration of the role the office plays in maximising the Welsh Government's

influence in Whitehall. A central part of delivering the new international strategy is likely to include an understanding of the need to increase our influence and give clear messages to UK Government departments in London.

**Financial Implications** - The costs of the London office are met within existing budgetary allocations including the additional staff resource in response to the recommendations from Professor Reid's report. Any decision to allocate additional resources to the London Office would be made taking due consideration of the financial implications and overall Welsh Government funding position and priorities.

**Recommendation 10.** *We recommend that the Welsh Government urges the UK Government to publish the review of inter-governmental mechanisms commissioned by the Joint Ministerial Committee (Plenary) in March 2018, as soon as possible.*

**Response: Accept**

The review of intergovernmental relations commissioned by JMC(P) in March 2018 is being undertaken jointly by the UK Government and the devolved administrations. Work is continuing on the various work-streams of which the review consists, and outputs from the review will be published once they have been finalised and signed off by all four administrations.

**Financial Implications** - The work on the intergovernmental relations is met within existing departmental running costs.

**Recommendation 11.** *We recommend that the new international engagement strategy identifies areas of soft power where Wales can demonstrate international leadership.*

**Response: Accept**

Soft power has played, and will continue to play, an important role through government relationships, culture, the arts and sport. The Welsh Government already undertakes profile raising activity and our overseas networks work closely with the FCO on profile raising events.

Some of the activity surrounding soft power is outside of the Welsh Government's control but government can play a key role in co-ordinating activity.

Cultural diplomacy, also known as soft power, extend to communicating our beliefs, ethics and values. Wales has a good story to tell. Our innovative, progressive policy such as our new system to increase the number of organ donors and our pioneering legislation in the Well-Being of Future Generations Act says something about the 'Wales we want'. We also believe that our expertise as a bilingual nation means that we also have something to offer the world in particular in the UNESCO year of Indigenous languages.



We recognise that soft power is an area that requires greater attention. The strategy will dedicate a section focussing on how we can develop clearer communication channels across our markets and work with others to raise the profile of Wales through cultural diplomacy and influence.

Sport; language; cultural heritage; our approach to diversity, equality and acceptance; excellence and expertise; sustainability and recycling, our concern for global issues all contribute to shaping the national identity, and its this positive identity that we need to present to the world.

**Financial Implications** - None. Resources will be met from within existing departmental running costs.