

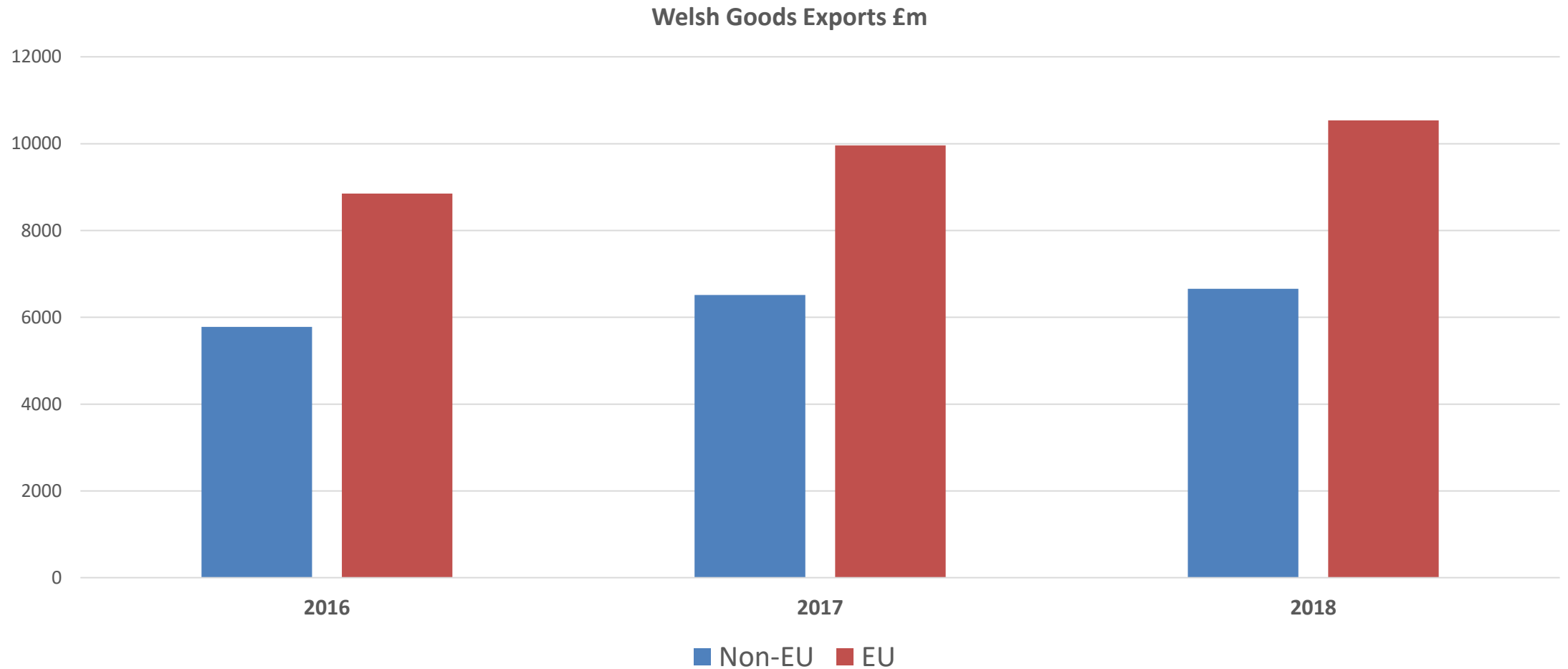


Llywodraeth Cymru  
Welsh Government

# The new context for trade policy across the UK: Risks and Opportunities for devolution and policy priorities in Wales

Emma Edworthy – Deputy Director Trade Policy

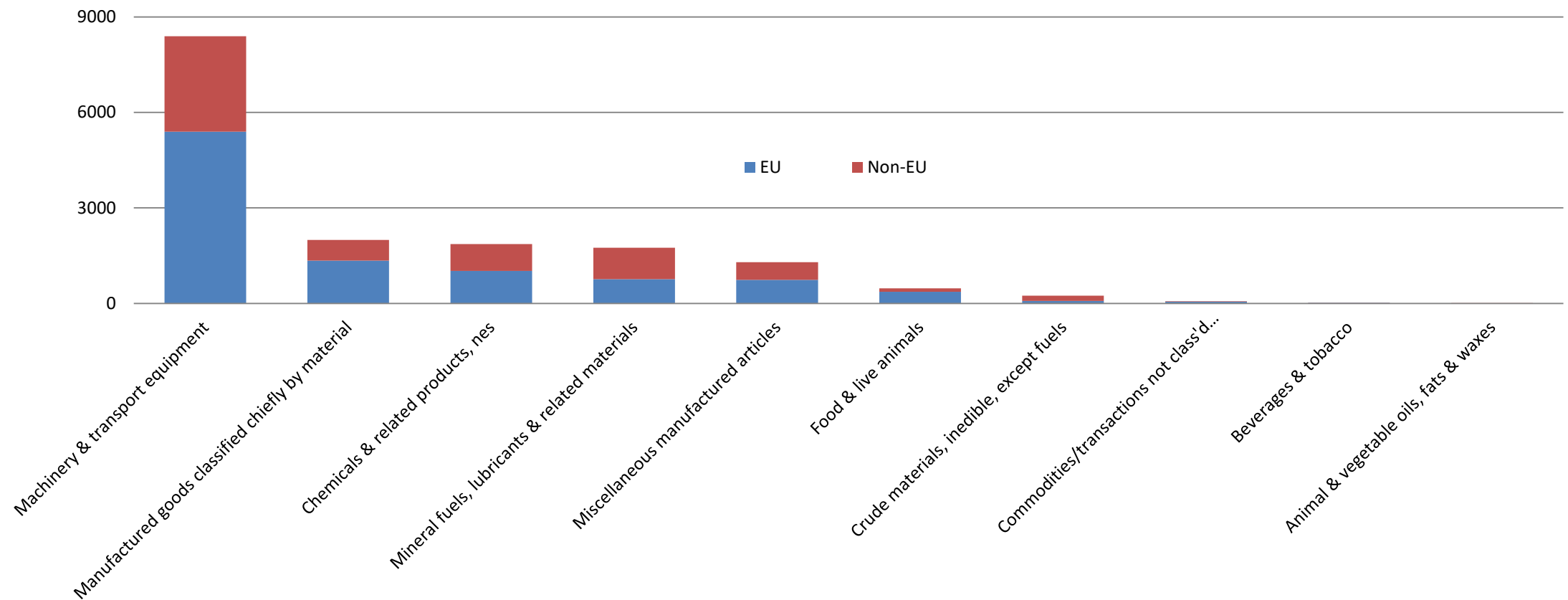
# Welsh exports of goods heavily reliant on EU



Source: WG analysis of HMRC Regional Trade Statistics

# Across most of the sectors, particularly Food & Live animals

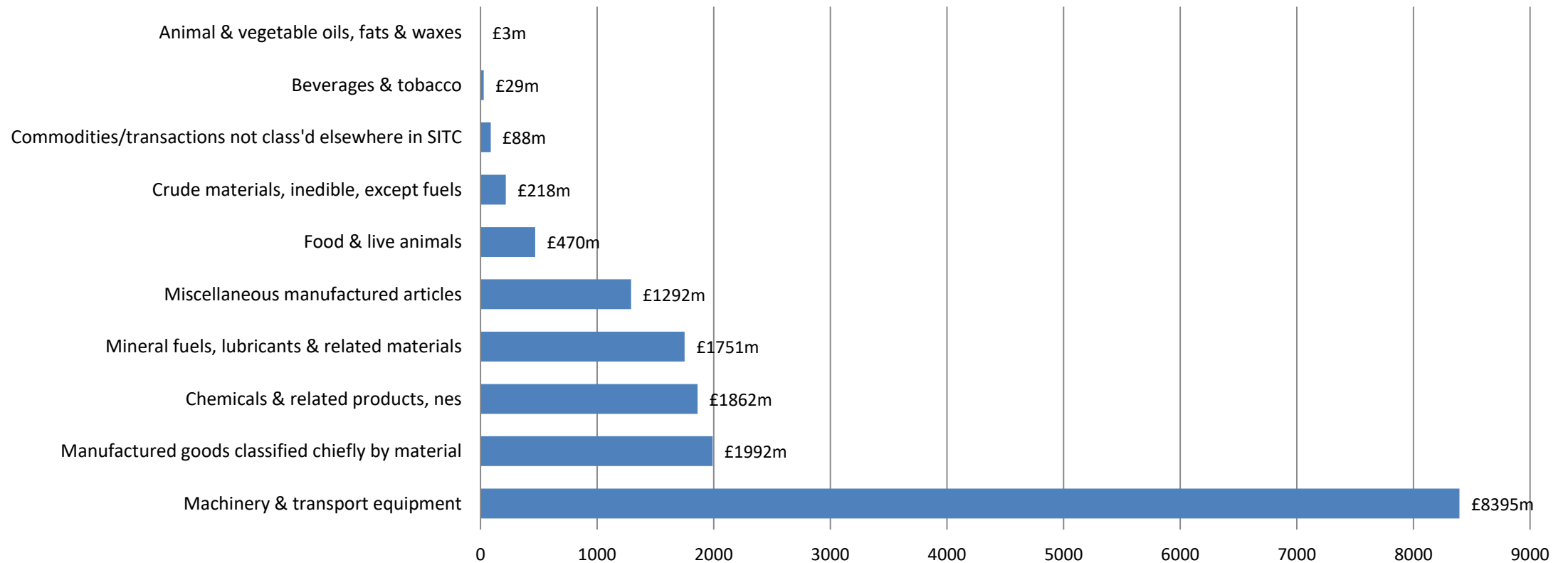
Welsh Goods Exports, 2016-2018 average (£m)



Source: WG analysis of HMRC Regional Trade Statistics

# Machinery & Transport Equipment account for over 50% of Welsh Goods Exports

Welsh Goods Exports, Major Sectors 2016-2018 average, £m



Source: WG analysis of HMRC Regional Trade Statistics

# UK and Welsh Trade in Goods by country – ranked (% of total in brackets)

## Exports

	UK	Wales
USA	1 (15%)	3(15%)
Germany	2 (10%)	1 (18%)
Netherlands	3 (7%)	5 (4%)
France	4 (7%)	2 (16%)
Ireland	5 (6%)	4 (9%)
China	6 (5%)	9 (2%)
Belgium	7 (4%)	6 (3%)
Italy	8 (3%)	Not in top 10 (2%)
Spain	9 (3%)	8 (3%)
Hong Kong	10 (2%)	Not in Top 10(1%)

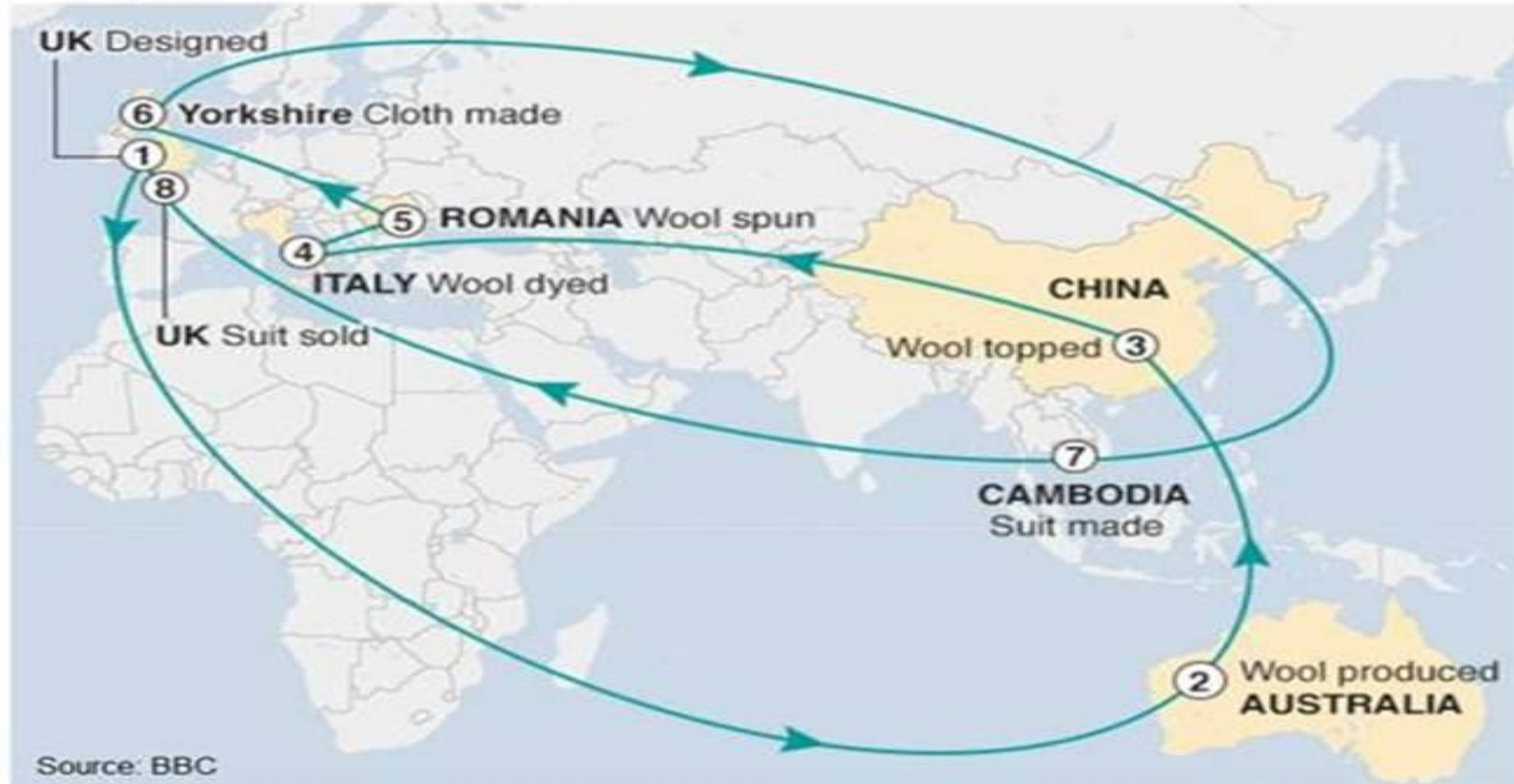
## Imports

	UK	Wales
Germany	1 (14%)	2 (10%)
China	2 (9%)	3(6%)
Netherlands	3 (9%)	4 (6%)
USA	4 (8%)	1(17%)
France	5 (6%)	5 (4%)
Belgium	6 (5%)	8 (3%)
Norway	7 (4%)	Not in Top 10 (2%)
Italy	8 (4%)	Not in Top 10 (2%)
Spain	9 (3%)	Not in Top 10 (2%)
Ireland	10 (3%)	Not in Top 10 (2%)

Source: WG analysis of HMRC Regional Trade Statistics

# Why is trade important?

The path that leads to a suit



# What does the current political situation suggest for UK Trade with the EU

- Deal – Transition period – as is
- No Deal - Leave Single market and Customs Union:
  - Tariffs, Tariff Rate Quotas or other quotas on any trade between the UK and EU
  - Unless there is dynamic alignment of regulatory standards there will be border checks for regulatory purposes – including:
    - EU product safety and quality standards
    - EU rules on human, animal and plant health – sanitary and phytosanitary (SPS) regulations
  - Additional customs checks:
    - VAT and excise
    - rules of origin

# What does the current political situation suggest for UK Trade with the EU and third countries

- Deal – Transition period – as is
- No Deal:
  - WTO rules - What is the WTO and what does it do? Is the UK a member of the WTO in its own right? How does the WTO operate in practice? What happens to the our schedules when we leave the EU? What is Most Favoured Nation?
  - Trade Agreement Continuity
  - Priority country negotiations
    - » Australia
    - » Japan
    - » New Zealand
    - » US



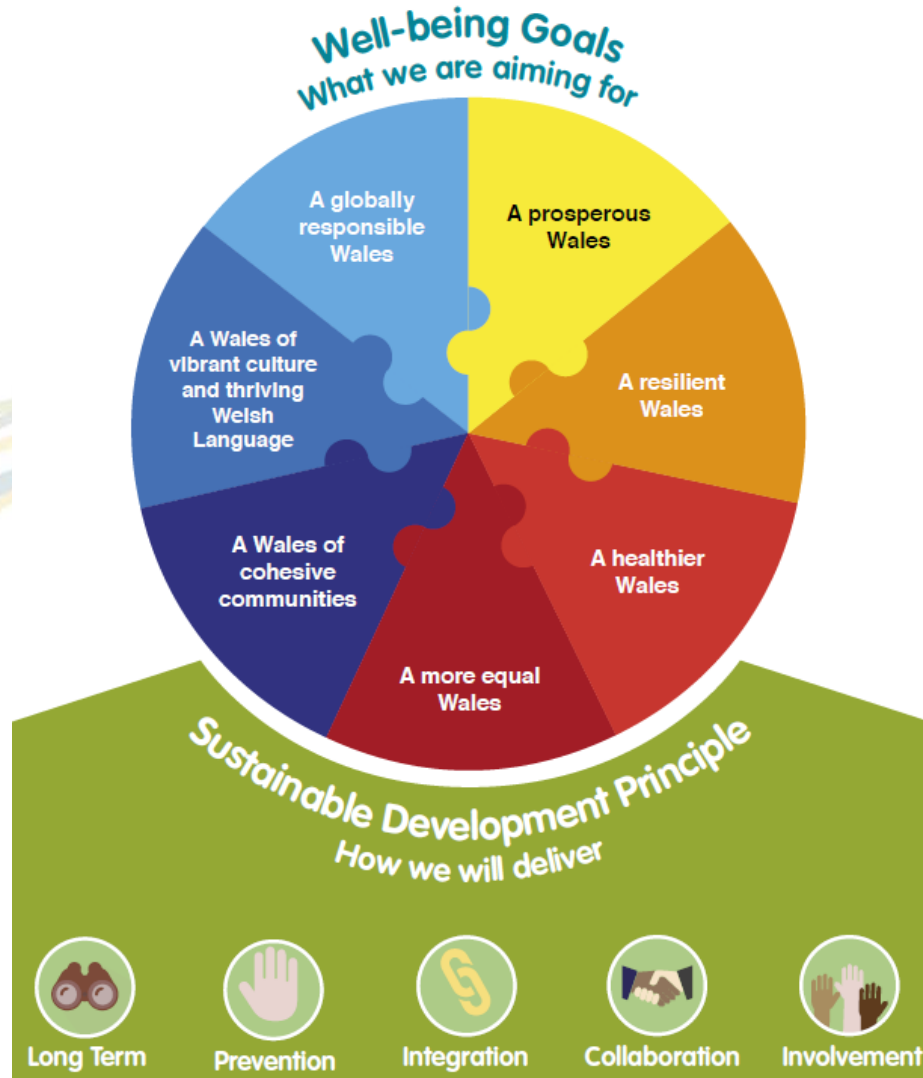
# Devolution and trade policy

- Any trade deal will have impacts in Wales – important role for Welsh Ministers at every stage of negotiations
- Trade deals will influence future policy development in Wales – essential to get it right and for Wales' voice to be integral part of the UK's positions
- Nearly two decades of devolution means that the Assembly and the Welsh Government are the experts when it comes to Wales – we will best understand the impact trade deals will have in Wales, in particular on matters such as agriculture, business, health and education.


# How will UKG and WG work together to develop trade policy for UK as a whole

- Concordat
- Joint Ministerial Forum

# The Legislation Driving our Ambition



*Well-being of Future Generations (Wales) Act 2015 (anaw 2)* i



**Well-being of Future Generations (Wales)**  
**Act 2015**  
2015 anaw 2

**PART 1**  
INTRODUCTION

1 Overview

**PART 2**  
IMPROVING WELL-BEING

*Sustainable development and well-being duty on public bodies*

2 Sustainable development  
3 Well-being duty on public bodies  
4 The well-being goals  
5 The sustainable development principle  
6 Meaning of "public body"

*Well-being objectives*

7 Statements about well-being objectives  
8 Welsh Ministers' well-being objectives  
9 Other public bodies' well-being objectives

*Measuring performance towards achieving the goals*

10 National indicators and annual well-being report  
11 Future trends report  
12 Annual reports by the Welsh Ministers  
13 Annual reports by other public bodies

*Guidance*

14 Guidance

# Importance of getting it right

- Effect on devolution through the back door
- Impact on businesses, civil society public services and citizens
  - Trade is not a zero sum game – there will be winners and losers
  - Trade-offs between a deal with EU and a deal with the US

# NHS and trade deals

**US negotiating objectives:** *Seek standards to ensure that government regulatory reimbursement regimes are transparent, provide procedural fairness, are non-discriminatory, and provide full market access for US products.*

**Guardian:** *NHS drugs bill could soar if Johnson signs Trump trade deal. NHS bosses fear hospitals and patients will pay billions more for drugs in post-Brexit US-UK deal.*

**Independent:** *Channel 4's Despatches exposed how the US government wants to use a trade deal to prevent the NHS from being able to control medicine prices. Trump has said countries like Britain are "freeloaders" and must allow the market to dictate drug prices. But the NHS already spends £18 billion a year on drugs and is increasingly having to ration them because of spiralling prices. Dispatches showed that Big Pharma's agenda would potentially hike up the NHS drugs bill to £45 billion, or £500m a week, presenting a profound threat to our health system.*

**Financial Times:** *The "low and slow" uptake of medicines by a cash-strapped NHS is a perennial subject of complaint by large pharma companies, particularly those with headquarters in the US.*