



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

# Cofnod y Trafodion The Record of Proceedings

[Y Pwyllgor Materion Allanol a Deddfwriaeth  
Ychwanegol](#)

[The External Affairs and Additional Legislation  
Committee](#)

13/02/2017

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Cofnodir y trafodion yn yr iaith y llefarwyd hwy ynnddi yn y pwyllgor. Yn ogystal, cynhwysir trawsgrifiad o'r cyfieithu ar y pryd. Lle y mae cyfranwyr wedi darparu cywiriadau i'w dystiolaeth, nodir y rheini yn y trawsgrifiad.

The proceedings are reported in the language in which they were spoken in the committee. In addition, a transcription of the simultaneous interpretation is included. Where contributors have supplied corrections to their evidence, these are noted in the transcript.

**Aelodau'r pwyllgor yn bresennol**  
**Committee members in attendance**

Dawn Bowden <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Michelle Brown <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	UKIP Cymru UKIP Wales
Suzy Davies <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
Mark Isherwood <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Ceidwadwyr Cymreig Welsh Conservatives
Steffan Lewis <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Plaid Cymru The Party of Wales
Jeremy Miles <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
Eluned Morgan <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur Labour
David Rees <a href="#">Bywgraffiad</a>   <a href="#">Biography</a>	Llafur (Cadeirydd y Pwyllgor) Labour (Committee Chair)

**Eraill yn bresennol**  
**Others in attendance**

Y Gwir Anrhydeddus / The Right Honourable David Jones	Gweinidog Gwladol yn yr Adran ar gyfer Gadael yr Undeb Ewropeaidd Minister of State at the Department for Exiting the European Union
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**Swyddogion Cynulliad Cenedlaethol Cymru yn bresennol**  
**National Assembly for Wales officials in attendance**

Alun Davidson	Clerc Clerk
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Gwyn Griffiths                      Cynghorydd Cyfreithiol  
Legal Adviser

Rhys Morgan                        Dirprwy Glerc  
Deputy Clerk

Nia Seaton                          Y Gwasanaeth Ymchwil  
Research Service

*Dechreuodd y cyfarfod am 13:32.  
The meeting began at 13:32.*

### **Cyflwyniad, Ymddiheuriadau, Dirprwyon a Datgan Buddiannau Introductions, Apologies, Substitutions and Declarations of Interest**

[1] **David Rees:** Good afternoon. Can I welcome Members and the public to this afternoon's evidence session of the External Affairs and Additional Legislation Committee, where we'll continue our evidence gathering in relation to the decision of the people of the United Kingdom to leave the European Union and the implications for Wales? Before we start our session, can I remind everyone of a few housekeeping rules? The session is bilingual, so if you require simultaneous translation from Welsh to English, it is available through the headphones on channel 1. If you require amplification, that's available on channel 0. There are no scheduled fire alarms this afternoon, so, if one does take place, please follow the directions of the ushers. Can you please ensure all your mobile phones are switched off or on silent, and other electronic equipment that may interfere with the broadcasting equipment? We've received no apologies this afternoon, though I'm aware that one or two Members may be running a little bit late.

13:33

### **Gadael yr Undeb Ewropeaidd: y Goblygiadau i Gymru—Sesiwn Dystiolaeth gyda'r Gweinidog Gwladol yn yr Adran ar gyfer Gadael yr Undeb Ewropeaidd Leaving the European Union: Implications for Wales—Evidence Session with the Minister of State at the Department for Exiting the European Union**

[2] **David Rees:** We therefore move on to our evidence session. Can I

welcome David Jones, Minister of State at the Department for Exiting the European Union, this afternoon? Can I thank you for accepting the invitation to attend this afternoon's session, because I'm sure you would agree that the views of the United Kingdom Government are important to us in terms of how we see and perceive the implications for Wales, particularly in relation to devolved competencies? Therefore, we'll go straight into a couple of questions, if that's all right with you. The first question—I'll lead off—is: do you have a date for triggering article 50? We are aware that we've been told very often, 'We will trigger it by 31 March', but that's a 'by'. Is there a specific date that the Government has in mind?

[3] **Minister of State at the Department for Exiting the European Union (Mr Jones):** No, not yet, Chairman. As you know, the Bill is currently going through the House of Lords. It's anticipated that that should complete its passage by the middle of March and, as you rightly say, the Prime Minister has already indicated that she wants to trigger the process by the end of March. So, it looks like that that is a fortnight slot during which it may well be triggered.

[4] **David Rees:** And just for clarification, will any advance warning be given to the devolved nations of the decision to trigger on any particular date?

[5] **Mr Jones:** I've no doubt that the First Ministers of the devolved nations will be informed either by my department or by No. 10 in advance of the triggering of the notice.

[6] **David Rees:** And do we know what 'advanced' means, because I'm aware, from the Prime Minister's speech in Lancaster House, that the 'in advance' was possibly half an hour?

[7] **Mr Jones:** I don't think I can be any clearer about that at the moment, Chairman, but no doubt things will become clearer as time passes.

[8] **David Rees:** Okay then, can I just—? One final question from me, then, before I move on to my colleagues. As you are aware, two of the devolved nations have actually submitted White Papers; I understand that both have been discussed at the JMC(EN). In what roles has the UK Government considered those White Papers, or any reflections upon the White Papers, or discussions with the devolved nations, when it produced its own White Paper? Because, in that paper, it talks about engagement with devolved

administrations, but are we seeing that engagement in that process?

[9] **Mr Jones:** Yes, I believe so. You're right—a report has been submitted by the Scottish Government, and this White Paper by the Welsh Government, which have been a helpful part of the process. It's a question of engagement, which, of course, will continue. I don't know whether you want me to elaborate on the process at this stage, or whether you want me to wait for other questions before I do so.

[10] **David Rees:** There will be, I think, a couple of questions later on in the process.

[11] **Mr Jones:** Okay. I'll leave it until then.

[12] **David Rees:** Okay. And, just one final point from me: past history has shown that, when devolved competency has been discussed at the EU in the Council of Ministers, there have been examples of where devolved nations have been directly involved in those negotiations, and perhaps, on occasions, have led the negotiations on behalf of the UK. In light of that example, is there an important need, therefore, that devolved administrations are actually present in the negotiating process, and may, on occasions, be considered to be in a stronger position to actually lead on negotiations in areas that they've had experience on?

[13] **Mr Jones:** Well, the choreography of the negotiations has not yet been determined, for the very good reason that we haven't started the negotiations yet, so this is a matter that we will keep under consideration. But I just want to reassure the committee that the concerns of the devolved administrations, and, indeed, the devolved legislatures, are going to be fully taken into account by the Government when it proceeds with the negotiations.

[14] **David Rees:** Steffan, with a supplementary.

[15] **Steffan Lewis:** I think that this is an important point, and it's linked to your first question, Chair, about the letter to trigger article 50. Will that letter be a simple couple of sentences—we intend to trigger, or we are triggering, article 50—or will that letter be more substantial, setting out the UK's priorities and aspirations in negotiations? And, if so, that's when the point of the involvement of devolved administrations, surely, would come into question.

[16] **Mr Jones:** Well, you're right. Technically, the letter triggering the process could be very simple indeed: 'we trigger article 50'. Whether it will be as simple as that, again, remains to be seen. But, in terms of establishing the negotiating position, there are a series of documents, which, of course, have already been issued. You mentioned the Lancaster House speech; there is also the Government's White Paper. And these are intended to indicate a direction of travel in the negotiations, but whether or not the article 50 notice itself is accompanied by such an indication of the UK's position remains to be seen.

[17] **David Rees:** We are approximately six weeks away from that point, and there's not yet a decision as to what actually it will consist of.

[18] **Mr Jones:** No, that's still being considered, Chairman.

[19] **David Rees:** Okay. Eluned.

[20] **Eluned Morgan:** The engagement prior to the publication of the White Paper was minimal, to say the least. I understand that it was published minutes after the Prime Minister called the First Minister. So, that level of engagement—are we going to see better engagement than that? I mean, if we're going to follow on from this point—you know, if it's a couple of lines, 'We're triggering article 50', that's one approach. If it's going to be, 'And these are our negotiating positions', then could you make a commitment that the First Minister of Wales will actually see that, at least a week before it is presented?

[21] **Mr Jones:** Well, at this stage, I'm afraid I can't give any stronger indication of how the article 50 process is going to be triggered. But can I really take you up on that point about the level of engagement? There has been very significant engagement between the United Kingdom Government and the devolved administrations. As you know, we've established a Joint Ministerial Committee for Europe negotiations, which has now met on four occasions. We've had two plenary sessions, we've had meetings of the British-Irish Council, and we've had lots of bilateral meetings and discussions amongst officials. So, I really can't accept that engagement has been minimal; there's been a great deal of engagement already, and there will also be a lot of engagement in the future.

[22] **Eluned Morgan:** It's one thing to engage, it's another thing to actually

take note of what people are saying in those meetings. I wonder if you could tell us something about the decision-making process in the JMC(EN). It's pretty clear that, in relation to the White Paper, although there might have been consultation, there wasn't a decision-making process there. So, what will actually be the decision-making process within that committee?

[23] **Mr Jones:** Well, I think, insofar as the White Paper is concerned, certainly, that followed extensive engagement in the JMC and in other fora. So, that White Paper would certainly have been reflective of all the discussions that had taken place before hand, and, of course, other administrations have published documents, such as the Welsh Government's own paper. So, clearly, the United Kingdom Government has got the competence for conducting the negotiations. That is actually acknowledged in the White Paper that the Welsh Government has produced. So, in terms of division of competence, it's absolutely clear that it's the UK Government that will be responsible for triggering the article 50 process and thereafter conducting the negotiations. But I really do want to assure this committee that, in doing so, it will fully reflect the views not only of the administrations, but, I believe, also of the various devolved legislatures, including this committee, which has already produced a very helpful paper of its own.

[24] **David Rees:** Suzy.

[25] **Suzy Davies:** Yes. On the same question, I wonder if you can give us an indication of whether the devolved Governments, and even the devolved legislatures for that matter, receive a sort of particular weighting when you're taking their own papers into account. Because I'm also quite keen to try and understand how the Government has taken evidence or opinion or advice from other parts of the UK, actually—not just the devolved places, but other parts of England.

[26] **Mr Jones:** Well, in fact, it is a very major exercise, as you might imagine. A lot of the work that my department has been conducting over the past half-year has been that of analysis and consultation. We're carrying out sectoral analysis of over 50 sectors of the British economy, which, of course, is a very large and very diverse economy. There are a lot of cross-cutting issues as well, which have to be taken into account. So, it's not simply a question of engagement with the devolved administrations. There's the entire economy, other parts of civil society, and, indeed, other tiers of government, with whom we're engaging. So—

[27] **Suzy Davies:** How regional is your approach? Sorry, I didn't mean to cut across.

[28] **Mr Jones:** How regional?

[29] **Suzy Davies:** Yes.

[30] **Mr Jones:** Well, very regional. We've already carried out a large number of regional visits. For example, my colleague Robin Walker today is in Glasgow, carrying out a regional visit there. I will be similarly carrying out visits to other regions in the months to come as, indeed, I have already. I've carried out visits to the north of England and so on. So, the importance is that this is a decision and a negotiation that has to be carried out in the UK national interest, and it's got to reflect the interests of the whole of the United Kingdom. To that extent, I believe that the work that we're carrying out at the moment is extremely important, and we will continue carrying out that work and that level of engagement all the way through the negotiations.

[31] **Suzy Davies:** Okay. Thank you.

[32] **David Rees:** Jeremy, on this particular point or—?

[33] **Jeremy Miles:** You take us to very important territory here, because there will be a perception, notwithstanding your comments about engagement, that sectors that are particularly relevant to the Welsh economy—agriculture and manufacturing, which may have a bigger role in our economy than in the UK as a whole—will be sold down the river for the services in the financial sector. I'm caricaturing, but that's the concern. So, the point that Suzy Davies is raising is important here, because, if what you will do is look at an aggregate of all the different sectors in the UK and decide which are the biggest sectors and take a particular approach to that, that will be, arguably, to miss the point that, actually, one of the issues that has got us here is the distribution around the UK economy of wealth and of prosperity. So, just to develop that point further, rather than taking an arithmetical approach about the value to the UK economy geographically as one unit, will you be looking to say, actually, these sectors are given enhanced consideration in our priorities and negotiations because they're particularly important to parts of the UK that need the support of government of all levels?

13:45

[34] **Mr Jones:** I'm very glad you said it was a caricature, because it is. In fact, as I said to Suzy Davies a moment ago, the United Kingdom economy is very large and very diverse, and we fully understand that various sectors of that UK economy may be disproportionately important in certain parts of the UK. You rightly highlight agriculture, because it is disproportionately important in Wales, and I would actually say that probably I've had, personally, more engagement with the agricultural sector than any other sector, not just in Wales but in other parts of the United Kingdom. In fact, I had a meeting with the Farmers' Union of Wales only two or three weeks ago. So, we actually fully understand that, and I can assure this committee that our negotiations will be reflective not only of every part of the UK and those parts of the UK that are important financially in absolute terms, but also those that are disproportionately important in various regions and nations of the UK, and, agriculture, of course, is a prime example.

[35] **Jeremy Miles:** And will you articulate in some way how you've reached those judgments?

[36] **Mr Jones:** How we've reached the judgment as to what is disproportionately where?

[37] **Jeremy Miles:** How you weight—how you weight the relevance of various sectors.

[38] **Mr Jones:** Well, I think, for example, this report by the Welsh Government was extremely helpful in highlighting that so far as the Welsh economy is concerned. It makes the point very clearly, and I think very well, that the agricultural industry is of disproportionate importance in Wales and, certainly, we're taking that into account.

[39] **David Rees:** Can I stretch that a little bit now, since we're into that area? Clearly, the leaked documents that have been published over the weekend have highlighted some considerations of priorities in sectors, which you've identified, and I take a personal view, because steel is in my constituency. As you might expect, and I'm sure you'd have prepared for this, in that sense, the industry is not just disproportionate to the economy, but also the communities that actually are within sometimes very hugely deprived areas, and those industries are very strong in supporting those areas. Therefore, whereas an industry may not be considered a priority within the UK, it is definitely a priority within those disadvantaged areas. What

consideration will be taken of issues such as that, not just the proportion to the economy of the region, but perhaps the impact it has on the economy of that locality, as well, when you're considering? Because, as you'll know, we're in west Wales and the Valleys, therefore we have the impact of the greater funding for the European Union structural funds aspects, and a loss or lower priority consideration of any industry in those areas will have a major impact upon the GVA in those areas.

[40] **Mr Jones:** Well, I'm sure you'll understand that I'm not going to comment on alleged leaked documents, but what I would say in terms of the steel industry, as indeed every other sector that the Government has been analysing, is that we accord equal importance to all those sectors. We fully understand the points that you make. I've visited Port Talbot on several occasions, and I understand the importance of the steelworks there to not only the local economy but the local community, and that is certainly something that the Government is fully aware of and will, I can assure you, take into consideration.

[41] **David Rees:** We'll move on to some questions on trade. Eluned, do you want to start the questions on trade?

[42] **Eluned Morgan:** Yes, thank you. If we leave the customs union, as the Prime Minister has suggested we may, we'll obviously need to check goods and people coming into the United Kingdom, and that's more difficult in relation to Ireland, where you've stated that you want to carry on with the common travel area. I visited Fishguard harbour on the weekend, and the route manager there is terribly concerned because, obviously, if you have people who are allowed into Ireland from Greece, or Germany, or whatever, then there's a possibility that they could, if there was a free-travel area, enter into the United Kingdom. So, presumably, you will have to have some kind of checking mechanism at the border. I just wondered how much work you've done on the practicalities of that. In Holyhead, for example, 400 lorries come off the ferry per hour. You'd have to provide for 400 parking areas, you'd have to provide for an army of people to check passports. Will you pay for that if that is what is necessary?

[43] **Mr Jones:** I think you have to remember that the common travel area pre-dates the current arrangements; it's been in being since 1923, and the Government is absolutely clear that it wants to preserve the common travel area with the Republic of Ireland. But, of course, the position at the moment is that we do have people from the continental European Union travelling into

Ireland, and then travelling across from Ireland into the UK, and to a lesser extent, I would guess, but nevertheless to an extent, similar considerations prevail at the moment.

[44] You ask what work we've been doing. We've already had discussions with Border Force on this very issue. The Home Office is currently in the process of working up policy in respect of this, and that work is continuing at the moment. You make a very important point about Holyhead as a significantly important passenger port, and it's very important in terms of freight traffic as well. In fact, Holyhead already has problems in terms of the passage of lorries. There's a new lorry park that's being opened in Holyhead, which should ease the problem, but, nevertheless, to a lesser extent it's a problem that is in existence at the moment, and you're quite right, it is something that does need to be addressed, but the work is being done.

[45] **Eluned Morgan:** And you will commit to paying for that infrastructure, if necessary, because it's very different from the situation at the moment, surely?

[46] **Mr Jones:** Not hugely different, but, you know, we have to assess what infrastructure is required.

[47] **David Rees:** Can I ask Steffan Lewis to come in on the ports question?

[48] **Steffan Lewis:** Yes, just briefly—the point about the common travel area is that, of course, we've never had a situation where the Irish state has belonged to another customs arrangement and another market arrangement that is different to the rest of the nations of these islands, so it's not a comparison to say we're simply going to go back to 1923, because the Republic of Ireland will remain in the European Union. We haven't had that situation before, so there will have to be, if we're taking out the single market and customs union, customs checks. I think it's a very important point that Eluned Morgan has raised. There will therefore be customs and border checks on people and goods at Holyhead and the other Welsh ports, will there not?

[49] **Mr Jones:** Well, that remains to be seen. The importance of freedom of movement on the island of Ireland, and between the Republic of Ireland and the United Kingdom, is something that the Government regards as paramount. So, therefore, we intend to come up with a solution to what otherwise might seem to be a difficult problem, and we intend to make sure

that the common travel area continues.

[50] **David Rees:** Can I just clarify something? The solution you've talked about coming up with, which I appreciate and I welcome, would be applicable across the whole of the UK because, surely, across the common travel area, whichever port they come in to—whether it's a port in Liverpool, or a port in Scotland, or maybe through flights—the same applies. So, there's going to be, I'm sure—. Are we talking about a different type of treatment for people flying in from Ireland compared to people flying in from Paris?

[51] **Mr Jones:** Well, as I say, the current travel arrangements between the Republic of Ireland and the United Kingdom have prevailed since 1923. The common travel area is a significantly important part of the relationship between the UK and the Republic of Ireland. It's important not least in terms of the peace process, and that is why we are according priority to that issue, and this is a matter, as I say, upon which the Home Office is addressing itself at the moment.

[52] **David Rees:** So, it sounds as if we'll have two different freedoms of movement—well, I won't say 'freedoms of movement'—two different movement approaches: one that is far more flexible for those links with Ireland, and one that is far more stringent for the links with the rest of the world.

[53] **Mr Jones:** I acknowledge the validity of your question, Chairman, but you will understand that when I say that this is a matter that the Home Office is considering at the moment, I can't really go further because, of course, it's their policy area.

[54] **David Rees:** Okay. Eluned, do you want to move on to trade?

[55] **Eluned Morgan:** Yes, I want to move on to the economic impact of Brexit with these new trading arrangements. The Dublin-based Economic and Social Research Institute have suggested that if we had to fall back on World Trade Organization terms, we would see a 10 per cent reduction in UK global trade. The argument that the Government has been making is that, actually, the EU needs a deal as much as we do, but their assessment is that, actually, the impact on them would be 2 per cent, and that would be across all the 27 different member states. So, why are you willing to sacrifice the economy of Britain for the sake of a hard immigration policy?

[56] **Mr Jones:** I don't acknowledge, for a start, that we are pursuing a hard immigration policy, because, as I've indicated to you already, the Home Office is actually addressing this particular issue, so the policy has not actually yet been fully developed. And in any event, we fully realise that there is a need for people with talent and skills to work in this economy. So, I don't actually accept the premise of your question.

[57] You also talked about reverting to WTO arrangements; the fact is that both the Prime Minister and the White Paper make it clear that what we are seeking to pursue is a comprehensive free trade agreement with the continuing European Union. Now, you're right in saying that there is no guarantee that any such arrangement can be arrived at, but what I would say is that there is every incentive for an arrangement to be arrived at, simply because, once we've left the European Union, the United Kingdom will be the continuing EU's biggest export market. So, there will be an incentive to the continuing EU to arrive at favourable trade terms with the UK. We want to secure the best possible level of access to the single market after we leave, and similarly, we want EU businesses to have enhanced access to the British market. I'm glad to say also that, in this respect, we're in agreement with the Welsh Government, which acknowledges the need to have the best possible access to the single market.

[58] **Eluned Morgan:** Of course we want the best possible access to the single market, the question is whether it's realistic to assume that they will give us that, in the sense that it's not just an economic negotiation, it's very much a political one as well. I just wondered, in relation to the alternatives to the single market, we're hopeful that there will be new arrangements with countries like the US, Canada and Australia and New Zealand; according to the National Institute of Economic and Social Research, if we were to leave the single market, we would see a fall of about 20 to 30 per cent in overall trade, whilst all of those other arrangements could bring us a benefit of about 3 per cent. So, we'd be significantly worse off. How do you square that?

[59] **Mr Jones:** Well, look, you say, 'If we leave the single market'; I think we need to be absolutely clear that we will be leaving the single market. We'll be leaving the single market for a number of reasons. We've assessed the European Union's position, and the European Union's position is that the four freedoms are fundamental to membership of the single market. We have had our instructions from the people of this country that we are to leave the European Union, and part of leaving the European Union means regaining

control over migration into this country. Therefore, what we're instructed to do by the British people is incompatible with full membership of the single market. Having said that, as I said a moment ago, what we're seeking to pursue is the best possible trading arrangement with the continuing European Union. And, of course, at this stage, it's impossible to pre-judge the outcome of the negotiations. All I can say is that, in the discussions I have had with my European counterparts, with whom I speak very frequently, I detect a note of pragmatism creeping in. Clearly, the negotiations are going to be challenging, but I believe that they're attainable and that we can have an extremely good trading relationship with the continuing EU.

[60] **Eluned Morgan:** But, just finally, would you accept, though, that whatever deal it is, it will be a worse trading deal than the one we have currently, by necessity—?

[61] **Mr Jones:** No, actually, I don't accept that.

[62] **Eluned Morgan:** You don't?

[63] **Mr Jones:** No, I don't accept that.

[64] **Eluned Morgan:** So, you reject what the Prime Minister of Malta has said?

14:00

[65] **Mr Jones:** I don't want to get personal about the Prime Minister of Malta, but, look, I heard what the Prime Minister of Malta had to say, and he is the new president, or his country is the new president of the EU, and he obviously will be making statements at the start of his presidency. I think that the important thing is that we approach these negotiations in a spirit of pragmatism and in the spirit of wanting to achieve the best possible deal. And what we are seeking is the best possible free trade agreement with the continuing EU. We've got a lot of advantages over other countries with which the EU has been recently conducting deals, including, in particular, Canada recently, and the big advantage that we've got, of course, is that, on the day of our departure, our regulatory arrangements will be identical to those prevailing in the continuing EU. So, if we were to try to seek the best possible starting point for a negotiation, we couldn't do better than the point we will be at on the day of our departure from the EU. So, I have to say that I'm not as pessimistic as you. The British Government will be approaching these

negotiations in the spirit of great optimism and pragmatism and goodwill.

[66] **David Rees:** Can I just ask a supplementary question to that? Last week, I think, in the debate in the House of Commons, you yourself made it quite clear that there would be a vote in the House of Commons in relation to the deal that is arrived at, and it later came out to party that the vote would be a take-it-or-leave-it vote, and you end up with WTO status if they reject it. Are we really looking at a position where we could be in WTO status following our exit from the EU, which, obviously, some of these figures will relate to very much, too?

[67] **Mr Jones:** The Prime Minister has already said that no deal is better than a bad deal, and I think that probably everybody would acknowledge that. But I have to say again that I don't anticipate that there will be no deal. There certainly won't be a bad deal that we'll sign up to, but I don't anticipate that there will be no deal. I believe that we will arrive at a deal. I'm very pleased to hear some of the very positive noises that are being made, for example, by Michel Barnier, who is the chief negotiator for the Commission. I think that he is a sensible man and he will be pragmatic and I think that he is somebody that we will be able to do business with.

[68] **David Rees:** Jeremy.

[69] **Jeremy Miles:** You mentioned the economic incentive that the other European Union countries have in reaching a deal with the UK, but would you not accept that, as the UK isn't simply applying economic judgments, other European Union countries aren't simply going to apply economic judgments; they're going to apply political judgments in the same way that we apply political judgments? And if you listen to what the German car manufacturers are saying, they're already expecting, contrary to Michel Barnier, that Angela Merkel is going to take a much harder line, because of broader political considerations about the future of the union. Do you not accept that that is fundamental to their negotiating position?

[70] **Mr Jones:** I think that political considerations always come into play, and, of course, the interesting question is what those political considerations are going to be, because, as you know, there are a number of very important elections coming up over the next few months on the continent. We've got the Dutch elections next month. We've got the French presidential elections, and, later on in the year, we've got the German elections. And, potentially, also, we will have Italian elections. So, there will be an awful lot of political

considerations coming into play. But I actually think that most politicians, I would imagine, including those sitting around this table, come to their decisions based upon what is in the best interests of the people they're elected to serve, and I would very much hope, and I would expect, in fact, that when our EU counterparts come to negotiate with us, they will be taking into account the economic benefit of their constituents and the companies that pay their constituents their wages. And, similarly, that will be an important factor for the British Government.

[71] **Jeremy Miles:** So, just to pick up on your point about the elections, is it the UK Government's analysis that concluding a deal on favourable terms with the UK is going to be a vote winner in those elections? I'm trying to get a sense of how it would play for those domestic electorates.

[72] **Mr Jones:** I think it depends how the elections pan out, but I can't honestly think that the forthcoming negotiations with the United Kingdom are going to be a principal issue in the French presidential election, for example. I think that there are a lot of other issues that will be coming into play.

[73] **Jeremy Miles:** Certainly. Thank you.

[74] **David Rees:** Suzy.

[75] **Suzy Davies:** Thank you. Just to come back to industries' views, rather than politicians' views, just for a second, the UK Government's White Paper states that it wants to pursue a new strategic partnership with the EU and so on, with a new customs agreement, and it will be seeking

[76] 'the freest and most frictionless trade possible in goods and services between the UK and the EU.'

[77] Right, I accept that. Bearing in mind services—services even more than goods, I think—it almost implies some element of people moving about. I'm thinking of tourism, for example, and hospitality. That means people moving throughout countries in order to take services to a different country as well as bringing them in. Is it realistic to think that Brexit could be talking about different freedoms of movement for different sectors? I raise hospitality specifically because not all those jobs are necessarily the highest quality jobs.

[78] **Mr Jones:** Again, you're raising an issue that effectively is the province of the Home Office, which is currently developing policy in this regard. It may well be, Chairman, that, at a later date, when the Home Office policy is announced, you'd like to invite me or a Home Office Minister to return. If you should wish to do so, I'd be very happy to come back to speak to you about that. Generally, what I think is important to say is that, as a Government, we recognise that this is an expanding and dynamic economy. It's got the biggest growth of any of the G7 nations. So, certainly, we recognise that there will be a need for people with the right skills and capabilities. I've no doubt that the Home Office will be taking this fully into account when it develops its policy.

[79] **Suzy Davies:** Okay, thank you.

[80] **David Rees:** Mark.

[81] **Mark Isherwood:** You've already indicated that the UK Government is well aware of the possible asymmetric impacts of leaving the European Union on different nations and regions. What role would you foresee the Welsh Government and/or the National Assembly having in any future UK trade deals where those apply particularly to sectors that are sensitive in Wales?

[82] **Mr Jones:** I think all I can do is to restate the assurance that I've already given and that is that the Government will be continuing to engage fully with all the devolved administrations and also with the relevant committees of the devolved legislatures as well. I would, frankly, regard the meeting that we're having today as part of a process that I have no doubt will be continuing all through the negotiations. I think it's valuable to do so. I think the papers that this committee will be producing will be of value. I think that the continued engagement we have with the Welsh Government and the other devolved administrations through JMC(EN) will be valuable. To answer your question in summary, I think it's a question of maintaining engagement and continuing to listen and to talk.

[83] **Mark Isherwood:** Thank you. At the weekend, the north Wales AMs, including Michelle and I, received an e-mail from a hill farmer in Llandrillo expressing his concern about possible trade deals with, he said, Turkey and New Zealand—I quote—'which are both massive producers of sheep meat and wool'. I know from your discussions with the FUW and others that you're very well aware of these sensitivities. But how sensitive is the UK Government to the need for the farming industry in Wales to have a successor system to

the single farm payment or other support to ensure their sustainability, particularly in the context of possible trade deals with New Zealand, Argentina and Turkey in areas such as lamb, where there are quota arrangements with the EU—particularly New Zealand? How do you foresee that being accommodated?

[84] **Mr Jones:** Well, in terms of the single farm payment, I think the Government recognised the importance of giving reassurance to the industry by ensuring that they were guaranteed. That was one of the first announcements that the Chancellor made in the summer of last year, shortly after the vote—that pillar 1 payments will be maintained until the end of the multiannual financial framework. Similarly, another announcement was made in respect of pillar 2 shortly afterwards. That was immediately welcomed by the entire agricultural industry, not least in Wales, who actually went out of their way to say how pleased they were with that announcement. What our departure from the EU will enable us to do is to devise an agricultural system that is far more attuned to the needs of agriculture in this country than the current arrangements. I know that DEFRA is working closely now with the agricultural departments of all the devolved nations, with a view to consulting upon the design of those new arrangements, which obviously will take some time to develop. In terms of the impact of Brexit upon the industry, our position is very clear. We recognise that there is a need for a strong and dynamic agriculture industry throughout the whole of the United Kingdom. It's our intention to ensure that whatever arrangements are put in place reflect the importance of the industry, and, actually, I think that our departure from the EU is an opportunity for the industry to consult directly with Government, and to make sure that what we put in place is something that is more attune to the needs of agriculture in Wales and the rest of the UK.

[85] **Mark Isherwood:** In terms of trade, and particularly the sensitivity around lamb, can you confirm that the UK Government will be sensitive to that, as it negotiates—having consulted and engaged the devolved administrations—as it engages in future trade arrangements with other countries?

[86] **Mr Jones:** Well, given that I'm a Minister in the relevant department, and given that I represent a Welsh agricultural area, I think that I can safely say 'yes'.

[87] **David Rees:** You've used the word 'engage' quite a lot this afternoon,

and I fully appreciate that engagement is important and critical. But, as has been pointed out, engagement and, perhaps, taking note and acting upon what is heard are different things. In that sense, I suppose that I want to have some more idea as to what the UK Government is considering as a resolution for any, perhaps, dispute that might arise if a trade agreement is to have serious detrimental impact as far as a local government is concerned—maybe Wales, maybe Scotland, maybe Northern Ireland. What mechanism would be put in place by the UK Government to ensure that those issues can be resolved to the benefit of both parties?

[88] **Mr Jones:** Well, as you know, we currently have arrangements under the JMC process—

[89] **David Rees:** But the JMC is not a formalised structure in the sense that there is no decision making or outcomes and clarity on it.

[90] **Mr Jones:** Well, it is the structure that we've got and that would be the way that any disputes would fall to be resolved. But again, you mention use of the term 'engagement'. Engagement is important and two-way conversation is important. Ultimately, the United Kingdom will be making decisions in the interests of the whole of the UK and each and every part of the UK. That is its role, pursuant to the reserved competences that it has. But in doing so, it must be sensitive to the concerns of each and every devolved administration, and I believe that the Government is sensitive to the needs of each and every devolved administration. There may well be, for example, conflicting interests between Scotland and Wales in certain areas. And, ultimately, it's the role of the United Kingdom Government to weigh those conflicting concerns and to come up with a solution in the best interests of the whole of the UK.

[91] **David Rees:** So is the UK Government actually going to look at developing a formalised constitutional structure that will put that into place, rather than the JMC?

[92] **Mr Jones:** I can't say that it is at the moment. It may well be that, in the fullness of time, other structures will fall to be considered. But all I can say at the moment is that the relevant structure is the JMC process.

[93] **David Rees:** Jeremy on the Supreme Court and the repeal Bill.

[94] **Jeremy Miles:** Yes, thank you. You talked about the reserved

competences in you last answer. Looking at the UK Government's White Paper, the language there that deals with the passage of powers back from Brussels—if I can put it like that—is that they will come to London or Cardiff Bay where appropriate. What's your understanding of what that means?

[95] **Mr Jones:** The difficulty, of course, is that devolution postdates the United Kingdom's membership of the European Union. So, at the time of devolution, the issue of competences that were exercised in Brussels didn't fall to be considered in the various devolution settlements. Those will wither away as a consequence of Britain's departure from the European Union. It will be necessary for the United Kingdom to make a decision as to where various competences lie. We have been absolutely clear in indicating that any devolved competences that are currently exercised at devolved level will not be, so to speak, clawed back. It will be necessary to decide where powers best lie. It may well be that there will be scope for further devolution, but also it may well be that there will be an advantage, and in fact an imperative, to look at UK-wide structures to replace the competences that previously resided at Brussels level. These, I know, have been discussed, for example, in the Assembly and by Welsh Ministers. I know that Lesley Griffiths, the environment Secretary, made some comments recently about the need, for example, in terms of agriculture, for there to be a UK-wide framework so that one part of the UK doesn't have an unfair advantage over another part of the UK. I think that she's probably right.

14:15

[96] In due course, it will be necessary to work out a process for deciding where these competences best lie and how they're exercised. Of course, this is a very early stage and I think that further than indicate what I have done, I can't help further just at this moment.

[97] **Jeremy Miles:** You mentioned on a couple of occasions in that reply the need to make a decision as to where powers lie. Isn't it the case that the UK Parliament and referenda in Wales, Scotland and Northern Ireland have already made those decisions—i.e. there are clear rules, or mostly clear rules, about where powers in particular competences should lie? You've helpfully said that there might be further devolution, but are you saying that there would not be any clawing back to the UK Parliament and UK Government of any powers in areas currently conferred to the devolved administrations?

[98] **Mr Jones:** I prefaced what I said by pointing out that, at the time of the

institution of devolved arrangements in this country, Britain was already a member of the European Union, and therefore the question that we're actually considering at the moment didn't arise, because those competences were actually exercised at an EU level. As I said, those will wither away. We've got to decide what the best arrangements are for the UK and each devolved part of the UK after we leave the European Union. I think that there is developing agreement that some of these competences may well be better exercised—and I mentioned agriculture—under a UK-wide framework. But beyond that, there very probably will be further competences that will be exercised at a devolved level. At this particular stage, I don't think I can assist further. I'm trying to be as helpful as I can in that regard.

[99] **David Rees:** Can I pursue that? Others can come in in a second. I'm going to take Chair's prerogative here. The First Minister has clarified that he believes that the decisions that you're talking about—the frameworks in particular—should be an agreed process between all the devolved nations. Therefore, the competences come back and the devolved nations agree to create the framework. Is that your interpretation, or is your interpretation that it goes back to Westminster and you decide which bits are framework and which bits are not?

[100] **Mr Jones:** Well, I think in terms of agreement, yes, there will clearly be discussions. I don't think, actually, that the First Minister is a million miles away from London in that regard. But I think that this is a very important issue, and the importance of the issue is to make sure that competences are devolved or dispersed on a basis that best suits the United Kingdom and each and every part of the UK. Agriculture is a prime example. I'm receiving representations from representatives of the agricultural industry, not only here but throughout the UK, indicating that they see a need, in order to avoid unfair competition, for there to be some UK-wide framework instituted. How that develops remains to be seen.

[101] We're at the beginning of what is likely to be a complex process. I'm not coming here today with any pre-packed solutions to unwrap on your table. What I'm seeking to do is to identify issues, and these issues will have to be explored as the months go by.

[102] **David Rees:** From that, I didn't get the answer, so I'm assuming that it's still vague at this point in time. Because as you said, the First Minister has clearly stated that they should be returned to the Welsh Government, in this case, in some sense, and the Welsh Government and the Welsh Assembly

then decide on agreeing that they should be in a framework. That is different from Westminster saying, 'We think a framework would be best suited for you; this is what we will do.'

[103] **Mr Jones:** Well, if that's the case, then it seems to me the First Minister may be slightly at odds with his environment Secretary who actually said something a bit different. But, look, this is an early stage of the process, and whilst, as I said, I would like to come up with something that is complete and entirely formed, I can't do at this particular stage, because it's a very early part of the process. I'm grateful for your interest, but we've got a way to go yet.

[104] **David Rees:** Jeremy.

[105] **Jeremy Miles:** Two questions that I hope will be reasonably straightforward to answer: do you accept the Supreme Court's view in the recent judgment that, in the absence of positive acts of legislation on the part of the UK Parliament, leaving the EU will enlarge the competence of the devolved administrations?

[106] **Mr Jones:** That was a sort of *obiter dictum*—

[107] **Jeremy Miles:** I understand that, but I'm asking whether you agree with it.

[108] **Mr Jones:** And as a lawyer, Mr Miles, you will know that only a certain amount of weight can be placed upon *obiter dicta*, but what I can say is that I noted what the Supreme Court said.

[109] **Jeremy Miles:** My question was: what weight do you apply to it?

[110] **Mr Jones:** As much weight as should be placed upon an *obiter dictum*.

[111] **David Rees:** Wise answer.

[112] **Jeremy Miles:** With regard to the European repeal legislation, what engagement is happening between UK Government and the Welsh Government around the drafting of that legislation at the moment?

[113] **Mr Jones:** The great repeal Bill? Well, the process at the moment, of course, is essentially the JMC(EN), under which discussions are continuing.

The great repeal Bill will be, in itself, a relatively straightforward piece of legislation, and what it effectively will do will be to freeze the entire *acquis communautaire* and transpose it into British law. So, of itself, it's not something that requires a huge amount of discussion with the Welsh Government. It's a fairly simple process.

[114] There will, of course, have to be a lot of subsequent legislation after the great repeal Bill has been enacted. There will be, potentially, various other pieces of standalone legislation. There will be secondary legislation passed in Parliament and, very probably, the Welsh Government will need to decide whether it itself needs to introduce relevant legislation here in the Assembly. That is a matter for the Welsh Government, but what I can say is that we're entirely happy to engage with the Welsh Government in discussions about the extent to which they do need to enact such legislation here.

[115] **Jeremy Miles:** Do you expect that the repeal Bill will include reference to a suite of devolved legislation?

[116] **Mr Jones:** I don't think—. Let me caveat that: it may do, but I don't think, of itself, the actual repeal Bill will need to do that, because all that will do is, effectively, transfer the entire *acquis* into British law. It's the process beyond that that is important, and I foresee that being a matter, in some instances, where we need UK-wide legislation—obviously in the non-devolved areas—but in the devolved areas, there may well be need for legislation, whether primary or secondary, in the devolved legislatures.

[117] **Jeremy Miles:** But without wishing to distract the non-lawyers around the table, it's the absence of British law that poses the question, isn't it, actually? The powers will come back from Europe and they will need to sit somewhere, and under the devolution settlement it is clear, currently, where that would be, it seems to me—

[118] **Mr Jones:** Well, that takes us back to our previous discussion, I think, and I think that we discussed that fairly fully and I don't think I can assist much further at this particular stage.

[119] **Jeremy Miles:** Okay. Thank you.

[120] **David Rees:** Before I ask the next question, I'm conscious of our time, Minister. We've got still a few questions. Have you got an extra five minutes,

do you think?

[121] **Mr Jones:** I think I can squeeze that.

[122] **David Rees:** Thank you. Suzy, on this point.

[123] **Suzy Davies:** On the same point, I'm just trying to work through an example in my head of what this is going to look like, and my own personal favourite, of course, is the fallen stock directive. So, if I'm just thinking of that, on the day that we leave—

[124] **Mr Jones:** Got a particular interest in fallen stock—

[125] **Suzy Davies:** I wonder why. [*Laughter.*] Particularly in relation— anyway, let's just use that as an example. At the moment, it's not going to be clear whether responsibility for fallen stock will fall through a chute down to Wales, called 'agriculture', or whether it will stop with the UK Government while it's decided where it actually sits. That's not clear. But what is also not clear in those circumstances is if, on Brexit plus one day, the Welsh Government decided that it would like to repeal the fallen stock directive, for example, whether it would have the competence to do that. If it attempted to do that, would we end up in the Supreme Court because not enough time had passed to decide where the competence lay, and, if so, are we risking leaving this one to the judges?

[126] **Mr Jones:** I referred in my previous answers to the need for continued discussions between the United Kingdom Government and the devolved administrations. I think that agriculture is going to be an area where there probably will be a need for primary legislation, and I've no doubt that there will be need for extensive discussions between the United Kingdom Government and all the devolved administrations. So, I would very much hope and expect that issues such as the one you've identified will have been resolved prior to our departure from the EU.

[127] **Suzy Davies:** Okay. Thank you. I used that just as an illustration, incidentally. Thanks.

[128] **David Rees:** Steffan.

[129] **Steffan Lewis:** Thank you, Chair. You touched upon—[*Inaudible.*] The last time there was a UK internal market that was not governed by the

European single market, of course, as you mentioned, pre-dates devolution. Is it your view that the UK internal market, when it comes into existence again following our withdrawal from the EU, will be a reserved matter for the British Government or will that be a shared matter, given the range of areas that it covers, devolved and non-devolved?

[130] **Mr Jones:** I have to say that I've never actually given that question any consideration at all, because what I would see is the single market disappearing, as a consequence of which we would have an undisturbed single market within the UK. I'm not entirely sure that that actually needs legislation.

[131] **Steffan Lewis:** But you've already alluded to, in previous answers, that there are issues such as agriculture, for example, that would require collaboration between the Governments of the UK. It's quite clearly a devolved matter, but agriculture is an integral part to a common or single market. There will be a common or single market in the UK. How is that going to be governed after we leave the European Union?

[132] **Mr Jones:** Forgive me. It is a partial manifestation of the single market in the European Union. Clearly, the way that that will be addressed will be by legislation and also agreed arrangements. I think that the discussion that we recently had about agriculture, and the question of whether or not an overarching UK framework is applicable, is one of some importance. But to be honest, I don't think that I can actually expand upon the answers I've already given in that connection.

[133] **Steffan Lewis:** Sorry. Let me just try again because this is a critical point, actually, in terms of the integrity of the UK internal market. At the moment, the European Commission governs the European single market. Who will govern the UK internal market once we've left the European Union? Will that be a council of UK Ministers, as recommended by the Welsh Government-Plaid Cymru White Paper, or will that be a reserved matter for the British Government in your opinion?

[134] **Mr Jones:** Well, clearly, where there is a reserved competence, it will reside with the United Kingdom Government, but it may well be that other arrangements may need to be put in place. At this particular stage I can't say whether they will be or not, but I'm far from persuaded that any such arrangements are necessary, except of course in special areas such as the one you've mentioned, with agriculture being a prime example and one of

particular importance to Wales.

[135] **Steffan Lewis:** Sorry. Just to clarify on that point, persuaded by what, sorry? Persuaded by the need for a new structure for the UK market?

[136] **Mr Jones:** Yes, I'm not persuaded by that, but it may well be necessary.

[137] **David Rees:** Eluned.

[138] **Eluned Morgan:** Just to give you a specific example: we might like to, in Wales, have an arrangement to help develop Cardiff Wales airport. At the moment, that would be subject to state aid rules, which are EU rules. Would there be anything to stop us from just going ahead and doing that in future, which could possibly distort the UK market? What would the mechanism be to stop us from doing that? Should we have a mechanism? Why don't we just get on with it?

[139] **Mr Jones:** Well, these are discussions that are going on within Government at the moment, and I'm not able to give you a definitive answer. But the issue of the disappearance of EU state aid rules has already been identified by many commentators as an opportunity for the United Kingdom and its constituent parts, but at the moment I'm not able to give you, again, a fully baked answer to the question that you're asking.

14:30

[140] You have to remember that the process that we're embarking upon is at its—I was going to say 'at its earlier stages', but it hasn't even been started yet; we haven't even served the article 50 notice yet. We will have a lot of negotiations that we will have to conduct with our current EU partners, which will result, we hope and trust, in new trading arrangements—new free trade arrangements—and clearly any domestic arrangements will have to reflect whatever free trade arrangements are put in place. At this particular stage, of course, it's impossible to say what they are.

[141] **David Rees:** Okay. Dawn, do you want to ask a question on immigration?

[142] **Dawn Bowden:** Yes. I think, to a degree, Mr Jones, you've probably answered some of these questions already, because you were talking about this being an area of responsibility of the Home Office. But I'll pursue one or

two angles with you if I can, because I think there are several aspects to potential new immigration policies, some of which are economic, some of which are human, of course. We have something in the region of 2.8 million EU nationals in the UK at the moment, and of course we have 1 million or so UK nationals living in Europe. So, I know the UK Government's White Paper was talking about wanting to get that situation clarified as quickly as possible, because there is a view that these EU nationals, whether they are UK or non-UK, are kind of being held as bargaining chips for the process at the moment, and not given any certainty about their arrangements, either within the UK or on mainland Europe. Where are we with this, and why has it been so difficult to get an early agreement on that?

[143] **Mr Jones:** You're right, this is an extremely important issue, which, in fact, should be a matter of priority not only for the Government, but also for our EU counterparts and the Commission. We're talking about human beings who've got their own lives, they've got their own family arrangements, they've got their own careers to consider, and the issue of the right of residence should be really put above everything else. We've actually already indicated that we would like to see this resolved; we'd like to see it resolved now. But you're right, there are approximately 2.5 times as many EU nationals resident in the UK as there are UK nationals resident in the continuing EU. We think that all their rights should be protected, and that is very much our position. I'm glad to say that, in all the discussions I've had with my EU counterparts, they actually recognise that too, so I'm extremely optimistic that the question of right to reside should be resolved soon.

[144] It's not as simple an issue as maybe it is sometimes thought, because there are whole packets of rights that come with the right to reside, such as the right to healthcare, education and so on, so these do need to be resolved. There's also the issue of asymmetry, because we have about 1 million Polish nationals living in the UK at the moment, and we don't have that many UK nationals living in Poland—they're mostly living in places like France and Spain. But I'm extremely optimistic that the EU nations, once we've served the article 50 notice, will agree that this is one issue that should be put ahead of everything else, and should be resolved very early in the process.

[145] **Dawn Bowden:** Thank you for that. I was just wondering, within your White Paper you say that it's not been possible to get those kinds of agreements thus far. So what's been the impediment to that, other than the fact that we haven't actually triggered article 50 yet? We could have some

agreement in principle, but we've not been able to get that. What's been the impediment?

[146] **Mr Jones:** The impediment is that we haven't triggered article 50 yet. It's not an impediment so far as we're concerned, but so far as the continuing EU is concerned, the formula has been no negotiation without notification. Well, notification is coming in the course of the next few weeks, so I very much hope that this is an issue that we can agree on quickly, and put on one side.

[147] **Dawn Bowden:** Okay. In terms of the immigration policy going forward, and as I said, I suspect you may refer me back to the Home Office on this one, but certainly during the referendum campaign, it was very much the view of the leave campaign that future migration should be managed along the same lines as that for non-EU citizens. If we were to go down that road—and I hope that we don't, I hope we can find some other kind of accommodation—how would that sit with us also wanting to ensure that the rights of current EU citizens would be honoured, because those two interests would be diametrically opposed, wouldn't they?

[148] **Mr Jones:** I don't think they're diametrically opposed. I think that there are two issues: what arrangements will be put in place for EU nationals who are lawfully resident in the UK? Thereafter, we need, clearly, to devise a new policy. I'm afraid, in that connection, I do have to refer you back to my earlier answer about this being in the province of the Home Office and that, at the moment, the issue is still being considered.

[149] **Dawn Bowden:** Do you know if the Home Office is looking at the Welsh Government's White Paper around this area, because Welsh Government has come up with some very clear suggestions as to how we might manage migration in the future?

[150] **Mr Jones:** I can assure you that the whole of Government is taking into account not just the Welsh Government's representations, but also all of the representations it receives.

[151] **Dawn Bowden:** My final question around this, Chair, if I might, is just whether you can tell us if the UK Government has given any consideration to varying immigration on a regional basis within the UK. Do you know whether that's under consideration?

[152] **Mr Jones:** This is a matter for the Home Office.

[153] **Dawn Bowden:** That's a Home Office position. Okay, thank you.

[154] **David Rees:** I've got just two or three final questions that will be short and sharp. On the great repeal Bill, do you have any indication that you can give us of the timeline in relation to that great repeal Bill?

[155] **Mr Jones:** It will be relatively early, I think, in the next session of Parliament.

[156] **David Rees:** The next session. That's going to be after the Queen's Speech.

[157] **Mr Jones:** Yes.

[158] **David Rees:** Okay. Can you confirm—? You've talked about engagement. The First Minister came in and he indicated that, perhaps, one of his officials is working in Whitehall. As to the relationship between Whitehall and Cardiff at official level, how is that? How are all departments across UK Governments working with it?

[159] **Mr Jones:** They work very closely, and, of course, that's one of the strengths of a unified civil service.

[160] **David Rees:** Okay. And I've got a question on transition. You've highlighted very many of the issues. It's clear from what we hear that this is going to be quite a complicated, complex process, and transitional arrangements, I assume, will be forming part of that process of discussion. Because everybody has indicated—every expert we've had—that it's not two years that we have. On the time it takes to complete negotiations—you've already highlighted the various political activities in Europe before September and the need to have the EU Governments to actually approve all this—we've probably got about 12 months of negotiations to take place. Are you undertaking transitional negotiations simultaneously? And, are you also simultaneously undertaking negotiations with the UK devolved nations, because the structure, as you say, will change from the time we leave; things will look different? So, there are three different strands there.

[161] **Mr Jones:** Well, the answer is no, we're not conducting any negotiations, because we haven't started the negotiations—

[162] **David Rees:** Will you?

[163] **Mr Jones:** The Prime Minister made clear in her Lancaster House speech, and, again, it was made clear in the White Paper, that we foresee that, in some areas, an implementation period will be needed to take account of practical issues that will arise. I think that it's fair to say that there is an emerging consensus not only in the British Government, but also in our interlocutors in the EU that, in certain areas, an implementation period will be necessary, which we don't anticipate will be a lengthy period but should be sufficient to cover any practical problems that might arise.

[164] **David Rees:** Do you therefore envisage a situation where we may have to revert back to some form of WTO temporarily whilst we come to a point?

[165] **Mr Jones:** I don't envisage that, but, at this particular stage, it's too early to say. Certainly, for the reasons I've just stated, we can see the advantage of an implementation period.

[166] **David Rees:** We've taken 10 more minutes of your time, so thank you very much. You've offered us an opportunity to come back in the future and I think we'll accept that offer, so thank you for that.

[167] **Mr Jones:** Well, it's not an English offer, Chairman; it's a genuine offer. [*Laughter.*] I'll be very happy to come back. I fully acknowledge and value the importance of discussions with the devolved legislatures. You will have interests that continue to assert themselves as the months go by. Please, if we can be of assistance, do invite me in and I'll be very happy to attend as and when I can.

[168] **David Rees:** Thank you for that. You will receive a copy of the transcript to check for any factual inaccuracies, as you are aware. Please let the clerks know if there are any so that we can get them changed.

[169] **Mr Jones:** Thank you very much.

[170] **David Rees:** Thank you very much for your time this afternoon.

14:40

**Cynnig o dan Reol Sefydlog 17.42 i Benderfynu Gwahardd y Cyhoedd o  
Weddill y Cyfarfod  
Motion under Standing Order 17.42 to Resolve to Exclude the Public  
for the Remainder of the Meeting**

*Cynnig:*

*Motion:*

*bod y pwyllgor yn penderfynu that the committee resolves to  
gwahardd y cyhoedd o weddill y exclude the public from the  
cyfarfod yn unol â Rheolau Sefydlog remainder of the meeting in  
17.42(vi).*

*accordance with Standing Orders  
17.42(vi).*

*Cynigiwyd y cynnig.*

*Motion moved.*

[171] **David Rees:** Therefore, following that evidence session, under Standing Order 17.42(vi), we resolve to meet in private for the remainder of the meeting. Are Members content? Then we move into private session.

*Derbyniwyd y cynnig.*

*Motion agreed.*

*Daeth rhan gyhoeddus y cyfarfod i ben am 14:40.*

*The public part of the meeting ended at 14:40.*