

Jeremy Miles AS/MS

**Cwnsler Cyffredinol a'r Gweinidog Pontio Ewropeaidd
Counsel General and Minister for European Transition**



**Llywodraeth Cymru
Welsh Government**

The Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
London
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26 June 2020

Dear Michael,

I am writing to you to set out some further detail on the Welsh Government's priorities for transport as part of the UK/EU future relationship negotiations.

We have been clear that the Welsh Government would have set a different approach to the negotiations than the one set out by the UK Government. Despite this we want to remain constructive in the negotiations and continue to seek a formal role inputting Welsh priorities into an agreed UK position. In the absence of the UK Government committing to a meaningful role for the Devolved Governments in the negotiations, I am setting out further detail on our negotiating priorities for transport.

Aviation and Air Transport

We are supportive of an approach that takes a whole system approach to aviation. A new aviation agreement with the EU and the rest of world needs to promote connectivity, aviation safety, and the manufacture and servicing of aircraft. While aviation is not devolved, air travel and the aerospace industry are of high importance to the Welsh economy. A significant number of aerospace companies provide high-skilled jobs across Wales, and are a vital part of the local economy in certain regions. Air transport is also vital for the Welsh economy, for business travel but also for tourists. Tourism is a significant element of the Welsh economy.

We believe the optimal solution would be to remain in the Single European Sky and retain membership of the EASA, in order to minimise burdens on the aerospace industry and maximise opportunities for air travel between Wales and other nations of the EU. However, we recognise that the UK and the EU have ruled out that option after the end of the transition period, and that the UK has not sought to retain all of the freedoms of the air in

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

the draft legal text. We note that this approach could restrict the ability of airlines to offer the same kinds of services as were available before the pandemic, and could hamper the UK aviation industry's ability to recover from the losses caused by the global collapse in passenger journeys during the pandemic. We continue to be supportive of an approach that seeks to achieve all the freedoms of the air, but recognise that this would require compromises that the UK Government has ruled out already

This being the case we support an approach that seeks to retain at least the first five freedoms of the air. We would urge a pragmatic and flexible approach to the negotiations on aviation that fully considers the benefits and the consequences for industry.

As well as being a vital consideration to protect passengers, agreement on aviation safety will have a major impact on the UK aviation industry, particularly for those multinational employers which manufacture parts of planes in different countries. We are strongly supportive of an approach that seeks to minimise the administrative burden on airlines, airports and the aerospace industry. It is absolutely vital that we negotiate close cooperation on safety and mutual recognition for the aerospace industry to avoid unnecessary and costly burdens for businesses. The same equally applies for other transport industries, including rail and the automotive industry. A lack of agreement on mutual recognition would affect not just the manufacturing industries in Wales, but would hamper our ability to deliver an effective public transport system in Wales. It is essential that you work jointly with the Devolved Governments on understanding the specific sectoral needs to ensure we minimise, and ideally eliminate, any non-tariff barriers to trade. How will the UK Government work with the Devolved Government to ensure any prioritisation for mutual recognition and other non-tariff barriers, meets the needs of all part of the UK?

As we move to a new regime outside the EU, I would also like to note the consideration given to regional connectivity by the current model and stress the importance of all parts of the UK being involved in the development of a new aviation framework. With devolution in place around intra-Wales public service obligations, we will need to work together to ensure a fair and consistent approach is taken to support for our less well-served airports and communities, and make sure the importance of regional aviation is not lost at a UK level. Clarity and assurance that we will have a meaningful role in developing a successor domestic model which works for the whole UK would go a long way towards ensuring we are comfortable with the direction of travel on aviation.

On a related note, I would like to raise the issue of aviation connectivity and how the domestic PSO regime will work outside the auspices of the EU system. In negotiation terms, this is more closely linked to state aid and procurement than aviation, but this remains a significant issue for air links in Wales, and a key tool to support aviation connectivity as we look to recover from the Covid-19 pandemic. We wish to avoid a situation where a UK wide PSO approach gives the Welsh Government less of an opportunity to be engaged than at present.

Haulage

The logistics industry is a vital economic enabler, and I would like to start by re-emphasising the importance of agreeing unrestricted reciprocal access for hauliers, which I am pleased to see reflected in the UK Government's draft legal text. We are firmly of the view that any kind of permitting system should be avoided. However, if no trade deal is reached and we have to fall back on ECMT permits, then any system of allocation must make sure they are available and fairly allocated across the UK, mitigated by whatever bilateral agreements on haulage we are able to reach in the very short time available, given that the UK Government refuses to consider an extension of transition. What assurances can you provide that reciprocal access for hauliers will be agreed? And can you provide a commitment to work

with us in the event that there is no agreement on a trade deal to ensure any ECMT permit system meets the needs of the haulage sector in Wales and needs of Welsh businesses?

Beyond that, further consideration must be given to safety and security declarations, ensuring they are feasible in an industry heavily reliant on time critical roll-on roll-off freight flows. This is of particular importance in Wales, particularly for the port of Holyhead which is heavily reliant on ro-ro transport.

International Trade Corridors

The TEN-T programme has long recognised the key role Welsh roads and railways play in the movements of people and goods across Europe, with commensurate standards set and funding made available to support them. Noting that this issue has remained unexplored through both sets of legal texts I want to take this opportunity to reiterate the Welsh Government's position that internal infrastructure remains vital to trade facilitation, and in the interests of all parties. It is important that we work together – and particularly with our neighbours in the Republic of Ireland – to consider the scope within the UK to recognise major national and international passenger and freight corridors and ensure they can be improved and maintained to a sufficient standard.

Ports

I am pleased to see provisions proposed in the UK Government's legal text to recognise the significant challenge posed by the volume of roll-on roll-off ferry freight and to facilitate its onward flow from ports.

I would like to emphasise the importance of considering freight and frontier issues in the round, ensuring that as well as making basic provision to allow freight movements to take place through a trade agreement, they are also enabled to do so as part of a system which encourages and facilitates end-to-end trade flows. In particular, I would urge that strong consideration be given to ensuring transit movements can happen as smoothly as possible, minimising the impact on UK road and port infrastructure of movements between Ireland and continental Europe.

Industry estimates suggest that as much as a third of the traffic between Holyhead and Dublin is ultimately destined to or originating from Northern Ireland. As well as reaching a trade agreement which provides for unrestricted transit traffic across the Republic of Ireland between Wales and Northern Ireland, it is absolutely vital that the border and customs system put in place does not introduce new logistical challenges to these freight movements, which may require formal customs cooperation to achieve. This route is the quickest from Northern Ireland to Wales and large parts of England, and it would be difficult to see a system which introduced new controls on those movements as ensuring continued unfettered access from Northern Ireland to that market. Protecting this vital economic link must be a basic test for any trade deal with the EU to meet the needs of the UK. We have noted the proposals set out in the UK government's command paper on the operation of the Northern Ireland protocol, and it is disappointing that the paper does not outline the implications for port and road links to Ireland and Northern Ireland from GB.

As I set out at the May meeting of the JMC(EN) we commissioned the UK Trade Policy Observatory to assess the implications of the Northern Ireland Protocol on Wales. The Command Paper leaves many of the vital questions and issues raised in this research unanswered. There is an urgent need for all governments to be working together to understand the implications of the protocol. You committed to a joint work stream on the protocol and while the delays on this have been deeply disappointing I am pleased that your officials have begun discussions on how we can take this work forwards. I call on you again

to work fully and openly with the Devolved Governments on implementation of the protocol, which needs to include further analysis of its potential impact on Welsh ports.

Transport systems within the UK

Agreeing a trade deal consistent with the UK Government's proposed approach will represent a significant change in governance of transport standards in the UK. Leaving the EU Agency for Railways, the EU Aviation Safety Agency, and European agreements on air quality, road safety, and vehicle standards; the regulatory landscape for transport will be overseen in a very different way.

We maintain that it is in the UK's best interests to retain our involvement in those standards, which are often used as a global blueprint. Given the UK Government has ruled this out, it is vital to consider how any replacement standards are set within the UK. The European Union has always afforded Wales a voice in those matters which have a significant bearing on our devolved responsibilities and any deal which removes this influence cannot be said to have sustained the devolution settlement, let alone strengthened it. It is absolutely critical that the four Governments within the UK work together to establish new ways to jointly oversee our transport standards, ensuring they can be set and reviewed in a way which works for the whole UK.

I am copying this letter to the Secretary of State for Wales, and the Paymaster General; to the Cabinet Secretary for the Constitution, Europe and External Affairs in the Scottish Government; and to the First Minister and deputy First Minister of Northern Ireland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JMiles', with a stylized, cursive flourish at the end.

Jeremy Miles AS/MS

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