

Cecilia Malmström
Commissioner for Trade
European Commission

2 February 2018

Dear *Cecilia,*

Trade Policy: the issues for Wales

I am writing to draw your attention to our new publication *Trade Policy: the issues for Wales*. This document builds on the issues raised in our White Paper *Securing Wales' Future*. It outlines the Welsh Government's proposals for working constructively with the UK Government and other Devolved Governments in future on a coherent approach to trade.

We recognise that international trade is not in itself a devolved competence. However it is important to understand the connections between trade policy and devolved matters such as agriculture and environmental standards. I am pleased that the UK Government has acknowledged these interconnections in its recent Trade White Paper.

We believe a new way of working is needed between the UK Government and the Devolved Governments to ensure the smooth functioning of the UK after we leave the EU. We believe it is critical that an approach is agreed before trade negotiations with the EU are formalised. We acknowledge that the EU has in the past recognised the need for regional governments to participate in trade negotiations, for example during the negotiations with Canada, and we would welcome a similar approach being taken between the EU-UK negotiations.

The Welsh economy is deeply embedded in the EU's Single Market – 61% of Welsh goods exports go to the EU compared with only 49% of the UK as a whole. For this reason we have been consistent that full and unfettered access to the EU's Single Market is vital to Wales' forward economic interests and we remain to be convinced that leaving a customs union with the EU is in our best interests. The risk analysis by Cardiff Business School, published alongside this report clearly highlights some of the potential negative economic impacts on sectors in Wales.

Bae Caerdydd • Cardiff Bay
Caerdydd • Cardiff
CF99 1NA

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
0300 0604400
Gohebiaeth.Ken.Skates@llyw.cymru
Correspondence.Ken.Skates@gov.wales

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.

Wales is a small outward-facing, globally trading nation and we are committed to internationalism. The Welsh Government is keen to maximise the economic opportunities for businesses abroad, and we feel that a close relationship with Europe – involving remaining in the Single Market as well as the Customs Union – is the best way to achieve this.

Yours ever,

A handwritten signature in black ink, appearing to read 'Ken', written in a cursive style.

Ken Skates AC/AM

Ysgrifennydd y Cabinet dros yr Economi a Thrafnidiaeth
Cabinet Secretary for Economy and Transport