



Llywodraeth Cymru
Welsh Government

WRITTEN STATEMENT BY THE WELSH GOVERNMENT

TITLE Outcome of the UK Government review of the Internal Market Act 2020

DATE 17 July 2025

BY Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary
for Climate Change and Rural Affairs

The UK Government has announced the [outcome of its review of the Internal Market Act 2020](#) (“the Act”) and has laid a report in the Senedd, which is available [here](#).

The review builds on [previous commitments made by the UK Government](#) in December 2024, which included a recommitment to the principles of the Common Frameworks. The UK Government will make the following additional changes to the operation of the Act.

“The UK Government will:

- *implement UK Internal Market Act exclusions that have been agreed by all governments within a Common Framework;*
- *alongside economic impacts, consider in particular environmental protection and public health in UK Internal Market Act exclusions, thereby ensuring a balance of factors is considered;*
- *establish a Minimum Economic Impact process for considering smaller exclusions, and implement them where all governments agree the exclusion has an economic impact of less than £10 million a year;*
- *implement a “reserve” exclusions process where it has not been possible for all four governments to reach agreement on an exclusion;*
- *work with the devolved governments to agree processes for how all four governments engage with businesses and other stakeholders on matters being discussed in Common Frameworks; and*
- *work with the devolved governments to agree a process for all four governments to jointly refer UK internal market matters for advice to the Office for the Internal Market.”*

The Welsh Government is committed to our economic mission of sustainable growth and jobs. Wales’ economy is reliant on smooth functioning of the UK internal market and we are committed to playing our part in supporting and strengthening it. We need an approach to

governing the UK internal market which works with the grain of devolution and respects our democratic mandate.

The commitments made by the UK Government following the review are a good start towards this goal. We particularly welcome the commitment to implement any exclusions agreed via Common Frameworks, which should improve the functioning of the UK internal market. The Common Frameworks operate on a clear [set of principles](#) which fully respect devolution and include dispute resolution mechanisms.

However, it is our long-standing and consistent view that the Act should be repealed and replaced with a system, underpinned by legislation, designed around the Common Frameworks and which maintains the safeguards necessary to support the Windsor Framework.

Despite this, we have engaged constructively with the UK Government throughout the review to put forward proposals to reduce the impact of the Act on the effectiveness of devolved policy and legislation. The Act must operate in the interests of all four nations.

We will now work with the UK Government on some of the detail associated with these commitments, in particular to help ensure the 'reserve' exclusions process is objective and transparent in the same way as the Common Frameworks processes.

We will continue to make the case for statutory changes to the Act to prevent its misuse and improve its functioning alongside the devolution settlements. The non-statutory commitments made by the UK Government are welcome, but they do not prevent the misuse of the Act by future UK Governments to enforce English policy preferences in affected devolved policy. Legislative reform is advocated for by academia, the Senedd's Legislation, Justice and Constitution Committee, and the Welsh Government.

We will also continue to pursue the issue of the use of Financial Assistance Powers which were not included within the scope of this review. These powers are unrelated to the functioning of the UK internal market and undermine a fundamental aspect of devolution. There are established mechanisms for the UK Government to invest in Wales without recourse to these powers.

Notwithstanding these concerns, I welcome the changes being made by the UK Government as a positive step in the right direction. We will work together with the UK Government and other devolved governments to support the further clarification and implementation of the proposed changes.