

Research Briefing
**Negotiations on the UK's
Withdrawal from the EU:
Monitoring Report -
15 November 2017**

Produced for the External Affairs Committee



National Assembly for Wales
Research Service

The National Assembly for Wales is the democratically elected body that represents the interests of Wales and its people, makes laws for Wales, agrees Welsh taxes and holds the Welsh Government to account.

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1. Introduction

This report provides an update on developments relating to the Article 50 Negotiations on the UK's withdrawal from the EU since 18 October 2017. Since this report was last produced the European Council concluded in its meeting on 20 October 2017 that insufficient progress had **been** made to allow the negotiations to move on from discussing the terms of the Withdrawal Agreement to the terms of a transitional period and future relationship. A further round of negotiations on the terms of the Withdrawal Agreement therefore took place on 9-10 November. The European Council will meet to re-consider progress made at its meeting on 14-15 December.

This paper provides:

- A summary of the latest developments, documents and legislation published;
- An analysis of the key issues of interest to the External Affairs Committee ('the Committee');
- A response from the Welsh Government to the latest developments; and
- A summary of the latest reports in relation to Brexit published by think tanks, international institutions and other organisations.

Summary of developments

On 20 October **the European Council concluded** that insufficient progress has been made in the first phase of negotiations on the UK's withdrawal from the EU to allow discussions to begin on possible transitional agreements and the future relationships. The European Council agreed to begin internal preparatory talks between the remaining Member States on their priorities for a future relationship.

A further round of talks on the terms of the Withdrawal Agreement took place between the UK and EU on 9-10 November. At their conclusion **the EU's chief negotiator, Michel Barnier, stated** that the EU was determined to reach a deal with the UK on its withdrawal.

On **23 October the Prime Minister made a statement to the House of Commons** outlining her response to the decisions of the European Council. The First Minister for Wales outlined his response to the **Assembly on 24 October**.

The Secretary of State for Exiting the EU gave evidence on the progress made in the negotiations to the House of Commons **Exiting the EU Committee on the 25 October** and to the **House of Lords EU Select Committee on 31 October**.

On 1 November a **'Motion for Return' tabled by the Labour party** was passed in the House of Commons via a humble address calling for the release of the impact analyses of Brexit on 58 sectors of the economy prepared by the UK Government to the Exiting the EU Committee. The motion is considered binding. On **7 November the Secretary of State for Exiting the EU** stated that documents and papers containing this type of analysis will be released to the Committee as soon as possible.

On 7 November **the UK Government published further details** on how the system for EU Citizens to apply for permanent UK residency will work. The UK Government also published its **Trade Bill**. The

Sanctions and Anti-Money Laundering Bill received its second reading in the House of Lords on 1 November.

On 13 November **the Secretary of State for Exiting the EU, made a statement to the House of Commons** on the outcome of the latest round of negotiations in which he announced that the Withdrawal Agreement would be implemented into UK via primary legislation.

The committee stages of the **EU (Withdrawal) Bill** commenced on 14 November. On 24 October the Welsh Government published **the list of powers** or areas that the UK Government states have an interaction between current EU competencies and devolved competencies. **The Assembly's External Affairs Committee heard evidence** from the Parliamentary Under Secretary of State for Exiting the EU and the Secretary of State for Wales on the **Withdrawal Bill on the 6 November**.

2. Latest developments and documents published

On 20 October **the European Council concluded** that insufficient progress has been made in the first phase of negotiations on the UK's withdrawal from the EU to allow discussions to begin on a possible transitional arrangement and the future relationship. The Council has instead announced that it will reassess whether sufficient progress has been made at its December meeting (14-15 December). The European Council welcomed progress made but called for further clarity and agreement on all three key areas of the negotiations on the withdrawal agreement. **President of the European Council, Donald Tusk**, said that the Council would start 'internal preparatory discussions in relation to the framework for the future relationship and on transitional agreements' and hoped to move on to the second phase of talks in December.

The **Prime Minister made a statement** to the House of Commons on the outcome of the European Council on 23 October. The Prime Minister welcomed the Council's move to begin internal preparatory discussions on the future relationship and stated that she was confident of reaching agreement before the UK leaves the EU on 29 March 2019.

A sixth round of negotiations on the terms of the Withdrawal Agreement was therefore held on 9-10 November. Speaking at the press conference on 10 November, **Michel Barnier, the EU's chief negotiator stated** that further progress had been made on clarifying the positions and technical details of proposals but no conclusions have been agreed as of yet. He stated that the EU is 'determined to reach a deal on an orderly withdrawal' and that this is his absolute priority. He stated that intensive discussions are needed between now and the European Council and reiterated the importance of the UK reaching an agreement with the EU on the financial settlement.

The Secretary of State for Exiting the EU, David Davis, concluded that this round of negotiations have allowed both sides to consolidate progress made in earlier rounds, explore options for further agreement and clarify areas where further political and technical discussion is required. In relation to the Northern Ireland-Ireland border Mr Davis said that the UK and EU had 'frank discussions' on the challenges surrounding the border, reiterated the need to avoid a hard border and stated that any agreement reached could not create a new internal border within the UK. On the financial settlement Mr Davis stated that the UK would honour its commitments and that the negotiators were 'making clear progress in building a common technical understanding on every item'.

On 7 November **the UK published a technical document** sent to the EU which outlined how the process for EU citizens to apply for settled status in the UK would work. Included in the document

were commitments to allow EU citizens living in the UK a grace period of up to two years following the UK's exit to apply for residency, a commitment to give EU citizens a statutory right to appeal, a commitment to keep the cost to no more than that charged for a UK passport and a commitment to minimise the documentary evidence applicants will need.

On the 25 October **Mr Davis provided oral evidence to the House of Commons Select Committee** on the Exiting of the European Union. In his evidence Mr Davis stated that the UK government is aiming for a conclusion to the negotiations on a withdrawal agreement, a transitional arrangement and a future trade deal with the EU by the end of March 2019. Whilst he acknowledged that a trade deal between the UK and EU could not be signed until the UK formally leaves and becomes a third-party country he outlined that this could happen at one minute past midnight on 'exit day'. Mr Davis said that the UK will seek a close relationship with the single market during the implementation period, including accepting the jurisdiction of the European Court of Justice and will seek to maintain the EU's existing trade deals with third countries. Mr Davis advised there has been no formal consultation with devolved government outside of the JMC but stated that he had frequent conversations with Welsh and Scottish Ministers.

Mr Davis also **gave evidence to the House of Lords EU Select Committee on 31 October**. Many issues were discussed such as the efficiency and progress of negotiations themselves, the financial settlement figure, the Northern Ireland border, citizens' rights, the Court of Justice of the European Union and the future relationship between the UK and EU. Mr Davis defended his comments which contradicted those of Michel Barnier's, regarding the timescale of negotiations, notifying the Committee that he has every hope of completing negotiations well in advance of March 2019, but was simply highlighting the fact that it is not uncommon for EU negotiations to drag out till the final moment. Mr Davis provided an outline of what he believed a 'no deal' scenario would look like. Mr Davis described this as being no free trade deal between the UK and EU and no customs arrangement. However he also stated that, in the event of a 'no deal', it is still likely that a basic deal on issues such as security and aviation would be reached. He described this as a 'bare-bones deal'. The House of Lords Select Committee sent a follow-up letter to Mr Davis asking for answers to further questions, this can be found on the Committee's **webpage**.

On 16 October, **the Secretary of State for International Trade, Liam Fox wrote a letter** to the Exiting the EU Committee outlining the UK's future relationship with the World Trade Organisation once the UK leaves the EU. Currently the UK's commitments, goods and services schedules, with the WTO have been agreed through membership of the EU. Therefore in March 2019 when the UK leaves it will need UK-only schedules. The Secretary of State highlighted in his letter four areas 'that need careful treatment': tariff rate quotas; the limit of trade-distorting agricultural support; continuation of service schedule and current commitments and the UK's membership of the WTO Government Procurement Agreement. In his letter, the Secretary of State reassured the Committee that the Department for International Trade is ready to deal with 'potential issues' and will provide the best possible transparency with regards to the establishment of UK schedules because they will be the basis of the UK's trade policy with the EU and other countries.

Oral questions to the Department for Exiting the EU also took place in the House of Commons on 2 November.

On **1 November the Labour party tabled a 'motion for a return'**, via a humble address in the House of Commons, which called for the release of impact assessments on Brexit carried out by the UK Government for 58 sectors of the economy to the Exiting the EU Committee. The Motion was

passed and is considered binding. In a **written statement on 7 November** the Secretary of State for Exiting the EU outlined that the impact assessments contain a number of documents, qualitative and quantitative assessments and are not contained in 58 discrete documents. As such he stated that it would take a while to collate this information to provide to the Committee. In a **letter to the Committee's Chair**, Hilary Ben MP, the Secretary of State also highlighted the UK Government's view that some of the information was commercially sensitive or would not be in the public interest to release. He therefore proposed to meet the Chair on 13 November to discuss how and when the documents would be released. Further information on the motion and the events that led to its tabling can be found in the **House of Commons Library research paper** on the subject.

On 13 November the Secretary of State for Exiting the EU **made a statement to the House of Commons** on the outcome of the latest round of negotiations. Further details on his announcement that a withdrawal agreement would be enshrined in UK law via primary legislation is included in the section on the EU (Withdrawal) Bill below. Mr Davis stated that the round of negotiations on 9-10 November had been a 'low-key but important technical set of negotiations'. He stated that the negotiations were now about 'pinpointing the further technical discussions' that need to take place to enable political decisions to be made to move the discussions on to talks about the future relationship.

UK legislation

On 1 November one of the first of the so-called 'Brexit Bills' included in the Queen's speech received its second reading in the House of Lords. This is **the Sanctions and Anti-Money Laundering Bill**. The Bill is considered necessary to ensure that the UK can implement an international sanctions regime following its exit from the EU. The UK Government states that the Bill does not require the legislative consent of the devolved legislatures as it deals with reserved matters. A Bill summary outlining its key provisions has been produced by the **House of Lords Library**.

On 7 November the UK Government published its **Trade Bill**. The Bill was published only a day after the UK Government's consultation on its **trade white paper** closed on 6 November. The Bill contains four parts. Part 1 relates to the implementation of the World Trade Organisation's Agreement on Government Procurement. The UK is currently a party to this agreement by virtue of its membership of the EU. It will need to become a standalone party to the agreement after the UK leaves the EU. The Bill gives UK Ministers and devolved Ministers the powers to make changes they 'consider appropriate' to domestic law using subordinate legislation powers as a result of joining the Agreement as a standalone party. Part 2 relates to the UK Government's desire to replicate the trade deals the UK currently benefits from as result of its membership of the EU. The UK Government states that it will try to replicate for the UK the free trade agreements that the EU currently has with third party countries. Part 2 of the Bill gives the UK Ministers and devolved Ministers powers to make changes to domestic law using subordinate legislation that may be required to implement the non-tariff elements of any deals replicated. Part 3 established a Trade Resolution Authority to give advice on trade disputes to the UK Government after the UK leaves the EU. This function is currently carried out by the European Commission for all Member States. Part 4 gives the HMRC new powers to collect and share information on exports. The powers provided to devolved ministers are different to the powers provided to UK Ministers. The UK Government states in the Explanatory Notes to the Bill that Clauses 1-4 and Schedules 1-3 require the consent of the devolved legislatures.

On **14 November the Committee stages of the EU (Withdrawal) Bill** began in the House of Commons. Approximately 400 amendments have been tabled by MPs for consideration at

Committee stage. The UK Government has also tabled amendments that would set 'exit day' on the face of the Bill. When the Bill was introduced exit day was not defined. Instead UK Ministers were given the power to determine exit day in subsequent regulations. Plaid Cymru's amendment to the Bill, (Amendment 79) making the repeal of the European Communities Act 1972 on exit day conditional on the Prime Minister gaining consent from the devolved legislatures, was defeated. On day 2 of Committee Stage, on Wednesday 15 November, the House of Commons debated amendments and new Clauses relating to Clauses 2, 3 and 4 of the Bill.

The Secretary of State for Exiting the EU, David Davis MP, announced to the House of Commons on Monday 13 November that once an agreement relating to the UK's exit from the EU has been agreed, primary legislation will be introduced to implement the agreement. The **Withdrawal Agreement and Implementation Bill** will provide that "the major policies set out in the withdrawal agreement will be directly implemented into UK law by primary legislation, and not by secondary legislation under the withdrawal Bill." According to Mr Davis, the new Bill will mean that Parliament will be able to debate, scrutinise and vote on the final agreement reached with the EU and that "the agreement will hold only if Parliament approves it". The UK **Government press release** states that the Bill is expected to cover "the contents of the Withdrawal Agreement, including issues such as an agreement on citizens' rights, any financial settlement and the details of an implementation period agreed between both sides."

Documents and Position Papers

Neither the EU nor the UK has published any new position papers since the last monitoring report was published. However the UK Government has published a further technical paper on its proposals for citizens' rights and the European Council published its conclusions on progress made to date. The UK Government has also published its Trade Bill and its Sanctions and Anti-Money Laundering Bill. Summaries of these documents have been included in the table below.

Table 1 Position Papers and key documents published by the EU and UK

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
<p>Essential Principles on Citizens Rights 29 May 2017 to EU 27 12 June to UK</p>	<p>Sets out the EU’s position on rights of UK citizens in the EU and EU citizens in the UK.</p>	<p>Safeguarding the position of EU citizens in the UK and UK nationals in the EU: Position Paper. 26 June 2017</p>	<p>Sets out the UK position on the rights EU citizens should enjoy in the UK and that UK nationals should enjoy in the EU. See Research Service blog post for further detail.</p>
<p>Essential Principles on the financial settlement 29 May 2017 to EU 27 12 June to UK</p>	<p>Sets out the EU’s proposals for a methodology that should be agreed during the Phase 1 negotiations on how the UK’s financial obligations to the EU should be calculated. Annex 1 contains a list of agencies, bodies and financial instruments to be included in the methodology.</p>	<p>None.</p>	<p>UK Secretary of State for DEXEU has outlined that the UK will ‘interrogate’ the EU’s position rather than set out its own.</p>
<p>Nuclear material and safeguard equipment (Euratom) 23 June 2017 to EU27 13 July to UK</p>	<p>Sets out the EU’s proposals for the treatment and transfer of ownership of special fissile materials. Covers less areas than proposed by UK in equivalent paper.</p>	<p>Nuclear material and safeguards issues.</p>	<p>The UK Government sets out six principles it wants negotiations on these matters to achieve. It covers some additional areas to those covered by the European Commission including existing contracts for the supply of nuclear material and spent fuel and radioactive waste. The UK states that spent fuel and radioactive waste should remain</p>

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
			the responsibility of the State in which it was generated post withdrawal.
<p>Judicial cooperation in civil and commercial matters 29 June 2017 to EU 27 13 July to UK</p>	<p>Sets out proposals for procedures to be put in place for cases pending at time of UK withdrawal.</p>	<p>Providing a cross-border civil judicial framework: a future partnership paper 22 August 2017</p>	<p>The UK Government has set out its position for the procedures that should apply to cases pending at time of UK withdrawal and proposals for on-going cooperation in this area in a single paper. The paper states that Annex A of the paper responds directly to the EU's paper and sets out the UK Government's priorities should no agreement be reached on a future partnership. It states that no agreement on future cooperation is not however its preference. The paper states that leaving the EU will bring an end to the direct jurisdiction of the European Court of Justice but that the UK will seek an agreement with the EU that allows for close and comprehensive cross-border civil judicial cooperation.</p>

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
<p>Ongoing Police and Judicial cooperation in criminal matters 29 June 2017 to EU 27 13 July to UK</p>	<p>Proposals for the procedures that will apply on-going procedures such as European investigation orders and European Arrest Warrants procedures at the date of withdrawal and the treatment of information obtained by these procedures.</p>	<p>Security law enforcement and criminal justice: Future Partnership Paper</p>	<p>Annex A of the paper provides a direct response to the issues raised by the EU in its paper. However, the UK advocates that discussions on the withdrawal issues on criminal matters take place with reference to discussions on a future partnership. The paper calls for a deeper relationship and cooperation on law enforcement and criminal justice issues between the UK and EU than the EU currently has with third party countries. It states that it should be read in conjunction with other future partnership papers on security and data protection.</p>
<p>Ongoing Union and Judicial Procedures 29 June 2017 to EU 27 13 July to UK</p>	<p>Sets out the proposals for procedures to be put in place for cases before the European Court of Justice involving the UK or UK residents/legal persons on-going at the time of withdrawal and for proposals for on-going administrative procedures before Union institutions, bodies, offices and agencies</p>	<p>Ongoing union judicial and administrative proceedings: Position Paper. 13 July 2017</p>	<p>The UK Government recognises that there will be some cases pending at the point of withdrawal that should continue to fall within the jurisdiction of the European Court of Justice and seeks agreed criteria on the definition of 'pending'. It also seeks clarification of the role of the UK Advocate General and UK</p>

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
	concerning the UK or UK residents/legal persons. The EU proposed that the European Court of Justice should retain some competence to adjudicate in cases brought after the withdrawal against the UK about matters that happened when the UK was still a Member State.		lawyers in the Court for a transitional period whilst cases are still pending. It does not agree that the European Court of Justice should retain some competence over cases brought after the withdrawal date relating to actions that took place before the withdrawal date.
Issues relating to the functioning of EU Institutions, Agencies and Bodies 29 June 2017 to EU 27 13 July 2017 TO UK	The paper sets out the EU's position on what protections and immunities will apply to EU institutions and agencies in the UK at after withdrawal whilst the activities of the EU's bodies in the UK are being wound-up.	Privileges and Immunities 13 July 2017	The UK's position paper agrees that protections and immunities should be offered to EU property, assets and operations in the UK for a transitional period after withdrawal. Negotiators on both sides have indicated that they are close to reaching agreement on this issue.
Governance 29 June 2017 to EU 27 13 July 2017 to UK	The paper sets out the EU's proposals for a dispute resolution mechanism for the Withdrawal Agreement, including that a Joint Committee be established to consider disputes. It states that the Joint Committee should make references to the European	Enforcement and Dispute resolution: Future Partnership Paper 23 August 2017	The Paper includes proposals for a new enforcement and dispute resolution mechanism for both the Withdrawal Agreement and any future partnership. The paper states that a new mechanism will be needed as the jurisdiction of the European Court of Justice will come to an

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
	<p>Court of Justice for binding decisions where agreement can not be reached in the Committee. It states that the European Commission should retain full powers for the monitoring and implementation of the agreement on citizen's rights.</p>		<p>end. The UK's position is that where the Withdrawal Agreement or any future partnership arrangements give rise to rights or obligations for individuals and business operating in the UK these will be given effect in UK law and enforced by UK courts. The position paper argues there is no precedent or imperative in EU or UK law which states that enforcement or dispute resolution has to fall under the direct jurisdiction of the European Court of Justice.</p>
<p>Goods placed on the market under Union law before the withdrawal date 29 June 2017 to EU 13 July 2017 to UK</p>	<p>The paper sets out proposals for the procedures that should apply to goods that comply all Union rules and are placed on the market for sale before withdrawal date but have not been sold at the time of withdrawal.</p>	<p>Continuity in the availability of goods for the EU and the UK: Position Paper 21 August 2017</p>	<p>The UK Government states that this issue should be resolved with reference to any future partnership. The UK seeks further discussion on the meaning of "placed on the market" and suggests it should include services associated with the supply of goods.</p>
<p>Customs related matters needed for an orderly withdrawal of the UK from the</p>	<p>Proposals for the customs procedures that should apply to goods whose movement started</p>	<p>Continuity in the availability of goods for the EU and the UK: Position Paper</p>	<p>The UK position paper on the continuity of goods acknowledges that customs</p>

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
<p>Union 7 September 2017 to EU 27</p>	<p>before the date of withdrawal but ends on or after.</p>	<p>21 August 2017 Future customs arrangements: Future Partnership Paper 15 August 2017</p>	<p>issues related to goods on the market at time of withdrawal will need addressing but does so with reference to its proposals for a future customs relationship and states that the issue should be addressed with reference to a future partnership.</p>
<p>Guiding Principles transmitted to EU 27 for the Dialogue on Ireland/Northern Ireland. 7 September to EU 27</p>	<p>Principles set out for the basis of discussions of the relationship between Ireland and Northern Ireland. No solutions are proposed for the Irish border and the paper places the onus on the UK to propose solutions.</p>	<p>Northern Ireland and Ireland: Position Paper 16 August 2017</p>	<p>The position paper states that the Common Travel Area (CTA) between Ireland and the UK should remain, that swift progress should be made on the issue and that the rights of EU citizens in Ireland will not be affected by the CTA's continuance. The paper does not propose specific options for the land border but sets out principles to test models against. It cross-references the UK Government's proposals for future customs arrangements. It states that no solution agreed should require a new customs border between Northern Ireland and Great Britain. It makes specific proposals on</p>

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
			agri-food products. It suggests that separate to the broader discussions on the financial settlement there should be an agreement to continue PEACE funding to Northern Ireland and border counties of Ireland.
Public Procurement 7 September to EU 27	Proposals for the rules and procedures on public procurement that should apply to procurement procedures and contracts on-going at the date of withdrawal.	None.	
Intellectual Property Rights (including geographical indications) 7 September 2017 to EU 27	Proposals for the continuation of the protection of intellectual property rights agreed before the date of withdrawal including the protection of protected food names. The EU suggests that the UK will need new domestic legislation to be in place before the date of withdrawal on protected food names.	None.	
Use of Data and Protection of Information Obtained or Processed before the Withdrawal Date	Proposals to the reciprocal rules and protections that should apply to data held or processed in the UK and the EU after the	Confidentiality and access to documents: Position Paper 21 August 2017	The paper states that the aim should be for the Withdrawal Agreement to ensure that the UK and EU have equivalent

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
7 September to EU 27	date of withdrawal.		protections and obligations on information and access to documents as it currently the case under existing EU legislation.
None.		Future Customs Arrangements: Future partnership paper 15 August 2017	The position paper proposes two possible options for a future customs relationship. A highly streamlined customs arrangement between the UK and EU or a new customs partnership with the EU where the UK would align its border with the EU in such a way that it would remove the need for the UK-EU customs border. The UK would leave the customs union and be able to negotiate its own trade deals under both options. Under the second option the position paper proposes that the UK would mirror EU requirements for goods from the rest of the world where their final destination is the EU. It states that this would be unprecedented and could be challenging to implement but

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
			wishes to explore it with the EU. The paper proposes a time limited model of close association with the EU Customs union for a transitional period to avoid a cliff-edge for business and individuals on both sides.
None.		The exchange and protection of personal data: Future partnership paper 24 August 2017	Sets out the UK Government's proposals for a new UK-EU model for the exchanging and protection of personal data based on the current EU approach. It suggests the Information Commissioner's Office could continue to cooperate with EU regulators.
None.		Collaboration on Science and innovation: Future partnership paper 6 September 2017	It sets out the UK Government's proposals for a science and innovation agreement with the EU. It states the agreement should be broad and make room for new areas of research. It states that the UK's continued access to EU research and innovation programmes will need to be negotiated along with the size of any financial

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
			<p>contribution the UK would have to make to participate in them. It states that this contribution would need to be weighed against the UK Government's other spending priorities. Reference to the participation of Welsh Universities in existing programmes and networks is made.</p>
None.		<p>Foreign Policy, defence and development: Future partnership paper 12 September 2017</p>	<p>The paper proposes a future partnership with the EU on security and defence which is broader than any agreement the EU currently has with a third-party country. It sets out the areas where there is currently cooperation on defence, security and international development.</p>
None.		<p>Customs Bill White Paper: legislating for UK's future customs, VAT and excise regimes 9 October 2017</p>	<p>The White Paper on the Customs Bill sets out the UK Government's initial proposals for a standalone customs, VAT and excise regime following the</p>

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
			UK's exit from the EU. The White Paper includes proposals for a contingency scenario should no deal be reached with the EU on a future trading relationship.
None		Preparing for our future UK trade policy 9 October 2017	The trade policy white paper sets out the UK Government's preferred positions for a new trade policy and indicates what legislation will be needed to implement that policy. The paper sets out five priorities for a new trading policy.
European Council Conclusions on progress made in the negotiations- 20 October	The Council concluded that insufficient progress has been made in the discussions on the Withdrawal Agreement to begin negotiations on the future relationship. It provided detail on where further progress is needed. It also stated that internal preparations between the 27 remaining Member States for discussions on a future trade relationship would begin.	None.	
None		Sanctions and Anti-Money Laundering Bill	The Bill is considered necessary to ensure that the UK can

EU Paper	Contents EU Paper	UK Paper	Contents UK Paper
		19 October	implement an international sanctions regime following its exit from the EU.
None		Technical Note: citizen's rights administrative procedures in the UK- 7 November	The UK Government published further details on how the system for EU Citizens to apply for permanent UK residency will work. This was sent as a technical paper to the European Commission.
None		Trade Bill 2018 7 November	The Bill provides Minister with powers to make changes to domestic UK law to implement the WTO's Agreement on Government Procurement and any necessary changes if the UK replicates some of the EU's existing deals with third party countries. It also provides the establishment for a new Trade Remedies Authority and gives HMRC new data and information powers and duties in relation to export and trade.

3. Key areas of interest to the External Affairs Committee

In its work to date on the implications of Brexit for Wales issues surrounding current and future trading arrangements have been of particular interest to the work of the Committee. The UK Government laid the **Trade Bill** before the House of Commons on 7 November. The consultation on the UK Government's white paper on trade (highlighted in the previous monitoring report) closed on 6 November. A description of the Bill can be found in section 2 of this report.

Subordinate legislation powers are provided to Welsh Ministers by Clauses 1-4 of the Bill to make changes to laws within their devolved competence to implement the WTO's Agreement on Government Procurement and to make any changes to laws within their devolved competence that might be necessary to implement any trade agreements the UK manages to sign that replicate the EU's current trade agreements with third party countries. Schedule 1 sets out the restrictions on the powers provided to Welsh Ministers, Schedule 2 sets out the scrutiny procedures that will apply to the subordinate legislation procedures and Schedule 3 sets out exceptions to the current EU restrictions contained in the devolved settlements. In the Explanatory Notes to the Bill the UK Government acknowledges that a Legislative Consent Motion will be required for these provisions in the Bill. The Welsh Government is yet to announce when it will table a Legislative Consent Memorandum. Many of the provisions of the Trade Bill mirror the structure and format for delegating powers and setting scrutiny procedures in the EU (Withdrawal) Bill. The Committee has already raised concerns about how similar provisions are drafted in the EU (Withdrawal) Bill.

In relation to the EU (Withdrawal) Bill two areas of particular interest to the Committee will be the UK Government's amendment to set exit day on the face of the Bill and its announcement that it will introduce a **Withdrawal Agreement and Implementation Bill** that will provide that "the major policies set out in the withdrawal agreement" to be directly implemented into UK law by primary legislation, and not by secondary legislation under the withdrawal Bill. The UK Government has not yet stated if this Bill would be subject to a Legislative Consent Motion.

In light of the Committee's work on Preparedness and Resilience the requirement for the UK Government to release documents relating to the assessment of the impact of Brexit on 58 sectors of the UK economy to the House of Commons Exiting the EU Committee is likely to be of interest to the Committee. It is not yet clear what documents will be released to the Exiting the EU Committee, what documents will be made publicly available and what documents will be provided to committees in Scotland and Wales. On **1 November** the Scottish Government wrote to the Secretary of State for Exiting the EU asking that the impact assessment work be shared with the Scottish Government and other devolved administrations. Further details on the letter can be found in the Scottish Parliament's Research Service **Brexit Update for 8 November**.

4. Welsh Government Response

The First Minister **made a statement on progress with the Brexit negotiations** on 24 October. The First Minister outlined that the Welsh Government had secured an agreement that it would be more fully involved in the development of future policy positions and negotiations once discussions move on to consider the future relationship between the UK and EU. In relation to progress made on the withdrawal negotiations the First Minister stated:

In the view of our EU partners, the UK Government has not given sufficient clarity on how to protect the rights of EU nationals in the UK or how to resolve the complex issues arising from the Northern Ireland land border, nor on the financial terms on which the UK should leave. That's deeply worrying and it's a failure of policy and political leadership.

The First Minister reiterated his view that the UK should stay within the customs union and that no deal was not an option. The First Minister outlined his view that a UK-wide uniform agreement on the Northern Ireland and Ireland border issues is needed to ensure that transit through Northern Ireland or Scottish ports is not more attractive than transit through Welsh ports.

The First Minister also **issued a written statement on 24 October** on the outcome of the Joint Ministerial Committee meeting on European Negotiations JMC EN. The First Minister outlined that whilst agreement had been reached between the Welsh and Scottish governments and the UK Government on principles to underpin discussions about future common policy framework post-Brexit the Welsh Government is still not in a position to support the EU (Withdrawal) Bill as currently drafted:

This does not change our stance on the UK Government's European Union (Withdrawal) Bill. We have made clear to the UK Government that engagement on frameworks does not in any way mean that we accept the constraints on devolution provided for in its Bill. UK frameworks which encompass devolved responsibilities must be agreed between the Devolved Governments and the UK Government, and not imposed by the UK Government. Our position remains clear that unless substantive changes are made to the Bill we cannot recommend the Assembly gives its consent.

The First Minister also outlined that the UK Government had provided the Welsh Government with a list of powers returning from the EU that intersect with the devolution settlement in Wales and he **published this list** alongside his statement. The First Minister said that the Welsh Government was considering and discussing the list with the UK Government. Similar lists have been produced for Northern Ireland and Scotland.

5. Latest Reports for institutions and organisations on Brexit

Negotiating Brexit: What do the UK's negotiating partners want? (The UK in a changing Europe). Highlights the importance of the different Member States and EU institutions in negotiations for Brexit and outlines the priorities of each in turn. The main takeaways are the surprise of many states and institutions at the Brexit vote, limited sympathy for Britain but a desire to maintain good relations and close cooperation in the future.

Will Brexit Raise the Cost of Living? (National Institute Economic Review). This paper predicts, making very conservative assumptions, under 'most favoured nation' rates, that the cost of living will increase by around 1 percent on average and will increase it for 8 percent of households by 2 percent or more. This is in addition to the cost of living already experienced by the devaluation of the pound (an increase of 2.5% in consumer prices from June 2016 and July 2017).

Location, Location, Location: Should different parts of the UK have different immigration policies? (The Migration Observatory, University of Oxford). This paper outlines the economic and political arguments for and against a subnational visa system whilst predicting the effect of such a system and investigating different ways of implementation. This report was raised by Mark Isherwood AM in **WAQ74492- WAQ74497** and are awaiting answer by the First Minister.

Overview of the 2017 Economic Survey United Kingdom: Addressing Brexit and weak productivity (OECD). The **survey analyses the impact of current Brexit prospects** on economy and what could be done to mitigate negative impact. In light of its survey findings the OECD recommends that the UK authorities secures the closest possible economic relationship with the European Union in its future trading arrangement. It also concludes that a detailed evaluation of polices to offset the possible loss of European structural funds to poorer UK regions will also be necessary to avoid exacerbating existing regional economic disparities. This report has three main policy recommendations for economic prosperity in future, arguing that securing higher living standards requires a revival in labour productivity, a reduction of regional discrepancies is necessary to support aggregate productivity growth (Wales' nominal GVA per hour worked is the lowest in the UK along with Northern Ireland) and that it is important to raise the competence of low-skilled workers to make the economy more productive and inclusive.