



Department for International Trade

The Rt Hon Greg Hands MP
Minister of State
Department for International Trade
King Charles Street
Whitehall
London
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The Rt Hon Stephen Crabb MP
Chair, Welsh Affairs Committee
House of Commons
London, SW1A 0AA

27 November 2020

Dear Stephen,

Thank you for inviting me and the Secretary of State for Wales to give evidence to the Committee on Thursday 5 November as part of its *Brexit and trade: implications for Wales* inquiry. I was grateful for the opportunity to highlight the work that the UK Government is doing to ensure our new independent trade policy delivers for Wales and I found our discussion very constructive.

During the session, Virginia Crosbie MP and I discussed the support and assistance the UK Government provides to Welsh businesses looking to export overseas and I committed to write to the Committee with more information. Welsh businesses are supported by the UK's trade promotion experts, both at home and across DIT's global presence in 115 foreign markets, with over 1,440 staff in overseas posts. This is backed up practically through access to UK Export Finance support, which provided £4.4bn in support for UK exports last year.

My department has also devised a number of sectoral bounce back plans to ensure exports can play a key part in economic growth. These UK-wide plans support Welsh exporters in sectors impacted by COVID-19, including tech, agri-foods, consumer and retail industries. We work with the Welsh Government and directly with businesses and organisations, such as Chambers of Commerce in the devolved nations to improve the availability of export support to businesses in Wales. Businesses can also access UKEF support by contacting their local export finance manager based in Wales.

In addition to this, DIT is also proactively supporting foreign direct investment attraction into Wales and the rest of the UK. The Office for Investment announced on 9th November will be crucial to attracting and retaining more foreign investment. In 2019/20, FDI helped create over 2,500 jobs in Wales. We are also promoting a selection of specific investment opportunities to foreign investors through our High Potential Opportunities (HPO) programme. Of the 19 HPO's announced in October, two are in Wales.

The Committee also expressed great interest in the benefits of the new UK-Japan Comprehensive Economic Partnership Agreement (CEPA) to Wales and I would like to take this opportunity to restate and, expand on, the evidence I gave.

Every region and nation of the UK is estimated to benefit from the UK-Japan CEPA and our analysis shows that in the long run, the UK-Japan CEPA could increase UK-Japan trade by £15.7 billion and increase UK workers' wages by £800 million (compared to 2019 levels). Indeed, indicative estimates show that the UK-Japan CEPA could boost the economy in Wales by £34m in the long-run.¹ This will build on the high-level of pre-existing trade that Wales has with Japan, as in 2019 there were 277 businesses in Wales exporting goods to Japan, worth £295.9m.

The UK-Japan CEPA not only demonstrates what Wales stands to gain from our new independent trade policy, but also illustrates the significant joint-working that the UK Government undertakes with the Welsh Government on our trade agreements. As Counsel General for Wales, Jeremy Miles MS, recently said in his evidence to the Committee on 19 November, my Department listened to the Welsh Government and established a new Ministerial Forum for Trade with the devolved administrations, which we have used to conduct a significant programme of engagement on the Japan agreement. I discussed the progress of the UK-Japan CEPA on six separate occasions with Welsh Government Minister Baroness Morgan and most recently with Jeremy Miles MS to understand their views. Senior Officials in the Welsh Government were also given bespoke updates on the progress of the agreement on five occasions by the Japan Chief Negotiator, as well as day-to-day technical discussion of the agreement.

We have always been clear that we want to engage meaningfully with the Welsh Government on trade policy. I hope that the genuine nature of this commitment is demonstrated by how their views have been reflected in the Japan agreement. For example, the Welsh Government made clear that it supported high ambition for the mobility of professionals in all our FTAs and the UK Government delivered this by securing more flexibility for Japanese and British companies to move talent into each country, covering a range of UK skilled workers to enter Japan, from computer services to construction. The Welsh Government and Welsh businesses also highlighted the importance of Geographical Indications to the Welsh economy. The Japan agreement also delivers on this by increasing the number UK GIs that could be protected in Japan from just seven under the terms of the EU-Japan deal to around 70 under our new agreement. This means iconic Welsh products such as Welsh beef and Welsh lamb could be protected in the Japanese market for the first time from next year.

I hope that this additional information is of assistance to the Committee. I would be happy to answer any further questions you have and look forward to reading the Committee's report when it is published.

¹ The UK-Japan CEPA is estimated to increase GVA in Wales by 0.05% in the long run. As an indicative order of magnitude, based on nominal levels of GVA in 2017, this equates to approximately £34 million. It should be noted that these monetised value estimates are to be interpreted as indicative magnitudes not precise estimates or forecasts.

I am copying this letter to the Secretary of State for Wales.

Yours ever,

A handwritten signature in blue ink, appearing to be 'G Hands', with a long horizontal flourish extending to the right.

THE RT HON GREG HANDS MP
Minister of State
Department for International Trade