

Written evidence submitted by Universities Wales (BAT0004)

UK Parliament's Welsh Affairs Committee Inquiry
Brexit and trade: implications for Wales
Committee seeks written evidence
Deadline 20 April 2020

About Universities Wales

Universities Wales represents the interests of universities in Wales. Our mission is to support a university education system that transforms lives through the work Welsh universities do with the people and places of Wales and the wider world.

At this point in time it is uncertain what impact COVID-19 will have on universities and their international activities, although as highlighted by Universities UK there are substantial financial risks posed by COVID-19 for the sector¹. That said, universities will inevitably be a core part of Wales' and the UK's recovery from the effects of the pandemic. Universities play a crucial role in their local economies and any future trade agreement should reflect on and consider this role.

Summary

1. It is critical that universities – as among Wales and the UK's most admired institutions, and as significant contributors to the economy through their global activities –are actively engaged in discussions and figure prominently as a consideration on future international agreements.
2. The U.K. government cannot make a trade deal in areas of devolved competences, which includes fee levels and support on behalf of Wales without Welsh Government agreement and the UK government must commit to proceeding negotiations on that basis. It is essential that the Welsh Government, and the other devolved governments, are fully involved in the negotiations to shape a trade deal that works for all parts of the UK.
3. Universities in Wales have a major part to play in promoting economic growth and innovation in Wales. Welsh universities are internationally competitive and a major economic asset, generating £5 billion of output in Wales in 2015/16. In 2017/18, there were 26,980 students studying for Welsh university degrees overseas². Transnational Education (TNE) is potentially one of the areas of higher education which could benefit most directly via future trade agreements. Any future agreement on services provision should support further growth of UK universities' ability to provide transnational education across Europe.
4. Areas of higher education research policy of potential relevance to future trade agreements may include:
 - Mobility of academic staff and students

¹ https://universitiesuk.ac.uk/news/Documents/uuk_achieving-stability-higher-education-april-2020.pdf

² <https://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2020/scale-of-UK-HE-TNE-Welsh-providers-2017-18.pdf>

- Collaboration in science, research and innovation programmes
 - The provision of education as a service. e.g. provision of transnational education
 - Recognition of degree qualifications
 - Joint use of research facilities and scientific equipment
 - Other regulatory issues
5. Brexit presents serious challenges for the higher education sector. Removal of EU income will have a major financial impact on universities which could make an already challenging funding position even more difficult to manage. Welsh universities could be up to £64million a year worse off, and universities' activity to drive local growth and generate jobs will be hampered. In addition, the sector's reputation as a collaborator of choice in vital research will be weakened, and access to key funding mechanisms to support research excellence will be lost. Universities Wales therefore support the continuation of membership of EU programmes, including Horizon Europe and Erasmus (or a fully-funded longer-term replacement scheme), and believe that the UK Shared Prosperity Fund, the proposed replacement for the European Structural and Investment Funds (ESIF), should provide equivalent funding for research and innovation activity to drive local growth and mirrors the devolved structure of ESIF.
 6. Future trade agreements should generally aim to enable conditions for enhanced cooperation in higher education and research, while acknowledging that follow-on discussions and/or separate agreements, including inter-governmental MOUs, technical agreements and strategic alliances between higher education institutions, may be the more appropriate channel to determine the details of implementation.
 7. The UK must remain open and welcoming to students from across Europe, regardless of the final EU/UK settlement. It is important that the UK Government continues to publicly affirm the value placed on EU students and staff and their contribution to our universities; and invests in supporting future international recruitment through promotional activity.
 8. Our universities are valuable partners, collaborators and innovators in many European research and innovation collaborations across the sciences, technology, health, and social sciences with transformational benefits for Wales, the rest of the UK and for Europe. In the Research Excellence Framework 2014³, Welsh universities were found to have the highest percentage of 'world leading' research in terms of impact of any part of the UK. The sector's reputation for quality is hard-earned and should be protected at all costs.
 9. For future trade relations, Wales should project itself as a dynamic knowledge economy with many areas of excellence, including smart and flexible energy, nuclear energy, data, manufacturing and health. Examples of major research

³ <https://www.ref.ac.uk/2014/>

connections to Welsh export and inward investment are ASTUTE, FLEXIS, SPECIFIC, KESS and BEACON. Universities also play a role in supporting small businesses, including SME's, many of whom go on to export internationally. It is also important to note that Wales has the highest number of graduate start-ups in the UK per capital and supporting their access to international markets also needs to be considered.

10. To the extent possible, the UK should seek to preserve current standards in alignment with the EU, as losing mutual recognition could reduce the attractiveness of existing mutually-recognised courses to UK and EU students. The UK should also ensure that future trade negotiations do not lead, for example, to compromises on conditions for university status or degree awards in the UK.
11. As an initiative to promote higher education at a country level, Global Wales is working with the government and our universities to boost Wales' global profile in key overseas market. Compared to a single institution approach, Global Wales has leveraged Wales' success compared to activities developed by other countries. Global Wales would recommend this approach to other sectors in their international engagement.
12. The Study in Wales brand has seen significant wins, bringing investment into Wales. It is part of the Welsh Government Cymru Wales brand portfolio of key sectors alongside trade and invest, tourism, food and drink. We would welcome further opportunities to take a cross-sector approach in identifying gains and amplify impact in areas of mutual attraction.
13. It is vital that cross departmental working at devolved and UK levels recognises the international opportunities that universities can generate, and how education can complement broader trade discussions. The negotiation of each trade agreement will require tailored input from the sector to determine the most pertinent issues on which to focus, to avoid a situation where agreements, intentionally or inadvertently – close off opportunities, expose our universities to unnecessary risk, or compromise the world-leading reputation of the higher education sector. For this reason, there is a need for detailed and ongoing consultation with the sector.
14. It is essential that the UK Government fully involve the Welsh Government – Ministers and officials – in discussions about the formulation of the UK's policy position on trade matters, particularly on areas where these could have important implications for devolved matters.

The Economic Contribution of the Higher Education Sector in Wales

- I. It is critical that universities – as among Wales and the UK's most admired institutions, and as significant contributors to the economy through their global activities –are actively engaged in discussions and figure prominently as a consideration on future international agreements.

- II. Welsh universities are internationally competitive and a major economic asset, generating £5 billion of output in Wales in 2015/16. The sector brings widespread benefits to individuals, communities, the nation as a whole and government in Wales.
- III. Our universities deliver highly skilled graduates who contribute to the Welsh economy, produce excellent research that impacts the lives of citizens, attract international recognition, and drive inclusive economic growth. They play a central role in strengthening our international trade and diplomatic relations. Their expertise and academics, and graduates are key in attracting inward investment – from creative industries to clinical research to new technologies.
- IV. Universities in Wales have a greater relevant economic importance to the Welsh economy than universities elsewhere in the UK and play a prominent role in the foundational economy through spending by universities, staff, students and visitors. The £2.7bn of Welsh Gross Value Added (GVA) (equivalent to 4.8% of the Welsh total) from universities is more than by the Welsh Government priority sectors of the Creative Industries sectors and Food and Farming combined. For every £100 million increase or decrease in Welsh university expenditure there is a £100 million knock-on increase or decrease in output in other industries in Wales plus a further £33 million in the rest of the UK⁴
- V. Higher education is a key export for Wales, Welsh universities generate £544 million in export earnings annually; that's 4.1% of all Welsh exports. This is greater than the value of overseas tourism and food and drink exports for Wales.
- VI. Viewforth Consulting report published in 2017 using 2015/16 data details the economic benefit of EU students for Wales:
 - ii) Every EU student generated £19.3k of Welsh output
 - ii) One Welsh job was generated by every six EU students in Wales
 - ii) Every EU student generated £9.3k of Welsh GVA
- VII. Students and their families and friends impact on tourism and trade. Universities bring people from around the world to Wales - an estimate of 56,136 international visits in 2015/16 attracted as a result of a friend or family member studying in Wales, with an average spend per visit of £398⁵
- VIII. One of the benefits of Welsh universities on the economy can be seen in the important role that universities can play in attracting business tourism. The international visitors, conferences and delegations that our universities bring to Wales open up significant opportunities for Welsh businesses as well as help to sell Wales as an attractive destination for foreign investment.

⁴ Kelly U., McNicoll I., & Viewforth Consulting Ltd, The Economic Impact of Higher Education in Wales, Jan 2018

⁵ http://www.uniswales.ac.uk/media/UNI010-Economic-Impact-Report_FINAL.pdf

Question 1. What are Wales' priorities for future trade relations with the EU, and what are the implications of any future UK-EU trade and customs arrangements for Wales?

- 1.1 Firstly, it is essential that the Welsh Government, and the other devolved governments, are fully involved the negotiations to shape a trade deal that works for all parts of the UK. The U.K. government cannot make a trade deal in areas of devolved competences, which includes fee levels and support on behalf of Wales without Welsh Government agreement and the UK government must commit to proceeding negotiations on that basis. This is to ensure UK positions truly reflect the positions of all parts of the UK.
- 1.2 Brexit presents serious challenges for Welsh universities. The EU plays a very important role in Welsh higher education in terms of student and staff recruitment; student and staff mobility; and research collaborations that exist between Welsh universities and European institutions. There are risks that a post-Brexit UK will experience a sudden, steep declines in EU student enrolments, which will have an economic and social impact on universities and communities, and would create immediate issues for staff, students, funding and participation in European networks, as well as on policy, regulatory and operational decisions.
- 1.3 There is also a clearly considerable risk if EU funds are not replaced. Using current figures, if EU funding is not replaced at the same level as 2014-2020 programme, then Welsh universities could be up to £64million a year worse off.
- 1.4 The UK government must ensure that the UK Shared Prosperity Fund, the proposed replacement for the European Structural and Investment Funds (ESIF), provides equivalent funding for research and innovation activity to drive local growth and mirrors the devolved structure of ESIF.
- 1.5 There must remain a commitment to include universities in discussions which may substantially affect their operations in a post-Brexit environment and – by extension – Wales and the UK's future prosperity. The UK will need to negotiate a series of trade agreements with countries around the world following UK's exit from the European Union. It is critical that higher education and research figure prominently as a consideration of these discussions– both to unlock potential new opportunities, and also to ensure that altered terms of trade with the EU and all other countries are shaped with the distinctive international character of the higher education sector firmly in mind.
- 1.6 This does not necessarily mean that future UK FTAs should include specific prescriptions around higher education, but that a decision to exclude them should be reasoned and explicit.
- 1.7 Universities are keen to avoid a situation where agreements, intentionally or inadvertently – close off opportunities, expose our universities to unnecessary risk, or compromise the world-leading reputation of UK higher education.

- 1.8 Various UK Parliament official committees have encouraged the government to prioritise higher education and research as central considerations in the UK's post-Brexit independent trade policy. The House of Commons Education Committee, for example, stating: *"To take advantage of the global reach of our universities, a bold cross-Government strategy is needed. Higher education should play an important role in upcoming trade deals [...]. The Government should pursue collaborations with major research nations and invest further resources into existing collaboration funding."*⁶
- 1.9 Universities UK commissioned the UK Trade Policy Observatory at the University of Sussex to undertake research to assess the ways in which higher education and research could be incorporated within UK trade agreements. The full report is available for consultation on the Universities UK website⁷.
- 1.10 Free Trade Agreements can affect higher education and research either through the direct treatment of these sectors in dedicated chapters of an agreement, or by changing the general conditions for service trades. Areas of higher education research policy of potential relevance to future trade agreements were identified in the report as follows:
- Mobility of academic staff and students
 - Collaboration in science, research and innovation programmes
 - The provision of education as a service. e.g provision of transnational education
 - Recognition of degree qualifications
 - Joint use of research facilities and scientific equipment
 - Other regulatory issues
- 1.11 The 2003 Singapore-Australia FTA is one example of how trade agreements can lead to significant outcomes for universities, with a 2016 press statement reporting that while the 2003 FTA was one of the earliest bilateral agreements for both countries, it led subsequently to an agreement to increase the size of a matched funding facility for collaborative research (\$50 million over five years) as well as improved recognition of Australia's Doctor of Jurisprudence qualification in Singapore. Australia has since made extensive use of FTAs to pursue education policy objectives with other countries, which has coincided with a period during which Australia's education exports have experienced consistent double-digit growth⁸.
- 1.12 Future trade agreements should therefore generally aim to enable conditions for enhanced cooperation in higher education and research - recognising the importance of these activities within a given bilateral (or multilateral) relationship - while acknowledging that follow-on discussions and/or separate

⁶ <https://publications.parliament.uk/pa/cm201617/cmselect/cmeduc/683/683.pdf>

⁷ <http://www.universitiesuk.ac.uk/policy-and-analysis/reports/Documents/2017/free-trade-agreements-uk-higher-education-brexit.pdf>

⁸ UUKi report Can Free Trade Agreements Enhance Opportunities for UK Higher Education After Brexit?

agreements, including inter-governmental MOUs, technical agreements and strategic alliances between higher education institutions, will usually be the more appropriate channel to determine the details of implementation.

- 1.13 Consideration should also be given, not only for higher education providers themselves, but also those of affiliated sub-sectors and satellite activities, such as student recruitment, English language tests, digital infrastructures, and foundation or pathway education services. This complex ecosystem of services is all part of both the pipeline and the broader enabling environment for UK higher education.

EU staff and students mobility

- 1.14 We need to consider carefully how we target European markets in future, access to grants and loans; access to Erasmus exchanges; free movement; and the perception of Wales as welcoming to EU students will all play into this. Wales will be competing against other English-speaking countries globally instead of being one of the few fully English-speaking options in Europe. Universities UK provides further detail about the impact of and support to universities post-Brexit⁹.
- 1.15 Regardless of the final EU/UK settlement, it is important that the UK Government continues to publicly affirm the value placed on EU students and staff and their contribution to our universities; invests in supporting future international recruitment through promotional activity; and continues to provide reassurances to EU students that they will remain welcome. We must remain open to well-qualified international students, including EU students and their dependants.
- 1.16 EU staff play a critical role in supporting the excellence of Wales' research base, as well as the quality and diversity of teaching provision. In 2017/18 there were 1,485 EEA nationals working in Welsh universities, accounting for 7% of the total workforce and this proportion rises to 11% amongst the academic workforce. In the same year, 7.5% of students in Welsh higher education institutions were from the EU¹⁰.
- 1.17 We strongly believe that the UK and Wales should remain in the Erasmus+ programme. In 2016/17, 800 students from Welsh universities took part in the Erasmus+¹¹. Without an alternative programme, students in Wales will lose valuable opportunities to study abroad as part of their degree. However, if a domestic alternative to Erasmus+ were necessary, the UK Government must ensure that there is a seamless transition from one programme to the next without a gap in provision.
- 1.18 The UK Government set out highly ambitious targets in its International Education strategy published in March 2018 of increasing the value of UK

⁹ <https://www.universitiesuk.ac.uk/policy-and-analysis/brexit/Documents/2019-brexit-settlement.pdf>

¹⁰ Higher Education Statistics Agency 2017/18 dataset

¹¹ HEFCW data 2016/17

education exports to £35 billion by 2030 (a 75% increase). The current export value of education as a UK sector is £20 billion. This increase relies to a large extent on increasing international student numbers in the UK to 600,000 by 2030 (an increase of almost 40%).

- 1.19 Drawing on Universities UK analysis on education strategies from a range of countries, including both direct competitors and emerging challengers, including Australia, New Zealand, Germany, Canada, France, Japan, Ireland, Finland and Sweden, it is clear that any approach should aim to significantly grow education exports, set clear targets, and help to provide the policy frameworks and operating environment that would allow higher education in Wales to (a) fulfil its potential and enhance its position as a global leader - as part of the UK higher education sector - in higher education and research, and (b) consequently make an even greater contribution to economic growth.
- 1.20 In order to reach those targets, the UK government must ensure that any post-Brexit immigration system continues to allow for student exchange programmes and support the efforts of universities in attracting talented people who have a legitimate interest in studying, teaching or carrying out research in Wales. Global competition for the best talent, including students and researchers, is tough and our attraction as a destination is more precarious at this uncertain time and post-Brexit.
- 1.21 The UK Government announcement in September 2019 that two-year post-work visas will be reintroduced is very welcome. It sends the message that our universities are welcoming, and this will help in the recruitment of international students.

Collaboration in Science, Research and Innovation programmes

- 1.22 Wales and Welsh universities have benefited greatly from European programmes. Our universities are valuable partners, collaborators and innovators in many European research and innovation collaborations across the sciences, technology, health, and social sciences with transformational benefits for Wales, the rest of the UK and for Europe. We strongly believe that Wales should maintain its participation in European programmes and continues its engagement with relevant key European research and innovation networks and forums including the European Research Area and the European Strategy Forum for Research Infrastructures.
- 1.23 Since 2014, over €82million of Horizon 2020 funding has been awarded to Welsh universities, around 67% of total Horizon 2020 funding in Wales. We regard it essential that the UK continues to be part of the Horizon Europe Programme, – staying part of this programme is in the mutual interest of the UK and the EU and is necessary for the UK to retain its position as a research superpower.

- 1.24 In the Research Excellent Framework 2014, Welsh universities were found to have the highest percentage of ‘world leading’ research in terms of impact of any part of the UK¹². The study found that the research impacts from Welsh universities covered 102 countries across six continents. We risk losing this should higher education institutions in Wales miss out on European programmes.
- 1.25 There is also a risk that Wales’ higher education sector’s reputation as a collaborator of choice in vital research is weakened, and that Wales will lose existing academic talent from the EU, impacting upon the excellence of Wales’ research base and the quality and diversity of teaching provision.
- 1.26 Universities currently face an unprecedented difficult financial period as a result of the Covid-19 pandemic and the withdrawal of European funding will have a further significant impact on wider university activities. If access to this key funding and collaboration mechanisms to support research excellence are lost, there will be knock-on implications for economic growth and communities across Wales. Astute, an EU funded programme, for example, has induced investment worth £9.3million, created 174 jobs, and assisted over 300 enterprises¹³. If funding is not replaced, activities of the kind that are currently supported by EU funding will simply not take place.
- 1.27 Participation in EU funding programmes such as Horizon 2020 enables Wales to engage in globally important projects with partners around the world. One of the great benefits from European research and innovation collaborative activity through programmes such as the Innovative Training Networks and CO-FUND within the Marie Skłodowska Curie Actions alongside Sêr Cymru, has been the mobility of researchers to Wales and the networks and contacts they bring to Wales. According to the Welsh Government ‘Horizon 2020 in Wales, Annual Report for 2018’, Welsh organisations have 2,820 international collaborative links through Horizon 2020 with 70 countries and 1,695 non-UK organisations to date during the framework programme.
- 1.28 We have already seen an example of the adverse effect of Brexit on research collaboration in Wales. The European Cooperation in Science and Technology (COST) is a funding organisation for the creation of research networks, called COST Actions. These networks offer an open space for collaboration among scientists across Europe and thereby give impetus to research advancements and innovation. It was thought that COST was relatively unaffected by Brexit but, the COST administration decided that any UK Grant holders who were leads had to transfer their lead to another non-UK member of their project. The issue has ended roles for staff at two Welsh universities (Aberystwyth and Cardiff).
- 1.29 To help mitigate international research issues post Brexit, the Global Wales research mobility fund has been created from Global Wales funding. The fund

¹² <https://www.bbc.co.uk/news/uk-wales-30524940>

¹³ <https://gov.wales/sites/default/files/publications/2019-01/161004atn10728doc1.pdf>

totals £180,000 and is to encourage the mobility of researchers to facilitate research opportunities between Wales and any country.

Key Sectors

- 1.30 For future trade relations, Wales should project itself as a dynamic knowledge economy with many areas of excellence, including in smart and flexible energy, nuclear energy, data, manufacturing and health, as highlighted in the Science for Wales 2012 and 2017 reports, and the Innovation for Wales report. However, universities in Wales would not want to deter inward investment by only focussing on certain areas. The International Strategy for Wales 2020 highlights three areas of expertise in Wales - Cyber security, Compound-semiconductors and the Creative industries. Other areas of strengths where world-class researchers in Welsh universities are working on are:
- Advanced Sustainable Manufacturing Technologies (ASTUTE) supports the stimulation of ideas in the Welsh manufacturing sector through provision of resources, facilities, advice and guidance exploiting the wealth of world-class research in Welsh universities in close research collaborations with industry. It is a collaboration of four Welsh universities; Swansea University, Cardiff University, Aberystwyth University and the University of Wales Trinity Saint David. To date it has created significant economic impact in excess of £200 million in West Wales and the Valleys showing that for each £1 invested an outstanding return of over £8 of economic impact has been achieved¹⁴
 - Flexible Integrated Energy Systems (FLEXIS) is a £24.5 million research operation, led by Cardiff University, Swansea University, and the University of South Wales, which brings together expertise from across these universities to facilitate an affordable, sustainable, and socially acceptable transition to a low carbon future. The five-year EU backed project looks to solve a diverse, complex and inter-dependent set of challenges, ranging from energy storage, to decarbonisation and fuel poverty. By 2020, over £20 million of additional competitive research income is expected to be secured in Wales as result of FLEXIS¹⁵.
- 1.31 To remain connected to and engaged with partners in Europe, it will be important for Wales to follow and engage with European developments, in particularly in the areas of smart specialisation and innovation. The Welsh Government is playing an active role in the Vanguard Initiative which seeks to encourage economic growth through smart specialisations by regions across Europe. Welsh universities are also involved in the Bioeconomy and Efficient

¹⁴ Universities Wales case study, Advanced Sustainable Manufacturing Technologies: Embedding advanced and sustainable technologies into Welsh manufacturing, November 2018

¹⁵ Universities Wales case study, Flexible Integrated Energy Systems: Building on the world-class capability that exists in Welsh universities, November 2018

and Sustainable Manufacturing areas of the Initiative. Involvement in these type of networks builds collaboration and engagement.

- 1.32 Universities also play a role in supporting small businesses, including SME's, many of whom go on to export internationally. A number of research collaborations involving Welsh universities such as ASTUTE, SPECIFIC, FLEXIS and BEACON have received European funding from Structural Funds involve universities, businesses and industry across Wales and beyond. These are important connections to Welsh export and inward investment agendas as these collaborations advance innovation in Welsh business and industry.
- 1.33 KESS (Knowledge Economy Skills Scholarships) is a major European Convergence programme led by Bangor University which supports collaborative research projects with external partners based in the West Wales and the Valleys. The project received £73 million from ESF to promote high-level skills development by increasing the research capacity of small to medium-sized enterprises (SMEs) by linking with a PhD or research master's project¹⁶. Eight Welsh universities participate in the KESS 2¹⁷ programme. The company partners range from SMEs to large companies, social enterprises and public bodies.
- 1.34 It is also important to note that Wales has the highest number of graduate start-ups in the UK per capita. According to Universities' research, Wales has 12.3% of active graduate start-ups in the UK, despite accounting for around 5% of the higher education sector. There is a need to further explore the ways in which graduate start-ups can be supported to access international markets, boosting employment and creating a sustainable diverse economy in Wales.

The provision of education as a service

- 1.35 Leaving the EU means that current opportunities to strengthen international trade and diplomatic relationships across Europe through the international activities of universities will be significantly reduced or lost.
- 1.36 Welsh universities are committed to protecting and growing the sector's export contribution through their international work (including through the Global Wales partnership with British Council, HEFCW and Welsh Government). There is great potential to increase this through work with our universities to boost Wales' global profile in key overseas markets.
- 1.37 Recognition of education as part of Trade and Investment is fundamental and recognising the contribution which universities generate and how education can complement broader trade discussions is vital in order to increase collaboration.

¹⁶ Universities Wales case study, Knowledge Economy Skills Scholarships: Developing and retaining research and development skills to strengthen the Welsh knowledge economy, November 2018

¹⁷ <http://kess2.ac.uk/about/>

- 1.38 Given the rhetoric around Brexit and the wider immigration debate at UK level, it will be particularly important to promote Wales as a dynamic, and outward-looking economy, open, tolerant, welcoming and friendly to European and international visitors and residents – including the international students and staff at our universities and their families. By attracting students from abroad, the higher education sector is contributing, both immediately and in the longer term, to the wider prosperity and wellbeing of Wales, raising the country's profile internationally, and attracting investment and trade links, as well as the soft power that Wales may exert overseas.
- 1.39 In 2017/18 there were 26,980 students studying for Welsh university degrees overseas. This is known as transnational education (TNE) and is becoming an increasingly important component of most universities' international strategies. Welsh provision of TNE has grown at a faster rate than the rest of the UK – Welsh TNE student numbers grew by 34.5% from 2013-2018. TNE is potentially one of the areas of higher education which could benefit most directly via future trade agreements. Research indicates that TNE plays a critical role in attracting future international students to on-shore programmes, and supports a range of strategic agendas for universities, and for the UK more generally.
- 1.40 The EU hosted 28.5% of Welsh TNE students during 2017/18, Brexit therefore poses a significant threat to the future of TNE provision at Welsh universities.
- 1.41 Any future agreement with the EU on services provision should ensure supporting further growth of UK universities' ability to provide transnational education across Europe. Countries such as Australia have made use of FTAs to secure improvements in areas such as the overseas recognition of university qualifications, and improved operating conditions for transnational education (TNE). A UUKi survey suggests that UK institutions these areas would be among the main areas of interest if higher education is to feature in future UK FTAs.
- 1.42 Rules governing the purchase of goods and services from the UK will change radically if the framework for the relationship moves from the EU Customs Union and Single Market to the rules of the World Trade Organisation (WTO). Concerns for the HE sector include:
- i) the continuity of the supply of materials from the EU/UK
 - ii) delays to supply arising from changes in customs clearance at ports
 - iii) additional costs (potential new tariffs, tax, duty),
 - iv) Exchange rate fluctuations (this could have an affect especially on large construction contracts for example)

Recognition of qualifications

- 1.43 To the extent possible, the UK should seek to preserve current standards in alignment with the EU. Following the UK's exit from the EU, it may be more challenging for graduates to pursue their chosen careers in an EU member state as mutual recognition could be lost. This could reduce the attractiveness

of existing mutually-recognised courses to UK and EU students. A considerable proportion of EU staff are also working in the UK under the MRPQ Directive, which has enhanced the academic workforce. The UK Government should work with Welsh Government, where relevant, to seek a post-Brexit regulatory framework that sustains close regulatory relations with our EU neighbours, for instance through continued mutual recognition of professional qualifications, a common set of rules for EU research collaboration, and EU-wide protection of intellectual property.

- 1.44 Welsh universities have a reputation for quality and it should be protected at all costs. This means ensuring that future trade negotiations do not lead, for example, to compromises on conditions for university status or degree awards in the UK, or to market access conditions abroad that can only be exploited by cutting costs and quality. This means that ongoing discussions with the sector is vital. The U.K. government cannot make a trade deal in areas of devolved competences, which includes fee levels and support on behalf of Wales without Welsh Government agreement.

Question 2. Following the UK's withdrawal from the EU, what opportunities will there be for Wales in trade negotiations with non-EU countries, and how should the most important areas to the Welsh economy be represented in different trade models?

- 2.1 In considering how Wales targets international markets post-Brexit, clear, consistent and confident messaging about Wales and its offer will be crucial.
- 2.2 The Study in Wales brand messaging promotes Wales as part of the UK's world class higher education system and offers a distinct experience with a diverse range of universities, and a supportive and highly rated student experience. Welsh universities continue to have the highest student satisfaction in the UK and the highest student continuation rates (retention) in the UK. 84% of students¹⁸ are satisfied with their "excellent education and outstanding student experience"¹⁹.
- 2.3 In July 2018, the Welsh Government announced an investment from the Welsh Government European Transition Fund in the Global Wales project (2018-2021). Global Wales aims to support the higher education sector as an export industry, affecting a dynamic change in how we pursue our overseas interests. It was established to provide strategic support to universities in a small number of target markets, including the EU, India, the US, Vietnam.
- 2.4 As an initiative to promote higher education at a country level, the Global Wales programme and the Study in Wales brand have seen significant wins, bringing investment to Wales. Compared to a single institution approach, Global Wales has leveraged Wales' success compared to activities developed by other countries. For example, In Vietnam, with a whole Wales approach, Global Wales has signed

¹⁸ National Student Survey 2017

¹⁹ QAA 'key findings'

an MoU with the Vietnamese Government, and implemented a tiered programme at Government, sector, institution, down to individual recruitment to reach key audiences. This has helped build key relationships and delivered outcomes that a single institution could not, while still achieving these objectives to the benefit of each institution. Global Wales hopes to see a much wider benefit to Wales to emerge from this Vietnam partnership in terms of trade and invest activity. We would recommend this approach to other sectors in their international engagement.

- 2.5 Building stronger system to system relationships in these partner countries and more emerging markets will become even more important post Brexit and create more and deeper connections between Wales and the world – boosting soft power and making Wales more attractive for trade and foreign direct investment. If these meaningful relationships aren't developed, the investment and students will go elsewhere.
- 2.6 Global Wales has incorporated “study” into the Welsh Government Cymru Wales brand portfolio of key sectors alongside trade and invest, tourism, food and drink. This will help increase both the scale and reach of the Study in Wales brand internationally, both to its key markets and beyond, and provide a cohesive and co-ordinated international approach across all included sectors. We would welcome further opportunities to take a cross-sector approach in identifying gains and amplify impact in areas of mutual attraction.
- 2.7 It is worth noting that more world leaders have qualifications from UK universities than any other country, and individuals such as these, together with internationally recognised alumni and Study in Wales ambassadors (such as prominent sports stars or actors) could be engaged to promote Wales as a destination of choice for trade agreements and international students.

Question 7. What role, if any, should the devolved administrations play in UK trade policy and how can key Welsh interests be best reflected in the UK's trade priorities and future negotiating strategies?

- 7.1 We believe that the Welsh Government – and Ministers and officials from the devolved administrations – should be fully involved in discussions with the UK Government about the formulation of the UK's policy position on trade matters, particularly where these could have important implications for devolved matters, for example fee levels and support. This is to ensure UK positions truly reflect the positions of all parts of the UK and shape a trade deal that works for all parts of the UK.
- 7.2 For our universities to continue to drive the economy and take advantage of future global opportunities, the UK Government will need to continue to work with the Welsh Government, to prioritise research and innovation in Brexit negotiations and ensure that Welsh and UK universities and other partners can continue their involvement in and contribution to EU research.

- 7.3 It is vital that cross departmental working at devolved and UK levels recognises the international opportunities that universities can generate, and how education can complement broader trade discussions.
- 7.4 The negotiation of each trade agreement will be different in nature and will require tailored input from the sector to determine the most pertinent issues on which to focus. Only the sector itself has the expert knowledge necessary to inform this process, and to help prepare the ground for successful negotiations which safeguard the reputation of the sector and capitalise on opportunities. This implies a need for detailed and ongoing consultation with the sector.
- 7.5 It will also be important to maintain good links with the Welsh Government overseas offices, and support the work of the likes of WHEB, in Brussels, making it clear that Wales is open for business with the EU and internationally.
- 7.6 In addition, it is also important that the EU Institutions, British Council, the World Bank, and other institutions are clearly sighted and briefed on Wales' International trade agenda so that additional opportunities can be leveraged and in turn, encourage and give confidence to international partners of the commitment to the international agenda. This will be crucial if we are to build on and enhance our trade relationships and reputation globally.

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