

# Agenda – External Affairs and Additional Legislation Committee

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Meeting Venue:

**Committee Room 2 – Senedd**

Meeting date: 15 October 2018

Meeting time: 09.30

For further information contact:

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## Private pre-meeting

(09.30–09.45)

### 1 Introductions, apologies, substitutions and declarations of interest

(09.45)

### 2 The UK's trade policy after leaving the European Union – evidence session

(09.45–10.45)

(Pages 1 – 30)

George Hollingbery, Minister of State for Trade Policy

Leonie Lambert, Department for International Trade

Robin Healey, Wales Office

### 3 Papers to note

(10.45–10.50)

#### 3.1 Paper to note 1 – Correspondence from the Chair of the Constitutional and Legislative Affairs Committee regarding the inter-institutional relations agreement between the National Assembly for Wales and the Welsh Government – 8 October 2018

(Pages 31 – 35)



Cynulliad  
Cenedlaethol  
Cymru

National  
Assembly for  
Wales

- 3.2 Paper to note 2 – Correspondence from the Chair of the Constitutional and Legislative Affairs Committee to the Cabinet Secretary for Economy and Transport regarding the scrutiny of regulations made under the Trade Bill – 8 October 2018**
- (Pages 36 – 37)
- 3.3 Paper to note 3 – Road haulage permits post-Brexit, The Freight Transport Association – 9 October 2018**
- (Pages 38 – 40)
- 4 Motion under Standing Order 17.42(vi) to resolve to exclude the public from the remainder of the meeting**  
(10.50)
- 5 The UK's trade policy after leaving the European Union – consideration of evidence**  
(10.50–11.05)
- 6 Monitoring the EU negotiations**  
(11.05–11.20) (Pages 41 – 55)
- 7 Forward work programme**  
(11.20–11.30)

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By virtue of paragraph(s) vi of Standing Order 17.42

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David Rees AM  
Chair, External Affairs and Additional Legislation  
Committee

8 October 2018

Dear David

## **Inter-Institutional relations agreement between the National Assembly for Wales and the Welsh Government**

Thank you for your letter of 20 July 2018 regarding your inquiry 'EU law in Wales: What happens during the Brexit transition?'.

You will be aware that, following our inquiry into **UK Governance post-Brexit**, the Constitutional and Legislative Affairs Committee has been leading on work to develop the arrangements that will be needed to enable the National Assembly to oversee inter-governmental actions, including those that will flow from the UK's exit from the European Union.

The Inter-Institutional relations Agreement will seek to ensure that the principles of the Welsh Government's accountability to the National Assembly for Wales, and transparency with regard to these relationships, are built into any revised inter-governmental mechanisms.

The Agreement will apply to the participation of Welsh Ministers in formal, intergovernmental structures. It is intended to support the National Assembly's capacity to scrutinise Welsh Government activity and to hold Welsh Ministers to account in the intergovernmental arena.

Through the Agreement, the Welsh Government will be providing to the Constitutional and Legislative Affairs Committee and other relevant committees of the National Assembly, as far as practicable, advance written notice at least one month prior to scheduled relevant meetings, or in the case of meetings with



less than one month's notice, as soon as possible after meetings are scheduled. This will enable the Committee(s) to express a view on the topic and, if appropriate, to invite the Minister responsible to attend a committee meeting in advance of the intergovernmental meeting.

At our meeting on 24 September, the Committee agreed that the draft version of the Agreement should be shared with you for information (see enclosed). We anticipate formal agreement will be reached very shortly. I then intend to draw the Agreement to the attention of all Assembly Members during a Plenary debate.

Yours sincerely

A handwritten signature in black ink, reading 'Mick Antoniw', with a horizontal line underneath the name.

**Mick Antoniw AM**  
Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.  
We welcome correspondence in Welsh or English.

**Enclosure – Assembly Restricted**



By virtue of paragraph(s) vi of Standing Order 17.42

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Ken Skates AM  
Cabinet Secretary for Economy and Transport

8 October 2018

Dear Ken

### **Scrutiny of regulations made under the Trade Bill**

Thank you again for providing evidence on 12 February to both the Constitutional and Legislative Affairs Committee and the External Affairs and Additional Legislation Committee in relation to the UK Government's Trade Bill. Your evidence assisted us in developing our report on the Welsh Government's Legislative Consent Memorandum on the Trade Bill.

In that report, we confirmed our intention to report separately on the scrutiny of regulations made under the Trade Bill. We have been monitoring the Trade Bill's progress through the UK Parliament and, ahead of committee stage in the House of Lords, we have now finalised that separate report.

I am pleased to enclose our Report on the Scrutiny of regulations made under the Trade Bill. The report has been laid in the Assembly this afternoon.

I have written separately to George Hollingbery MP, the Minister for Trade Policy, the Rt Hon Alun Cairns MP, Secretary of State for Wales, and the Rt Hon David Lidington MP, Chancellor of the Duchy of Lancaster and Minister of State.

This letter is copied to the Rt Hon Carwyn Jones AM, First Minister of Wales, Julie James AM, the Leader of the House and Chief Whip, Mark Drakeford AM, the Cabinet Secretary for Finance, David Rees AM, the Chair of the External Affairs and Additional Legislation Committee, and Russell George AM, Chair of the Economy, Infrastructure and Skills Committee.





Yours sincerely

A handwritten signature in black ink, reading 'Mick Antoniw'. The signature is fluid and cursive, with a horizontal line underneath the name.

**Mick Antoniw AM**

Chair

Croesewir gohebiaeth yn Gymraeg neu Saesneg.  
We welcome correspondence in Welsh or English.



## ROAD HAULAGE PERMITS POST-BREXIT

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In a no deal scenario, UK-issued Community licences will no longer be recognised in the EU and will not be sufficient to operate there. Access to the EU road haulage market will require permits. What type(s) of permits will be available will depend on the outcome of negotiations with the EU and with Member States.

In a pure no-deal scenario, i.e. in the absence of any new EU-wide or bilateral agreements, the only available system will be ECMT permits. Depending on the outcome of negotiations with the EU and with Member States, ECMT permits may or may not be complemented with EU-wide permits or other multi-country permits.

### 1. ECMT permits (European Conference of Ministers of Transport)

ECMT permits is a system of multilateral permits for international transport between 43 participating countries<sup>1</sup>. It is currently the only readily available default solution for lorries between the UK and EU27 countries if the UK and the EU27 do not reach a more advantageous bilateral agreement before exit day. It is currently used by UK operators for places outside the EU where there is no bilateral agreement in place. However, the volumes would bear no comparison if the system had to be used for transport between the UK and its main European trading partners.

#### What transport operations would be concerned by ECMT permits?

- As of the date of Brexit (or the end of the transition period if one is agreed), a Community licence issued by the competent authorities of the UK will no longer be valid in the EU27. Hire and reward operations between the UK and EU27 countries, including transit, will be subject to ECMT permits in both directions.
- In principle, own-account operations are exempt. However, 10 countries have reservations on this point, among which France (including for transit). In effect, own-account vehicles entering continental Europe via Calais would have to use a permit.
- An ECMT permit does not authorise cabotage.
- Vehicles with a total permissible laden weight no greater than 3.5t are exempt.
- Transport of spare parts and provisions for ocean-going ships and aircraft are exempt. However, 3 countries<sup>2</sup> have reservations.
- International removals are not subject to quota, but are subject to special authorisation.

#### How many permits are available?

The UK has a base limit of 102 annual permits, which can be converted into a higher number of permits if their use is restricted to EURO VI vehicles or if they are converted into monthly permits. A

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<sup>1</sup> Albania, Armenia, Austria, Azerbaijan, Belarus, Belgium, Bosnia-Herzegovina, Bulgaria, Croatia, Czech-Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Hungary, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, FYR Macedonia, Malta, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, Serbia, Slovak Republic, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, UK

<sup>2</sup> Czech Republic, Germany, Russia

permit is allocated specifically to a company and can't be transferred to another company. Each permit can be used only by one vehicle at a time. It can be used by different vehicles successively as there is no mention of registration number.

The UK notified OECD of how it will distribute its quota between short-term permits and long-term permits, and between permits restricted to EURO VI vehicles and permits for EURO V vehicles. The UK will only be able to issue and allocate:

- 984 annual EURO VI ECMT permits,
- 2,592 monthly EURO VI ECMT permits,
- and 240 monthly EURO V ECMT permits.

Currently, 300 000 UK-registered powered vehicles travel from the UK to the continent every year, to which we need to add vehicles travelling to the Republic of Ireland.

Restrictions would also apply to operators registered in the EU27 going to the UK. France gets 173 annual base permits, Belgium 118, Poland 318, Germany 229, the Netherlands 150 and Ireland 90. The number of annual base permits allocated to each country could be multiplied by 12 if permits were only allocated to EURO VI vehicles

This would only cover 2% to 5% of transport needs.

## Fee

A fee will be levied for each application and each permit.

(1) Item	(2) Type of permit	(3) Fee for applications	(3) Fee for granting a permit
1	Multi-country annual permit	£10	£123
2	Multi-country permit for less than one year	£10	£31 for each period
3	ECMT short-term permit	£10	£10
4	Single country annual permit	£5	£45
5	Single journey permit (single or multi-country)	£2	£6
6	Authorisation of international removals (ECMT)	N/A	£18

## Validity of permits & restrictions

ECMT permits are valid for a maximum of 1 calendar year -but there are also short-term permits, and for an unlimited number of journeys with the permit being carried in the vehicle using it (one permit in one vehicle at a time). Operators are restricted to three trips<sup>3</sup> while abroad, the fourth trip should be the return journey to the country of registration. Cabotage is not allowed.

## Logbook and compliance certificates

Every permit holder will also receive a logbook. Hauliers must record each loaded journey in the logbook before the start of the journey.

A compliance certificate, concerning the technical characteristics of the vehicle, must also be kept in the vehicle.

The permit, the logbook and the compliance certificate must be kept in the vehicle until expiry date of the permit.

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<sup>3</sup> Empty runs are not taken into account

## **Special requirements for hired vehicles**

For vehicles hired without a driver, additional documents must be carried on board the vehicle:

- Contract of hire
- Where the driver is not the person hiring the vehicle the driver's employment contract (or a certified extract indicating the name of the employer, the name of the employee, the date and duration of the employment contract or a recent payslip).

## **2. Allocation criteria**

Draft regulations defining allocation criteria were published and must now go through Parliament.

If certain types of permits are oversubscribed, four criteria will be used to allocate permits to UK hauliers:

- intensity of use: applicants will have to indicate the number of international journeys they expect to make; data on previous international trips will be required to underpin this estimate
- industrial sector: the majority of permits will be available to those who move mixed loads or serve multiple sectors of the economy; nevertheless, this criterion will be used to ensure all sectors of the economy have access to international haulage - applicants will have to indicate if they specialise in a sector, but the permit will not be restricted to that sector
- vehicle emissions (only for ECMT permits): the EURO class of the vehicle will be used, as more ECMT permits are available if (at least) some of them are restricted to EURO VI vehicles
- existing international business: operators that specialise in, and are reliant on international haulage will be prioritised.

The allocation process will use the criteria above with an element of random selection so that, in practice, a greater number of hauliers receive permits.

Government intends to launch the application process in November. There will be a limited time-window to apply for permits.

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