



Brexit – the implications for Wales

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Referendum Result

Leave: 52.5%
Remain: 47.5%



Wales' Net Benefit

- ▶ In 2014, European Union funding for Wales from the Common Agricultural Policy and European Structural Funds totalled **£658 million**. Wales receives other funding from the EU that goes directly to Welsh beneficiaries and is less straightforward to quantify.
- ▶ Wales' estimated contribution to the EU budget, after accounting for a share of the UK's rebate, was around **£414 million** in the same year.
- ▶ This means that the estimated net benefit from the EU for Wales in 2014 was around **£245 million**. This was equal to around 0.4% of Welsh GDP.
- ▶ Wales' net benefit from the EU equated to around **£79 per head** in 2014.

Making up the shortfall?

- ▶ Wales Act 2014 already legislates for devolving some fiscal powers to the National Assembly – however, not yet in force
- ▶ And, even if powers were introduced and taxes were increased, the National Assembly for Wales would still be dependant on Westminster to provide a significant contribution to make up the shortfall of funding that would otherwise have been received from the EU.
- ▶ Concerns have already been raised that Brexit will give the UK Government the chance to make cuts to the funding sent to Wales
- ▶ The First Minister has called for revising the Barnett Formula – taking into account needs arising from EU withdrawal

Access to the single market?

- ▶ House building in the UK is supported by the UK's access to the single market:
 1. Free movement of workers –7.03% of the construction workforce of the UK were EU nationals
 2. Free movement of goods

Will the UK Government manage to negotiate continued access to the single market? Donald Tusk, President of the European Council Donald Tusk has repeated warnings that Britain will **HAVE** to accept freedom of movement if it wants access to the EU's single market.

Break up of Britain?

- ▶ New survey shows 59% support Scottish independence after Brexit vote
- ▶ Northern Ireland's Deputy First Minister Martin McGuinness has called for a referendum on a united Ireland – rejected by UK Government, however serious concerns at the possible return of a “hard border.”
- ▶ Brexit has not impacted on the number of the Welsh electorate – only 15% in favour and a slight majority of Plaid Cymru supporters would also vote against Welsh independence
- ▶ The First Minister said he wanted to avoid Wales being seen as “some sort of annexe to England” – calling for a Federal UK



Buyers Remorse? Too little, too late?

- ▶ An ITV Wales/Cardiff University YouGov poll found Welsh voters would vote Remain by 53 per cent and Leave by 47 per cent if there was a second EU referendum
- ▶ A six percentage point swing in the direction of Remain since the referendum
- ▶ However, unless those supporting continued EU membership can find some way of over-turning or re-running the vote, their views may now count for very little.



A leap into the unknown

- ▶ Impact Brexit will have on Wales is very much dependant on what is negotiated not only between the UK, EU and rest of the world but between Westminster and Cardiff
- ▶ Who will be the next UK Prime Minister?
- ▶ Could Labour have a strong Europhile leader in the next few weeks?
- ▶ A week is a long time in politics and a lot could happen between now and if or when the next UK Prime Minister triggers Article 50

