

Briefing

Outcome of the EU Referendum

A statement from the Arts Council of Wales

This briefing provides the Arts Council of Wales' initial response to the outcome of the EU Referendum vote held on 23 June 2016. Wales potentially faces a period of unprecedented change. Whatever this change brings, it is our intention to work with the arts sector to better understand the implications of change and to support the sector going forward.

The arts in Wales have a long-standing tradition of working internationally and celebrating the opportunities derived from international cultural exchange. We believe that it is important that this continues. As part of a devolved nation of the UK and a European region, the arts in Wales have benefitted socially and culturally from its links with Europe. Wales has also benefited financially from substantial investment from EU funds.

Arts Council of Wales and its international arm, Wales Arts International, have participated over two decades in international and European cultural partnerships and exchanges. We remain convinced of the value of maintaining these international links under whatever new arrangements are agreed.

Following the outcome of the EU referendum a period of uncertainty seems inevitable. It will take time to understand the implications of any changes and their longer term impact. In the meantime, we'll continue to facilitate international work in the arts through collaborations, projects, networks and communication. We'll also develop our partnership with Welsh Government, British Council and our European collaborators to ensure that artists from Wales remain visible in key international arenas.

We'll continue to find ways of supporting our leading artists and arts organisations to realise their international ambitions by exploring new international markets and connecting with new partners. Through our Wales European Arts Forum (which will be meeting next on Tuesday 6 September 2016) we will take stock and advise our Arts Portfolio Wales clients and others in the sector of the ongoing developments.

In the interim we will be gathering information via a survey to our clients and the broader sector. This will help assess what the impact of exiting the EU might mean. We aim to feedback at the Wales European Arts Forum in September 2016.

Analysis of the potential implications

It is too early to say precisely how the arts might be affected. Until negotiations begin, we do not know what implications there will be for the arts, positive or negative.

However, the notes that follow summarise some of the relevant issues that will now need to be considered.

What happens now?

Following the Referendum, decision proceedings under Article 50 of the Treaty on European Union will have to be launched. This paves the way for the UK's withdrawal from the EU. There's a two year period within which these negotiations need to be completed.

Following notification by the UK of its intention to leave, the European Council, meeting without the UK, will agree the guidelines for the negotiation. During negotiations under Article 50, European Union Treaties and law continue to apply to the UK.

If no agreement is reached within 2 years of the UK activating Article 50, the UK would leave the EU without any new agreement being in place.

Access to European funding

Wales has been a net beneficiary of EU funding. The 2014-2020 EU Structural Funds programme in Wales commits over £58 million to third sector organisations (including the arts). This funding is intended to tackle poverty in the poorest communities in Wales, including increasing skills and developing social enterprises. Arts groups also receive funding from a range of other EU funding programmes available to Wales.

A number of organisations have funding applications in the pipeline (including the Arts Council of Wales). Concerns have been expressed about the prospects of success.

The official line is this.

The UK will continue to be eligible to be able to lead, or be a partner in, applications for EU funding, – whether for Horizon 2020, Interreg, Erasmus+, Europe for Citizens and Creative Europe. This should continue until the end of the 2 year period that will be triggered when the UK government invokes Article 50 of the European Treaty. This starts the clock on withdrawal negotiations, which then have to be completed within two years.

Access to EU markets

The creative industries were worth £84.1bn to the UK economy in 2013/14 and grew by 8.9% – almost double the rate of the economy as a whole. Europe is currently the largest export market for the creative industries, taking 57% of all overseas trade.

It's difficult for even our best Welsh creatives to earn a viable living solely from their work in Wales and the UK. Over the past five years the Arts Council has been actively engaged in helping to open up new European and world markets for Welsh artists and arts organisations – livelihoods in Wales depend on this. We take regular delegations around the world, including to the EU headquarters in Brussels. This isn't just about learning how to access funding, it's also about developing European links, improving our business intelligence and learning how to work effectively beyond our borders.

We do not know how the practicalities of working across Europe will be affected in the future. Travel across Europe could become more complicated if visa-free travel arrangements change. This will depend on the outcome of negotiations around freedom of movement (see below).

Freedom of movement/artists' mobility

The strength and diversity of the arts depends on the free exchange of ideas, talent and creativity. Freedom of movement across the EU has helped the UK to become creatively stronger and more dynamic.

Europe is a source of key talent for a whole range of companies. For example, national companies such as Welsh National Opera (WNO), National Dance Company and National Theatre Wales are routinely co-producing with European peers, with any productions frequently employing creative individuals from many European countries. We are enriched by the diversity of cultural exchange and strengthened by the movement of talent across Europe. Maintaining ease of movement under new arrangements will be important for many arts organisations.

Pan-European rules and regulations

Many European regulations will continue to affect us even if we're outside the EU. We will need to find ways of avoiding the loss of our ability to influence regulatory decisions which may have a bearing on future trading, such as the current discussions around the creation of the Digital Single Market. A number of EU laws also help protect important issues like intellectual copyright (IP). If IP protection was diminished, we could see a weakening in the viability/strength of our creative industries.

European Capital of Culture

The EU invited UK cities to apply for the title of European Capital of Culture in 2023. A number of UK cities have already started preparations, and Cardiff has been considering whether or not to submit a bid. Capital of Culture is an EU conceived initiative so it is now difficult to see how this invitation can stand if the UK is no longer an EU member by the close of the decade.

There are precedents for non EU cities to be Capitals of Culture as, for example, in the cases of Bergen (Norway) and Istanbul (Turkey). However, in each case these have been in countries who are either part of the single market or official candidate countries. The UK will be neither of these.

Exchange rates

The immediate aftermath of the Referendum vote has seen significant volatility in currency exchange rates. It is obviously impossible to predict whether this will last, and at what point exchange rates will level out. In the short-term the drop in value of the Pound in relation to the Euro and the Dollar means that the costs of UK artists and companies working in America and Europe will have increased significantly.

A different sort of relationship with the European Union

Re-negotiation of our relationship with the EU will be complex and time-consuming, with no precedents to guide us. This is a matter for Government.

A range of alternative models is possible. Some of the most commonly discussed include:

- the Norway model – if this were to be pursued many of the current funding arrangements might be maintained. Norway is eligible to apply for EU funding as a lead partner or collaborator for most transnational funds. However, this is because Norway is an official member of the single market and pays roughly the same per head as currently does the UK. It also accepts the freedom of movement of EU workers
- the Swiss model – in return for partial access to the Single Market, Switzerland accepts the free movement of people, contributes to EU spending and complies with most of the rules of the Single Market. Switzerland has no votes or vetoes on how Single Market rules are made.
- degrees of separation – virtually no other European countries have no arrangements with the EU – Norway, Iceland, Liechtenstein and Switzerland are members of either EFTA or the EEA. And the Balkan countries and Turkey have committed to joining the EU at some point in the future and are therefore regarded as “candidate” countries.

If no arrangements can be put in place, the UK would fall back by default on its World Trade Organisation (WTO) membership to provide the terms of its relationship with the EU. WTO countries aren't required to contribute to the EU budget or accept the free movement of people. However, under this model UK access to the Single Market would be subject to the same trade tariffs on exported goods as the other 161 WTO members.

A different sort of relationship with Europe

As has been frequently pointed out, the European Union is not the same as Europe. Artists and creative professionals will still want to maintain links and relationships built up over many years. The creative instinct is one that values collaboration and co-operation, and artists naturally work together regardless of boundaries.

We live in a globalised world and the UK is a political or trade member of around 60 pan-national or international bodies.

The same is true of the arts and the creative industries. Wales needs such memberships and relationships, and they can operate separately and independently to a UK withdrawal from the EU.

Recalibration of Wales' relationship with UK Government

Some commentators have noted the assurances that have been made about the reallocation of funds previously paid by the UK to Europe. The Welsh Government has called for guarantees from the UK Government that these funds will continue to be available for Wales. It has also called for a significant re-drafting of the Barnett Formula. Continuity of investment is important.

In a speech by the First Minister on Friday 24 June 2016, he outlined six priorities for the Welsh Government:

1. Protect jobs and economic confidence
2. Play a full part in discussions on EU withdrawal
3. Retain access to the European single market
4. Negotiate continued involvement in major EU funding programmes, such as for farming and poorer areas
5. Revise the Treasury's funding formula for the Welsh Government budget
6. Put the relationship between devolved administrations and the UK government on an "entirely different footing"

We support these goals.

Working for a different future

A call to action: engaging the people of Wales

The Referendum vote showed different voting patterns by region, age and socio-economic background across Wales. There is a real danger that further divides will be opened following the Referendum result, including divisions based on ethnicity and migration status.

Regardless of what side of the debate one is on, the arts collectively will have a role to play in tackling some difficult challenges.

We take a non-partisan view. But we believe that the arts can play an important role in addressing the fractured society that we now seem to face. And we have a responsibility to work even harder to give a voice to all communities within Welsh society. The arts help us to understand difference. But they also help us to explore and articulate our common humanity, our place in the world. They help us to express what's distinctive and singular, but also what unites and binds us together.

Wales is clearly changing, and changing fast. A generous, fair-minded and tolerant society values and respects the creativity of all its citizens. It's a society that embraces equality and celebrates difference, wherever it's found in race, gender, sexuality, age or disability. Our culture is enriched and expanded by diversity.

And let's remember – artists not institutions create art.

It's the artist, addressing the world in its hopes and sorrows, in its changes and disruption, who reinvents cultural expression appropriate for the times. Let's support our artists to reach out and to engage as full and as inclusively as they can.

Below are some links to other responses to the outcome of the EU referendum:

[Welsh Government response](#)

[British Council response](#)

[British Council discussion paper](#)

[Creative Scotland response](#)

[Creative Industries Federation response](#)

[Crafts Council response](#)

[WLGA response](#)

[WCVA briefing paper](#)

[Culture Action Europe](#)

[IETM response](#)

[European Cultural Foundation response](#)