

Back to Brussels on Brexit

Expect last-minute argument on EU deal

by Norman Lamont in London

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Prime Minister Theresa May, facing a crucial House of Commons vote on 15 January on Britain's European Union exit, is running down the clock until members of parliament feel they have no option but to back the government's deal over departure on 29 March.

The terms for UK withdrawal agreed by the EU last month are hotly contested by parliament and the British people. This is an unprecedented situation. The prime minister and government are surviving on a knife edge, frustrated on a measure of massive historical importance by a large minority of its own backbench supporters.

No one knows how this will end. The options are a general election, a second referendum, the government's deal or a 'no deal' exit. I believe that the last two are the most probable.

The government has been in close contact with constituencies to put pressure on MPs via their supporters. That tactic has not worked. A recent poll indicated that 57% of Conservative constituency workers think a no-deal Brexit would be better than the prime minister's deal.

The Irish backstop – the tortuous measure which would bind Northern Ireland closely to EU regulations in the event of no accord on a full-scale trade deal after a transition period due to end in December 2020 – has caused the most difficulty. May's government is dependent for its parliamentary survival on Northern Ireland's Democratic Unionist Party. The DUP deems unacceptable an effective border down the Irish Sea. Many Conservative MPs dislike the danger of being locked into the backstop indefinitely, without an incentive for the rest of the EU to negotiate quickly their desired free trade agreement.

If May could get firm EU assurances guaranteeing the backstop's temporary nature, that might persuade MPs, including from the DUP, to change their minds. If the backstop is only temporary, all the things that are objectionable in the backstop, such as the inability to sign new trade deals, are also only temporary.

A concession on these lines is not impossible. But the government may still be defeated next week. If that happens, the EU will maintain that its offer is final, but this would not be the first time the EU has said that, only for a new offer to then appear.

Opponents of Brexit cling to the hope that defeat in the Commons will lead either to a second referendum or a general election. But neither will happen automatically.

Under the Fixed-term Parliaments Act, a general election can be held only if parliament votes for one or the government loses a vote of no confidence.

The DUP does not want Jeremy Corbyn, the Labour opposition leader, as prime minister. As long as May's deal has not passed, the DUP will continue to support the government.

A second referendum could happen only if the government introduced legislation for one. No Conservative prime minister would survive doing that.

The remaining option is the so-called no-deal Brexit: trading on World Trade Organisation terms with both the EU and the rest of the world. This is how much of world trade is conducted and how many countries outside the EU trade with the EU. There would be many side deals covering administrative areas that are not strictly trade, such as health regulations, safety, aviation, transportation of animals and so on.

Inevitably there would be some problems, but they would essentially be short term, and the UK would not face a bill of £39bn.

Some large businesses fear such a deal, anxious that integrated manufacturing supply chains might be interrupted. But Britain imports manufacturing components already from many non-EU countries. These issues are solvable. Roberto Azevêdo, director general of the WTO, has said there is no reason why trading on WTO terms should lead to disruption.

But the government seems unable to make up its mind about a no-deal Brexit. Originally the prime minister boldly declared: 'No deal is better than a bad deal.' But recently the government has been highlighting the alleged disaster of a no-deal Brexit in a lurid way.

The government will not be able to get May's deal through parliament and so will have to go back to Brussels, not just once, but maybe several times.

If the EU refuses to budge, the automatic legal position is that the UK will leave on 29 March, even if there is no deal and stalemate in parliament. There is little that parliament can do to stop that now. It is what parliament has voted for in the past.

My guess is that the EU may well come up with some concession, perhaps a legally binding clarification, and that there will be a lot of arguing, probably right up to midnight on 28 March. But whatever happens, the next day the UK will leave.

Lord (Norman) Lamont was UK Chancellor of the Exchequer between 1990-93.