

## **BREXIT VOTE – OVERVIEW AND IMPLICATIONS**

On 29<sup>th</sup> January, the UK Parliament voted in favour of PM May's Brexit deal if alternative arrangements are found to the Irish backstop. The Parliament supported May's deal if an alternative can be found to the current Irish backstop proposal that aims to keep open the Irish border in all circumstances.

The overall impact of the votes was to strengthen the position of PM May and the Conservative Party. At this stage, our assessment on Brexit stands as follows:

- No deal remains unlikely. UK Parliament has clearly expressed its view that it does not want no deal. The proposed second referendum was not even on the Order Paper as a specific proposal. It does not command a majority in the House of Commons at the moment
- There is very likely to be an extension of Article 50, even if May's deal were to pass
- A revised version of May's deal, with changes to the backstop, enhanced workers' rights and employment protections, and more of a role for the UK Parliament in deciding the future relationship with the EU is the most likely outcome

### **Implications for NASSCOM –**

- If one accepts the principle that Brexit is now irreversible and that no deal is highly unlikely, then this represents the least disruptive option for NASSCOM and member companies. To that extent, this is good news for us
- That said, it is important to recognise that this is not the end of Brexit, merely the end of the beginning of the process
- Once the UK leaves the EU, presumably at a date soon after 29 March, discussions over the future India-UK trading relationship will begin. The present political declaration between the two sides is full of positive noises about what that relationship might be. The reality might just be more prolonged and iterative

### **Details of how the votes played out –**

- On 29<sup>th</sup> January, the UK Parliament voted in favour of PM May's Brexit deal if alternative arrangements are found to the Irish backstop. By a majority of 16, Parliament supported May's deal if an alternative can be found to the current Irish backstop proposal that aims to keep open the Irish border in all circumstances.
- UK Parliament also voted against no deal in principle: on a separate amendment by a narrower margin – of eight votes – but this is not legally binding and is only advisory
- Both amendments that would have allowed the UK Parliament to take control of Parliamentary time to vote or legislate on taking no deal off the table or on other Brexit alternatives – were defeated. This is good news for PM May, and demonstrates a reassertion of Conservative party discipline

### **Next Steps –**

- PM May announced that the Brexit Secretary would lead on giving UK Parliament a regular say on talks on the future UK-EU relationship. She announced that the Business Secretary would take forward further work on securing workers' rights with the trade unions and she invited all those proposing motions opposing no deal to come and meet her to discuss the UK position.

- Whatever the momentum behind the PM, however, the EU made it instantly clear that a renegotiation of the backstop was not on offer.
- The Union does not want to drop the backstop. It does not want to be seen to put the interests of a departing Member State – the UK – in front of those of a small existing Member State – Ireland.
- Hence PM May talked of legally binding commitments from the EU – but was careful not to say that the text of the Withdrawal Agreement itself must be rewritten.
- She and the EU may be thinking of a legally binding interpretative instrument. This does not change the words in the Withdrawal Agreement. But it would be legally binding as the parties' interpretation of that agreement. This has been used successfully to help Member States ratify treaties in the past without changing the text of those Treaties. Whether that will go far enough to satisfy Eurosceptic Tory MPs is questionable. Labour votes might be needed to secure agreement.

**Conclusions –**

- No deal remains unlikely. UK Parliament has clearly expressed its view that it does not want no deal. That is not legally binding – but if it has to, Parliament will vote to make it legally binding on 14 February, when May has promised further votes, or in early March
- There is very likely to be an extension of Article 50, even if May's deal were to pass, as the Government must put through legislation and Statutory Instruments before Brexit day and there is probably not enough time before March 29
- The proposed second referendum was not even on the Order Paper as a specific proposal. It does not command a majority in the Commons at the moment and will not do so unless Corbyn decides to give it his full support which he does not want to do
- At the moment, a revised version of May's deal, with changes to the backstop, enhanced workers' rights and employment protections, and more of a role for Parliament in deciding the future relationship with the EU is the most likely outcome