

Brexit Deal Rejected: What Now?

name redacted

Analyst in European Affairs

January 17, 2019

Draft Agreement Fails to Gain Support

On January 15, 2019, the United Kingdom's (UK's) House of Commons rejected a draft agreement on the terms of the country's withdrawal from the European Union (EU) by a vote of 432-202. Prime Minister Theresa May is to return to Parliament by January 21, 2019, to present her "plan B" for how to move forward with exiting the EU ("Brexit") on March 29, 2019.

Brexit supporters, including the 118 members of Parliament (MPs) from May's Conservative Party who voted against the government's proposal, objected that the deal's "backstop" provision, which would keep the UK in the EU customs union until the two sides agreed on their future trade relationship, would leave the UK bound indefinitely to EU rules. The backstop seeks to prevent a "hard" border with customs checks and physical infrastructure between Northern Ireland and the Republic of Ireland to preserve the peace process and cross-border trade.

Northern Ireland's Democratic Unionist Party (DUP), whose backing is critical to May's government, objected that the backstop would treat Northern Ireland differently from the rest of the UK, as it would preserve deeper regulatory alignment between Northern Ireland and the EU.

Skeptics of Brexit, including MPs in the opposition Labour Party, Liberal Democrats, and Scottish National Party, opposed the deal as not only relegating the UK to a "rule taker" without a say in EU decisionmaking but also failing to provide certainty about permanent membership in the EU customs union or single market.

Possible Scenarios—No Easy Answers

No-Deal Brexit. The default outcome in the absence of further actions would be a "no-deal Brexit," a scenario in which the UK exits the EU on March 29 without a negotiated withdrawal agreement. Both UK and EU negotiators have consistently rejected a no-deal scenario, although both sides have been developing contingency plans for such an outcome.

Congressional Research Service

7-....

www.crs.gov

IN11018

Assessments of the full impact of a no-deal scenario remain subject to many unknowns. Many observers maintain that a no-deal Brexit could cause considerable disruption and uncertainty, with negative effects on the economy, trade, security issues, Northern Ireland, aviation, and other issues. Others assert that such fears are exaggerated, and some ardent Brexit supporters argue that a no-deal Brexit would be preferable to a “soft Brexit,” which would retain certain ties and obligations to the EU.

There are indications that a majority of MPs would seek to prevent a no-deal Brexit. Parliament could introduce legislation making it illegal to exit the EU without a deal, imposing specific withdrawal conditions, or limiting the government’s ability to implement a no-deal Brexit.

This Deal or No Deal? The proposal’s unexpectedly large margin of defeat diminishes the notion that the prime minister could bring the draft agreement back to Parliament for a second vote in the hope that further adjustments and the looming prospect of a no-deal Brexit might prompt enough MPs to reconsider.

What Does Parliament Want? Prime Minister May has signaled that the government will enter into cross-party talks to find a consensus way forward. Depending on the outcome, Parliament could effectively mandate a renegotiation of the terms of withdrawal or the draft political declaration on the future UK-EU relationship that accompanied the withdrawal agreement. The EU remains unwilling to reopen the withdrawal agreement but may be open to a shift on the part of the UK toward a closer post-Brexit relationship.

Timeline Extension. Analysts suggest an increasing likelihood that the UK might request an extension of the two-year timeline for the negotiation and withdrawal process. An extension would require the approval of the 27 other EU member states. Reports indicate that the EU may be open to a limited extension, provided the UK can explain how it would use that time.

Second Referendum. Some opponents of Brexit argue that an extension period should be used to organize a second referendum on UK membership in the EU. Prime Minister May has expressed opposition to a second referendum and asserted that her government intends to respect the verdict of the original June 2016 referendum and take the UK out of the EU.

Withdraw Article 50. Other Brexit opponents have argued for the UK to formally retract its intention to withdraw from the EU. The UK could unilaterally halt the withdrawal process by doing so. The European Court of Justice has indicated such a maneuver would indicate a cancellation of Brexit and should not be used as a tactic to gain more time.

General Election. A snap election in the UK, which could be triggered by two-thirds of MPs (434 out of 650) backing a motion for an early general election, could provide a new mandate for the winner to pursue Brexit plans and likely would necessitate a timeline extension. Prime Minister May survived a vote of no confidence tabled by Labour Party leader Jeremy Corbyn on January 16. If May had lost, a new general election would have been held only if no new government could be formed within 14 days.

Issues for Congress

Given that the UK and the EU are important U.S. partners on a range of global political and economic issues, many Members of Congress have a broad interest in Brexit. Brexit-related developments are likely to have implications for the global economy; U.S.-UK and U.S.-EU economic relations; and transatlantic cooperation on foreign policy and security issues, including sanctions, counterterrorism, and defense cooperation. In 2018, the Administration formally notified Congress of its intent to launch U.S.-UK trade negotiations after the UK leaves the EU, and Congress may consider how developments affect the prospects for an agreement. Members of Congress also may have an interest in how Brexit might affect the peace process in Northern Ireland.

For additional background information, see CRS Report RL33105, *The United Kingdom: Background, Brexit, and Relations with the United States*, by (name redacted), CRS Report RS21372, *The European Union: Questions and Answers*, by (name redacted), CRS Report R44817, *U.S.-UK Free Trade Agreement: Prospects and Issues for Congress*, by (name redacted), and CRS Report RS21333, *Northern Ireland: Current Issues and Ongoing Challenges in the Peace Process*, by (name redacted)

EveryCRSReport.com

The Congressional Research Service (CRS) is a federal legislative branch agency, housed inside the Library of Congress, charged with providing the United States Congress non-partisan advice on issues that may come before Congress.

EveryCRSReport.com republishes CRS reports that are available to all Congressional staff. The reports are not classified, and Members of Congress routinely make individual reports available to the public.

Prior to our republication, we redacted names, phone numbers and email addresses of analysts who produced the reports. We also added this page to the report. We have not intentionally made any other changes to any report published on EveryCRSReport.com.

CRS reports, as a work of the United States government, are not subject to copyright protection in the United States. Any CRS report may be reproduced and distributed in its entirety without permission from CRS. However, as a CRS report may include copyrighted images or material from a third party, you may need to obtain permission of the copyright holder if you wish to copy or otherwise use copyrighted material.

Information in a CRS report should not be relied upon for purposes other than public understanding of information that has been provided by CRS to members of Congress in connection with CRS' institutional role.

EveryCRSReport.com is not a government website and is not affiliated with CRS. We do not claim copyright on any CRS report we have republished.