

Brexit deal may not be put to MPs until late March, officials say

May and Juncker hold strained talks as EU examines technical aspects of Irish border

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The Brexit negotiations are being pushed to the brink by Theresa May and the EU, with any last-minute offer by Brussels on the Irish backstop expected to be put to MPs just days before the UK is due to leave.

In strained talks on Thursday, during which Donald Tusk suggested that Jeremy Corbyn's plan could help resolve the Brexit crisis, Theresa May and the European commission president, Jean-Claude Juncker, agreed to hold the next face-to-face talks by the end of February.

That move cuts deep into the remaining time, piling pressure on the British parliament to then accept what emerges or face a no-deal scenario.

It is understood that EU officials are looking at offering May a detailed plan of what a potential technological solution to the Irish border might look like, which could be included in the legally non-binding political declaration on the future trade deal.

The blueprint would pinpoint the problem areas and commit to breaching the technical gaps where possible to offer an alternative to the customs union envisaged in the withdrawal agreement's Irish backstop.

But officials believe it is increasingly likely that any renegotiated deal will only be put to the Commons at the end of March, necessitating even then an extension of the article 50 negotiating period to get legislation through parliament.

On Thursday the German finance commissioner, Günther Hermann Oettinger, suggested the chance of a no-deal Brexit was now

as high as 60%.

“If the British side asks for an extension of two or three months and there are reasons for that, I think there’s a good chance that the member states would accept that unanimously,” he said. “But in the eight or 12 weeks there needs to be the possibility of achieving progress and that there must be a withdrawal agreement at the end of that.”

The prime minister’s failure during her meetings in Brussels with EU leaders on Thursday to go beyond her previous suggestions of a time limit and unilateral exit mechanism on the Irish backstop has confirmed fears that the deal’s ratification will go to the wire.

An EU official said it was remarkable that May had not offered “any new concrete proposals” during her 45-minute meeting with Tusk, the European council president, which was described as “OK” and “honest”. Neither did the prime minister have “any clear answers on the timeline”, the official said.

A second official warned of a “vicious circle”, in that the UK appeared unable to make any proposals and the EU was unable to act until it received a request.

EU sources said Tusk had even suggested that Corbyn’s Brexit plan, spelled out in a letter by the Labour leader on Thursday morning, might be a way out of the impasse, but May did not respond to the point.

A senior Downing Street official said it was “welcome that the leader of the opposition is engaging” in Brexit, but declined to go into what May told Tusk. However, it is understood No 10 warned Brussels that the furious reaction of some Labour MP to Corbyn’s letter meant there was uncertainty over the extent of Commons support.

Facing criticism from May, Tusk defended his remarks that “there was a special place in hell” for politicians who campaigned for Brexit without a plan. An EU source said: “He stood by his statement. He remains of the view that while the truth may be more painful, it is always more useful.” The statement was born of “genuine frustration at the mess we are in”, the source said. Tusk later tweeted: “Still no breakthrough in sight. Talks will continue.”

May’s meeting with Juncker was described as “robust”, with the commission president resolutely rebuffing May’s demand for a renegotiation of the withdrawal agreement.

A joint statement from Downing Street and the European commission announced new talks on the speed with which the two sides would seek to complete post-Brexit talks on a future trade deal.

May's critics have voiced fears that slow progress on those trade negotiations would leave Britain trapped in the Irish backstop, under which the UK would stay in a customs union to avoid a hard border on the island of Ireland.

The joint statement said: "President Juncker ... expressed his openness to add wording to the political declaration agreed by the EU27 and the UK in order to be more ambitious in terms of content and speed when it comes to the future relationship between the European Union and the UK."

EU leaders will hold a summit in the Egyptian resort of Sharm el Sheikh on 24 February. The No 10 official played down speculation that this could be the next key Brexit date. "We haven't confirmed our attendance, and I wouldn't be thinking in those terms. It's an EU-Arab summit, primarily."

During her day in Brussels, May also met the European parliament's president, Antonio Tajani, and the chamber's Brexit coordinator, Guy Verhofstadt. "It's important that Mrs May today assured us that there will be a backstop, that there is no question to remove the backstop," Verhofstadt told reporters after the meeting.

"If there are problems with this backstop as it is now foreseen in the withdrawal agreement, our proposal is to try to solve the problem in the political declaration because we are open as parliament from day one to upgrade this political declaration, to make this political declaration more binding, more precise. Also on the issue of the backstop explaining and saying very clearly that this is an insurance and not more than that."

Following her meetings, May said the talks had been "robust but constructive". She said: "What I've set out is our clear position that we must secure legally binding changes to the withdrawal agreement to deal with the concerns that parliament has over the backstop, and that changes to the backstop, together with the other work we're doing on workers' rights and other issues, will deliver a stable majority in parliament."

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What Corbyn's terms for backing May on Brexit really mean

It is far from clear whether Labour's five demands for UK withdrawal are achievable



Jeremy Corbyn has set out the terms under which Labour would back Theresa May's Brexit deal. But what would his five key demands entail for the EU negotiation and for her attempt to get a deal through the Commons?

1. A permanent and comprehensive UK-wide customs union, an agreement on commercial policy that includes a UK say on future EU trade deals

Ever since his speech in Coventry a year ago, Corbyn has been clear that a customs union would be the price of Labour support for any Brexit deal, believing it would help to protect manufacturing supply chains.

That's something centrist Tory MPs such as Nick Boles and Oliver Letwin have been pushing for. But a customs union is anathema to many MPs on the other side of the Tory party, because it prevents Britain from doing its own trade deals.

Labour has kept its plan ambiguous, saying it wants a "say" in future trade deals. While the EU would refuse giving British negotiators a seat at the table in any trade talks, it could be open to some form of consultation.

2. Close alignment with the single market, underpinned by shared institutions and obligations, with clear arrangements for dispute resolution

This part of the proposal sounds strikingly similar to May's Chequers plan, but the EU rejected that as "cherry-picking" parts of the indivisible four freedoms.

If Labour decides it wishes to be fully in the single market, the EU will insist it signs up to EU state-aid rules. "Corbyn will have to come out of the closet and say we accept single market rules," says one senior EU official.

If Labour wants to be in the single market, it will also have to accept continued freedom of movement, though senior Labour figures have sounded more warm towards that prospect in recent weeks.

3. Dynamic alignment on rights and protections so that UK standards keep pace with evolving standards across Europe as a minimum, allowing the UK to lead the way

This has been a key demand of both trade unions and Labour MPs who have considered backing May's Brexit deal.

May is expected to propose a draft bill guaranteeing that UK workers' rights will keep pace with those in Europe, likely to be announced before the next meaningful vote. It would include a "regression lock" that would ensure workers' protections never slip below European standards.

Corbyn's terms could potentially go even further and could extend to the UK matching EU safety or air quality standards.

4. Clear commitments on participation in EU agencies and funding programmes, including in areas such as the environment, education, and industrial regulation

Joining some programmes is feasible - if the UK pays. Israel, for example, is part of the EU's research programme.

The political declaration - the non-binding part of the Brexit deal that May has proposed - already states that the EU and the UK will "explore the possibility of cooperation" involving agencies such as the European Medicines Agency, the European Chemicals Agency and the European Aviation Safety Agency.

Countries in the European Economic Area such as Norway, as well as Switzerland, take part in various EU agencies, though without voting rights. But EU officials are uncertain whether this could be agreed in the political declaration.

5. Unambiguous agreements on the detail of future security arrangements, including access to the European arrest warrant and vital shared databases

Security cooperation should have been one of the easiest parts of Brexit to agree and one of the strongest cards the UK held. But progress on the bespoke security deal May had wanted has stalled.

The ambition has been to largely preserve the status quo, including hopes of staying in Europol and a host of pan-European crime-fighting databases including the Schengen information system.

Brussels has said it is difficult for the UK to have the same access to EU police organisations and databases without being a member state, including taking on EU data-protection rules and accepting the remit of the European court of justice. It is unclear if Labour would be prepared to accept this.

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No-deal Brexit: UK exporters risk being locked out of world's harbours

Goods dispatched in coming days may not arrive until after 29 March deadline



British exporters sending goods to far-flung destinations in the coming days risk being locked out of harbours around the world as a no-deal Brexit looms, business leaders have warned.

Independent trade experts and the UK's biggest business groups said exporters could be dispatching goods from UK ports imminently that would not arrive until after the 29 March deadline. This raised the prospect of goods being stuck in ports or facing hefty additional costs in the event of a disorderly Brexit.

The warning came as the Bank of England warned the UK economy was on course for its weakest year since the global financial crisis, as evidence suggested Brexit jitters were spreading.

It also emerged on Thursday that civil servants drafted a radical series of economic policy options after the 2016 Brexit referendum, which included slashing regulation, cutting taxes and removing tariffs. The cross-Whitehall work, known as Project After, first reported in the Financial Times, was then shelved when the government decided to reject the idea of a "race to the bottom" on rights and standards, government sources said.

But as the likelihood of a no-deal Brexit grows, some ministers and officials have returned to the work in search of emergency levers to pull in the event of a downturn, the Guardian has been told.

In the latest sign of the mounting disruption, several business groups - the CBI, the EEF manufacturers' group, the British Chambers of Commerce (BCC) and the British Retail Consortium (BRC) - warned separately that goods shipped from as early as this weekend might not arrive in time to beat the 29 March deadline, given the length of shipping times in world trade. The maximum shipping time to anywhere in the world is about 50 days - with the furthest being Australia and New Zealand - meaning shipments sent over the next few days to far-flung ports face an uncertain reception.

Ben Digby, the CBI's international trade director, said: "There are ships that are setting sail from the UK today that will have to weather a thick extra fog of uncertainty on the high seas, as they could arrive in port effectively locked out of the very market they have travelled across the world to get to."

He warned that whisky going to South Korea could risk having to wait in its destination harbour until the situation became clear. As much as £71m of bottles are shipped to Korea each year, with the potential for 20% tariffs to be slapped on bottles should they not arrive in time.

The UK exports roughly £5bn worth of goods a month, on average, to the 60 countries that have free trade agreements with the EU. The EU and the countries it has trade deals with cover about 32% of global GDP.

As an island nation, about 95% of all goods by weight enter and leave the UK through ports across the country, with almost 500 million tonnes handled each year. EU traffic accounts for about 55% of all trade.

Seamus Nevin, the chief economist at the EEF, said: “These problems don’t just start on 29 March. It takes several weeks for container ships to travel from the UK to East Asia, Oceania, or South America. Very soon, sea-freight will be leaving the UK with no idea of the trade rules that will be in place when the goods arrive.”

The situation has parallels with the US-China trade dispute last year, when US ships raced across the world to deliver soybeans before Beijing could impose tariffs on them. Some boats were stuck in harbours after failing to beat the deadline.

Greg Clark, the business secretary, said on Wednesday that the real deadline for averting no-deal Brexit was much closer than 29 March, due to the amount of time businesses need to ship goods.

Speaking in front of the parliamentary business select committee, he said firms shipping goods to Japan needed six weeks’ notice to make decisions. He added: “People often say these things at the last minute. The last minute for important exporters is fast approaching over the next few days and weeks.”

Industry insiders said they hoped that countries would show leniency and continue to accept shipments of British goods after the deadline. They warned, however, that these might come with higher tariffs set under World Trade Organization rules, which would be higher than existing arrangements.

Hannah Essex, a co-executive director of policy at the BCC, said it was unclear what would happen: “Traders trying to fulfil orders now are still in the dark about what will happen to their goods when they arrive at destinations around the world in a matter of weeks.”

Lesley Batchelor, the director general of the Institute of Export and International Trade, said most countries would want to continue trading, but added: “If I was a shipper, I would not ship anything knowing this was going on without checking what was happening.

“If it’s a deal and we have transition, it’ll be fine. It’s really just no-deal talk that’s scaring everyone.”

Imports to Britain may also be affected. William Bain, the Brexit policy adviser at the British Retail Consortium, warned that clothing and textiles from Turkey are set for tariffs rising from zero to an average of 12% in a no-deal scenario, while higher tariffs could also be imposed on berries and fruits from Mexico, bananas from Central America and potatoes from Egypt.

“Ultimately it is the consumer who will face higher prices, or reduced availability, as a result,” he said.

The problems for seaborne trade apply to several countries which the UK currently trades with under existing EU free trade deals - as part of Britain’s membership of the bloc. These free trade agreements could be lost under a no-deal scenario.

Trade officials are rushing to secure deals with these countries to roll over the existing agreements, although the government conceded to business leaders at a private meeting on Wednesday that most of them won’t be ready in time.

Lack of clarity over the UK’s trading relationship with the EU has held up progress, one attendee at the meeting told the Guardian, including with major countries such as Canada, Turkey, Japan and South Korea. Changes to the UK-EU backstop deal - a key dividing line between London and Brussels - could further delay progress.

“People were saying we’ve got customers expecting delivery in April and under what terms can we send goods to them? The problem is the uncertainty over the future UK-EU relationship, and time is just running out,” they said.

A spokesperson for the Department for International Trade said it would not comment on the private meeting, but that the government was continuing to prepare for all eventualities.

The spokesperson said: “We are making good progress on securing deals and have signed agreements with Chile, the Faroe Islands, and Eastern and Southern African Economic Partnership Agreement states. We have mutual recognition agreements with Australia and New Zealand, and expect others to follow soon. We have also agreed the text of a trade agreement with Switzerland, which the government expects to sign shortly.”

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Labour denies second vote is next step if PM rejects Corbyn's Brexit letter

Shadow minister earlier suggested spurning support for revised deal would leave party with no choice but a second referendum



Labour has denied it would automatically move to back a second referendum if Theresa May rejected Jeremy Corbyn's offer of support for a revised Brexit deal, despite a shadow minister suggesting that would be the next step.

The shadow Brexit minister, Matthew Pennycook, said that if the government rejected the offer from Corbyn, made in a letter to the prime minister on Wednesday night, the party would have "no other credible options" but to back another public vote.

Labour sources denied it was the party's official position but said the option of a public vote was still on the table, as per the policy agreed at the party's conference.

Corbyn is expected to move to reassure party members after the letter he sent to the prime minister sparked an angry backlash from some backbenchers and party members.

In his letter to the prime minister, Corbyn called for the government to rework the political declaration with the EU to offer five commitments, including staying in a customs union, in part to avoid the need for a backstop over the Irish border.

It also called for a say on future EU trade deals and "dynamic alignment on rights and protections".

Labour MPs who support a second referendum reacted with dismay to Corbyn's letter. Pat McFadden said his leader was giving MPs in leave constituencies permission to back May's deal. "He wants it to happen, and even if he doesn't vote for it himself, he's sending a signal to Labour MPs that they can do so," he tweeted.

David Lammy and Owen Smith said Corbyn was compromising too far in favour of Brexit. Smith said the compromise offer was "weaker than our six tests" and trusted the Tory government to legislate to protect workers.

Barry Gardiner, the shadow international trade secretary, suggested Labour had now abandoned its six tests on Brexit in favour of Corbyn's five demands.

Speaking on BBC Radio 4's Today programme, he said: "It is not about tests now. What we are doing is saying: 'We believe these are the options that are available that would actually secure a majority in the House of Commons.

"It is trying to set out, in a spirit of cooperation and compromise, a way forward that we feel not just the majority of Labour MPs, but actually the majority of parliament, could say: 'Yes I can support that, it may not be my dream Brexit or my dream remain but it is something that we can move on for and that would be good for the country'."

Other leading figures in the People's Vote campaign, including Chuka Umunna, Ben Bradshaw and Mike Gapes, said their leader was trying to facilitate Brexit.

Government ministers were on Thursday cautious and vague in their response to the letter. David Lidington, the Cabinet Office minister and de facto deputy prime minister, said he had not had any direct "overtures" from Labour about talks but added: "We should be talking to the official opposition and understand their point of view."

Speaking on the Today programme, Lidington questioned Labour's demands but said he wanted to "understand exactly where the Labour frontbench is coming from".

He said: "It doesn't mean we will necessarily come to an agreement, but we need to take this forward ... let's hope those conversations can take place."

He added: "I would be asking what on Earth they mean when they want to be in a customs union with the EU but also for Britain to have a say in EU trade policy with other countries. That's not something that is allowed under the European treaties. This seems to be wishful thinking. So let's get down and have those talks with them."

MPs from both sides of the House who back a "Norway plus" option for a softer Brexit, expressed some optimism at Corbyn's offer, including the Conservative MP Nick Boles and some of Corbyn's critics on the Labour benches, including Stephen Kinnock and Lucy Powell.

Boles tweeted that Corbyn's letter was a significant move towards a cross-party compromise.

Powell tweeted links to a Norway Plus Group pamphlet to show how Corbyn's suggestions could work.

The response in Brussels to Labour's proposals was mixed, with officials welcoming the backing of a permanent customs union, and even indicating the UK might have a chance of a consultative role in future trade negotiations.

The member states have not had any discussions on the possibility of the UK taking such a role and France would be likely to take a tough stance. However, officials are loath to rule it out given the size of the British economy, and the benefit it would offer the EU when embarking in trade talks with the rest of the world.

Concerns were expressed, however, that Corbyn was being unrealistic in seeking "shared institutions" with the EU, wording that appears to suggest an equal role for the UK and the 27 member states.

Senior EU officials also doubt the sincerity of Labour's offer to the prime minister, fearing it is an attempt to weaken May's hopes of getting a deal through parliament. One official said: "It is a shame that we have this perfect storm: a lousy government and an even lousier official opposition."

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Owen Smith says he might quit Labour over Brexit stance

Brexit is 'nativist, rightwing, ideological programme' at odds with Labour values, says MP

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Owen Smith, the Labour MP who challenged Jeremy Corbyn in 2016, has said he is considering quitting the party, amid a growing backlash over the leadership's Brexit stance.

Speaking to Emma Barnett on BBC Radio 5 Live, the Pontypridd MP was asked about Wednesday's letter from Corbyn, setting out the terms under which he would be willing to support Theresa May on Brexit.

Asked whether he could "in all good conscience" remain a Labour MP, Smith replied: "I think that's a very good question - and I think it's something that I and lots of other people are considering right now."

He had not yet come to a decision, he said, but, "at the moment I may be asked by the Labour party to row in behind a policy decision that they know, and the government knows, is going to make the people I represent poorer, and I think more fundamentally, actually, is at odds with the internationalist, social democratic values that I believe in.

"Because Brexit is ultimately a nativist, nostalgic, rightwing, ideological programme, that was sold on lies, that was deceitfully won, and unfortunately is going, I think, to go through. And that must beg questions for those of us who are [coming] from my perspective."

Corbyn sent a letter to the prime minister on Wednesday evening, laying down five conditions under which he might be willing to back her deal.

These included a permanent customs union; ensuring workers' rights and environmental standards keep pace with those of the EU; and stronger commitments on security arrangements.

Corbyn called on May to renegotiate the forward-looking political declaration, to incorporate this softer Brexit - and then enshrine the new framework in legislation, so that it could not be dismissed by a future Tory leader.

But the letter did not mention the possibility of a second referendum - sparking fury among anti-Brexit campaigners.

Streatham MP Chuka Umunna tweeted in response to the letter: "This is not opposition, it is the facilitation of a deal which will make this country poorer. A strong, coherent Labour alternative to this shabby, Tory Brexit is absent - it has been since this parliament began. Totally demoralising."

The shadow Brexit secretary, Keir Starmer, was quick to stress on Thursday that a referendum was still a possibility, saying that the letter, "does not rule out the option of a second referendum - a public vote".

One member of his team, Matthew Pennycook, even suggested the implication of the letter was that if the prime minister does not meet Labour's stringent conditions, "we must move to support a public vote".

Labour sources denied it was the party's official position but said the option of a public vote was still on the table, as agreed at the party's conference.

Starmer promised that Corbyn would be writing to Labour members to reassure them a public vote was still on the table. A Labour source declined to confirm that such a message would be sent, adding: "Jeremy writes to members all the time."

Smith's name is not one of those routinely mentioned among a group of MPs widely thought to be close to quitting Labour and forming a rival grouping. Some Labour insiders say resignations from some of these MPs could come within days.

Labour MPs who support a second referendum reacted with dismay to Corbyn's letter. Pat McFadden said his leader was giving MPs in leave constituencies permission to back May's deal. "He wants it to happen, and even if he doesn't vote for it himself, he's sending a signal to Labour MPs that they can do so," he tweeted.

During the bitter leadership tussle of 2016, one of the key policy dividing-lines was Smith's promise of a referendum on the final Brexit deal.

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