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PARTNERSHIP SINCE 1590

Kallum Pickering, Senior Economist | Kallum.pickering@berenberg.com | +44 203 465 2672

BREXIT UPDATE: TIME FOR PARLIAMENT TO DECIDE

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Brace yourself: If, as seems likely, the House of Commons rejects Prime Minister Theresa May's Brexit deal (voting begins at 19:00 on 15 January), all hell could break loose as the various factions of parliament struggle to gain control of the Brexit process. In the end, we expect the UK to secure a semi-soft or soft Brexit (55% probability) or completely reverse Brexit and remain in the EU – probably after a second referendum (25% chance). Below, we look at the key questions ahead of the vote.

1. Will parliament back Mrs May's deal?

Probably not (20% chance). The odds are stacked against Mrs May. For different reasons, at least 40 hardline Conservative Brexiteers and 10 Northern Irish Democratic Unionist Party MPs are unlikely to support the deal. As pro-EU and moderate Conservatives believe that Mrs May's deal will fail anyway, they will be less inclined to back it for the sake of party unity. Mrs May only has two real chances to get her deal through:

- 1) If she can convince MPs from the Northern Irish Democratic Unionist Party (DUP) – on whom the Conservatives rely for a majority in parliament – that the EU's soft-guarantees that the Irish backstop would only be a temporary measure are credible. And in addition, if she can convince the Brexiteers in her party that the choice is now between her deal, an even softer Brexit, or even no Brexit, and hence that her deal is the hardest version of Brexit possible;
- 2) If, failing the first option, Mrs May could get legally binding changes to the text of the UK-EU Withdrawal Agreement. The EU has already said that it is not willing to re-open the already agreed Withdrawal Agreement. As UK parliament seems to be increasingly lurching toward a soft Brexit now anyway, the incentive for the EU to try and help Mrs May in order to avoid a hard Brexit is low.

2. Will Mrs May come back with an alternative deal?

Unlikely. Mrs May faces severe time constraints. Parliament has voted to limit the PM's ability to come up with a "plan B" in case her deal fails to just three sitting days in parliament. Parliament will likely debate and vote on whatever the PM comes up with for "plan B" on Monday, 21 January. This would give her the rest of this week and the weekend to negotiate with Brussels and the various factions of UK parliament from which she needs to win support. Even if the EU was willing, because of the time constraints, Mrs May will not be able to renegotiate her deal. The best she can hope for is that further clarity from the EU on the backstop will be enough to bring the DUP on board. If Mrs May can get the DUP on side, there is a good chance that the Brexiteers and the rest of her party would follow. If Mrs May loses a second vote, or concedes defeat early, it will then likely fall to parliament to come up with a solution.



3. Will Mrs May resign if she loses badly?

Probably not. There are various estimates across the UK press about how badly Mrs May is likely to lose, ranging from 100 to 200 votes in the 650-seat chamber. Only her most loyal supporters from her party seem ready to back her deal. Of course, the larger the margin of loss, the higher the chance that she would resign. Still, it would be a surprise. If the PM is anything, she is resilient. While opposition parties and maybe even some of her most hardline opponents from the Brexit camp of the Conservative Party may call for Mrs May's head, so long as the government stands, it is up to Mrs May whether she leads it or not. Any vote of confidence in the PM by parliament that was tabled by an opposition MP could only be symbolic. Only the party in government can get rid of the prime minister. And having secured the support from a majority of her own party MPs on 12 December, she is immune to another such vote for one year.

4. Will there be snap elections?

Small chance. Far-left Labour leader Jeremy Corbyn has said he will table a vote of no confidence in the government if parliament votes down Mrs May's deal. The Conservative-DUP alliance commands a slim 13-seat working majority in the House of Commons. To win such a vote, Mr Corbyn would need support from all his MPs, all MPs from the other smaller opposition parties, and a handful of MPs from the government. This seems like a stretch. As we have argued before, the threat that a socialist could end up in Number 10 is the glue that binds the warring Conservatives together. While the DUP shares the Conservative's antipathy towards Mr Corbyn, it is the most likely group within the government to rebel. However, since its main objective is to avoid a Brexit outcome that would split Northern Ireland from the UK, it would suit the DUP if parliament rejected Mrs May's deal. Ironically, the best chance Mr Corbyn has of toppling the government could come by instructing his MPs to back Mrs May's deal – which includes the contentious backstop proposal. If Mrs May's deal passed, DUP MPs may be incentivised to vote against the government in a confidence vote in an effort to undermine the deal and the backstop.

5. Can parliament prevent a hard Brexit?

Yes, but only by agreeing some Brexit deal. By law, the UK is due to leave the EU on 29 March 2019. A hard Brexit is the default option unless the UK and the EU come up with some agreement for the future partnership. Even if parliament amends tomorrow's vote to include a vote on a hard Brexit, the vote on a hard Brexit would be merely symbolic unless the UK and EU could agree some alternative to Mrs May's deal or if the UK were to unilaterally withdraw Article 50 to stop Brexit altogether.

6. What is the likely path forward?

It is hard to say. As a rough guide, we expect the following: first, for parliament to vote down Mrs May's deal on 15 January and in any second vote before or on 21 January; 2) second, for Mrs May to declare that either a hard Brexit should be the policy of government – and allow parliament to vote on it (with an ability to signal a preferred alternative outcome for Brexit) – or to allow for a series of votes within parliament on the various off-the-shelf options for the future UK-EU partnership to see where and if a majority lies. Beyond that, it would be down to government and



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parliament to implement any agreement and, if needed, ask for an extension to Article 50 to do so.

At any rate, we are probably about to enter the phase of peak uncertainty whereby parliament rejects Mrs May's deal but does not yet have an alternative – see [Brexit: The real crisis may be yet to come](#). The uncertainty will last however long it takes for parliament to come up with a majority for a solution. If parliament fails, the UK will end up in a hard Brexit. This is the risk to watch.

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3/3

Joh. Berenberg, Gossler & Co.
KG
60 Threadneedle Street
London EC2R 8HP
Phone +44 20 3465 2672
www.berenberg.com
kallum.pickering@berenberg.com