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BREXIT: 10 POINT GUIDE TO THE SECOND ROUND OF INDICATIVE VOTES

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1. Against the wire, **UK parliament will try for a second time today to find a majority for a Brexit option**. Nine options have been put forward by MPs. The speaker of the House of Commons will narrow the options to probably just three or four for the final votes which will take place at 7pm, with the results due at 9pm UK time.
2. In the first round of ‘indicative’ votes held 27 March, [none of the eight options that MPs could choose from won a majority](#). Two options – customs union and second referendum – won more support than the two earlier votes on the so-called ‘May’s deal’. **With fewer options to choose from this time around, the chance that MPs can find a majority has risen.**
3. The speaker will probably select customs union, Norway plus (aka common market 2.0), second referendum and hard Brexit as the options for MPs to vote on. We have long held the view that **the customs union option has the best chance of winning a majority eventually**. UK press over the weekend reported that increasing numbers of Conservative MPs are ready to back a customs union.
4. For three reasons **the hard Brexit risk remains low (15%)**: a) Parliament voted against a hard Brexit under ‘all circumstances’ (321 for, 278 against) on 13 March; b) Prime Minister Theresa May has promised no ‘hard Brexit’ without the permission of parliament; and c) in an extreme case, the UK could unilaterally withdraw its decision to leave the EU until exit day (currently planned for 12 April).
5. If parliament can find a majority for a soft Brexit option – customs union or Norway plus – and the government adopts it as its official policy for the future relationship with the EU, parliament is very likely to also back the withdrawal agreement (WA) which details the UK’s exit from the EU. At the emergency EU summit on 10 April, the EU could probably agree to such a future partnership and make the necessary changes to the political declaration of future UK-EU relations. In this scenario, **the UK might still leave the EU on 22 May**– the date planned for if parliament had passed May’s deal last week.
6. UK press reports that **May could try push for another vote on her deal**. She believes that, if the second round of indicative votes in parliament shows a further shift towards a soft Brexit outcome, she can win over the hardline Brexiteers and some Labour MPs from strongly pro-Brexit constituencies. However, it is the prerogative of the speaker of the Commons to allow a further vote on her deal, having already rejected it once (and forced May to only put the Withdrawal Agreement rather than her full deal to the vote last Friday). Thus, is it not clear if she can technically even get another vote on her deal.
7. In order for the UK **to avoid a hard Brexit and to enter the transitional period during which it would remain in the single market until the end of 2020, the UK has to pass the**



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- WA.** The future relationship is a separate issue. However, because many MPs worry that passing the WA would remove the major point of leverage that can force the UK government to seek a close partnership with the EU after Brexit, they have so far been reluctant to sign on off on the Withdrawal Agreement.
8. Even if parliament finds a majority for a soft Brexit option or second referendum, the government may argue that such an outcome is inconsistent with its 2017 election manifesto. **A stand-off between parliament and government could end in a snap election.**
 9. If parliament is unable to find a majority for a softer Brexit outcome but remains strongly against a hard Brexit, **we may end up with a long Brexit delay to give the UK time to solve its issues**, thereby keeping the hard Brexit risk live.
 10. As all 27 EU members would need to agree to a long delay, we see a small risk that some member states such as France could reject such a request from the UK. While this seems unlikely, it is not impossible. **To avoid a hard Brexit on 12 April, the UK could be forced to revoke its decision to exit the EU.** More likely in our view, the EU would accept a request for a longer delay if the UK had made a clear shift away from repeatedly debating and voting on May's deal towards a process to seek a softer Brexit outcome.

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