

## Brexit: Election looms as chances of last-minute deal fade

The massive gulf between the UK and the EU on the Irish backstop mean chances of a revised deal this month are slim. Failure to get an agreement approved by MPs would oblige the UK prime minister to ask Brussels for more time. The way Boris Johnson tackles this deadline, and the way an extension is viewed by voters, will be key in a late-2019 election



UK prime minister,  
Boris Johnson

Source: Shutterstock

### A revised Brexit deal remains elusive

With less than a month to go until the current 31 October Brexit deadline, the probability of a deal being struck is falling rapidly.

UK prime minister Boris Johnson has a little over two weeks to both secure a revised Brexit deal from the EU and gain parliamentary approval for it. Failure to do so by the 19th of October would, under the terms of the so-called Benn bill passed by lawmakers in mid-September, oblige the

prime minister to ask the EU for another Article 50 extension.

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*The EU remains deeply sceptical of the UK's ideas*

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The government will reportedly table fresh proposals for the contentious Irish backstop this week – that’s the mechanism to avoid a return to a hard border between Northern Ireland and the Republic of Ireland. But while the UK appears more open to allowing NI to abide by EU rules on certain goods, it is much more reluctant to allow alignment on customs and VAT.

The exact details of the proposal haven't been released, but papers [leaked](#) this week suggest the government is looking at a system of customs checks set back from the border, combined with GPS tracking of shipments.

[We explored some of the challenges](#) associated with customs in more detail last week, but the upshot is that the EU remains deeply sceptical of the UK’s technological ideas to reduce friction at the border.

There will also be unease in Brussels at reports the UK wants Northern Irish single market alignment to only last for four years. While this appears to be designed to win over the Democratic Unionist party, who will be key in getting a deal approved in parliament, Dublin will be wary that this could lead to further border checks a few years down the line.

All of this means a compromise looks unlikely to be reached by the mid-October European Council meeting. If nothing else, EU leaders will be acutely aware that there is still probably no majority in parliament for a mutually-acceptable deal.

## How the UK's reported proposals compare with the current Irish backstop

| Regulations<br>(Single market)   | Customs<br>(Tariffs, rules of origin)   | VAT  |
|--|---|--|
| <p><b>Existing backstop</b><br/>Northern Ireland essentially remains in the single market for goods to avoid regulatory checks</p> <p><b>UK proposals*</b><br/>Similar – NI follows EU rules for food/ animal and industrial goods. However this is time-limited – ends after 4 years, but NI Assembly gets a vote on whether to continue alignment with EU rules</p> <p><b>Issues</b><br/>Ireland reluctant to accept time-limited backstop given border could get “harder” over time</p> | <p><b>Existing backstop</b><br/>UK as a whole remains in a customs union with the EU – means no tariff/rules of origin paperwork required</p> <p><b>UK proposals*</b><br/>UK (incl. NI) leaves customs union. Possible solution is customs clearing centres a few miles either side of the border, with GPS tracking to record when shipment crosses the border</p> <p><b>Issues</b><br/>Customs infrastructure raises concerns about security around border. Also concerns that there would be an incentive for firms to smuggle – therefore trusted-trader schemes may not work</p> | <p><b>Existing backstop</b><br/>Northern Ireland subject to EU rules on VAT – EU views this as a core part of its single market framework</p> <p><b>UK proposals*</b><br/>Northern Ireland remains outside of the EU’s VAT system, but no VAT-related checks at the border</p> <p><b>Issues</b><br/>EU concerned this potentially opens door to fraud – without checks goods may go untaxed (imports fail to have VA</p> |

Source: Daily Telegraph, ING

\*UK proposals based on details published by the Daily Telegraph on 1 October

## Can PM Johnson really evade the 19 October deadline to ask for a Brexit delay?

That poses the question of how the prime minister will deal with the 19 October deadline – the day

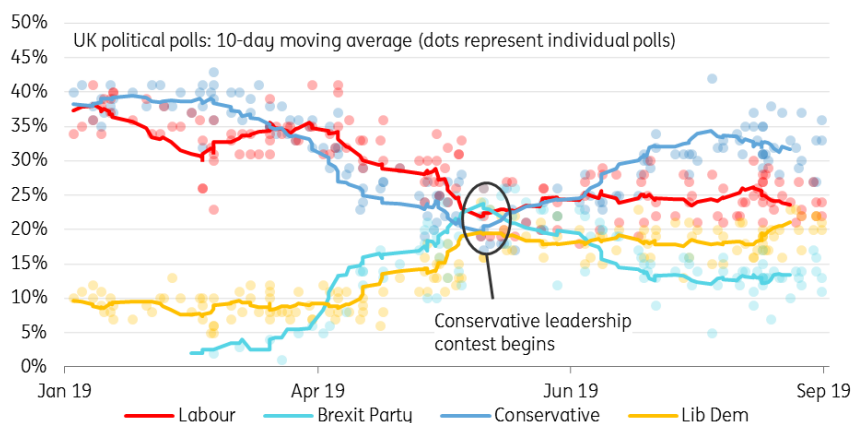
when he would be obliged to ask for another Article 50 extension if a deal is not approved. While the government has said it will abide by the law, it has hinted that it has found a way of circumventing the requirement to send this letter to Brussels.

This presents a conundrum for opposition lawmakers. Some lawmakers are concerned that the government may simply refuse to send the letter. The PM could also decide to resign rather than ask for another delay, thereby requiring the swift formation of an alternative caretaker government to ask for an Article 50 extension, before taking the UK to the polls.

By that point, there will only be a matter of days left until 31 October. Some MPs – notably from the [Scottish National party](#) – would therefore prefer an earlier vote of no confidence to prevent a last-minute race to ensure 'no deal' is avoided.

That said, prominent [legal experts](#) appear sceptical that any meaningful loopholes exist in the Benn bill. The major opposition Labour and Lib Dem parties therefore appear comfortable with riding out the next few weeks until 19 October. After all, even if PM Johnson refused to send the letter to the EU after that date, the courts would likely step in fairly rapidly – the recent Supreme Court case made that fairly clear.

## Conservatives currently lead in the political polls



Source: YouGov, Suvation, Opinionium, ComRes, Ipsos, BMG

## An extension may not be a complete disaster for the Conservatives

From Labour's perspective, the advantage of holding fire on a vote of no confidence is that an Article 50 extension on prime minister Johnson's watch would be potentially embarrassing for the government. Don't forget that the prime minister has repeatedly labelled the 31 October Brexit date as "do or die" – a failure to meet this could play into the Brexit party's hands at a general election.

But things are rarely ever that simple. If recent UK elections are anything to go by, it is equally conceivable that all of this could actually play into the Conservative party's campaign strategy. PM Johnson has frequently termed the Benn bill legislation as a "surrender", and Number 10 [reportedly](#) believes this message is cutting through to voters.

If an Article 50 extension is perceived by many voters to have been forced through by opposition lawmakers or by judges, then Number 10 may calculate that this could help carry the Conservative campaign slogan of "getting Brexit done".

## A late-2019 general election still looks highly likely

Either way, a late 2019 general election is still the most likely scenario. While opposition lawmakers recently [denied the government](#) the opportunity to go the polls before 31 October, there is little doubt that Labour and other opposition parties want the opportunity to fight an election.

Once an Article 50 extension is secured, the countdown to a general election – perhaps as little as five weeks later – will almost certainly begin.

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