

Bre-main

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Today, January 29th, marks an important day in the Brexit timeline.

After a historic defeat for her Brexit deal, Prime Minister Theresa May is putting her Withdrawal Agreement back before the House of Commons.

May was given three days to come up with a Plan B and seek to obtain cross-party consensus. However, Plan B appears more like an option to hold another vote on Plan A. The Irish backstop remains among the chief concerns holding back the approval of May's deal. British MPs rightly fear the backstop would threaten Northern Ireland's status within the United Kingdom, while EU member states are undecided on whether the backstop needs to be altered.

With the impending March 29 deadline, the UK, the EU, and Ireland are hard-pressed for finding solutions to avoid a no-deal Brexit.

Among the solutions recently offered by the UK are amendments to the Brexit deal. Today's votes will be on the amendments only. The Speaker of the House of Commons John Bercow will decide which of the 14 amendments tabled so far will be put to the vote. If the UK government passes an amendment to the Withdrawal Agreement and in due course passes the deal, the ball would be in the EU's court to approve those terms to allow the UK's EU withdrawal.

So far, the amendments garnering the most momentum appear to be the Cooper and Grieve amendment, tabled by pro-Remain politicians broadly with the intent of removing the risk of a 'no-deal' exit from the EU. Among the most high-profile amendments is the Cooper amendment jointly proposed by Labour MP Yvette Cooper and Nick Boles, Conservative MP.

The vote on the Cooper amendment marks a historic turn of events as it will be the first time since the 17th Century that the House of Commons has tried to take control of the nation's affairs from the government. Under this legislation, if there is no Brexit deal by February 26th, the government can delay Britain's departure from the EU until 31 December 2019. The Cooper amendment has the backing of both the Conservative and Labour party. If the Cooper amendment is passed it increases the likelihood of avoiding a no-deal exit but it risks dividing the government on policy outcomes which could threaten another round of elections.

The next popular amendment is by former Conservative government lawyer Dominic Grieve. He introduced a cross-party amendment that would force government to allow six days throughout February and March for MPs to debate and vote on Brexit options. The latest of the dates would be 26th March, just three

days before Britain leave the EU. On the other hand, pro-Brexit amendments have been tabled with the Irish backstop taking centre-stage. One of those amendments are backed by Graham Brady. The Brady agreement requires the Northern Ireland backstop to be replaced with alternative arrangements to avoid a hard border and therefore would support May's Withdrawal Agreement subject to this change.

For now, it looks like the stimulus behind a second referendum has faded as advocates in favour of a "People's Vote" appear more likely to favour today's amendments in favour of Article 50 extension. Any extension on Article 50 would still require the consent of the EU.

The case for investing in UK assets has improved considerably since the start of 2019 as the probability of a no-deal exit reduces but we cannot claim we are out of the woods yet. Last week UK assets rallied on the back of the view that the Cooper amendment would pass thereby changing the primary legislation to push back the Brexit deadline from March 29. We believe today's vote on the government's Brexit strategy will be closely contested and is critical as it will lay the groundwork for the likely route ahead.

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