

BUSINESS & FINANCIAL OVERVIEW

Brexit Brief: U.K. business secretary warns of 'disaster' from crash-out exit

The British secretary of state for business Greg Clark has warned that crashing out of the European trading bloc would be a "disaster" for the U.K. His comments significantly deviate from the policy line of his boss, Prime Minister Theresa May, who has as-yet refused to rule out the prospect of a so-called no-deal Brexit.

Clark told the BBC on Thursday morning that the U.K. needed to "resolve concern" about the possibility of no-deal to secure future investment in the country; the car giant Jaguar Land Rover is set to announce plans to cut up to 5,000 jobs from its U.K. workforce, amid ongoing Brexit uncertainty. Sterling dropped on the news from \$1.27849 at 07:00 GMT to trade at \$1.27563 at around 9am U.K. time.

On Wednesday, 308 British politicians backed an amendment to government plans that will require May to outline a new Brexit plan within three days, if her current proposal is rejected at a vote on Jan. 15. The move set a controversial precedent in the U.K. constitution, in that it allowed Conservative politicians from outside the government to make changes to government plans for the first time.

The leader of the opposition Labour Party Jeremy Corbyn, meanwhile, is set to reiterate his calls for a general election to break the Brexit impasse. In a speech on Thursday, Corbyn will argue that if May cannot gain parliamentary support for her Brexit deal "then there must be a general election at the earliest opportunity". He will add: "To break the deadlock an election isn't only the most practical option, it is also the most democratic option. It would give the winning party a renewed mandate to negotiate a better deal for Britain and secure support for it in parliament and across the country."

His remarks defy increasingly vehement calls from within his own party for Labour to instead back a second Brexit referendum.

Negotiators in the U.K. and European Union agreed the terms of their divorce and a rough outline for their future relationship in November, almost 2½ years after the U.K. public voted to leave the bloc.

But a deal is by no means done.

It will only come into effect if parliaments in both the EU and U.K. agree to sign it into their respective statute books. And while the majority of European lawmakers support the deal, their British counterparts are divided.

U.K. politicians had been scheduled to vote on the deal on December 11. British Prime Minister Theresa May postponed that vote at the last minute, however, as both pro and anti-EU politicians complained the deal still left the U.K. exposed to many European laws without giving it a say in their making.

May's decision to delay the vote prompted frustrated Brexit supporters in her ruling Conservative Party to launch a leadership coup. When that failed, the embattled PM appealed to EU leaders for further concessions that would persuade more U.K. politicians to back her Brexit deal. As yet, none have been forthcoming.

So what's next?

British politicians are now scheduled to vote on the deal on January 15. May needs a simple majority of 326 of the UK's 650 parliamentarians for the exit terms she has secured to pass into national law. But securing that will be no easy feat.

The Conservatives have a thin majority in the U.K. Parliament. Several senior government ministers resigned last year in opposition to her Brexit deal. The Democratic Unionist Party, a small Northern Ireland party that backs Brexit and props up May's government, has also repeatedly threatened to reject the agreed divorce terms.

