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## Brexit agreement ahead of vote in British Parliament

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The "divorce agreement" of the British with the EU stands. At the highly anticipated EU Special Summit on Sunday, Britain and the EU agreed on their post-Brexit relations at the end of March 2019. Now only the vote in the British House of Commons is missing. It's getting tight.

British government negotiators and the EU Commission had previously already agreed on a corresponding political declaration, in which many key points, such as British access to the EU's internal market, remained undecided until just before the summit.

For British Prime Minister Theresa May, a lot is at stake. After the publication of the draft, she faced massive opposition from her own country: May's opponents fear that the UK may be forced into a customs union with the EU for an indefinite period even after the Brexit, with Northern Ireland awarded special status. The treaty entails a one-time extension of the transitional phase, initially scheduled to last until the end of 2020. In addition, there will be no hard border with controls between Northern Ireland and Ireland.

Although May's cabinet approved the draft on 14 November, three ministers, including Brexit Minister Dominic Raab, resigned on the same day. Less support for the draft, however, comes from Parliament, and a majority for the treaty is in doubt – whereas preparations to overthrow May are in full swing. A vote of no confidence is planned, but there are still not enough supporters for such a vote. In addition, calls for a second Brexit referendum are becoming louder. Parliament is to vote on the deal at the beginning of December – after the final treaty is approved at the EU summit.

In order to be able to sell the treaty to Parliament better, May was making an effort in the last few days before the EU special summit to secure extensive support from the other members regarding the future economic partnership. However, the EU is unyielding and unwilling to open a back door to its internal market for the British.

### May is backed by businesses and the central bank

However, support for May for the draft comes from the British industry. The head of the Confederation of British Industry (CBI), Carolyn Fairbairn, greenlighted the previously negotiated contract on Monday. "It's not perfect, it's a compromise, but it's hard-won progress," she said. The deal, and above all its transition period, takes the UK a step away from the "nightmarish abyss of a non-treaty". The CBI particularly welcomed the transitional period until the end of 2020, during which Britain will remain in the EU internal market and customs union in order to prevent a hard cut for the economy.

Supporting signals are also coming from the Bank of England (BoE). According to central bank chairman Mark Carney, an agreement with an interim solution will help the economy and facilitate EU withdrawal.

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The markets are closely following the dispute over the Brexit paper. The British pound lost ground briefly in mid-November after the numerous ministerial resignations, but recovered somewhat shortly afterwards. By contrast, the sentiment on the stock markets has been restrained for some time now, not only due to the Brexit-related trials and tribulations, but also because of the budget dispute between the EU and Italy and disappointing results from US companies, particularly in the technology sector.

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