UK: May government declares against customs union as Brexit crisis intensifies

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The Conservative government is wracked by divisions over Brexit, with Downing Street insisting that a parliamentary vote tomorrow is not a vote of confidence in Theresa May's premiership.

May suffered more blows last week, after the House of Lords voted to amend the European Union Withdrawal Bill to require the government to try to stay in the EU's customs union. In a vote with a much larger than expected majority, the government was defeated by 348 to 225. The motion was put forward by a cross-party section of the Lords, with the amendment jointly authored by John Kerr, a former civil servant, and pro-EU crossbencher, former Conservative cabinet minister Chris Patten, backed by Labour and Liberal Democrats shadow ministers.

The amendment won the support of 24 Conservative rebels. Supporting the government were just 26 crossbenchers, one Labour and two Liberal Democrats.

The Lords also defeated the government in another amendment tabled by the Labour frontbench, with backing from the Lib Dems and Tory backbencher Lord Kirkhope of Harrogate. The amendment was passed by a majority of 97 and would mean "retained EU law" relating to rights in the fields of employment, equality, health and safety, consumer standards and environmental standards, can only be amended or revoked post-Brexit via primary legislation.

On Monday evening, the government lost a further two votes over Brexit in the upper house. These set off a firestorm within the hard Brexit faction of the Tories, led by Brexit Secretary David Davis, Foreign Secretary Boris Johnson and Environment Secretary Michael Gove.

Thursday's debate is non-binding, but next month MPs are set to take part in a number of key votes on a customs union, with the *Sunday Times* reporting that the hard Brexiteers are demanding May face down around ten Tory MPs who may back opposition MPs on remaining in the customs union. That number of rebels would imperil May's position, as she leads a minority government relying on the support of ten Democratic Unionist Party MPs for a majority.

According to reports, leaders of the hard Brexit wing—that she is in thrall to—warned May they would resign if she backed any form of a customs union. In response, a Downing Street spokesman said Monday that no soft Brexit would be considered as, "We are leaving the customs union, we will have an independent trade policy and we will strike trade deals around the world."

The spokesman described Thursday's vote as a "routine backbench business debate." Tory MPs are not being whipped, either to attend the debate or to vote against the pro-customs union amendment.

On Tuesday, the pro-Brexit *Daily Telegraph* bemoaned that the issue of future trading relationships with the EU is not on the agenda at today's Brexit "war cabinet" meeting.

Thursday non-binding vote was secured by the leaders of 10 of parliament's 32 select committees. They tabled a motion aimed at bringing forward a binding vote demanding the government "include as an objective in negotiations … the establishment of an effective customs union." It was backed by three Tory select committee heads, two Labour heads, a Liberal Democrat and a head from the Scottish National Party.

Thursday's debate will see amendments to several bills tabled by Remain-supporting Conservative Anna Soubry and Labour right-winger Chuka Umunna. Umunna tweeted of the "crucial" amendments he had authored with Soubry to the Trade and Customs Bills that they "would be legally binding and force

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Ministers—to seek to keep us in the EU Customs Union."

Support for the customs union from a sizable cross-party faction—representing the interests of the majority of big business—is a stalking horse towards ensuring the UK remains in the Single Market and possibly reversing Brexit entirely.

Following the Lord's customs union vote, Labour's Shadow Brexit Secretary, Keir Starmer said it reflected "I think a majority view in parliament now, that it is in our national interest and economic interest to stay in a customs union with the EU. We've got a huge manufacturing sector in the UK that needs to be protected."

Starmer's position was underlined by the intervention of the Japanese ambassador to Britain, Koji Tsuruoka, who warned of the dire consequences of a hard Brexit.

Interviewed by the pro-Remain *Observer* he said, "We have 1,000 companies operating in the UK today funded by Japanese capital. … It accelerated after Margaret Thatcher promoted the UK as the 'gateway to Europe' for Japanese firms. The total Japanese investment to the EU's 28 countries is of course huge, but out of 28 countries the UK alone now absorbs about 40 percent of total Japanese investment destined for the EU."

Speaking about the two major Japanese auto manufacturers in the UK, Nissan and Toyota—as Nissan announced hundreds of job losses—he said, "They are currently considering and thinking and watching very closely what they need to do. That is why they are not investing additionally today."

Tsuruoka warned, "The reason that many of those companies have come is that this is the best gateway to Europe. … If that is in danger, if that is no longer sustainable, of course they will have to look at what they will have to do best."

The *Financial Times* insisted, "After Brexit the UK must keep its borders open to European trade. … The House of Lords has already signalled support for a customs union; a majority in the House of Commons would probably back one, too. Mrs. May's equivocation is becoming ever more untenable."

May campaigned for Remain in the 2016 referendum but cannot accept any customs union because it would result in her removal as leader by her party's hard Brexit wing. Concluding the first round of negotiations with the EU, May proposed either of two post-Brexit trading models —a "customs partnership" or—in a move to placate the eurosceptic faction—a "highly streamlined" customs arrangement.

In an article earlier this month Germany's main business newspaper, *Handelsblatt*, was scathing about claims that EU withdrawal would inaugurate a brave new world for "Global Britain":

"One year after Brexit negotiations started, Britain's place in the world is shrinking fast. At some point, Theresa May will have to tell her people the truth … long after the loss of its colonies, Britain continued to benefit from the Empire's fading aura. But with Brexit, that magic has finally worn off. Left to its own devices, Britain is just a medium-sized state with limited global influence, its Empire long gone."

It continued: "Mr. [Michel] Barnier [the EU's Brexit negotiator] leads a rock-solid EU negotiating front, against which Britain has butted heads for a year without making progress."

This month has seen repeated warnings by the EU of a potential no-deal Brexit. Most seriously, the EU was scathing regarding UK plans to avoid a hard border between Northern Ireland and the Republic of Ireland, an EU member state, after Brexit during a "technical talks" meeting last week.

Barnier told French TV that 25 percent of the final withdrawal deal had yet to be settled and it could still be derailed by disagreements over the border and other issues. European Council President Donald Tusk told the European Parliament that "without a solution" to the border question, "there will be no withdrawal agreement and no transition … Leaders will assess the negotiations in June."

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