Economic Environment

IEU: UK Brexit monthly update: April 2019

The first half of April proved to be a busy period on the Brexit front:
• In a second round of indicative parliamentary votes on April 1st all options proposing a way forward for Brexit—including a customs union, the so-called Common Market 2.0 (or "Norway plus" option) and holding a second Brexit referendum—were rejected.
• After lengthy negotiations at an emergency EU summit on April 10th, the EU agreed to delay Brexit for "as long as necessary", but to no later than October 31st. This means that the UK will probably take part in the European Parliamentary elections on May 23rd.
• Since early April Theresa May, the British prime minister, has been holding talks with the leader of the main opposition Labour Party, Jeremy Corbyn, to reach a cross-party compromise on the Brexit deal. However, these talks have since stalled.

Against this backdrop, it is harder than ever to see a way forward for Brexit before the new deadline of October 31st.

The first half of April proved tumultuous on the Brexit front. The rejection of the Brexit deal by the British parliament for a third time on March 29th temporarily raised the chances of a “no-deal” Brexit. Most of the Brexit-related activity in that month was related to (unsuccessfully) breaking the political deadlock and (successfully, so far) avoiding a cliff-edge withdrawal from the EU, which would prove highly damaging for the UK economy.

All options rejected in parliamentary indicative votes

Shortly after it rejected the Brexit deal for a third time on March 29th the British parliament held a series of indicative votes on a number of options that could break the political impasse. These votes were non-binding for the UK government; however, if one clear path had been backed by British Members of Parliament (MPs), the government would have been bound to explore it.

However, all options proposed by MPs were rejected by their colleagues on April 1st. A customs union option was rejected by a margin of three votes; a second referendum was rejected by a margin of 12 votes; and the Common Market 2.0 was rejected by a margin of 21. Lastly, an option that would give parliament the power to stop a no deal outcome was rejected by a margin of 101 votes; however, parliament subsequently approved such a bill (proposed by Labour MP Yvette Cooper and therefore named "The Cooper bill") by a margin of only one vote on April 3rd.

Brexit deadline extended to October 31st
That the British parliament adopted the Cooper bill did not entirely rule out the possibility of a no deal scenario on April 12th. In fact, in the absence of ratification of the Brexit deal by the British parliament, this would have been the baseline scenario had the EU refused to grant the UK an extension of the Brexit deadline. In order to avoid such a scenario, Mrs May wrote to Donald Tusk, the president of the European Council, to request an extension of the Brexit deadline to June 30th to allow more time for the UK parliament to approve and ratify a deal.

On April 10th, after lengthy negotiations, the European Council granted the UK an extension of the Brexit deadline to October 31st. This six-month extension means that the UK will have to hold European Parliamentary elections on May 23rd if it is still an EU member on this date, which looks highly likely. Crucially, the EU also insisted that the withdrawal agreement could not be renegotiated and that there would not be new negotiations on the future relationship unless the UK's position evolved (meaning unless Mrs May's "red lines" on leaving the single market and the customs union changed).

Conservative-Labour Brexit talks: bound to fail?

In an effort to break the current political impasse, Mrs May has been holding talks with Labour since early April on a potential cross-party Brexit compromise. These negotiations also represent an attempt by Mrs May to pass some of the responsibility for delivering Brexit to the opposition leader, whose stance on Brexit has remained vague since 2016 (Mr Corbyn currently backs a second Brexit referendum, but previously supported leaving the EU). Mrs May insisted that a new cross-party plan "would have to agree with the current withdrawal agreement". However, she also suggested that some of Labour's demands for a deal could be incorporated.

Meanwhile Mr Corbyn has said that he will push for membership of a customs union and protections for workers' rights; this could include freedom of movement for people, which was a red line for Mrs May in Brexit negotiations with the EU and may prove unacceptable for Leavers. Another hurdle is that some members of the Labour party may refuse to support the deal if Mr Corbyn does not also push for a confirmatory Brexit referendum, the likelihood of which has increased in recent weeks. Finally, the EU has made it clear that no changes to the withdrawal agreement are possible. Against this backdrop, it is unclear what the current negotiations may achieve, let alone whether their potential outcome would be acceptable for the EU.

No way ahead?

In the second half of April the parliamentary recess and extra time given to the UK from the EU to negotiate the terms of withdrawal mean that little has happened on the Brexit front. In addition, the recent media frenzy surrounding Brexit has abated, and the attention of the British public is turning to other issues. This means that Brexit negotiations will not capture the headlines in the coming weeks and pressure on Mrs May to deliver Brexit has abated.

The way ahead remains more unclear than ever. The Brexit deal has not been ratified by the UK parliament and remains in limbo; it is unclear whether the agreement still holds, or if the UK intends to renegotiate it with the EU on the basis of an eventual May-Corbyn agreement. Meanwhile calls for a general election and/or a second referendum to break the political deadlock have gained traction, but so far Mrs May remains in power, and there are no plans to hold a second Brexit vote. All in all it is harder than ever to see a way forward for Brexit before the new deadline of October 31st.

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For something different

How the modern Champagne bottle was created
There was a time when cellarmasters wore iron masks, to save their faces from exploding glass bottles. And then, an enterprising German changed everything. Germany’s Black Forest is well-known for its wine, gastronomy, and dark Grimm Brothers tales. Far less known is the story of how local glassmakers created the modern Champagne bottle. 

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**Global Trends - Wine Industry Key Elements**

**Designing sustainable and responsible wine tourism experiences**

Wine tourism involves a wide ecosystem of actors. It is not only a source of revenue for wine regions, for the wine business value chain and for local societies, but it can also reveal and safeguard the cultural heritage of wine and support wine regions sustainability. Wine in Moderation – Art de Vivre is an international programme of the wine sector for a sustainable wine culture looking to inspire well-being and contribute to the reduction of alcohol related harm. The article recognises the opportunity which arises through wine tourism, to introduce the visitor directly to wine culture and to educate him on how to best appreciate wine in moderation and responsibly, while looking to present activities and sustainable wine tourism business models that place sensible consumption in the design of their visitor experience. The article takes into consideration current consumer, policy and business trends, principles of sustainable business models, design thinking and systems’ theory, and good practices developed in the framework of the 10 years of the Wine in Moderation programme, to understand how to develop a sustainable wine tourism experience and help create and capture value for wineries, local communities and the wider wine tourism ecosystem.

Sustainable wine tourism is an opportunity for growth for the wine value chain. Organising better the visiting areas and offering choices to the guest to experience wine responsibly will prove beneficial both for operators and visitors. Co-creation can provide solutions and far more services which visitors would be willing to experience and pay for. In a growing wine tourism market, wineries and related actors should be fit for purpose, creative and open for partnerships. Adapting a systemic approach, transforming and expanding current business model will be necessary to fully capitalise on the potential of more open and sustainable societies and economies.

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