

Headlines

- **Brexit delayed (again).** Article 50 has been extended until October 31 2019, but the UK can leave the EU earlier should the Withdrawal Agreement pass through Parliament before then.
- **UK makes plans to take part in European Elections.** Due to the Article 50 extension, the UK has enacted plans to take part in the European Parliament elections on 23 May.
- **Talks with Labour continue.** Government ministers and Labour shadows have been holding talks to see whether a way forward can be found that could command a majority in Parliament.

This Week

European Council summit

- On Wednesday the EU27 met in Brussels to discuss whether to extend Article 50 and further delay the UK's departure from the EU.
- The Prime Minister had originally asked for a three-month extension and the pre-summit expectation was that EU leaders would offer a longer extension of potentially up to 12 months.
- After the nine-hour summit in Brussels, EU leaders settled on an agreement to extend Article 50 by six and a half months to October 31 2019, with the flexibility for the UK to leave earlier if Parliament can ratify a Brexit deal.
- As part of the extension agreement, the UK would take part in the European Parliament elections on 23 May should no deal be agreed by that date. Should Parliament ratify a deal before then, the UK would leave the EU on 1 June.
- In a press conference, the PM insisted she was still hopeful of getting a Brexit deal through Parliament before 22 May, which would allow the government to cancel the European Parliament elections.

Prime Minister's statement to Parliament

- On Thursday the Prime Minister made a statement to the Commons following the EU's approval to extend Article 50.
- She outlined that she wants MPs to reflect over the Easter break so that decisions can be made swiftly and that Parliament can get through the current impasse.
- She reiterated that she wants to leave the European Union with a deal as soon as possible so that the UK can avoid taking part in the European elections.

ADS Reaction

- ADS welcomes the extension agreed by the UK and EU on an extension of the Article 50 process to the 31 October, avoiding a No Deal Brexit this week.
- Chief Executive, Paul Everitt said:

“Government and Parliament must use the time they have been granted constructively by working together to reach agreement on pragmatic solutions to the issues the country faces around Brexit.

“Industry has spent hundreds of millions of pounds preparing for the worst possible scenario of a No Deal Brexit and costs will continue to mount up as long as this threat remains.

“The current uncertainty must be put behind us, and the needs of businesses, workers and consumers given greater priority in political discussions and decision-making over Brexit.”

Next Steps

What does this mean?

- Focus will remain on Parliament if the Prime Minister’s ambition is to see a Brexit deal agreed and passed by MPs before the European Parliament elections.
- The Prime Minister’s preferred way forward is to reach agreement with Labour but has the back-up of putting options forward for government-led indicative votes should the talks fail.
- The risk of No Deal has reduced but is not completely ruled out. Parliament has demonstrated a majority against a No Deal Brexit and narrowly legislated in favour of an attempt to force the PM’s hand to request an extension. It is likely Parliament would do this again should the prospects of No Deal return.

Cross-Party Brexit talks

- The cross-party Brexit talks between the Government and the Labour Party continues through to next week.
- Whether the parties will come to an agreement remains unclear. Last week Labour had indicated that the Government were not moving from their red lines but the Government have spoken more positively about the talks.
- Positioning around a Customs Union will be a key focus for the negotiations. Labour MPs will also be pressing their leadership on maintaining the Labour conference position around a second referendum.
- No timeline has been given to when talks are expected to conclude or for when the Government may choose to move onto indicative votes.

Will Parliament ratify a deal?

- It remains uncertain. While some Brexiteer MPs have shifted to supporting the Withdrawal Agreement, there remains around 20-30 Conservative MPs and the DUP opposed.

- The outcome of the conversations with the Labour Party could see movement towards a Customs Union. In theory this could see Labour MPs become more supportive of a deal but may at the same time lose Conservative support from those MPs opposed to a 'softer' Brexit.

What happens if Parliament doesn't ratify a deal?

- If Parliament doesn't ratify a deal by the 31 October, the UK will leave the EU with no deal.
- It remains unclear whether the EU would grant a further extension, but there is a collective desire amongst EU leaders to avoid a No Deal. European Council President Donald Tusk noted that the UK now has enough time now to pass a deal and MPs shouldn't waste it.

No Deal Still On Table

- No Deal still remains a real threat for businesses, even with a delay.
- ADS urges members to take actions to consider now to help your business prepare for Brexit:
 - Ensure any EU27 citizens you employ have applied for the EU Settlement Scheme.
 - If you have any EASA certifications, apply for third-country approvals with EASA as soon as possible.
 - Ensure you have an EORI number and can submit customs declarations with EU trade.
 - Talk to your bank now about addressing potential cash flow or working capital problems.
 - Work with customers so that you can continue to comply with contractual terms (i.e. data protection, guaranteed delivery times or nationality restrictions on sensitive contracts)

ADS Brexit Hub

We are regularly updating the "Brexit Hub" on our website to help members preparing for Brexit, cutting through the political noise, and providing a single authoritative source of information on the impact of Brexit on the Aerospace, Defence, Security and Space sectors.

[You can access the Hub here to guide you through the current state of play on Brexit.](#)

- Each Brexit Bulletin and Snapshot will now be uploaded to the [Brexit Hub](#) each week to give you and your colleagues quick access to the most recent ADS analysis on Brexit.
- Further to this, in order to help our members prepare for Brexit; our ["Brexit Readiness" questionnaire](#) is available to help you in developing your Brexit plan.