

Brexit and Globalisation

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What is Globalisation?

Globalisation is the connection of different parts of the world, resulting in the expansion of international culture, economic, and political activities.

It is the movement and the integration of goods and people among different countries.

Some examples of globalisation today are:

- ☐ *Travel*
- ☐ *Transportation*
- ☐ *Communications*
- ☐ *Trades*



What is Brexit?

Brexit is also known as « British Exit» that is the exit of the UK from the European Union.

The exit did not start from a specific person, and European countries have not declared themselves in favour or against (not officially).

In 2017 negotiations have started for the UK exit.

There was the talk of Brexit already before 2017, there have been several referendums and protests for who was against and who was in favour. The population was divided in half regarding the matter, over the years there have been second thoughts by the government and the people themselves.

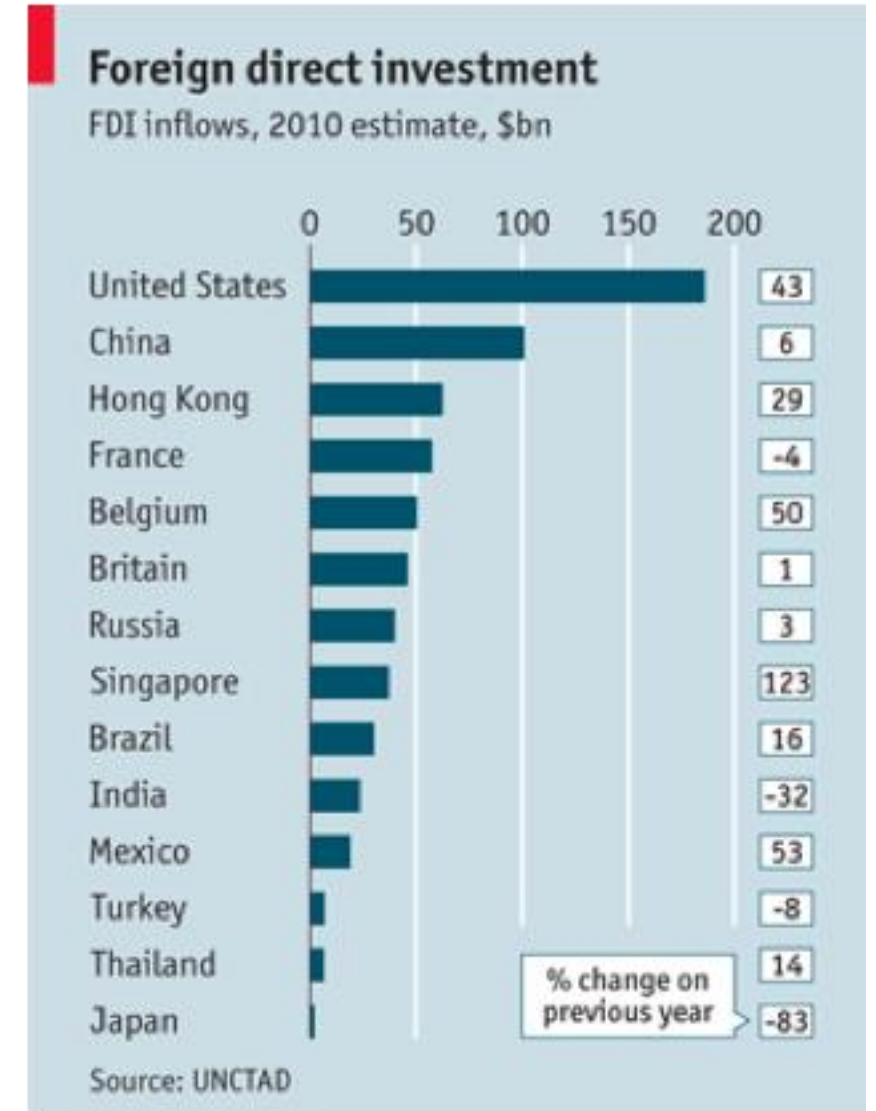
The UK exit happened officially in March 29 2020.



Globalisation and the United Kingdom

Globalisation has brought numerous advantages to the UK, especially on the economic side. Some of these advantages include:

- ❑ Possibility to invest abroad for TNCs
- ❑ Larger market scale
- ❑ Tourism
- ❑ Universities prestige



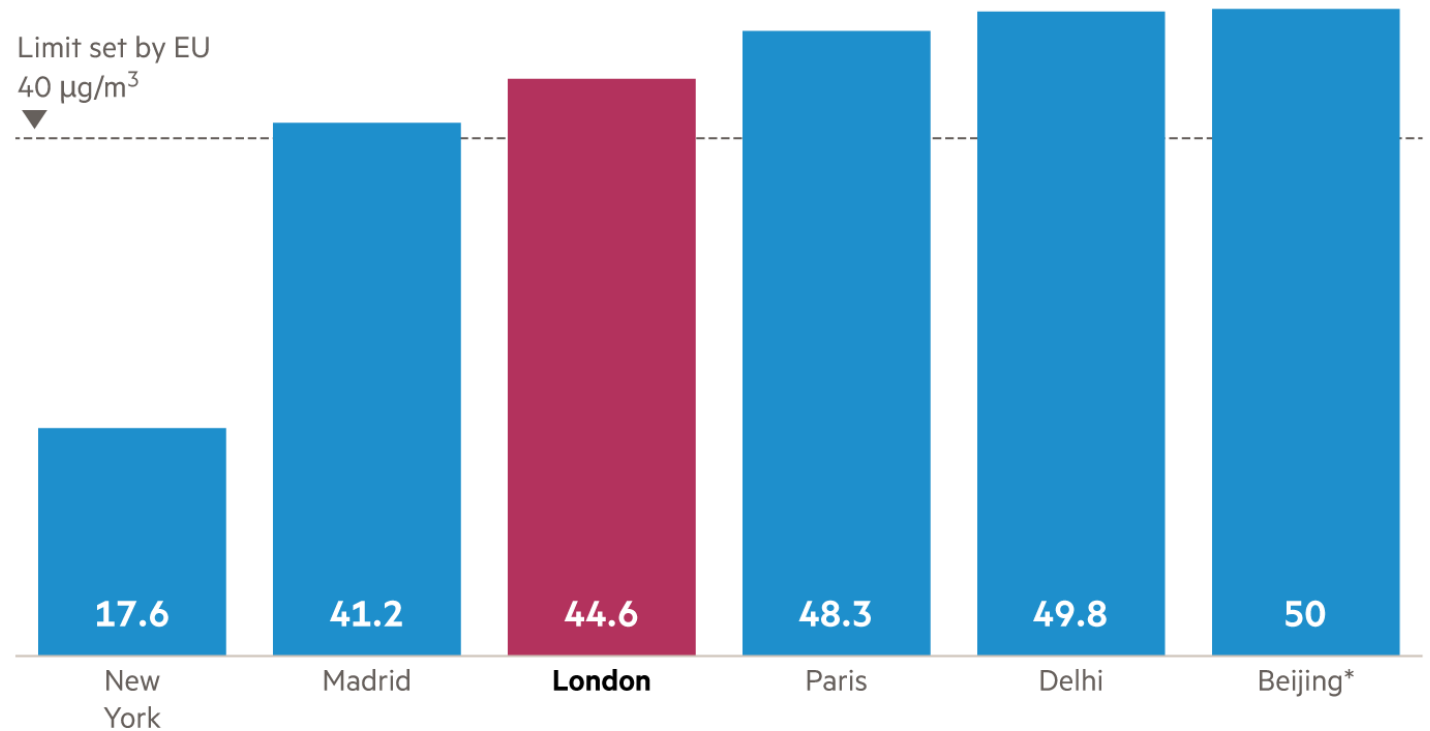
Globalisation and the United Kingdom

However, globalisation has also brought disadvantages, some of them are:

- ☐ Unemployment due to most production being done abroad
- ☐ Great pressure from migration
- ☐ High environmental impact

London among the most polluted cities in the world by NO₂

Nitrogen dioxide levels (annual mean 2016, µg/m³)



Sources: EEA; Aerosol and Air Quality Research; Central Pollution Control Board
© FT

* 2015 data

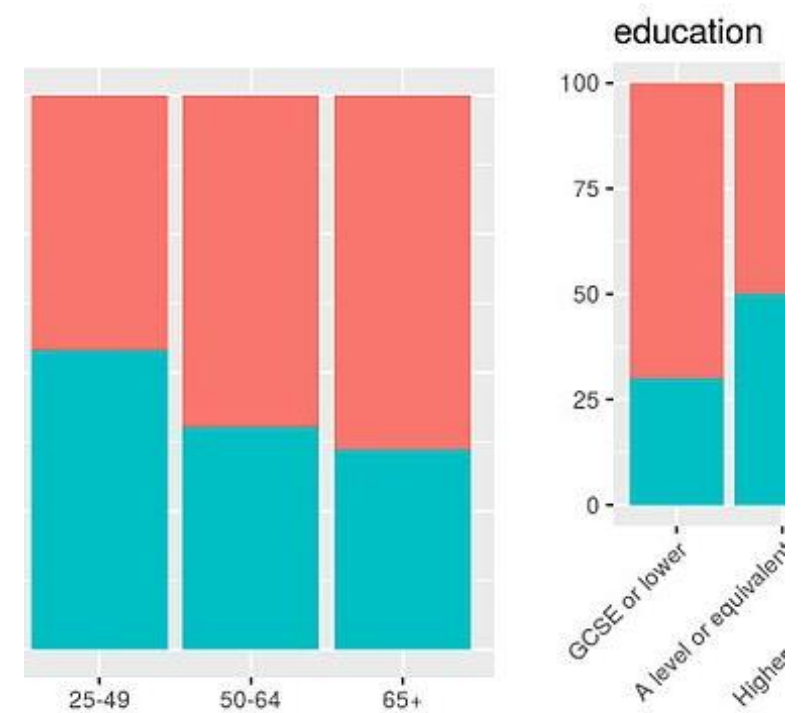
What caused Brexit

Three main reasons for Brexit

- ❑ Economy: the impact of remaining in the EU on the UK will be negative.
- ❑ Sovereignty: this concept is considered to be a kind self-control symbol.
- ❑ Political Elitism: Brexit is a useful method for politics to show their power and consolidate their leadership.

Effects of Brexit

- ❑ A new trade agreement could raise tariffs and cause inflation.
- ❑ The cost of travel and communication could increase.
- ❑ The UK must pay billions in euros for its “divorce bill”.
- ❑ Constraints on immigration could hurt the UK's labour force.
- ❑ The UK could lose Scotland, which may opt to join the EU.



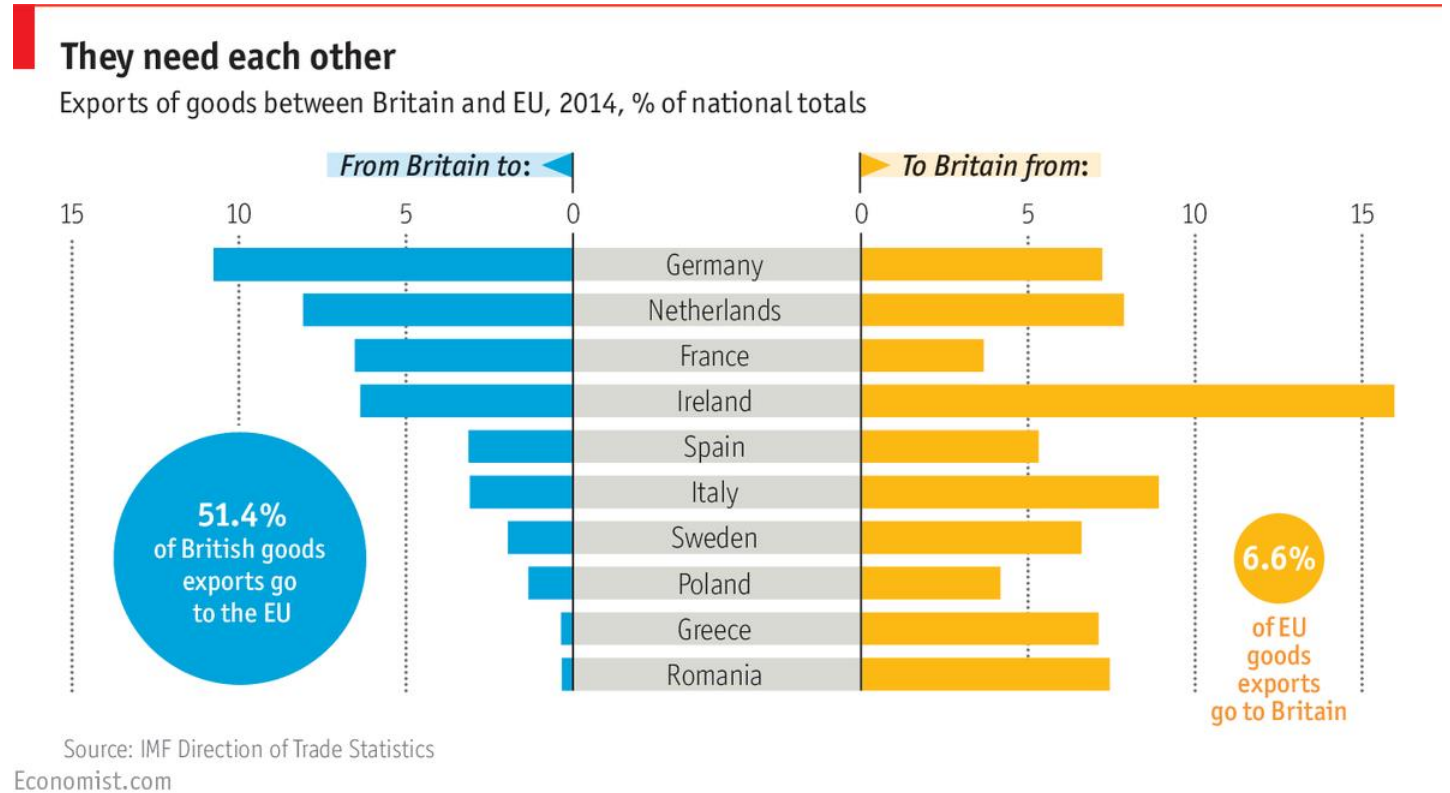
The Impact on Globalisation

The EU will be affected by Brexit:

- ❑ Loss of an important importer for the Union
- ❑ Loss of investments from the UK

However, the one that will lose the most is the UK itself:

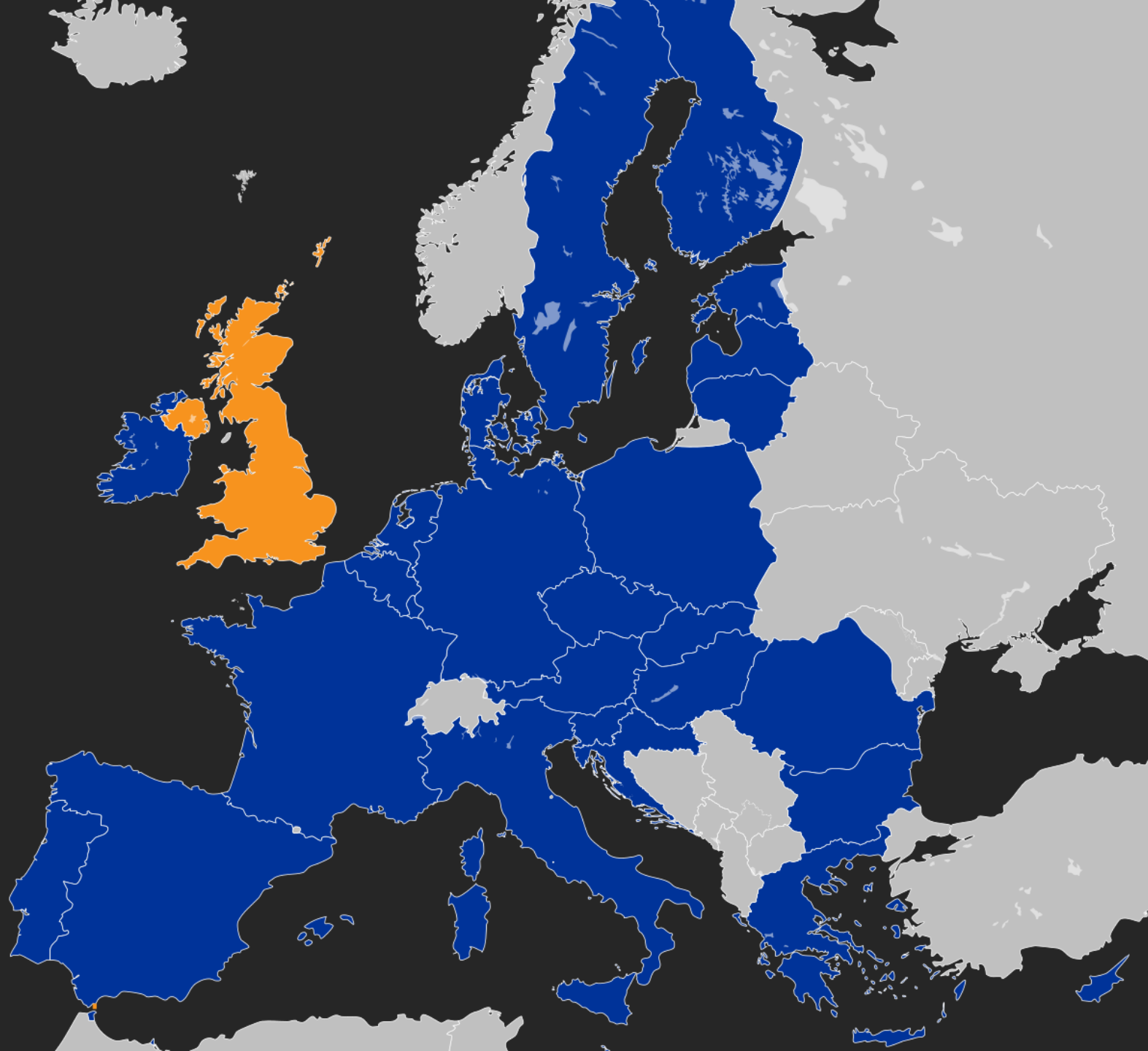
- ❑ More taxes for import and export
- ❑ TNCs moving quarters
- ❑ Less employment and investments made



If Brexit never happened

If Brexit never happened:

- ❑ The EU budget would be greater as the UK's contribution to the EU budget was £ 19.4 billion.
- ❑ With Brexit the UK has no longer a role in the EU which served as both an asset to the Union, but also a hindrance to those who supported a direction firmly opposed by the British government.
- ❑ Without Brexit the value of the pound would have remained constant or there would have been an appreciation of the currency.



Conclusions

In the end, globalisation will suffer from Brexit, both economically and socially, as this political action will slow down the global market. However, the most damage will be done to the UK itself, as it might not be ready enough for this split.

A hard Brexit will cost the British economy 400 billion pounds

If the UK is unable to negotiate a trade deal with the EU, this will cost the UK 18% in missed GDP growth until 2030, compared to retaining EU membership



This equals
£ 11,500 per
British employee



R&D capital
-12%



Capital stock
-14%



Export volume
-30%



Consumer prices
+30%

Expected negative
effects of a hard Brexit
until 2030



Rabobank