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The Commonwealth in a changing landscape

Profound changes are taking place in the global trade landscape, including the technologies and governance frameworks that underpin and support contemporary trade in goods, services and the digital economy. This dynamic environment presents challenges and, in turn, numerous opportunities to expand and deepen trade, investment and innovation among the 54 member countries of a growing Commonwealth community of nations.

As this publication went to press, Patricia Scotland, Commonwealth Secretary-General highlighted implications for the Commonwealth from a (post) COVID-19 world. ‘Rapid population and per capita income growth (especially in Asia) are part of the driving forces behind the Commonwealth’s buoyancy. With 2.4 billion people, 60 per cent of whom are under the age of 30, these drivers are unlikely to slow anytime soon – with or without coronavirus. While not a formal trading bloc, the ‘Commonwealth Advantage’ enables member states to trade up to 20 per cent more with each other than with non-members, at a 21 per cent lower cost, on average. Our research also shows that these countries invest up to 27 per cent more within the Commonwealth than outside of it – almost tripling investment levels five years ago, which stood at 10 per cent. Investment flows to sectors such as e-commerce, digital technologies, cybersecurity, healthcare and biotechnologies could shore up, as business migrates online, and countries race to find a vaccine and other medical treatments.’

Trade and investment flows among Commonwealth countries are strong and continue to grow. Despite the unexpected contraction in world trade since the 2015 Commonwealth Trade Review found that 53 Commonwealth members. Equally, there has never been a time potentially more disruptive to international trade. Technological transformation is already helping improve prospects for sustainable development across many Commonwealth member countries. It is also altering their competitive advantage by eroding limitations owing to geographic remoteness and distance, lack of connectivity and other constraints on their economic performance, output, growth and employment. Digitisation especially is enabling transformation and change in all economic sectors, including finance – from mobile money systems to advanced financial technology – energy, agriculture, the oceans economy and tourism, among many others.

At the same time, harnessing and sustaining new economic opportunities arising from a more connected Commonwealth requires strengthening the domestic institutions, rules and frameworks that govern trade: from goods and services to investment and intellectual property. There is an enormous historical fabric of institutional and governance ties that influence intra-Commonwealth commerce, trade and investment. Leveraging these linkages and bonds offers an immense comparative advantage and opportunity for Commonwealth members to further drive down intra-Commonwealth trade costs and to expand intra-Commonwealth trade and investment. Commonwealth members already enjoy an advantage when it comes to efficient

Brexit, Commonwealth and UK Creative Industries: An introduction

Nnamdi O. Madichie
& Arif Zaman

We are pleased to share the latest and first issue of the Bloomsbury Institute Working Paper Series, which comes amid very turbulent times - COVID-19, self-isolation, stay at home and save the UK National Health Service (NHS), which has brought a richer meaning and magnitude to the VUCA (volatility, uncertainty, complexity, ambiguity) world we live.

This issue features interesting contributions revolving around what may be better described as a “special issue on Brexit, the Commonwealth and the UK Creative Industry.” The discussions draw upon a myriad of sources including the National Endowment for Science, Technology and the Arts (NESTA); an innovation foundation established in 1998 with an endowment from the UK National Lottery prior to becoming an independent charity in 2012; report and policy papers from the Commonwealth Secretariat; UK Creative Industries website, British Fashion Council (BFC), House of Commons Digital, Culture, Media and Sport (DCMS) Committee, the UK Fashion and Textile Association, the Royal Institute of British Architects, Design Council and the Advertising Association, and McKinsey & Company reports; and initiatives like the Arts and Humanities Research Council (AHRC) Creative Clusters Programme.

These initiatives are in a recent realisation that creative industries are a motor of growth in local economies across the UK and not just in London and the South East of England. Three main themes are worth stating in this introductory article. First, the creative industries concentrate in a small number of locations. About 53 per cent of employment and 44 per cent of businesses are found in the top five locations (the equivalent percentages in other sectors are 32 per cent and 30 per cent respectively). Second, regional rivals should work together to grow their creative industries. Regional creative growth appears not to be a zero-sum game, particularly when it comes to business numbers. Third, creative communities are interconnected and the diversity of connections increases over time. We have identified 7,100 creative meetups in the UK with participation of over 180,000 unique individuals. These communities interact locally and with those around them forming hubs of activity in Advertising and Marketing in the West Midlands, Crafts in the North West, and Design across the South West and Wales. In general, terms creative communities in different sub-sectors are becoming more interconnected something that bodes well for unexpected ‘crossover’ innovations.
contract enforcement, for instance, and strengthened regional integration and improvements in trade facilitation are likely to yield disproportionately high gains for Commonwealth members.

When Heads of Commonwealth Governments met in London in April 2018 at one of the largest such gatherings in the UK's history, they adopted a Declaration on the Commonwealth Connectivity Agenda for Trade and Investment with the goal of expanding investment and boosting intra-Commonwealth trade to US$2 Trillion by 2030. In pursuing that Agenda, member countries will structure dialogue around the following clusters:

1. **Physical Connectivity**, engaging on trade facilitation, identifying and facilitating implementation issues, infrastructure development including multi-sectoral connectivity and the sharing of trade information, in order to reduce the physical barriers to trade;

2. **Digital Connectivity**, assisting member countries in expanding ICT capabilities, identifying areas for developing their national digital economies, improving their regulatory framework and building digital infrastructure, inter alia through capacity building and promoting investments, to enable all member countries to take advantage of the opportunities presented by digital trade;

3. **Regulatory Connectivity**, improving understanding of various regulatory regimes, increasing the ease of doing business, promoting good regulatory practice including regulatory cooperation among member countries to reduce non-tariff barriers, improving services data collection, and mutual recognition, in order to reduce regulatory barriers, address the capacity deficit and improve the regulatory environment for business, especially micro, small and medium enterprises and consumers;

4. **Business-to-Business Connectivity**, supporting dialogue between the public and private sectors and between businesses, assisting member countries to attract investment through capacity building, facilitating the needs of the micro, small and medium enterprises to access finance, and reflecting on how domestic regimes could facilitate business-to-business connectivity, particularly with the aim of enhancing the private sector's role in promoting the blue and green economy;

5. **Supply Side Connectivity**, encouraging the participation of all members in global value chains, fostering global value chains (GVC) linkages and sharing knowledge among members and harnessing them for economic growth, as well as the creation of export diversification opportunities for micro, small and medium enterprises, and exploring possibilities to collaborate on national trade portals, and

6. In engaging in these areas, member countries will mainstream inclusive and sustainable trade as a cross-cutting issue. The Commonwealth will deepen collaboration with other organisations in identifying issues affecting the sustainability of economies. We affirm our commitment to making trade and investment truly inclusive by encouraging the participation of women and youth in business activities, by taking a gender responsive approach to the development of trade policy, increasing opportunities for women to trade internationally, and breaking down gender barriers in all sectors. We undertake to invest in programmes to tackle youth unemployment and give young people access to meaningful opportunities.

This momentum was sustained, supported and strengthened by a key meeting of Trade Ministers in London in October 2019, the first such meeting in over 40 years, which endorsed the Commonwealth Connectivity Agenda Action Plan and affirmed the centrality of the private sector, particularly MSMEs (micro, small and medium enterprises), to job creation and national development and the need for a supportive policy and regulatory ecosystem for MSMEs.

At a meeting with private sector in London in February 2020, it was recognised that for businesses of all sectors, sizes and geographies several areas should be built on to improve Commonwealth competitiveness, strengthen private sector engagement, improving access to market and reduce the cost of trade. These include strengthening private sector engagement through regular consultation and use of regulatory impact assessments so that all stakeholders are informed, understand the impact of, and can adequately adjust to, regulations before they are put in place; improving access to basic information by taking practical steps to help MSME trade by promoting the top 10 trade opportunities in each Commonwealth market; and improving digital skills, particularly for women-owned businesses, through Commonwealth mechanisms.

A landmark study published by Commonwealth Secretariat in 2020 entitled “The State of the Digital Economy in the Commonwealth,” focused specifically on digitalisation in the Commonwealth and fills an important gap by providing new knowledge on the state of the digital economy in the Commonwealth, the challenges posed by digitalisation, and the opportunities available for Commonwealth member countries to harness the benefits of digitalisation for development and to boost intra-Commonwealth trade. This found that the contribution of ICT services to the Commonwealth’s total services trade and GDP has been gradually increasing since 2012 and that if all Commonwealth countries achieve a minimum level of broadband penetration of 50 per cent (the world average), then Commonwealth GDP is expected to rise by between US$74 billion and US$263 billion (Commonwealth Secretariat 2018).

In terms of information communications technology (ICT) skills for communication and collaboration, the Commonwealth average (21.4%) exceeds the global average (17%) in terms of using the internet for finding/applying for a job. However, in both basic and intermediate digital infrastructure indicators, the Commonwealth performance is weaker than non-Commonwealth countries.

Furthermore, there is a significant digital divide within the Commonwealth. The report went on to identify possible policy initiatives for the Commonwealth to foster the digital economy, with a focus on intra-Commonwealth efforts. These include facilitating best practices on internet and broadband digital infrastructure; promoting e-commerce and investments in a data-driven economy to take advantage of the next wave of manufacturing and services; sharing experience on e-governance and smart cities; and promoting digital skills development within the Commonwealth.

There has been much debate as to whether new challenges mean an end to the era of globalisation. McKinsey have set out the primacy of four global forces breaking all the trends: the shifting of the locus of economic activity and dynamism to emerging markets like China and to cities within those markets; the acceleration in the scope, scale, and economic impact of technology; that the human population is getting older and that for the first time in human history, aging could mean that the planet’s population will plateau in most of the world, and that the world is much more connected through trade and through movements in capital, people, and information (data and communication)—what it refers to as “flows.” Given that we are accelerating into a future shaped less by countries than by connectivity, what opportunities from developments in what Parag Khanna calls ‘connectography’ does this hold for a Commonwealth community that includes countries from all continents with English (law, language) providing a powerful mechanism for enhanced business?

Moreover, what will be the impact of digital globalization especially given that 32 of the Commonwealth’s 54 countries are Small States (e.g. Jamaica, Botswana, Fiji and Malta) and that digitisation has opened the door for emerging economies, small businesses, and individuals to participate directly in globalization? Indeed small businesses worldwide are becoming “micro-multinationals.” In this context, Emerging Africa now home to the Africa Continental Free Trade Area (AfCFTA), which will be the world’s largest free trade area by number of countries once it is fully up and running – probably after the uncertainty of the current COVID-19 pandemic becomes clearer.

Against this it is possible that we now in a period/ phase of marked de-globalisation with several challenges to globalisation, especially economic warfare, the geopolitisation of trade talks, competition for gated markets, not natural resources and China’s infrastructure-driven alliances. Brexit and Trump have highlighted the role of global business in a less globalised world. Indeed as this issue went to press with the impetus and impacts of COVID-19 dramatically seen and felt everywhere, the IMF said that it had reassessed the prospect for growth for 2020 and 2021, declaring that we have entered a recession - as bad as or worse than in 2009. The WTO has warned that international trade has dried up because of COVID-19 and could be on course for a collapse as severe as that of the 1930s Great Depression. Even the most optimistic scenario for 2020 was that trade would shrink by 13%, a bigger drop than in the 2008-09 recession caused by the banking crisis - but there was the risk of a much gloomier outcome under which trade would shrink by 32%.
Brexit, Trade and Investment within the UK creative industries

The Government defines the Creative Industries as ‘those industries which have their origin in individual creativity, skill and talent and which have the potential for wealth and job creation through the generation and exploitation of intellectual property.’ The Creative Industries sector comprises nine sub-sectors: Advertising and marketing; Architecture; Crafts; Design; product, graphic and fashion design; Film, TV, video, radio and photography; IT, software and computer services; museums, galleries and libraries; Music, performing and visual arts; and Publishing.

The Creative Industries account for 9.4% of the value of all UK services exports. Furthermore, more of these services exports go to the EU (42.5% in 2014, 45% in 2015) than the average for UK services exports. The value of services exported by the Creative Industries in 2015 was £21.3bn. This is a 4.4% increase on 2010. For comparison, total UK services exports grew by 29.5% from 2010 to 2015. The Creative Industries exported £14.7bn worth of goods in 2015, 38.6% more than in 2010, and this represented 5.2% of total UK goods exports. The highest export sub-sectors were “Music, performing and visual arts”, “Crafts”, and “Publishing”. Research from NESTA, in partnership with the Creative Industries Council (2018), has shown that the creative industries across the UK are driving local and national economic growth, identifying that local economies have grown their creative industries employment by an average of 11 per cent, twice as fast as other sectors.

In evaluating the possible challenges and opportunities of a multinational enterprise (MNE) in London in the post-Brexit creative industries sector, within the context of a changing global trade landscape, potent example comes from Universal Music Group (UMG), a subsidiary of the French-owned Vivendi company, a world leader in music-based entertainment, with a broad array of cinema and live performance venues in Africa. This involves a major expansion in French-speaking Africa, with the launch of a new strategic division within French-speaking Africa markets with a focus on discovering and supporting local music talent in order to maximize the commercial opportunities for artists and labels throughout French-speaking Africa to reach audiences globally. The division will work in partnership with existing UMG operations including North African territories and alongside key markets across English-speaking Africa that will offer artists comprehensive opportunities throughout the region and provide pan-African talent a critical possible launch pad for wider international success.

In July 2018, it announced a significant expansion of live music activity throughout Africa on partnership with Vivendi & Canal Olympia, the leading network of cinema and live performance venues in Africa. This involves a major expansion in French-speaking Africa, with the launch of a new strategic division within French-speaking Africa markets with a focus on discovering and supporting local music talent in order to maximize the commercial opportunities for artists and labels throughout French-speaking Africa to reach audiences globally. The division will work in partnership with existing UMG operations including North African territories and alongside key markets across English-speaking Africa that will offer artists comprehensive opportunities throughout the region and provide pan-African talent a critical possible launch pad for wider international success.

The same month it also announced a significant expansion of operations within Western Africa, with the launch of Universal Music Nigeria. Operating from a new office in Lagos, this will support artists from Nigeria, Ghana, and Gambia throughout the continent and beyond, utilizing Universal Music Group’s global networks for wider discovery, marketing, promotion and distribution. The label has signed a host of Nigerian-born artists including WurlD, Odunsi (the Engine), Tay Iwar, and Ghanaian-born artists Cina Soul and Stoneboy. In addition, the label has recently signed marquee deals with acclaimed Banku singer and songwriter Mr Eazi for pan-African releases, co-signed Nigerian artist Tekno in conjunction with Island Records UK and Tanzanian singer and songwriter Vanessa Mdee in conjunction with AfroForce1 Records/Universal Music Central Europe/Universal Music South Africa.

These two signings mark the first time UMG labels from the two continents have combined to sign and release African artists globally, with other artist partnerships in the pipeline with UMG labels from around the world. This has been driven by a recognition that in recent years there has been an increase in visibility of Nigerian and Ghanaian music and its influence on contemporary music around the world. Opening an office within the region by the world’s largest music company is a huge statement of belief in local music talent.

Universal Music Group already operates two successful live music companies within Africa, both of which will also have divisions within Universal Music Nigeria. Launched in 2017 in Johannesburg, UMG Live Africa has quickly become one of the leading talent booking agencies within the continent. It has successfully helped redefine the role of a booking agency within Africa, with a broad roster of artists made up of both UMG talent and non-UMG signed artists making more than 600 performances throughout 2017. ULive Africa was founded in 2016 and is engaged in staging, producing, and hosting large-scale live concerts and events throughout Africa including Runway Jazz, the inaugural African Comedy Awards, Lekki Sunsplash (30th Anniversary Edition), The Music Industry Awards in Nigeria, Afrochella and Basketels & Wine in Ghana, and Cocktails in the Wild in Uganda and Nigeria, with several other exciting projects in the pipeline.

Universal Music Nigeria is currently developing plans to open a recording studio in Lagos in order to further advance the recording facilities available to local African talent. It will become UMG’s second fully purposeful studio within Africa, alongside the existing facility in Johannesburg, South Africa. Through these strategic investments, initiatives and executive appointments, UMG is accelerating the company’s focus on growing the entire African music ecosystem including recorded music, music publishing, production, live events, brand partnerships and merchandising efforts.

Jobs in the creative and cultural economy have proved resilient to the economic shocks that consistently hurt core sectors in many African economies. In 2016, the Nigerian economy fell into recession, but while the oil sector struggled, the creative industries saw impressive growth. The music industry alone is expected to double present-day revenue by 2020 to approximately US$586million.

In Nigeria, for example, Nollywood film production generated between US$500million and US$800million annually. The industry directly employs 300,000 people and indirectly more than a million. The success of Nollywood demonstrates how the creative economy can trigger a value chain between the associations ascribed to ‘Africanness’, and for fashion designers, for example, provides a powerful example of the potential of the creative industries in the Commonwealth. A vibrant fashion scene is emerging in Africa, spearheaded by a new generation of young fashion entrepreneurs. As highlighted in a multi-sited study of Ghanaian, Ugandan and Zambian female designers, Lungav (2017) points to the emerging fashion industry as a site for entrepreneuring where people’s aspirations to bring about personal, cultural and socio-economic development converge.

Fashion designers envision their endeavours as pathways for pursuing their passion, for changing the associations ascribed to ‘Africanness’, and for revitalising failing clothing industries in Africa. While the emerging character of the industry creates uncertainty and many obstacles for running viable businesses, fashion designers remain enthused by narratives about the industry’s future prospects. The impact of COVID-19 cannot be ignored: in April 2020 McKinsey cautioned that revenues for the global fashion industry (apparel and footwear sectors) would contract by 27 to 30 percent in 2020 year-on-year, although the industry could regain positive growth of 2 to 4 percent in 2021.
Against the backdrop outlined above, the diaspora remains significant for a Commonwealth community with huge Diasporas in global urban centres. Diaspora entrepreneurs can play important roles in facilitating trade and investments between their countries of origin and countries of residence. Globalization was once driven almost exclusively by governments, the world’s large multinational corporations and major financial institutions (Zaman, 2019). Now - thanks to digital platforms with global reach - artisans, entrepreneurs, app developers, freelancers, small businesses and small states can participate directly in the global marketplace and collaborate more easily.

The idea of a firm ‘born global’ – one that internationalizes quickly after start-up – can today move from theory in international business to reality in hours, not years. Increasing opportunities are available for diaspora entrepreneurs who can play important roles in facilitating trade and investments between their countries of origin and countries of residence given the role of trust in business facilitation, especially in a post-Brexit world.

The Commonwealth has a strong diasporic community, which is already playing an important role in driving trade and investment between member countries, but much potential remains untapped. The Diaspora often demand what are known as ethnic, nostalgic and identity goods, thereby providing an important bridge into new markets. They may present a hidden strategic resource to promote trade and investment more attractive to business diaspora.

These links are further enhanced by low-cost internet telephony, travel and satellite TV. The potential of changing demographics and business diaspora progression coupled with increasing opportunities in higher-growth markets in their countries of origin is seldom recognized, let alone linked to trade strategy. This should be part of a new imperative for trade in 2020 despite and perhaps especially from the fallout of COVID-19.

Although creative businesses are more productive than comparably sized businesses, they will not materially contribute to addressing the UK’s productivity problems unless they significantly scale up. When we control for size, creative businesses tend to be more productive than companies in other sectors in almost all parts of the country. For example, creative businesses with fewer than ten employees have a Gross Value Added (GVA) per worker of £46,000, which is about 20 percent higher than similarly sized businesses in other sectors.

Ninety-four percent of companies in the sector are, however, micro-businesses (10 percent more than in other sectors), which limits the sector’s ability to lift regional productivity. Growth in the sector will have the biggest economic impact if it is accompanied by an increase in the number of scale-up businesses with higher productivity growth.

However, not all creative clusters grow in the same way. Creative business growth is not just about high-growth firms, and creative cluster development follows a variety of models. New firms, it turns out, are more important for net job creation in the creative industries than in other sectors.

UK universities connect with creative industries locally and nationally. Research collaborations between universities and creative industries supported by Research Councils UK and Innovate UK are growing over time, with funding levels more than doubling between 2006 and 2017. Universities are collaborating with creative industries in their locality, in neighbouring areas and in other parts of the UK, suggesting that UK universities have a role not only in helping develop creative clusters around them, but in also linking up others farther apart.

Not long ago one study (Madichie and Zaman, 2017) sought to inform, and advance the debate on cultural trade for development from the UK context in a post-Brexit era. It argued, "Considering that culture is not restricted to just monetary gains, a Cultural Exchange Index (CEI) could also be leveraged to complement the Cultural Trade Index (see Kabanda, 2016)." According to the authors of that study, "The CEI ranking recognises the participation of countries based upon their international cultural exchange initiatives, and by extension, the contributions to cultural trade and development policy." One of the key research questions that emerged in that study was “how do creative curations in the UK retain their economic edge in a post-Brexit environment?” (See Madichie and Zaman, 2017).

As is the case with the articles in this special issue, Madichie and Zaman (2017) relied upon a range of documentary evidence (including policy documents and a review of the literature). The report “The Geography of Creativity in the UK: Creative clusters, creative people and creative networks.” (Mateos-Garcia and Bakshi, 2016), featured prominently in a bid to highlight the competitiveness of the UK creative economy in a post-Brexit era.

Madichie and Zaman (2017) developed a theoretical framework and proposed for extrapolation to other contexts especially among members of the Commonwealth. These authors proposed the use of the CPN (i.e. clusters, people and networks) as a scoping tool for the sector, highlighting official on the Gross Value Added (GVA) contribution of the sector at £81.4 billion or 5.2 percent of the whole economy.

According to them, the creative industries are an undeniably high growth sector, whose GVA grew by 8.9 percent between 2013 and 2014, almost twice as fast as the UK as a whole – with indicators that include the local supply of talent, the volume of industry-relevant research and the extent of creative networking activity, but less widely appreciated in academic discourse. The NESTA map confirms that creative clusters have a dominant presence in London and the Southeast of England (which together comprise around a third of clusters identified). However just over one-fifth of clusters are found in the North of England, and Scotland, Wales and Northern Ireland. Historically, we know London’s creative, economic success owes much to the strength of its arts, theatres, heritage and museums; but many other towns, and cities, from Margate to Liverpool understand the benefits of a strong cultural offer (see The Culture White Paper, p. 30). It is clear that not all creative clusters follow the ‘creative cities’ model.
The Selected Contributions

Contributors were required to explore and critically analyse contemporary critical business management issues and to fulfil the following learning objectives: apply understanding of critical issues within differing organisational contexts; evaluate and critically analyse the impact of critical issues on business sustainability; develop appropriate responses to the challenges, which the issues present; and demonstrate evidence of critical and diagnostic thinking.

Overall, the contributions all seek to address three main research questions:

1. What are the key trends in trade of goods and services between Commonwealth countries?
2. What is the impact of Brexit on trade and investment within the creative industries sector in the UK?
3. Critically evaluate the possible challenges and opportunities of a multinational enterprise (MNE) in London in the post-Brexit creative industries sector, within the context of a changing global trade landscape?

In addressing the first research question, a range of publications from the Commonwealth Secretariat based in London. One of such resources is the 2018 London Declaration on the Commonwealth Connectivity Agenda for Trade and Investment, which emerged from the Commonwealth Heads of Government Meeting (or CHOGM), Chair’s Summary Statement Commonwealth Trade Ministers’ Roundtable, and other Commonwealth Policy Briefing documents including the Commonwealth Secretariat (2016) brief on Brexit and Commonwealth Trade.

On the second research question, which seeks to assess the impact of Brexit on trade and investment within the creative industries sector in the UK, a range of sources were interrogated including the UK Creative Industries website, British Fashion Council (BFC), House of Commons Digital, Culture, Media and Sport (DCMS) Committee, the UK Fashion and Textile Association, the Royal Institute of British Architects, Design Council and the Advertising Association, and McKinsey & Company reports among others.

As for the third research question, critically evaluate the possible challenges and opportunities of a multinational in London in the post-Brexit creative industries sector, within the context of a changing global trade landscape. Some relevant insights can be drawn from the McKinsey & Company ‘The State of Fashion’ Reports [1].

The papers in the issue were selected from student reports in the 2018/2019 academic year hence no reference to the current disruption to the global economic environment. The selected paper featured in the issue have been graded and updated in order to provide samples for future students.

As you will notice, each article starts with an overview of the key trends in trade of goods and services between Commonwealth countries before moving on to assess the impact of Brexit on trade and investment within the creative industries sector. Attempts have also been made to highlight possible challenges and opportunities from the perspective of a London-based multinational enterprise in the creative industries sector (see Table 1), within the context of a changing global trade landscape post-Brexit.

Zsofia Forkas in the first paper uses the case illustration of Framestore, the Oscar winning creative studio in London that works across the different aspects of the creative industries such as medium, music videos, feature film, feature animation, commercials and digital pictures.

Selected Policy Papers drawn from 2016 and 2017 include (Madiche and Zaman 2017):

- Impact of the UK’s post-Brexit trade policy on development, Overseas Development Institute, September 2016.
- As Others See Us – Perceptions of the UK from young people across G20 countries, British Council, December 2016.

It was only recently in January 2017 that the British Government’s new industrial strategy highlighted the need to help small businesses get better access to funding, build clusters of industry across the country and move key institutions to those clusters. It calls for ‘driving growth across the whole country’ to ‘create a framework to build on the particular strengths of different places and address factors that hold places back.’ In this regard, the creative industries – a diverse group of businesses spanning content like film, music, design, publishing and advertising (as NESTA’s research) – are the ones that will thrive in an automated future where creativity and imagination are more highly prized, projected and permanent.

In a major report, from UNESCO (2018), four goals were investigated and reported. Goal 1 is "Support sustainable systems of governance for culture.” Goal 2, "Achieve a balanced flow of cultural goods and services and increase the mobility of Artists and cultural professionals.” Goal 3, “Integrate culture in sustainable development frameworks.” Goal 4, “Promote Human Rights and fundamental freedoms.”

Although these four themes are equally expedient, this special issue resonates more with Goal 2, and especially chapters 5 and 6, which talk to “surviving the paradoxes of mobility,” (El Bennaoui, 2018), and “persisting imbalances in the flow of cultural goods and services” (Guevremont, 2018) respectively.
In the third paper, Claudia Nourescu, uses the case illustration of Abbott Mead Vickers BBDO (AMV BBDO), the most creative advertising agency in 2018 and the “biggest agency in the UK”, as part of BBDO network “which has 289 offices across 81 countries”, within the Brexit and changing global trade landscape discussed above, there are rising several challenges but also opportunities too. The firm works within the Design and Advertising sector and therefore at AMV BBDO. Valerie Small in the fourth paper cites the cases of the Universal Music Group and Sotheby’s, the famous London Auctioneers.

Patrick Eworesthabor in the fifth paper focuses on the Universal Music Group, a global MNE who is leading in music-based entertainment with diverse business engagement in over 60 countries affecting what London generate from creative industries. Lily Bruneau in the sixth paper explores the exploits of Hawkins/Brown Architects LLP, a multinational enterprise with offices in London, Manchester, Edinburgh and Los Angeles. This firm specializes in the delivery of services such as architecture, interior design, urban design, master planning and collaborate with artists. In the seventh paper, Diana Barska explores possible challenges and opportunities for the fashion brand, Alexander McQueen’s after Brexit. Alexander McQueen is a British luxury fashion house founded in 1992. Bethel Abraha in the eighth paper focuses on Pinewood Studios, a UK-based TV and film studio established in 1936. This studio is regarded as the home of Carry On and James Bond film franchises and is known to have produced various big-budget films, commercials, TV shows, and different music promos.

**Table 1. UK Firms and Creative sub-sectors**

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<th>Author/Manuscript No.</th>
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<td>Pearson Publishers</td>
<td>Publishing</td>
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<td>Adam Martin</td>
<td>Framstore</td>
<td>Creative studio (medium, music videos, feature film, feature animation, commercials and digital pictures)</td>
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<td>Claudia Nourescu</td>
<td>Abbott Mead Vickers BBDO (AMV BBDO)</td>
<td>Advertising</td>
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<td>Valerie Small</td>
<td>Universal Music Group</td>
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In the third paper Claudia Nourescu, uses the case illustration of Abbott Mead Vickers BBDO or AMV BBDO, the most creative advertising agency in 2018 and the “biggest agency in the UK”, as part of BBDO network “which has 289 offices across 81 countries”, within the Brexit and changing global trade landscape discussed above, there are rising several challenges but also opportunities too. The firm works within the Design and Advertising sector and therefore at AMV BBDO. Valerie Small in the fourth paper cites the cases of the Universal Music Group and Sotheby’s, the famous London Auctioneers.

**Conclusions and Implications**

This introduction to the special issue sought to signpost three key research questions driving the collection. It also set the scope by interrogating a policy report “Context: The Commonwealth in a changing trade landscape and the opportunities for creative industries in a post Brexit world”, with preliminary remarks on how these relates to impacts from the current COVID-19 pandemic and the attendant global lockdowns.

From the foregoing analysis, there are a number of questions revolving around global consumer culture, international business, urbanisation and the creative economy. These questions range from: how might trade trends be influenced and impacted by international business in the modern era and changes in the triad, especially given the growth of emerging economies? What about the international activities of SMEs and their impact of trade. For example, how has digitisation opened the door for emerging economies, small businesses and individuals to participate directly in globalisation? Where do Commonwealth countries rank on the World Doing Business report and what does this highlight about socio-political developments? What Commonwealth cities have the potential to be globally fluent metropolitan areas? How might key urbanisation trends help or hinder trade/ investment? What do we know about the competitiveness of cities that might impact trade trends?

Overall, there are both positive and negative sides of the globalisation debate. Given that we are accelerating into a future shaped less by countries than by connectivity, what opportunities from developments in connectography does this hold for a Commonwealth community that includes countries from all continents with English (law, language) providing a powerful mechanism for enhanced business? What will be the impact of digital globalization (McKinsey), especially given that 32 of the Commonwealth’s 54 countries are Small States (e.g. Jamaica, Kenya, Fiji and Malta) and that digitization has opened the door for emerging economies, small businesses, and individuals to participate directly in globalisation? How are small businesses worldwide becoming “micro-multinationals”? What challenges to trade growth can be posed by challenges to globalisation (especially e.g. economic warfare, the geopoliticisation of trade talks, competition for gated markets, not natural resources and China’s infrastructure-driven alliances)?

Brexit and Trump have highlighted the role of global business in a less globalised World and arguments about the end of globalisation but what impact might this have? Are we now in a period/phase of de-globalisation if we have seen the rise and fall of an idea that swept the world?

While the articles in this special issue might not have fully addressed these questions, they have at least, brought them to the fore and provided a platform for future research directions.

**Notes:**

[1] Jim O’Neill asks if new challenges mean an end to the era of globalisation. As Chairman of Goldman Sachs Asset Management, Lord O’Neill was seen as one of the high priests of globalisation – coining the term BRICs to describe the economic rise of Brazil, Russia, India and China. Now, many see the UK’s vote to leave the EU, alongside the election of Donald Trump as indications that the world is turning away from globalisation. A stalling in the increase in global trade and investment is seen as another significant indicator. Lord O’Neill believes that globalisation can be a positive force, lifting hundreds of millions of people out of poverty. However, can this economic engine take care of those left behind by rapid, wrenching change? See “Fixing Globalisation” on the BBC. https://www.bbc.co.uk/programmes/b086s822

See also: https://www.mckinsey.com/industries/retail/our-insights/the-state-of-fashion-2020-navigating-uncertainty


Overseas Development Institute, impact of the UK’s post-Brexit trade policy on development, September 2016


The Commonwealth
Challenges in the
post-Brexit Era

Zsoltne Farkas
Introduction

This report analyses key trends in goods and services between the Commonwealth countries, assesses the impact of Brexit on the creative industries sector with a comprehensive analysis focusing on four or more sub-sectors, set out clearly and compellingly the changing global trade landscape and outlines the possible challenges for a Pearson Plc, in the creative industries sector on post Brexit. Living in the world where a series of unexpected, unpredictable events occur from all directions, where frequency of changes and their speed is unprecedented. An American acronym of a theory is very well-characterized in this world, which was originally invented by the military for navigation in a chaotic situation.

In times of Volatility, Uncertainty, Complexity and Ambiguity (VUCA), growing changes, a less predictable vision, a multitude of choices and a multitude of incomplete or non-existent good solutions characterize the environment (Giles, 2018). In such a complex system, navigating and managing things is only possible through clear and understandable communication. One of the most important factors in the VUCA world is the third Super cycle that is still in progress today and characterized by industrialization and urbanization. The fast variables are formed by five factors: Low-carbon economy, rapid advances in technology, globalisation, changes in demography, and changes in work-life (CNBC, 2011)
The role of the middle class is very important in the innovation, the increasing income will drive to increasing and changing domestic demand, tourism, education and health care. The changes shift and increase the demand for smart money savings so it is necessary to develop financial services. The middle-class market is growing 0.5% yearly in Europe, US, and Japan but in Asia and India this is more than 6% per year.

The middle class drives to urbanisation, and education of girls (Statista, 2018). The emerging market is rapidly growing (Figure 2). Emphasis on the success of developed countries now lies in creativity. The current innovation and creativity are generated in today’s rich western world, but in the future, the emerging world will also play a role. Today the computers, the Internet, and networks create not only economic benefits, but also increase productivity and profit. In today’s world, the Internet plays an equally important role as the appearance of cars, trains and aircraft in the industrial revolution.

Figure 2: Forecast of Emerging market economies in 2019

The countries around the world who are strong in some industry or service, like Germany in engineering design, UK in financial services, Italy and French in fashion design and US in entertainment and media, need to pay attention on global economic shifts (COR, 2017). In the next few decades it will be changed the demography situation, firstly the aging world population and because of the rising middle class. Now the biggest middle class is in the Europe, the second is Asia and North America, follow by the South America, the Middle East and North Africa and the Sub-Saharan Africa (Figure 1). Until 2030 population distribution will change, the forecast shows that the biggest middle class will be in Asia (Statista, 2018).

Figure 1: Forecast of the global middle-class population 2015 to 2030, by region (in millions)

Source: Statista (2018)
The most important prerequisites for sustainable developments are the innovations, developments and inventions. Innovations and inventions are based on knowledge, abundance of up-to-date information, supported by current technology and the Internet. Considering all of these factors, it can be concluded that the high-quality education combined with a strong middle class is the basis for growing innovation, productivity and profit. Due to the financial situation of the middle class, there is a growing demand for entertainment, learning, internet use, knowledge acquisition and the possession of technical tools. Multinational companies have a tremendous opportunity in this situation, as the internet, various resources and technical tools are available for them, and they may take advantages of these to meet these growing demands. (Focus Economics, 2018).

Figure 3: Spending depend on income level

Cashflow

<table>
<thead>
<tr>
<th>Poor</th>
<th>Middle Class</th>
<th>Rich</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>Assets</td>
<td>Expenses</td>
</tr>
<tr>
<td>Assets</td>
<td>Expenses</td>
<td>Assets</td>
</tr>
<tr>
<td>Fix deposit</td>
<td>Retirement savings</td>
<td>Fuel Maintenance</td>
</tr>
<tr>
<td>Investments</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Sadiq (2018)

The basic needs of the poor people with minimum everyday life are to create secure standard of living in their everyday life. Higher earnings are already targeting certain devices. In case of a higher level of revenue, there is a demand for entertainment, advanced healthcare and education. The top layer of the middle class (Figure 3) already thinks on savings after creating their financial security and here is the role of various investments and banking products that meet this need (Sadiq, 2018). The growing revenues deliver wider usage of the internet and technological equipment worldwide. Between 1990 and 2016, Internet usage has increased incredibly fast pace (Figure 4).

Figure 4: Internet users by world region since 1990

<table>
<thead>
<tr>
<th>Region</th>
<th>Internet users (Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>2.4 million</td>
</tr>
<tr>
<td>2000</td>
<td>3.44 billion</td>
</tr>
<tr>
<td>2010</td>
<td>4.48 billion</td>
</tr>
<tr>
<td>2015</td>
<td>8.59 billion</td>
</tr>
<tr>
<td>2016</td>
<td>9.21 billion</td>
</tr>
</tbody>
</table>

Source: Our World in Data (2016)

UK background

UK’s total exports (goods and services) was £616 billion in 2017 of which 44% (£274 billion, which is 13.4% of the value of British economy) went to the EU. At the same time, 53% of total imports came from the EU in 2017. UK has a mass trade deficit with EU since 1999 and a continuously trade surplus with non-EU since 2012, according the data of House of Commons in 2018. 55% of total UK export with EU and non-EU countries outside the EU, rolling annual figures.

Figure 5: UK’s export between 1999 and 2017 with EU and non-EU

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-EU countries</th>
<th>Other EU countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>2000</td>
<td>70%</td>
<td>30%</td>
</tr>
<tr>
<td>2001</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2002</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2003</td>
<td>75%</td>
<td>25%</td>
</tr>
<tr>
<td>2004</td>
<td>75%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: House of Commons (2018)

Looking at the situation from an EU perspective, 8% of total EU export go to UK. According the data, UK’s largest trading partner is the European Union and UK is the EU’s second largest export market for goods (House of Commons, 2018).
Post Brexit situation

It can’t be sure to say anything for the future, but negotiations between the EU and the UK are under way, and or a new agreement is born, or after unsuccessful negotiations, the WTO’s (World Trade Organisation) regulation will prevail. This means, that UK will pay tariffs as the other countries out of EU. Most of the transport routes run through Europe, like the port of Rotterdam. The world tariffs in Figure 6 covers the period of 2017.

Figure 6: World Tariffs in 2017

<table>
<thead>
<tr>
<th>Average EU tariff by product type (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Animal products</td>
</tr>
<tr>
<td>Dairy products</td>
</tr>
<tr>
<td>Fruit, vegetables and plants</td>
</tr>
<tr>
<td>Coffee, tea</td>
</tr>
<tr>
<td>Cereals and preparations</td>
</tr>
<tr>
<td>Oilseeds, fats and oils</td>
</tr>
<tr>
<td>Sugars and confectionery</td>
</tr>
<tr>
<td>Beverages and tobacco</td>
</tr>
<tr>
<td>Cotton</td>
</tr>
<tr>
<td>Other agricultural products</td>
</tr>
<tr>
<td>Fish and fish products</td>
</tr>
</tbody>
</table>

Source: WTO World Tariff Profiles 2017, p82

Commonwealth Countries

UK is a member of Commonwealth countries, their export and import to the Commonwealth countries increased in the last few years. The Commonwealth countries have 53 members (Figure 7), their Secretariat supports the long-term relationships with the developed countries. (The Commonwealth Review, 2015)

Figure 7: Commonwealth Countries, 2018

Commonwealth countries’ exports of goods and services were US$3.4 Trillion in 2013, that is 15% of world’s total export, and half of their export comes from developed countries. After the world’s financial crisis, the growth slow down (Figure 8).

Figure 8: Growing trade of Commonwealth countries 2000-2015

According to the Commonwealth Review (2015), 29% of export of developed members of Commonwealth go to developing members, which was just 16% 10 years ago. Since 2000, exports almost doubled to developing members. Trade between Commonwealth and China growing rapidly. Between 2000 and 2013, the export to China increased from US$19 billion to US$268 billion (almost 14-hold) and the import from China increased from US$46 billion to US$359 billion (The Commonwealth Review, 2015) (Figure 9).

According to reviews, one of the vital drives of success is that the Commonwealth countries use one language, and the communication is improved, clear and understandable, and increased the trade flows between the members.

According their data, the South-South trade expanded rapidly from US$1 Trillion in 2002 to US$5.5 Trillion in 2013. (The Commonwealth Review, 2015). Between 1980 and 2015, the small states’ share of trade decreased from 0.7% to 0.46% and the government of Commonwealth Countries holds their outstanding task to be promoting the small States in the trade (The Commonwealth Review, 2015).

The international trade is changing and the Commonwealth Countries are adapting to this situation continuously, their trade with South is increasing, that means challenges for developed countries to live with the opportunities, increase their capacity, expand their exports, especially to China and other developing countries, broader trade and investment with them and develop their service industry. The Commonwealth countries have developed a strategy to maintain their commercial growth, as well as strengthen their regional cooperation and connectivity, the relationship between the traders and investors, their goal is the effective use of international trade, support the gender policy and small states.

The role of China

China is one of the largest economies in Asia and in the world and is rapidly growing. Their increasing middle class is very strong, their needs is fast changing. China has started a huge infrastructure project called the Belt and Road Initiative (BRI), through Europe, Asia, and Africa and it will provide broader international trade to and from China.

Figure 10. The Belt and Road Initiative Project

Several routes are proposed for the 'new Silk Road.'

Not only the participating countries can enjoy the advantages from the investment, but China also meets the needs of their growing construction industry.
Working Paper Series: Volume 5, Issue 1, 2020

The impact of Brexit on UK creative industries

Creative industry is characterized by the production, utilisation and consumption of knowledge and information. In the UK, these sectors are the arts (film, music, fashion, design, arts, crafts), TV and radio, advertising, architecture, publishing, R&D, software and toys and games. The UK has a highly diverse and successful creative industry, one of the most successful sectors in the UK. The creative relationship between the UK and the EU is very good. In the UK, the number of EU creative talents is decisive, in visual effects of movies are 30%, in video games are 20-30%, and in architecture are 25%. Many of them leave after Brexit (Youngs, 2017).

In 2017, the foreign-owned studios spent +1.7 billion in UK. The English TV and film industry is booming, not only Hollywood (Star Wars) but also Bollywood is investing more and more in local filming. Since 2014, UK film production has increased by 72% (ONS), UK has become a target for many global film producers (Youngs, 2017).

Compared to Hollywood and Bollywood, it can be said that Hollywood is making 2-hour long movies with more investment, less ticket sales, but higher profit than Bollywood in India, which produces 4-hour long movies, with less investment, lower profit, but multiple ticket sales, making it financially stronger and globalize. Bollywood is increasingly contributing to the UK film industry (Bradford, Doncaster, Rotherham) They spent £14 million between 2009 and 2011 on 8 films in the UK, in 2014, they spent £44.4 million on 15 films, and 2015-2017 £68.9 million on 22 films. Bollywood is becoming more like the original venues outside London, the tax relief has made filming cheaper, even in India. The weakening GBP caused by Brexit makes the filming attractive to America. Nevertheless, in the current situation filming in the country is made more difficult by expensive costs (Youngs, 2017).

In the 21st century, economic growth is increasingly based on knowledge and creativity in the rapidly changing VUCA world. The quality and level of the Publishing sector are essential prerequisites for broad knowledge and up-to-date accurate information. In the UK’s Publishing sector are 192,000 jobs (2017) which increased with 12.1% to £11.6 billion in 2016.

In 2016 exported services worth £2.32 billion and exported goods worth £2.57 billion. Publishing sector’s revenue in 2016 was £5.1 billion from books and journals. In 2014, there were 172 academic publishing organisation and in 2016, there were 2,255 publishing enterprises in the UK (The Creative Industries, 2018).

The UK’s publishing sector supports and increases the success of other creative sectors through provides sources for television, films, music and theatre. The UK’s Publishing sector has a varied, highly successful and productive foreign market. The total publishing export income in 2017 was £3.4 billion (this means an 8% increase). The UK is the largest exporter of physical books around the world (17% of total export of world). The UK is leader in academic publishing as well, they have 10% of all academic publishing and 16% most-cited journal articles. The UK has a large magazine publishing market and customer publishing industry is the most developed (around £1billion each year) (The Creative Industry, 2018).

In the history of the UK’s Publishing Sector there are a several important milestone and factor that makes the sector very sensitive to all change caused by Brexit. The Publishing sector has a rich history of innovation: the sector is the forefront of knowledge economy, driving force of innovation, leader of the development of international standards (especially in electronic access of content, bibliographic information), legally protected and enforced materials. There is the Publisher Association to prevents global copyright piracy, the Statue of Anne the basis of the copyright laws in the UK and Berne Convention (1888) provided basis for the international protection of intellectual property. (PA, 2018). The Publishing sector participates strongly in the environmental protection through their innovation to use sustainable paper and reduce chemically waste (The Creative Industry, 2018).

The Publishing Sector is exporting to every area of world market like to Latin America, to the Middle East, to North Africa and Asia. EU is the largest market for UK published products (35% of total export revenues), the second largest market is Asia. According to PA (Publishing Association) Survey, the publishers summarized the most important challenges caused by Brexit in 4 themes:

**Post-Brexit publishing remain strong** – 70% of asked said that they will not change their planning about the future investments and 2% said that they will increase their investments.

**Business predictability** – it is a vital question what type of trade relationship is made between the EU and UK after Brexit. UK need to pay attention on the status of EU nationals living in the UK, and of UK citizens in EU. These things make business planning difficult and may result a decline in sales.

**Higher costs of doing business** - the weaker pound make export more competitive. 35% of the asked said that the biggest challenge of Brexit is the higher costs of doing businesses.

**Reduced UK voice** - after Brexit the UK falls out of control of the regulations and copyright framework. UK’s role is decreasing in Open Access debates in EU (Publishing Association, 2018).

The Publishing Association shared the vital priorities for five different challenges. The first is the Access to the European market. Because of the EU is the UK’s biggest market for physical book export, it required to continue access to the EU market. Publishing Sector counts on two important changes, tariffs will reduce the competitiveness and licensing costs will increase their export costs. Very important to keep the freedom of movement of the skilled and highly valued workforce from EU, UK need to scan the status of EU nationals who lives in the UK.

Furthermore, the Publishing Sector has offices in EU. Last but not least, huge amounts of international students come from EU and UK need to find the way to increase funding in the higher education which will help to produce world-leading research in the UK, government should develop policy because publishers need to access to people and skills they need. The 38% of the respondents said that in the Post-Brexit situation it is required to strengthen the government’s commitment to the current copyright framework. It appears that without EU membership, the UK will be able to tighten rules on copyright protection (PA, 2018).

The UK is among the leaders in the world of scientific research. In order to keep this leading position, the government will be able to absorb EU subsides and increase domestic funding after Brexit. More than half of survey respondents (53%) consider this question the most important in Brexit. Between 2006 and 2015, the UK received £8 billion support from the EU for research purposes (PA, 2018). The most important task for the government is to develop a determined and completely clear strategy for negotiating with the EU to counteract the uncertainty.
Case challenges and opportunities of Pearson Plc

Pearson plc (Pearson) is world leader global educational publishing company, founded in 1844 by Samuel Pearson. Today, the headquarters is in London, United Kingdom. The company operates in publishing markets of Europe, North America, Asia Pacific and others, they have about 30,000 employees in 70 different countries. (Publishers Weekly, 2017). In 2014, they merger with Penguin Random House and launched new structure of operation and reporting. They started to focus on academic education working together with teachers, tutors, learners, authors, leaders and many stakeholders through their strategy (Figure 11). Their Mission: “To help people make progress in their lives through learning, because we believe that learning opens up opportunities, creating fulfilling careers and better lives.” (Pearson, 2018).

Pearson Education has a wide range of content including books, educational materials, learning technologies and services like teacher development, educational software, own schools and tests, scoring technologies and services like teacher development, including books, educational materials, learning solutions, and assessment, powered by services and technology. The organisation is working together with United Nations, EU, Microsoft and the University of Cambridge and other institutions (Pearson, 2018).

Impact of Brexit

The young student possibly will leave and applications possibly will be declined, most of foreign professors and teachers possibly will leave the UK. There are more opportunities for the EU students who can apply to other EU, USA, Canadian universities. John Dainton professor, a spokesperson for the Campaign for the Defence of British Universities, said to The Guardian: “I feel like Britain is right back where we were in the 1970s when I was a young postdoc. We are losing young people.” Next problem, that the UK Universities may lose most of their financial support from EU (The Guardian, 2018).

It can be a lucrative solution of innovation developed by Oxford University for survival, thus taking advantage of the possibility of retaining financial support from the EU after Brexit, they planning to open their foreign campus in Paris. Warwick University plan same way as well. In the background, it is not novelty that British universities open their campuses one after the another in the Persian Gulf region. For example, University of Aberdeen and University of Birmingham opened campuses in Dubai. In our rapidly changing world, Sorbonne and New York University from USA opened their campuses in Abu Dhabi (The Guardian, 2018).

Brexit is able to transform the structure of world education, new educational powers can be created, according to forecasts Asia can become the centre of the world’s higher education in the future. The advantages of the universities in the Persian Gulf and Asia is that their financial background is outstanding, while the prestigious universities struggle with the payment of their professors, in Asia, millions of dollars are being spent on developing higher education and employing world-renowned educators. Dubai launched their Dubai International Academic City (DIAC) in 2006, where studying 26,000 students from 26 universities of nine countries. Saudi Arabia has spent billions of dollars to build the country’s technical university (DIAC, 2018).

Pearson Plc’s goal and strategy

Our goal is to improve access and outcomes in education through our world-class capabilities in educational content and assessment, powered by services and technology.

Our Strategy

Our Strategy can be expressed as an equation:

\[
\text{More effective teaching & personalized learning at scale} = \text{content} + \text{assessment}
\]

Powered by services & technology

Source: Pearson (2018)

With the help of a supporting SWOT analysis it can realise the company’s situation. Their strengths: Pearson Plc is a global leader publishing company with more than 41000 employees in 70 country, with very beneficial relationships with Penguin Publishing company, UN, EU, Microsoft and many stakeholders, strong reputation, supported publishing in developing countries and their books written by best authors, success by digital transformation. Their weaknesses: Most of their trade concentrated in North America, the company focus only on education products, changing financial situation (unstable), focus on English languages. Opportunities: Strengthening their position through languages diversification, enjoying advantages from mergers and acquisition, expanding to emerging market and developing countries where the middle class is rapidly growing, cooperation, integration to increase their value chain activity, increasing their regional role. Threats: There are a wide range of competitors, like McGraw-Hill Education and Cengage or Wiley, Post-Brexit business issues such as weakening pound, possible new trading rates, abolishing European subsidies in higher education, the rising costs, decreasing number of students and teachers.

It is impossible to know what EU students can expect to study at a British university in the future. Brexit is not only a challenge for EU graduates, but also for the islands’ institutions: they may be seriously disadvantaged in the ever-growing global competition for higher education. British higher education is particularly popular among foreign students, mainly because of the reputation of higher education institutions, the quality of education and student orientation.

Figure 11. Pearson Plc’s goal and strategy

With the help of a supporting SWOT analysis it can realise the company’s situation. Their strengths: Pearson Plc is a global leader publishing company with more than 41000 employees in 70 country, with very beneficial relationships with Penguin Publishing company, UN, EU, Microsoft and many stakeholders, strong reputation, supported publishing in developing countries and their books written by best authors, success by digital transformation. Their weaknesses: Most of their trade concentrated in North America, the company focus only on education products, changing financial situation (unstable), focus on English languages. Opportunities: Strengthening their position through languages diversification, enjoying advantages from mergers and acquisition, expanding to emerging market and developing countries where the middle class is rapidly growing, cooperation, integration to increase their value chain activity, increasing their regional role. Threats: There are a wide range of competitors, like McGraw-Hill Education and Cengage or Wiley, Post-Brexit business issues such as weakening pound, possible new trading rates, abolishing European subsidies in higher education, the rising costs, decreasing number of students and teachers.

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Figure 12. Sales of Pearson Plc by Geography

North America
Sales: £2,929m
Our largest market including all 50 US states and Canada.

Core markets
Sales: £815m
Our international business in established and mature education markets including the UK, Australia, Italy, France, Germany, Spain, Poland, Singapore, Malaysia and Vietnam.

Growth markets
Sales: £769m
Our growth markets in emerging and developing economics, with investment priorities in Brazil, India, South Africa, Mexico, Hong Kong & China, and the Middle East.

Our Strategy

Our goal is to improve access and outcomes in education through our world-class capabilities in educational content and assessment, powered by services and technology.

OUR STRATEGY CAN BE EXPRESSED AS AN EQUATION:

\[
\text{CONTENT} \rightarrow \text{ASSESSMENT} \rightarrow \text{More effective teaching & personalized learning at scale}
\]

Conclusions

The effect of Brexit the centre of global higher education may be relocated, according to recent rankings, Asian universities are increasingly present and ranked among the best universities in the world, special look at China and Singapore. (The World University Rankings, 2018). Returning to Pearson Plc, it is not only a matter of adapting to the possible situation of Post-Brexit, but also of the structure and geographic rearrangement of higher education that Brexit is thoroughly reforming. Important factors in the change to which the strategy should be adjusted are the changes in the copyright institution, the potential increase in costs, the UK teacher-student volume rearrangement, the new commercial regulations.

However, knowing the global displacements, demographic and geographic transformations already under way, when carefully developing the strategy there are plenty of opportunities to counteract the negative events. Examples include the creation of a regional headquarter in the EU to get further financial and other support from EU, and the relocation of part of the production to avoid tariffs, cooperation with European publishers, integration with other commercial value chain, to play a greater role in cooperation with emerging countries, rather than to negotiate with individual countries. Exploit the endowments of North Africa, enter the market, to use old and new commercial corridors of the world for export and import to avoid EU tariffs and Amsterdam. However, according to the changing trend, that manufacturing is shifting rapidly to Asia and the role of West is changing within this context, the most important task can be, if Pearson Plc develops and improves their service as fast and well, as possible to maintaining their world leader position.

References


Key trends in trade of services and goods between the Commonwealth countries

Adam Martin
Introduction

Trade linkage between the Commonwealth countries and the UK are strong. Most of the Commonwealth countries highly dependent on the UK market for conducting their importing different products such as beef, sugar, fresh vegetables, apparel products and textiles. However, after Brexit, the scenario of UK based trading and investment has been changed due to huge changes in the creative industry and manufacturing sectors. This study is going to determine the key trends of service and goods among the Commonwealth countries. Moreover, this study will also highlight the post-Brexit condition of investment and trade in the creative sectors in the UK. Finally, the study will critically discuss the possible changes as well as opportunities of HSBC Holdings Plc, the London based multinational financial and banking service enterprise, in the post-Brexit condition of the creative industry sectors.
Key trends in trade of services and goods between the Commonwealth countries

Based on the report from Office of National Statics (ONS), Commonwealth countries focus on the ways to boost trade and investment relationships among 52 nations. The exit of Britain from the European Union (EU) provides opportunities to the marker leaders in eth commonwealth countries to discuss the trade landscape in the post-Brexit world. As stated by Haldorai et al. (2018), commonwealth consists of only a small part of the UK based trade in 2015. The ONS database shows that nearly 9% of the entire export of UK goes to Commonwealth countries in 2015, as compared to the 44% to the EU. Moreover, the ONS data also shows that EU also holds more than 53% of the entire UK based import against just 7% from the Commonwealth countries.

Figure 1. UK trade in goods and services with the Commonwealth

UK trade in goods and services with the Commonwealth, 1999 to 2015

Figure 2. UK trade balance with Commonwealth countries, 2015

UK trade balance with Commonwealth countries, 2015

Complete view of world trade in £ million

Source: https://www.ons.gov.uk/businessindustrytrade/internationaltrade/articles/commonwealthtradeinfocusasukpreparesforbrexit/2017-03-09

Commonwealth import of UK goods and services becomes just doubled in 2010 with £25 billion as compared to £13 billion in 1999 (Commonwealth Secretariat, 2015). However, the trends have been changed during the 2013-2015 period, due to severe interference of EU into the into the trade relationships between the Commonwealth and UK. ONS database shows that Commonwealth’s import of UK goods and services fell from the £30 billion in 2013 to £25 billion during 2015. Moreover, due to the falling global trade during the recent years, the trend of declining import and export by the Commonwealth countries have remained consistent.

Figure 3: Commonwealth countries' total trade with the UK, 2000-2015

Big players in commonwealth trade

Although there are declined import of UK goods and service by Commonwealth countries, UK has several major trading partners and investors in Commonwealth nations (Burns and Dewhurst, 2017). Three members of Commonwealth countries such as Australia, India and Canada represent the largest economy in the world.

Volume, structure and trend of trade of Commonwealth members

After the Brexit, the trend, volume and framework of Commonwealth trade have been changed a lot. Statistical data from ONS show that combined exports of entire goods and service of the Commonwealth countries are increased nearly threefold from US$2 trillion to US$4 trillion that accounts for 15% of the entire global export in 2015. As stated by Capaldo (2015), during the previous years (1999-2014), Commonwealth countries have shown slower trade operations due to the trade barriers imposed indirectly by the EU countries, in which EU grabbed the major portion UK based import and export.

For combating the current trade barriers in terms of operating international business operations, Commonwealth focuses on the full achievement of Trade facilitation Agreements (TFA), in order to get opportunity and liberty to facilitate the easy release as well as clearance of the goods and service across the customs borders (Brown et al. 2018). Commonwealth Heads of Government Meeting in 2018 has taken the decision to make full implementation of TFA category A and B within the five years in order to make the trading relationships with global business leaders stronger.

For developing trade and investment operation in poorly developed members of Commonwealth, the government has developed preferential tariff system that introduces the liberal rules in terms of smoothening the export and import relationship of these Commonwealth countries with the other non-commonwealth countries.
Impact of Brexit on the UK Creative Industry Economy in the UK

Recent trading and investment scenarios in the UK shows that, during the Brexit negotiations, one of the most UK based sectors has been neglected, the Creative sector, that is a fastest growing sector in the UK with lots of investment and trading opportunities. ONS database shows that creative sectors account for largest contribution into the UK based economy. The production and investment of Creative sector in the UK account for Gross value Added amount of £84 billion during 2013, that account for at least 5% of the entire GVA in UK based economy.

During the end of 2015, creative sectors in the UK account for the 7% of the entire UK based employment, as compared to the financial and manufacturing industry that consists of only 36% of the UK based workforce. The creative sector is one of the important as well as the fastest growing sectors in the UK.

Post Brexit condition leads to the reduction of recruitment and employment in UK based creative sector due to lack of creative employee and relevant talent. As stated by Ramiah et al. (2017), trading and investment in the creative industry are associated with the efficiency and intelligence if creative people that attract the investors of overseas market to provide long terms economic support.

Commonwealth Trade finance for SMEs

According to Azam and Ahmed (2015), nearly 78% of the global trade is facilitated through the insurance and trade financing. Commonwealth nations focus on the increasing number of investors in the global trade landscape, in order to double the fund and profit. A recent statistical report from Commonwealth secretariat shows that there is a huge trade financial gap (financial demand that is still unmet) between the Commonwealth African trade of US$120 billion and the expected Commonwealth developed African trade of US$700 billion. In this aspect, the Commonwealth prioritise the development of SMEs acting as catalysts in order to boost the export and growth of the trade and investment. Commonwealth governments have seen the Commonwealth Trade Finance Facility that will back up at least 20% of the trade finance of the member’s nations.

Post Brexit condition and trading risk in UK based creative industry

After Brexit, UK based creative sector has to deal with quality and cost issues. The ONS database shows that UK based marketing and advertising creates only £13.3billion GVA, which is 2% lower than the previous years. This is because most of the overseas investors focus on strengthen their relationship with EU nations, and trade financing. Commonwealth nations focus on the increasing number of investors in the global trade landscape, in order to double the fund and profit. A recent statistical report from Commonwealth secretariat shows that there is a huge trade financial gap (financial demand that is still unmet) between the Commonwealth African trade of US$120 billion and the expected Commonwealth developed African trade of US$700 billion. In this aspect, the Commonwealth prioritise the development of SMEs acting as catalysts in order to boost the export and growth of the trade and investment. Commonwealth governments have seen the Commonwealth Trade Finance Facility that will back up at least 20% of the trade finance of the member’s nations.
Global talent report and Creative Industry Federation report show that post Brexit condition poses severe constraints on the free movement as well as immigration system for eth EU workers that makes UK creative sector unable to access the high skilled staffs and new talent in EU nations. Report from the Department for Digital, Culture, Media and Sport shows that more than 12,000 workers in the UK’s performing, visual and music arts come from EU nations. A recent survey on the 300 creative businesses in the UK shows that, during the pre-Brexit condition, more than 75% of the employees in the UK based creative companies belonged to EU nations.

Challenges and opportunities for London creative industries post-Brexit

Multinational enterprises (MNE) are the key parts of the UK base financial industry that is highly affected by the Brexit decisions. There are several challenges and opportunities for multinational enterprises in the UK after its exit from EU. This study has selected Framestore, the Oscar winning creative studio in London that works across the different aspects of the creative industries such as medium, music videos, feature film, feature animation, commercials and digital pictures. After Brexit, the overall creative industry has faced several challenges in terms of meeting the financial, social and business needs. Framestore has also experienced the different challenges, which not only affect its overall business strategies but also compel marketers to standardise its service and products. Along with the challenges, there are some opportunities that the Framestore get being part of the British creative industry. The challenges and the opportunities faced by the Framestore.

Fund transfer into EU countries

Recent ONS report on creative sector in the UK shows that, although Brexit has provided several financial and legal liberties to UK based creative sectors, a majority of the economic stock in this sector comes from EU investments (Howarth and Quaglia, 2018). Therefore, during the post-Brexit condition, Framestore has faced huge challenges on the fund transfer process for conducting the trade relation with the EU countries. Moreover, Framestore has also faced the severe issues in terms of getting their due credits and debts from the EU countries for performing the films shooting and recording in their countries, therefore, the UK based creative industry faced huge challenges in terms of conducting the smooth financial operation with the EU countries.

Poor investment

One of the most common and long terms affect that UK based creative sectors have experienced is poor access to EU investment. Before Brexit, the majority of the funds and revenue in the creative sectors comes from EU investment. However, after Brexit, UK based creative sectors are unable to grab the financial assistance from eth EU countries. In this context, the different film production and recording companies face severe challenges regarding the financial service. In case if the Framestore, the marketers huge challenges in getting consistent flow of financial investment which in pre Brexit conditional meets the majority of the financial needs of this company. After Brexit, Framestore is unable to make any agreement and financial deal with EU investors, which spoil the strong economic source of this company.

Expired passport

Brexit poses a significant impact on eth UK based creative industry due to severe loss of passporting rights of UK. Before Brexit, Framestore was allowed to operate its business relationship with the EU countries without requiring any types of authorisation. During the pre-Brexit conditions, Framestore is allowed to perform different operation related to the creative industry such as recording, filmmaking, and choosing destination in the EU countries without paying any additional fees or penalties to EU government. However, after the Brexit, the scenario the scenario has been changed a lot for the UK based creative industry. Now, Framestore is no more allowed to shoot the vision and recording into European places without taking prior approval from eth EU government. Moreover, most if the places on EU countries that are proved to be the best film set for the shooting are banned for the UK creative sectors. Therefore, post Brexit condition pose huge challenges on UK based Creative sector.

Shortage of workers

Before Brexit, British creative industry enjoyed the huge supply of cheapest labours from eth EU countries. Through offering minimum wage, UK based creative sector hire the large number of Eth EU labours to works in the film-sets. The reason behind the workers working at low wage is that, UK based creative directors and produces spend lots of money in the accommodation, foods and protection of these labours. The selected organisation, Framestore also has more than 50% of the low-grade workers in the video recording segment, which belongs to the EU countries. However, after the Brexit, EU government set the rules to not offering any mini workers to the British creative industries, which pose huge challenges into this industry. No, Framestore experiences huge shortage of the labours who worked in video, recording and casting departments. Moreover, Framestore also face challenges regarding hiring the local labour at minimum rate which pose severe financial risk on this organisation.

Opportunities

Although there are huge challenges that the UK based creative industry has faced after Brexit, British creative sector also grab several opportunities in the post-Brexit condition. The first advantage the British Creative industry has after the Brexit is freedom and opportunities in terms of conducting the trade relationship with the other developing and developed countries. In the Pre-Brexit condition, the marketers of the creative industry need to take proper governmental approval from both the EU government and UK government in terms of operating the business relationship with countries other than the EU countries. There are several legislative obligations that British Creative industry needs to follow while performing business reaction with the countries other than the EU countries. On the other hand, in Post Brexit condition, UK based Creative industry is no longer obliged to take permission and approval from the EU government in terms of conducting any business relationship with the other countries. In this aspect, Framestore has grabbed the business freedom after the Brexit decision of UK, which assists the staffs of this company to extend their market space. Secondly, post-Brexit condition also offers the political, social, legislative and demographic freedom to the UK based creative industry. During the pre-Brexit condition, Framestore has faced severe constraints and objections by the EU government in terms of shoot different video and films in rural villages or the suburban areas of London, due to the risk of poor promotional advantage in this rural place. In terms of recording the feature film, production manager needs to choose the destination in rural villages. Nevertheless, in the pre Brexit stage most it was difficult for eth UK based creative companies such as Framestore to shoot the feature film in eth rural sites. After Brexit condition, the scenario has been changed with offering lots of political, legislative and demographic freedom. Now, Framestore is able to shoot the films in any suitable places without taking any prior approval from the EU government. Moreover, the marketers of the UK based creative organisational are now free from any legislatives obligations and constraints regarding conducting trade relation with the other country.

On the contrary Schiereck et al. (2016) argued that, although post Brexit condition has offered financial, legal and political freedom to British creative sector, in most of the times, UK based creative sectors suffer from huge opinion mismatches and political tantrums within the country that affect the overall financial framework. In this aspect, it can be started that along with the legal, political and financial freedom, the Post-Brexit condition also provides the lots of finical uncertainties, labour shortage and political tantrums to the creative industries. Framestore has taken new approaches in terms of dealing with all these challenges that are created after the Brexit decision. According to Johnston and Buongiorno (2017),
although there are several economic burden and labour shortage in the creative inductor after the Brexit in UK, the creative sector has gain high level of financial, legislative and political freedom in post Brexit condition. Through conducting different FTA agreement, UK based creative sector emphasize on strengthening its relationship with the rest of the world. The marketers to improve their customer base. Through conducting different FTA agreement, UK based creative sector emphasize on strengthening its relationship with the rest of the world. The marketers to improve their customer base.

Conclusions

Based on the above-discussed aspect following recommendation can be made for UK based industries to resolve the post-Brexit issues in terms of improving the operations and productivity. UK government should put the UK based creative financial and industries at the centres while analysing the Brexit impact on the multinational organisation. It is important that the UK government should communicate and consult with different industries such as making, financial, creative and manufacturing for making possible as well as effective changes into their framework. UK should conduct proper evaluation and review of eth EU legislation including legislation on the digital market, financial service and fund management to assist different sectors to evaluate and review of eth EU legislation including legislation on the digital market, financial service and fund management to assist different sectors to evaluate and review of eth EU legislation including legislation on the digital market, financial service and fund management to assist different sectors to evaluate and review of eth EU legislation including legislation on the digital market, financial service and fund management to assist different sectors to improve the operations and productivity. UK is a European Context: Has EU Membership Made Much Difference? In The Economics of UK-EU Relations (pp. 9-45). Palgrave Macmillan, Cham.


UK Creative Industries, Brexit and the Commonwealth

Claudia Mourescu

Introduction

Established in 1949, the Commonwealth of Nations encompasses 53 independent countries across six geographically dispersed continents. Every member is considered equal regardless of size or wealth. Documents show that being part of this association is not dependent upon the national economic performance or size, it can be supported by the significant economic difference between the top and bottom three Commonwealth countries. In this article, the aim is to highlight the place of the Commonwealth taking into consideration two major developments across Europe since 2016 – the Brexit referendum and the renewed Commonwealth campaign. Particular emphasis would be placed upon the impact of these on the creative industry in the United Kingdom.

Although the Commonwealth is not a “formal trading bloc” (The Commonwealth, 2018b, p. 63), for its members, trade represents the “lifeblood” in terms of “output, growth, employment and livelihoods” (The Commonwealth, 2015, p. 6) based on “important trade advantage” (The Commonwealth, 2018b, p. 63). In 2013, the combined exports of all 53 members totalised US$3.4 trillion or 14.6% of the global exports (The Commonwealth, 2015). However, due to the global economic “slowdown”, in 2016 the total exports of the Commonwealth’s countries declined to US$3.1 trillion (The Commonwealth, 2018b).

McDougall (2018, p. 549) argues that the Commonwealth has a “minor role” in the global politics and its members are in general developing and small countries. India is the “only major power” and Nigeria and South Africa are also significant within their “regional context”. However, important “middle powers” are Canada and Australia, followed by a post-Brexit United Kingdom (McDougall, 2018, p. 549). Particularly for the post-Brexit United Kingdom, the Commonwealth represents a “new promised land” due to its “intense web of trade deals” and 13.6% of the global GDP (Bott, 2018). Moreover, this “club of nations” encapsulates almost one-third (2.4 billion people) of the global population and its combined GDP achieved US$10tn (£7tn) in 2017, almost equal to China’s GDP which is US$11Trillion (£7.7tn) (BBC, 2018b).

Regarding the trade trends, the Commonwealth countries are trading more “between themselves” whereas members have lower trading costs -19%- “when trading with each other” (City of London, 2018, p. 5). Further, referring to the nature of traded goods between Commonwealth nations, majority is represented by merchandise goods (76%) and services (24%) (The Commonwealth, 2015). On the other hand, numerous members are trading with non-Commonwealth “advanced countries” based on a “unilateral preferential trade offers” (The Commonwealth, 2015, p. 41). For example, the African Growth and Opportunity Act (AGOA) and the Caribbean Basin Initiative (CBI) represent a basis for trade between African and Caribbean countries (The Commonwealth, 2015).

In 2016, UK imports from the Commonwealth were £45.9 billion and UK exports to the Commonwealth represented £48.5 billion and had a “trade surplus” of £2.6 billion with a significant focus on trading with “Australia, Canada, India, Singapore and South Africa” (Ward, 2018, p. 3) (Figure 2). However, in present, the European Union represent for the UK the biggest source of imports and exports likewise (Ward, 2018) and, following Brexit, UK is “hoping to secure some international trading partners” (Chambers, 2018).
Whereas trade represent “transactions” between actors that are “physically located in different parts” (Collinson et al., 2017, p. 5), additional to the global trading context, the local factors that can affect thus trends should be taken into account. One of these factors is represented by an accelerating urbanisation process, which is reshaping the business environment and trade opportunities. In present, more than a half of the global population is living in towns and cities (Thia, 2016) and by 2030, this proportion will reach 60% (McKinsey, 2013).

Less urbanised countries adopt an “intra-country” trade and will have to produce both “agricultural and modern goods”, followed by export of more “differentiated goods” and import more “agriculture and commodities” when “production is agglomerated” (Thia, 2016, p. 854). Whereas 31 out of 53 Commonwealth members are categorised “small” countries (McDougall, 2018, p. 547) which depend “crucially” on international trade (The Commonwealth, 2015, p. 26), it can be argued that this urbanisation trend will provide significant trade opportunities. Moreover, there are opportunities for numerous Commonwealth cities to become fluent metropolitan areas, especially Asia Pacific region where cities such as “Jakarta, Manila and Mumbai” have “huge potential [...] for future growth in investment volumes” (Feenan, 2016). Similarly, “smart cities” from Ghana (Hope City), Lagos in Nigeria (Bio Atlantic) and Rwanda may represent “sustainable cities” which use ICT to “improve quality of life and city services” (Giles, 2018).

Another factor that can affect “global trade patterns” is represented by the Information and communication technologies (ICT) “through transaction costs on the supply and demand sides” (Abeliansky and Hilbert, 2017, p. 35) whereas technology, “historically served” as a critical globalisation’s driver (The Commonwealth, 2018b, p. 24). Although ICT can provide trade opportunities for companies and for entrepreneurs likewise (Abeliansky and Hilbert, 2017), there is a general lack of data about how “companies operate in the digital economy” (as Figure 3 illustrates) and this represents an UNCTAD’s active preoccupation to encourage developing countries to “engage in an international dialogue related to data collection and analysis” (UNCTAD, 2018a).

The Creative Industries represent the Department for Digital, Culture, Media and Sport (DCMS) sectors with the largest number of jobs (2 million or 6.1% of the UK jobs) and from all DCMS jobs, 5.8% are “held by EU nationals” (DCMS, 2018a). The sub-sectors of the Creative Industries and the correspondent employment are illustrated in Figure 4.
Regarding the contribution to the UK economy, the Creativity Industries accounts for £101.5 billion in 2017, which represent “an increase of 53.1% since 2010” (DCMS, 2018b, p. 1). Moreover, the creative sectors are in 2018 worth £268 billion, becoming the “heart” of the UK’s economy (UK Government, 2018). It seems that this sector has a significant impact on the UK’s economy being an “exporting powerhouse” (Creative Industry Federation, 2018, p. 3), a “vital employing sector” and has an “important place” in the UK’s policy agenda in the last decades (Lorenz and Moutchnik, 2018). Therefore, concerning the impact of Brexit – the actual political turmoil on UK’s Creative Industries, form its nine sub-sectors, four will be discussed further as follows: Advertising, Architecture, Fashion and Music.

Advertising

Compared with other creative sub-sectors, Advertising tends to be more “geographical concentrated” whereas it can “thrive in larger cities” (Nesta, 2018, p. 22) with interconnected hubs in West Midlands and “notorious whitelists” in North West of England (Nesta, 2018, p. 21). This clusters or “hubs of activity” represent communities, which are interacting and enhance their creativity whereas are “more interconnected” (Nesta, 2018, p. 8).

With “reputation for creativity and effectiveness” (The creative industries, 2018a), the UK Advertising sub-sector is one of the global "top performing sub-sectors" (The creative industries, 2018b), the UK Advertising sector highlight that “UK is now a less attractive destination for Europe” (Advertising Association, 2017), representing 1 in 4 architects (RIBA, 2017). Thus, it can be argued that regarding the success of this sector, EU plays a significant role in terms of providing talented staff. Moreover, this is also valid for UK architecture schools, which recruit from EU a “significant number of students” (Creative Industry Federation, 2018, p. 22).

As a possible solution to reduce the impact of Brexit on the pool of talented EU architects which want to work in the UK, post-Brexit visas are planned to be granted to architects with “outstanding talent” (Block, 2018). Moreover, whereas 1 in 5 architects are “planning to expand abroad” (Creative Industry Federation, 2018, p. 21), a mutual recognition of professional of qualification between UK and EU represent a priority. Additionally, in the case on a “No deal” scenario, British Architecture exports can decline by £73 million per year or “15% of the total exports” (RIBA, 2017, p. 5).

Whereas 61% of the exported advertising services are for Europe (Advertising Association, 2017) and in line with the Brexit concerns, “100 out 150 companies from the sector highlight that “UK is now a less attractive place to do business” (Creative Industry Federation, 2018, p. 17). In particular, the access to talent represent a higher concern whereas 72% of employed staff is outside the UK (Advertising Association, 2017).

However, regarding the investments decision, there is “optimism” (Creative Industry Federation, 2018, p. 17) whereas the majority investors within the sector kept their investment decisions unchanged (Advertising Association, 2017).

Architectural Design

The UK Architecture creative sub-sector is a “global success story” (Creative Industry Federation, 2018, p. 21) contributing every year with £4.8 billion to the UK economy and a supplementary £1 billion as support for other industries (RIBA, 2017). Moreover, the practices of the UK Architecture embrace pioneering innovation and “futuristic techniques and technologies” reflected in results that “challenge every architectural orthodoxy” (The creative industries, 2018c). In terms of trade, in 2016, British Architecture sub-sector exported £500 million worth in value, Europe being its largest market (RIBA, 2017). Furthermore, in 2016, 9.2% of the Architecture sub-sector workforce were from EU nationals (UK Parliament, 2017), representing 1 in 4 in architects (RIBA, 2017). Thus, it can be argued that regarding the success of this sector, EU plays a significant role in terms of providing talented staff. Moreover; this is also valid for UK architecture schools, which recruit from EU a “significant number of students” (Creative Industry Federation, 2018, p. 22).

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Fashion

The UK design sector (product, graphic and fashion design) is “the second-largest in the world and the lead—er in Europe” (Creative Industry Federation, 2018, p. 47) and an important global fashion hub (The creative industries, 2018d). Moreover, the sector worth £32 billion (Daily Mail, 2018) and employs 177,000 people (Creative Industry Federation, 2018) from which 6-9% were in 2016 EU nationals (UK Parliament, 2017). Due to the lack of local “skilled manufacturing talent”, companies recruit skilled workforce from EU from countries such as “Poland, Romania and Hungary” (UKFT, 2017, p. 2). Thus, by limiting the free movement of this skilled workforce, the consequences on the UK fashion industry can be significant. Whereas the EU represent a significant destination for 74% of UK design sector exports (Creative Industry Federation, 2018), Brexit created “uncertainty” for UK fashion industry (Daily Mail, 2018). Whereas this industry is very “complex” with designing in the UK and “manufacturing abroad” (Daily Mail, 2018), “currency volatility” represent a “huge” concern (Porter, 2016). Additionally, by returning to the WTO tariffs which are between 10 and 15% for fashion and textiles, Creative Industry Federation (2018, p. 48) highlights that this will have a “significant impact”.

Music

In 2016 from top five bestselling artists, there were from the UK (The creative industries, 2018e) and in 2017 Ed Sheeran (Figure 6), a British singer, was “the best-selling global recording artist” (IFPI, 2018a).
Challenges and opportunities for UK Design and Advertising: The Case of AMV BBDO

The global trade landscape encounters significant changes described by Shepherd (2017) as “in flux”, “uncertain” and “ambiguous” fuelled by political events such as Brexit, US’s “departure” from TPP (Trans-Pacific Partnership) and renegotiating NAFTA (North American Free Trade Agreement) terms. UNCTAD (2018b, p. 1) argues that after a significant or “rebounding” recovery after the financial crisis from 2009, the global trade fell “dramatically negative” in 2015 (Figure 7). Moreover, the decline in goods and services trade from 2015 and 2016 was a “reflection” of changes within the “international integration” and a decline in “economic interdependence” (UNCTAD, 2018b, p.1).

Economic interdependence is defined as the relationships exiting between counties, which are depending on a mutual exchange of goods, and services (Surugiu and Surugiu, 2015). Moreover, the interconnection is occurring due to “the specialization of countries” which relies on others to produce goods or services which are not created “nationwide” (Surugiu and Surugiu, 2015, p. 133). Although this index encountered a 5% decrease during 2015 and 2016, for 2017 and 2018 statistics suggest a “less alarming picture” (UNCTAD, 2018b, p.1).

It can be argued therefore that the trade interconnectedness represents an important factor, which shapes the international trade landscape. The World Bank Group (2017, p. 3) highlights that among the EMDEs (Emerging Market and Developing Economies) commodity exports face lower obstacles while commodity importers activities remain “generally robust”. Moreover, developing economies are considered to remain the “main driver” of the global growth (UN, 2018, p. 2). Gray (2017) suggests that Africa and Asia are “experiencing rapid growth” with EMDEs expecting to grow 4.1% faster than developed economies.

However, Dehn (2017, p. 1) argues that the intra-EM (Emerging Markets) trade is “big and fast-growing” and it is the “fastest growing segment of global trade” and represent more than 40% “of all EM trade” (Table 1). The interconnectedness implied by the GVCs (Global Value Chains) is reflected in accessing the knowledge represented by “skilled workers, universities, research centres or other sources of expertise” and therefore can facilitate business collaboration (OECD, 2013, p. 10). For Abbott Mead Vickers (AMV), the most creative advertising agency in 2018 (Best Ad, 2018) and the biggest agency in the African continent can be an appropriate strategy whereas the African continent “has long been ripe with talent and cultural riches” (Hruby, 2018).

Furthermore, in 2017 “much of” Africa experienced significant growth (Gray, 2017) with countries such as “Côte d’Ivoire, Ethiopia, Kenya, Mali, Rwanda, Senegal, and Tanzania” encountering more than 5.4% annual growth rates between 2015 and 2017 (The World Bank, 2017). Whereas Kenya, Rwanda and Tanzania are Commonwealth members (The Commonwealth, 2018c) as the UK, it can be argued that AMV BBDO can expand into these markets due to the free trade agreements between members.

Table 1. Global trade 1990-2016

<table>
<thead>
<tr>
<th></th>
<th>1990 (US$ billion)</th>
<th>2000 (US$ billion)</th>
<th>2010 (US$ billion)</th>
<th>2016 (US$ billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intra-EM</td>
<td>322</td>
<td>770</td>
<td>4,332</td>
<td>4,934</td>
</tr>
<tr>
<td>% of EM</td>
<td>26%</td>
<td>26%</td>
<td>40%</td>
<td>41%</td>
</tr>
<tr>
<td>EM trade with DMs</td>
<td>939</td>
<td>2213</td>
<td>6,628</td>
<td>7,054</td>
</tr>
<tr>
<td>% of EM</td>
<td>74%</td>
<td>74%</td>
<td>60%</td>
<td>59%</td>
</tr>
<tr>
<td>Total EM</td>
<td>1,261</td>
<td>2,983</td>
<td>10,960</td>
<td>11,987</td>
</tr>
<tr>
<td>% of global trade</td>
<td>18%</td>
<td>23%</td>
<td>26%</td>
<td>28%</td>
</tr>
<tr>
<td>Total world trade</td>
<td>6,883</td>
<td>12,995</td>
<td>30,486</td>
<td>31,932</td>
</tr>
</tbody>
</table>

Source: Dehn (2017, p. 2)

Whereas the UK Advertising agencies “regularly” compete with the US for “international industry leadership” (UK Trade & Investment, 2014, p. 8), another challenge faced by AMV BBDO is represented by the possibility of losing market share to other global advertising agencies, especially from the US, such as Wieden and Kennedy, Portland and BBDO New York which occupied in 2018 the third, respectively, the forth place in the best advertisements top (Best Ads, 2018). Several opportunities can be possible. Although the company already has a presence in Africa - e.g. Egypt, Kenya and Nigeria (BBDO, 2018), opening more offices on the African continent can be an appropriate strategy whereas the African continent “has long been ripe with talent and cultural riches” (Hruby, 2018).

Further, the Commonwealth association aims to create strong relationships between traders and investors, “including MSMEs (micro-, small and medium-sized enterprises and young entrepreneurs” (The Commonwealth, 2018b). Moreover, more African MSMEs are including digitisation as part of their domestic and international trade activities (UNCTAD, 2018c). Thus, for AMV BBDO this is an opportunity on the African continent to help new and established businesses by implementing advertising to enhance their business performance.

Although Africa’s contribution to the global creative industry is “negligible” (Van Graan, 2014, p. 15) there is significant potential for the creative industries on the African continent such as increasing popularity of the Nollywood- the Nigerian film industry (Mbonu, 2018) and developing advertising industry in Ghana. In this regard, Now Available Africa a “renowned advertising agency in Accra (Ghana)” won at 2018 Gong advertising ceremony “four Silvers, three Golds and the enviable Platinum Gong for Digital” (Bratt, 2018).

Figure 7. Global Trade Trends 1990-2018

Source: UNCTAD (2018b, p.1)
References


Brexit and the UK Creative Industries

Valerie Small

Introduction

This assignment will give a brief description of the Commonwealth countries and look at some of the key trends in both services and goods between these. Secondly, it will look at the creative industry and its sub-sectors in the UK to assess the impact Brexit could have on both trade and investment therein. Before concluding this report will also look at the Universal Music Group and Sotheby’s to evaluate opportunities and challenges faced by a London Multinational Enterprise after Brexit within a shifting global trade landscape.

There are 53-member countries in the Commonwealth and they are found in Africa, Asia, Caribbean & the Americas, Europe and the Pacific. They consist of both large and small member countries with the population of 31 of the smaller countries 1.5 million or less. All commonwealth countries adhere to the Commonwealth Charter and each country has an equal say in shaping the Commonwealth but there is no trading bloc agreement, as can be seen in the European Union (Commonwealth, 2018).

The world today is seeing rapid changes, and the environment can be described as “VUCA”, that is volatile, uncertain, complex and ambiguous (Mack et al. 2016). The UK and the other Commonwealth countries and their industries will be required to react in a proactive, timely and effective manner if they are to create positive outcomes for trade, both in intra-commonwealth trading and worldwide trading. The unpredictability of the world today makes it imperative to have strategies in place that help to manage the speed of change with integration, learning, agility and flexibility in order to grow and survive (Groth and Mahon, 2018).

The UK already has strong economic ties throughout the Commonwealth and some of its members, Australia, India and Canada are some of the largest economies in the world, whilst others in Africa and Asia are some of the fastest growing economies in the world (ONG, 2015). Figures for 2015 show that the value of goods and services exported to Australia in 2015 was £8.6 billion and the value of imports from India for goods and services amounted to £9.5 million (Ibid). Although these figures lose some significance when compared with UK trade and the European Union, as in 2015 exports to Germany alone was valued £48.5 billion and equated to more than the combined value of exports to Canada, Malaysia, Australia, New Zealand and India which was £32.8 billion (Ibid). Intra-commonwealth trade (Fig. 1) shows that although the Global trade share of the Commonwealth has seen a decline, intra-commonwealth trade is seeing a growth of nearly 20% (Commonwealth Trade Review, 2018). These figures confirm that there is room for trading with the Commonwealth after Brexit and expanding the relationship further, but the figures also show that it will not be a quick fix if there is, following an agreement, a significant loss of trade with the European Union or trading within the EU becomes more expensive.

Notwithstanding, trade between the Commonwealth countries is predicted to be in excess of 1.5 trillion USD by 2020 (Jeger, 2018). This trend aligns with the global megatrends, which are being seen, and, in some quarters, being identified as the next super-cycle, that is a period of high global growth covering a generation (Dobbs et al. 2016). There is an influx of countries entering the global economy and many of these are from the emerging economies, including the Commonwealth, the urbanisation of people moving away from the countryside and into large cities, and the rise of the middle class, with spending power to match is a megatrend which bodes positive for trade partnerships and collaborations therein (Ibid). The speed of technological advances, as a driver of globalisation is facilitating connectivity, trade and international business (Ibid).

The Commonwealth Trade Review (2018) listed five major findings for the countries of the Commonwealth. These were; trade between Commonwealth countries, export of goods and services which is projected to rise to 700 billion USD by year 2020, it is currently as 530 trillion USD (Ibid). Furthermore, the report found that the global world downturn in trade of both goods and services has seen the same effect on Commonwealth trading resulting in the 2016 total commonwealth trade amounting to 1% a fall to US$3.1 Trillion from a high of US$3.5 Trillion, which equates to a decline from 15% to 14.8% between 2013 - 2015 (Ibid). Foreign Direct Investment (FDI) is in excess of 5 Trillion USD and cumulative Greenfield FDI (new physical facilities), the result of 10,000 projects, have created 1.4 million job and is worth US$700 billion (Ibid). The connectiveness of the world today elucidates how a downturn in one part of the world is seen elsewhere in the world, almost immediately, and shows that distance is no longer the main obstacle to trade.

The predicted value of goods and services to US$700 billion in 2020 between Commonwealth countries (Commonwealth Trade Review, 2018) is, in part, due to relationships between the countries of the Commonwealth and how they work together. The ease of trading between Commonwealth countries, when compared to the rest of the world, who are exhibiting tendencies towards protectionist policies, has been shown to take 20% less time, leading to a reduction in trading costs (Jeger, 2018). This relatively open trading model is an advantage for UK when trading with the other Commonwealth countries. The developed Commonwealth economies account for over half of all exports from the Commonwealth countries and the UK accounts for 25% all exports with Canada accounting for 16% of all exports (Commonwealth Trade Review, 2018). Asia Commonwealth members account for 41% with Sub-Saharan Africa accounting for 4% (Ibid). The Caribbean Commonwealth members rely more heavily on the service industries, which is 70% of their exports (Ibid). Two thirds of the Commonwealth are the small states, and these have seen their share of global trade steadily declining (Ibid). The UK is positioned to foster working relationships with the smaller states to develop mutually beneficial trade partnerships.
1994-2018 (%)
in countries’ total trade.

Moreover, Africa is one of the fastest growing continents in its use of technology, with mobile technology surpassing landline technology (Commonwealth, 2018). The widespread use of the internet will help to make trading more accessible than ever, with distance becoming a less important factor. Statista (2018) survey of use of mobiles in Nigeria predicts that by 2019 there will be 23.3 million Nigerians will be using smartphones (see Fig. 3 below). The UK is in the best position to take advantage of these trends as they pertain to the other countries in the Commonwealth, harnessing its advantage as one of the Commonwealth developed economies and making use of its history with the countries therein.

A caveat to the use of technology is the unfortunate reality that studies have shown that in much of the developing world, gender inequalities prevail and women do not have the same access to ICT as the men (Perryman and De Los Arcos, 2016) even though evidence indicates that the access by women to ICT is an important variable to the enhancement and empowerment of women (Ella and Andrea, 2017).

Brexit Implications on the UK Creative Industry

The Creative Industry in the UK consists of music, film, TV, design, publishing, fashion, arts, culture, advertising, games, architecture and craft. In addition to these distinct models, there are also further embedded creative sub-sectors, marketing and design, in other industries, such as the manufacturing industry. (CIC, 2018b). The industry is big and has a large impact on the UK economy. In 2017, the creative industry in the UK accounted for 3.2 million jobs and was worth £101.5 billion. The latest available figures values exports in 2016 at £27 billion. This represents a growth of 27.4% in one year (CIC, 2018b).

One of the implications of Brexit could be the impact on the workforce employed in the UK creative industry. Overall, in 2015, workers from European Union (EU) countries accounted for 9% of the employees in the creative industry, which is 115,000 people (House of Commons, 2018). Following the referendum, the percentage of EU workers in this industry for 2016 is reported as 6.7% (Parliament, 2017) which could be interpreted as the UK is already seeing members of the EU returning to their country of origin and leaving the UK creative industry. The loss of freedom of movement could see the industry losing many of its European workforce, and with this, the ability to operate internationally, with multi-lingual employees working on behalf of the UK creative industry abroad, in local languages helping to create and maintain competitive advantage (Ibid).

The Creative Industry operates within the UK and the long-term buoyancy of the industry. Additionally, the loss of European employees, if there is not an acceptable agreement, could also lead to skill shortages, in the industry, which would reflect on the Industry’s growth continuum (Pickford, 2016). Many workers in the creative industry are female and the loss of workers could equate to a high proportion of women. The UK Music sector carried out a recent survey in which it found that women represented 49.1% of the workforce in 2018 and this was up from 45.3% two years previous, in 2016. The survey also showed a rise from 54.6% to 65.3% of young women between the ages of 16 to 24, working in this sector (CIC, 2018c). The European workforce in the UK creative industry’s contribution to the UK economy is not insignificant and Brexit could be detrimental to the companies working within this industry, the economy of the UK and the long-term buoyancy of the industry. In addition to this, the creative industry in the UK, as members of the European Union (EU), receives funding from Creative Europe (House of Commons, 2018). Any loss of funding would be detrimental to the industry.

The sub-sectors within the UK Creative Industry submitted evidence to the Government regarding their thoughts on the possible impact of Brexit to their industry. The British Fashion Council (BFC), a non-profit organization that represents the fashion industry, identified the loss of talent is an important concern.
EU workers compliment UK talent and in some companies have been reported to represent up to 85% of the workforce (Parliament, 2018). They also state that many of the jobs require specific skills, which are not currently available within the UK workforce, and would take a number of years of training to acquire (Ibid). Government funding could be made available to train UK workers and working permits could be made available to EU workers, without copious layers of bureaucracy to reduce any negative impact of Brexit.

The Royal Institute of Architecture also identified that loss of talent would be an issue and informed the committee that, at this time, 25% of registered architects were from the EU (Parliament, 2018). Additionally, UK Universities are renowned for the quality and standard of architectural training around the world, in fact, three of the ten top global universities are in the UK, and figures for 2015 show that 47% of applicants for these courses were from the EU (Ibid). Not only would there be a loss of qualified architects, UK universities could also lose students and, therefore, income. Another issue is the uncertainty surrounding Brexit impacting on current students who are scheduled to study abroad (within Europe) in 2019 and are now not sure if they will have to obtain visas or even if educational visa will be made available.

Employment and education were also concerns highlighted by the Design Industry (Parliament, 2018). The creative industry, as a whole, stated that Brexit could lead to a lack of workers with the required skills to undertake the work and the design industry stressed Brexit could lead to even less diversity than there is currently in this sector where male workers account for 78% and 9% of workers in the industrial design is female (Ibid). Brexit could lead to a smaller labour pool to choose from, and less females.

The design industry further identified issues which patents and trademarks. An uncertain Brexit could leave this industry vulnerable to breaches in copyright (Parliament, 2018). If agreements do not continue, the industry stated that current UK laws are not enough and would need to be strengthened to protect designers (Ibid). Membership of the Hague Convention could also affect the advertising industry as without strong copyright laws throughout Europe the industry could lose funded advertising and be put at a competitive disadvantage (Parliament, 2018). The industry requires assurances that the UK copyright laws would be maintained in a post-Brexit situation (Ibid). Additionally, all sub-sectors above highlighted loss of funding as a major concern (Ibid).

**Post Brexit Evaluation on London MNEs**

As can be seen above the uncertainty of Brexit brings many challenges but also opportunities for the UK creative industries. A multi-national creative company operating in London could lose market share if there is no deal Brexit and the UK Government does not bring in policies to compensate for the losses. Furthermore, emerging multinationals from within the EU could be left in a better position that the UK to capture trade. That said, many MNE’s are already forging their way into the developing counties to trade and there is a rapidly growing economy, which has large growing urban communities, with economic globalisation leading to growing interconnectedness and growing middle class (Collinson et al, 2017). With effective trade agreements, undertaking international business outside Europe could be profitable for all involved parties.

Universal Music Group (UMG), a large MNE with offices around the world and London, are one of the world’s largest music company (UMG, 2018a). As a successful MNE, UMG recognises the opportunities of doing business internationally, within Europe, and expanding globally to include the emerging economies for continued growth. In July 2018 UMG announced its strategic expansion into Western Africa, by opening an office in Côte d’Ivoire, allowing the company to reach most of the French speaking regions of Western Africa from this base (Ibid) and Lagos in Nigeria (UMG, 2018b).

This expansion takes advantage of the changing global landscape in which the emerging economies are becoming more and more urbanised (Dobbs et al, 2016) with many inhabitants moving away from the countryside to the big cities. This corresponds with a growing middle class, as moving to urban areas is a means of earning higher wages (Dobbs et al, 2016) and these new middle-class citizens have access to the internet, via their smartphones keeping them connected with the world at large and very able to spend their money on, for instance, streaming music. A 2018 report states that Africa is the fastest growing continent for technology use (Commonwealth, 2018) which is a substantial interconnected, untapped market with significant potential for market growth.

Furthermore, UMG, as well as distributing western music throughout Africa, has signed many new African artist to its labels and works in collaboration with non-UMG artist to display the talents, via all its available platforms, including festivals throughout Africa and internationally (UMG, 2018b). A challenge to internationally displaying African artist is the lengthy and costly visa application procedure for many of the Western countries, where there is no guarantee of success. In August 2018, three African bands booked for a UK festival were refused visas (Hutchinson, 2018) and many have had visas approved after scheduled appearances (Ibid). To trade harmoniously, the visa procedure needs to be overhauled. Coupled with the continuing uncertainties that come with Brexit, UMG continue to look towards many of the emerging economies to forge collaborations and trade, as Brexit could result in loss of market share within Europe for UK based MNE’s. There could also be competition from the emerging economies as the dominance of the West in creative industry such as the fashion industry could be tested.

A further example of a London MNE is Sotheby’s, the famous London Auctioneers, who have looked to the emerging economies for growth and has entered the Indian market for new opportunities. Since opening its first auction house in Mumbai Sotheby’s have, in November 2018, sold their first multi-million-dollar painting for US$2.54 (Cassone, 2018). Proof that the growing middle class in the emerging economies have money to spend and are willing to spend on the creative industries.

**Conclusion**

The creative industry in the UK, consisting of nine sub-sectors all have many of the same concerns with the uncertainty of Brexit. These include loss of skilled workers, loss of funding and the robustness of laws protecting infringement of their copyright following Brexit. This report has identified links with the Commonwealth, which could be advantageous in facilitating International Business between the UK creative industries, and London-based multinationals using the growing trends of urbanisation, growing technology use, inter-connectiveness and growing middle class in the emerging profitability in the fast globalisation world. Using UMG, the report has shown than they are already operating in some of the fastest growing economies in the world today and recommends that they forge even deeper connections with the emerging economies, whatever the outcome of Brexit.
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Post-Brexit Creative industries in a changing Global Trade Landscape

Patrick Eworetshabor

Introduction

The commonwealth countries are made of 53 countries of both small and large spreading across the continent from Africa, Asia, the Americas, Europe and the Pacific who share the same values and principles as stated in the commonwealth charter. The leaders at the Commonwealth Head of Government Meeting (CHOGM) decided to create six-point plan to connect and boost trade and Investment links among member countries. Due to the recognition of how important and powerful international trade is to achieve both economic and social development hence it encourages all member states to join the global trade association. The Commonwealth is a voluntary association and not a trading bloc yet trade between members are on the increase and projected to reach US$1 trillion by 2020 rising to US$2.75 trillion by 2030 (Thecommonwealth.org). The Commonwealth also focus on empowering women and youth in business activities. Brexit will affect both human and businesses in the UK especially in creative industries, which may lead to restrictions on EU workforce, and some businesses moving away from UK therefore creating challenges and some opportunities for Multinational Enterprise (MNE) and Small and Medium Enterprise (SME).
Trade in the Commonwealth

The 53 commonwealth members export of goods and services are valued at US$3.4 trillion in 2013 about 15% of which comes from developed members states however, other members have grown from 36% to 50% since 2000, a trend driven mainly by globalization with Asian members being significant in the world economy creating opportunities for all members (Commonwealth Trade Review, 2015).

The commonwealth is seen as a potential trade partners. It is observed that trading with bloc of countries would be easier than trading on a global level but the “developing countries must be strongly considered for benefit in a more inclusive, participatory and development-friendly”. The commonwealth has the potential to push to the fore of International Business with other nations. The trend in trade and services, identify issues affecting economic sustainability and encourage the participation of women and youth in business activities breaking gender barriers to allow participation in international trade and give the youth access to meaningful opportunities. Trade and services between commonwealth members had seen rapid development through globalisation and inter connectedness (Commonwealth Biennial Report, 2018). The developed member state account for half of commonwealth export however, developing members’ trade contributions has also increased since 2009.

The aims of the commonwealth could be hindered by different issues associated with volatility, uncertainty, complexity and ambiguity (VUCA) in some members’ state, which must be carefully negotiated to achieve its growth objectives (CHOGM 2015). The unstable political situation, wars and terrorist activities in some member states are volatile limiting trade and services. Uncertain economic situation such as the one created by Brexit in the UK limit business opportunities for the commonwealth because many developing members depend on the UK for their export goods. Intra commonwealth trade with UK is strong but will become complex after Brexit because, both UK and the EU are important exporter of about 16% to all commonwealth developing countries rising from $57 billion in 2000 to US$91 billion in 2015 (thecommonwealth.org). UK alone import about 18% of developing members goods to the EU and to the world and almost all of Canada’s goods such as gold. (www.thecommonwealth.org).

Brexit will signal less purchasing power for less developed members due to weakness of the pounds affecting importation of goods and services from reduced earning and exports, reduced remittance by diaspora community in the UK, trend in trade and services would also be affected should Brexit result in lower economic growth which may affect importation of goods and services from developing commonwealth members. (www.thecommonwealth.org). The emergence of the south is reflected in the export and import between commonwealth countries and their involvement in Regional Trade Arrangement with non-commonwealth advanced nations for example, Africa and Caribbean trade with USA, China have also given some commonwealth countries access to market opportunities being a major trading partner with most commonwealth nations noticeable in the fast-developing nation like India.

Intra-commonwealth trade in goods

Trade between commonwealth countries was about US$139 billion in 2013 according to the last bilateral service trade data which has been estimated at US$162 billion in 2015 (Commonwealth Trade Review, 2015). The dominance of Asia and emerging African members are fuelling the rise in intra commonwealth trade in goods with Singapore 22%, Malaysia, 16% and India with 14%. Asia accounted for 46% intra commonwealth import of goods with India being the highest with 15.2% followed by Singapore 14.8% and UK with 14% as shown in Figures 1 and 2.

Intra commonwealth trade in services

Service trade within the Commonwealth is supported mainly by five members accounting for 80% of the trade they are, UK with 32%, Singapore, 17% India, 12% Australia, 11% and Canada with 9%. The commonwealth is also active in the global service trade with its top ten countries involvement. India is the major importer and exporter of service trade between commonwealth countries Brunei and Nigeria are also active in service trade import (Shingal and Razzaque, 2015).

Intra commonwealth Investment

Intra commonwealth Foreign Direct Investment (FDI) has increased since the last decade according to UNCTADS bilateral FDI data from US$10 billion in 2002 to US$65 billion in 2012 reaching the peak of US$80 billion in 2007 with more inflow into member countries. This trend will increase intra commonwealth stock in relevance to the global economic growth projected to reach US$1.4 trillion by 2020, most of which are held in developed countries with Australia, Canada, Singapore and the UK and their investors. India and South Africa have their FDI in various countries with Nigeria and Mauritius benefitting more.
Remittance flow between Commonwealth

The diaspora connection among commonwealth countries create a link for trade and investment supporting remittance flow being one of the main sources of external financier of developing countries amounting to US$436 billion in 2014 bigger than official developing assistance. According to World Bank, data into the diaspora cities due to the emergence was US$45 billion in 2014, UK being the largest sending countries followed by India, Canada and Australia accounting for 75% of total intra commonwealth remittance in 2014.

Drivers of Trade and Investment within Commonwealth

Commonwealth do not use policy instrument to promote trade flows between members instead it is as negotiated by individual member state as they wish to commit to other markets be it regional, multilateral or bilateral which may involve non-member countries because many countries are emerging as economic power in trade for example, Japan, the EU have been recently joined by China and the sparsely geographical location of some members from the five major markets. (Miner, 2008). When two commonwealth countries engage in trade their bilateral trade in goods and services are about 10 and 42 percent higher and Foreign Direct Investment (FDI) up by 10% therefore boosting intra commonwealth by 20% (Shingal and Razzaque, 2015).

The Impact of Brexit

Brexit will affect both human and businesses alike causing some creative industries move away from the UK. Creative industries according to UK government are “those industries that have their origin in individual creativity, skills and talents with the potential for wealth and job creation” (Demertzis and Materia, 2017) through the generation and exploitation of intellectual property” (IP) (parliament.uk). The sector comprises of nine sub sectors:

- Advertising and marketing
- Architecture
- Craft
- Design: products, graphic and fashion design
- Film, TV, video, radio and photography
- IT, software and computer services
- Museums, galleries and libraries
- Music, performing and visual arts
- Publishing

They are made up of Small and Medium Enterprise (SME) majority of which are less than five employees according to 2014 recording, about 250,000 enterprise in the UK are SME. The UK export services in creative industries rose by 27.4 percent reaching £27 billion in 2016 close to the predicted amount of £31 billion by 2020 (UK growth strategy for international data). Creative industries in the UK account for 1 in 8 businesses and 121 inward investment in the UK in 2017-2018.

EU Funding

The creative industries in the UK are funded by different EU funding stream such as Creative Europe, European Regional Development Fund (ERDF) European Social Fund (ESF) and Horizon 2020. The impact of Brexit will be felt in its service export of which 9.4 percent to the EU, and its exported £1.4 billion worth of goods, representing 5.2 percent of UK total of goods export. Music, performing and visual art, craft and publishing being the highest exporter in the industries will be affected. (parliament.uk)

EU Laws

The UK will not benefit when EU finally removes the Digital Trade Barriers from its digital single strategy across member nation as a result of Brexit, removing these barrier permits any sector in creative industry to practice its profession in any member state which will
impact on trade and investment, it will make it easier and cheaper for companies to trade freely within EEA, increase competition and productivity in European markets and support the movement of skilled professionals in MRPQD, recognising qualifications in a regulated profession granted in a member state across Europe. Brexit will also impact Artists Resale Rights incorporated into UK laws in 2006, which entitle artists a royalty of their work when they are resold. (Parliament.uk.org)

**EU workers**

The impact of Brexit on trade creative industries in UK will affect the 6.7 percent of EU nationals working in the sector by restricting movement between UK and other EU countries will have effect on skill and the quality of commercial exchange (Newbigin, 2017) approximately the total number of EU workforce in creative industries increased by 14 percent in 2016. (Parliament paper). The UK hospitality sector rely on EU citizens requiring about 62,000 per year to run its activities but the impact of Brexit will make this difficult to achieve.

**Travel and Tourism**

The travel and tourism sector has expressed concern about the impact of Brexit on talent retention as its workforce are mostly EU citizens. Travel and tourism being the 4th largest industry in the UK is supported by single aviation market which will be affected should it be a No Deal Brexit. Impacts of Brexit will also be felt in the telecommunications industries where there are possibilities of price hike for UK citizens using their mobile phones on the continent after Brexit. A skill shortages of 4.2 million by 2024 resulting in £90 billion in economic output. (local.gov.uk).

**Challenges and Opportunities for London-based creative industries**

There is a lot of uncertainty surrounding Multinational Enterprise (MNE) in London creative industries after Brexit that may have possible challenges and opportunities within a global trade landscape. The government should therefore set up a plan for the future and regulatory environment for the industries in the UK to both the industries and consumers interest post Brexit because the interdependence of these multinational enterprise partly relies on political stability and policies to create an appropriate environment for businesses to prosper.

Multinational businesses are firms that engages in value added international activities that has partners or affiliates in more than one country which could move business to other European cities after Brexit to remain in European single market where skilled and unskilled workforce can be hired cheaply and where tariffs and taxation are lower. One of the challenges is highlighted by business leaders on the risk of slashing immigration from EU by 80 percent after Brexit, may devastate hospitality sector and other creative industries causing a damage to UK economy according to Kate Nicholls, “Post Brexit should be opened to talents not close” (O’Carroll, 2018). Salary threshold of £30,000 set by the government is another challenge faced by MNE, which had been advised to be lowered after Brexit to London living wage of £20,155 to welcome workforce of diverse skills, otherwise businesses will relocate to other cities in Europe and urbanised developing countries.

Other challenges facing MNE in London after Brexit is that creative industries is mostly made up of SME which are often patronised by MNE through outsourcing. MNE is facing challenges in this regard should some of these SME move away from London after Brexit as they often operate in their local market because they are not a big player in Foreign Direct Investment FDI as much as MNE despite this limitation Small and Medium Enterprise still operate globally. The £130 billion a year hospitality, agricultural, and healthcare sectors who rely heavily on foreign workers from EU will be adversely affected after Brexit and may lead to business closure and reduce talent pool in some sectors. According to the Office of National Statistics, the number of EU citizens moving to the UK for employment had fallen to a six-year low since Brexit many MNE find it difficult to recruit and train staff due to uncertainties surrounding Brexit causing a skill shortages of 4.2 million by 2024 resulting in £90 billion in economic output. (local.gov.uk).

Most MNE in London’s creative industries sectors will face challenges in the changing global landscape for example, the music and entertainment sector where London had once led in discovering talent faces challenges inviting entertainers into the country by visa restrictions to artists thereby affecting organising businesses. (Hutchinson, 2019). They have already moved into emerging market in Africa an example is the Universal Music Group, a global MNE who is leading in music-based entertainment with diverse business engagement in over 60 countries affecting what London generate from creative industries.

In terms of opportunities, London is a global city of excellence with economic capabilities, which may be encouraged to develop its innovation opportunities for solutions after Brexit. Devolution of power and resources is important for London to continue to attract MNE and migrants for its creative industries to function in a changing global landscape and have access to talent and diverse workforce in the sectors (Brown and Bosetti, 2017) and to develop UK workforce and diverse workers from other global cities through outsourcing, offshoring or multinational multiple visa for skilled workers to enhance London businesses commercial success as London relies on MNE and multicultural teams to market British products around the world.(parliament.uk). Some MNE may relocate, others may expand, and many may choose to remain in London being a link to global trade. When creative industries move away from London after Brexit they still have chances of trading in the capital either directly by franchising or licensing and strategically going into partnership and alliance or by joint venture or indirectly by exporting to MNE in London through domestic intermediary or suppliers.

London is leading city in Europe in international business with improved infrastructure as globalisation driver. London is a leading innovation city in education, business, finance, tech and the creative industries more than one fifth on MNE have their global or regional headquarters in the capital, (Campbell, 2017). London is a preferred city of advanced services and knowledge intensive sector despite its higher cost as a city it still accommodates skilled employees around similar suppliers to increase productivities this is an “agglomeration effect” creating a learning opportunities, attract and retain staff for creative industries after Brexit (Brown and Bosetti, 2017).

London remains one of the leading global centre for research and learning with about 400,000 students across its universities and other educational institute raising over £7 billion the Crick institute in Kings Cross is a potential biomedical laboratory in Europe with capacity to employ about 1,000 scientists. With different MNEs across London, the city infrastructure will continue to create opportunities for innovation such as the growth of “Fintech” which continue to support creative industries attracting talent through its export sectors and higher education with UCL and Imperial College rated among top ten universities in the world. The Silicon Roundabout London has become the largest technology centre with about 40,000 businesses, the city is considered the best environment for digital startups in Europe this is boosted when google set up a new headquarters with 7,000 staff capacity in London Old Street in November 2017. London will continue to create opportunities in creative industries because of the considerable rise in MNE from emerging markets such as China, which sees opportunities for its MNE at international level in London after Brexit.
Conclusion

The Commonwealth Head of Government created a six-point plan to connect members to a global Trade and Services Investment to improve their FDI and achieve a sustainable social development, empowering women and reduce youth unemployment. The UK government should relax its immigration rules to allow free movement of EU citizen and skilled professionals around the globe on whom creative industries relies for talents. The MNE will continue to operate from London through partnership and franchising because London presents a good opportunity through its infrastructure and innovation centres however, the Government should have a contingency plan should it be No Deal Brexit.

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The Commonwealth in Post-Brexit

Lily Bruneau
Introduction

The first part of the report identifies the key trends in trade of goods and services between Commonwealth countries to understand what the outcomes of trading with each other are. The second part is about the creative industries sector in the UK and their impact on trade and investment due to Brexit. Finally, the last part will focus on a particular multinational enterprise based in London and part of the creative industries sector in a post-Brexit environment. The idea is to evaluate the potential challenges and opportunities in a context of a changing global trade landscape.

The Commonwealth Nations includes 53 country members with a trade advantage, which allows its member to trade with each other freely without the need of collaboration (The Commonwealth, 2018). According to the Commonwealth trade review (2015), the countries members’ trade on average 20% more and generate 10% more investment between each other rather than with non-member countries. In addition, if two countries members of the commonwealth are trading with each other, their trade costs will be 19% lower (The Commonwealth, 2018).

The World Trade Organization has proposed the implementation of a trade facilitation agreement, countries which confirmed the implementation have the opportunity to reduce trade costs to an average of 17.5% lower (Mendez-Parra, et al., 2017). In fact, the world of today is in a changing global trade landscape, which will clearly have consequences on both developed and developing countries (The Commonwealth, 2015). Additionally, the Commonwealth trade review (2018) indicates that the combination of those countries is strengthening their trade advantage in two ways. The first one is the application of new technologies to provide more connectivity with each other to trigger new trade and investment opportunities and this is called digitisation (The Commonwealth, 2018). For instance, a universal broadband digitisation could add up one trillion dollars to the GDP of the Commonwealth. The second one is the reinforcement of laws and policies within the member countries to allow them to trade in a cost-efficient manner (The Commonwealth, 2018).
Global internet connectivity and technologies

According to a report from the Commonwealth (2018), technology is a key driver for sustainable development across member countries. In addition, the same report mentioned the fact that the cost of implementing technologies within developing countries is dropping every year by over 10% making it accessible to the poorest states (The Commonwealth, 2018). Technology enable the development of productivity, competitiveness, growth and exports between Commonwealth countries, which maximize their potential for sustainable development (The Commonwealth, 2018).

The implementation of such technologies could improve the quality of trade of goods and services between smaller and bigger states within the Commonwealth area (The Commonwealth, 2018). However, according to a report from the International Telecommunications Union (ITU, 2018), there are still 3.7 billion of the world’s population which currently remain unconnected. Their strategy is based on improving infrastructure, investment, innovation and inclusivity for developing and least developed countries in order to create a global connectivity (ITU, 2018). Indeed, the increasing digital connectivity allows a stronger relationship across members to provide a better capacity to trade goods and services between Commonwealth countries (The Commonwealth, 2018). This is due to the access of online social media and the opportunity to enter marketing platforms, which facilitates interactions towards a continuous changing global trade landscape (The Commonwealth, 2018). In emerging markets, innovation has a key role for economic growth and sustainable development (ITU, 2018).

In fact, the globalisation is pushing developing countries to innovate in a sense that technology, quality of goods and services and the potential collaboration with developed countries could be established (The Commonwealth, 2015).

Policies within Commonwealth countries

The developed countries must ensure that the development of skills and capabilities from the population are taking part in the least developed countries (Mendez-Parra, et al., 2017). This is helping to facilitate trade of goods and services and engage with skilled human capital. The way they can achieve it is by encouraging young graduated to engage in international exchange programmes through the Commonwealth Enterprise and Investment Council (Mendez-Parra, et al., 2017).

The Intra-Commonwealth trade are the advantages that Commonwealth member states are benefiting from the political association of those 53 countries (The Commonwealth, 2016). They are sharing similar legal systems, common financial systems and the English language. The fact that the global trade landscape is changing encourage companies from member states to collaborate with each other in order to sustain the growth of the Commonwealth (The Commonwealth, 2018). According to an article from the commonwealth’s website (2016), the trade between Commonwealth countries has grown from US$200 billion in 2010 to US$600 billion in 2016 with a forecast to go beyond US$1 trillion by 2020. The increase in trade of goods and services is relatively important which means that intra-Commonwealth trade is conducted efficiently between members (The Commonwealth, 2016).

Impact of Brexit on investment in the UK creative industries sector

The United Kingdom is a significant trade partner within the Commonwealth countries and individual members has been trading with the UK through EU policies for a long time (The Commonwealth, 2016). However, this part of the report will assess the impact of Brexit on the creative industries sector in the UK in terms of trade and investment. This industry includes nine sub-sectors but will be analysed through four segments to illustrate the main impacts due to Brexit. The creative industries are well known within the UK and require a free movement of people to retain the best talent around European countries (CIC, 2018).

The creative industry federation released a guidance report to advice businesses within these sectors to be prepared and avoid as many disruptions as possible (Creative Industries Federation, 2016). According to BBC’s article (2018), this particular industry is part of the UK’s fastest growing sector and the biggest concern is on the free movement of people with an impact on finding talented workforce. In fact, the statistics from the Mayor’s Brexit report mentioned that 27,000 creative jobs in the UK are under threat due to a potential loss of £3.3 billion in this sector (Mayor of London, 2018). Also, if the UK fails to negotiate a deal to provide full access to the Single Market and Customs Union, the UK economy will be affected with 2.1% lower Gross Value Added by 2030. This is due to 42% of creative services, which are directly exported to the EU as a key trading partner (Mayor of London, 2018).

According to a report from the UK Parliament (2018), the creative industries are the largest and the most innovative in the world. This is the reason why many concerns remain at the heart for such industries and their potential impact due to Brexit. In 2017, for instance, the investments made for the UK films and high-end TV sector has brought £2 million to the economy (Gov.uk, 2018). This part of the report will assess four sub-sectors including the art, fashion, film and music in order to understand the impact of Brexit on trade and investment within the creative industries sector in the UK.
Art industry
In 2017, the Art Council England has conducted a research to analyse the potential impact of Brexit on the Art industry and its sub-sectors (Arts Council England, 2017). This particular question is about the impacts of Brexit on trade and investment within the UK creative industries with a focus on the arts industry. In fact, according to a research from Arts Council England (2017), the findings are made of more potential disadvantages than advantages for this industry. However, the potential advantages could be to explore new opportunities internationally to invest and to form partnerships and collaborations outside of the EU (Creative Industries Federation, 2016). Furthermore, a short-term advantage for the UK post-Brexit could be an increase in tourism in the result of the pound being depreciated. On the other hand, the environment of the post-Brexit remain uncertain which leaves trade and investment potentially affected due to the overall disruption in the UK economy (Creative Industries Federation, 2016).

The Fashion industry
A survey has been conducted from the British Fashion Council before the referendum occurred and the result shows that 90% of fashion designers will vote to remain in the European Union (Hendriksz, 2016). According to an article from Forbes (2018), the industry is currently worth £29 billion in the UK. In fact, the fashion industry in the UK is one of the most important export industries and the impact of the pound being depreciated will affect directly businesses which are outsourcing their production (British Council, 2016). However, if the costs of outsourcing become too high, it could have a positive impact by starting to manufacture within the UK and result in creating more jobs for UK citizens (Pinnock, 2018). Companies within this industry will need to consider higher investment costs in order to maintain their trading operations (Hendriksz, 2016). In the other hand, disadvantages include the disruptions of supply chains with an increased in the price and time for goods to access the UK due to customs inspections and regulatory requirements (Delloitte, 2017).

The Film industry
The UK film industry takes part in a set of regulations and policies that are directly linked to its membership with EU (Oxera, 2017). The impact of Post-Brexit in this industry will be assessed to understand their relationship and how they are dependent to the EU. In 2017, the UK film industry accounted for 186,000 direct employment and a contribution of £2.6 billion in direct gross value added (GVA) and an additional £3.5 billion in indirect GVA (Oxera, 2017). There are both opportunities and threats according to the potential agreements that will be done to leave the EU. First, the depreciation of the pound could provide a better competitiveness for the UK to export outside the EU (BBC News, 2017). In addition, there is an opportunity to sign free-trade agreement with non-EU countries such as the members of the Commonwealth countries and encourage investments from abroad (Springford, 2014). In the other hand, there are potential threats such as the freedom of movement for labour within the EU that could limit the interest of highly skilled people to work in the UK (Oxera, 2017). Another important point to consider is the breakage with EU producers and their source of funding and support, which could impact on the British culture and its reputation (Oxera, 2017).

The Music industry
The music industry is one of the most popular in UK with one in eight albums purchased by fans across the world is from a British artist (Best for Britain, 2019). The Brexit will potentially disrupt this industry by reducing the free movement of people around European Union countries (UK Parliament, 2018). Also, the negative impact will be coming from a lower purchasing power, which will result in a decrease in the number of fans purchasing tickets to participate into music events (Best for Britain, 2019). Moreover, most of the musicians are given short notice to travel and this will be affected if a visa is needed in the future (UK Parliament, 2018). Although, in 2017 the UK music industry was worth £4.5 billion with Live events and has brought £1 billion of revenue with the O2 arena in London which have been the most popular in the world that year (O’Connor, 2018). The British Phonographic Industry (BPI) requires an agreement with the EU that avoid a negative impact on import and export within this industry or it would affect the economy of the UK if the outcome end with a bad relationship (O’Connor, 2018). The Post-Brexit might increase all costs regarding travelling within EU with a longer process including higher duties and taxes on royalty payments and this can cause a less attractive market for music performers (O’Connor, 2018).

The assessment of the impact of Brexit on trade and investment within these four sectors has highlighted the fact that most of the creative industries sector are concerned about the future uncertainties (CIC, 2018). It all started with the depreciation of the pound, which could on the long-term make trade and investment less attractive for the UK market (House of Commons, 2018). Also, the different sectors analysed above shows similar concerns such as policies regarding free movement of people, increase in import of goods and services and the EU funding potentially stopped for UK market (Arts Council England, 2017). However, the same sectors also demonstrate the potential opportunities regarding trade and investment with non-EU countries.

Post-Brexit challenges and opportunities for the creative industries
The company Hawkins/Brown has been chosen to illustrate the opportunities and challenges of a multinational enterprise in a post-Brexit environment in a context of a changing global trade landscape. They are based in London and part of the creative industries by delivering services such as architecture, interior design, urban design, master planning and also collaborate with artists (Hawkins Brown, 2018). They are operating across multiple sectors and committed to build an environment that promotes social changes (Hawkins Brown, 2019). They have taken a strategic decision to expand internationally by opening offices in Los Angeles in response to the uncertain environment resulted by Brexit (RIBA, 2018). The company has chosen to avoid the competitive market within EU and looked at opportunities outside European markets to expand in Los Angeles (RIBA, 2018).

The Royal Institute of British Architects and the Home Office have announced that a new “exceptional talent” visa will be available from 10 January 2019 for applicants qualified as architects (RIBA, 2018). This represent an opportunity for Hawkins Brown and other companies within this industry to continue attracting international talent from the EU and outside European markets. In fact, Benjamin Derbyshire Chair of HTA Design LLP at RIBA, has mentioned that this particular industry requires and based on professionals exchanging ideas, collaborations with countries in and outside the EU and experienced workforce coming from all around the world (RIBA, 2018).

According to the official data, the UK creative industries has grown by 27.4% its export of services to reach £27 billion in 2016 and is forecasted to reach £31 billion by 2020 (The creative industries, 2018). Also, the import of services to the UK has grown by 41.3% in the same period to contribute to wider creative projects that could either by exported afterwards or remain in the UK as part of developing the Britain’s culture (Department for Digital, Culture, Media & Sport, 2016).
The main territories that the UK is dealing with in terms of exports of services are the USA, Switzerland, the Gulf, Australia and Japan (Department for Digital, Culture, Media & Sport, 2016). If the UK can establish free trade agreements with those countries, it could represent an opportunity for them and companies within this industry to increase their market share globally and grow their exports of services (Department for Digital, Culture, Media & Sport, 2016). In fact, within the 53 countries members of the Commonwealth, 18 of them are located in Africa. In addition, a report from the Commonwealth (2015) has highlighted few priorities, which the following are: building productive capacity, effectively managing trade policy and negotiations, addressing implementation gaps, promoting private sector development and securing a trade-supporting global architecture. This will provide the opportunity for such a company to expand within the African continent by offering their services to contribute to the development of those developing countries (The Guardian, 2018). Also, a member of the MP’s named Mark Garnier has approached the fact that the UK will be able to negotiate their own trade agreements only after they are leaving the EU (Booth, et al., 2017). The UK already had discussions about their future trading relationships with other important members and non-members of the Commonwealth including Australia, India, China, New Zealand, Norway, South Korea and the Gulf Cooperation Council (Booth, et al., 2017). This potential trade relationship could create opportunities for Hawkins Brown to be involved in the Global Britain project by expanding their capabilities into new markets and collaborate with other companies worldwide (Booth, et al., 2017).

Conclusion

The political and economic uncertainties involved with Brexit has resulted on pressure for companies regardless which industry they belong to. However, most of the businesses within the creative industries sector have anticipated by defining scenarios that could occur and adopt strategies accordingly. Despite the possible challenges related to Brexit, there are also multiple opportunities including the trade advantage for the UK to be a member of the Commonwealth (The Commonwealth, 2018). In terms of opportunity, the case of Hawkins Brown shows the increase in south-south trade is an important factor to consider in order to grow market shares internationally (Ali, 2016). In fact, within the 53 countries members of the Commonwealth, 18 of them are located in Africa.

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Possible challenges and opportunities for Alexander McQueen’s after Brexit

Diana Barska
Introduction

There are different core changes occurring in the global trade, specifically between the Commonwealth countries. These changes are taking place due to various factors, for instance, the advancements in the regional trading arrangement (RTA), the increasing trade of developing countries, increasing trade links through global value chains (GVCs), the immense necessity of addressing the global climate change issues. In 2000, the Commonwealth countries’ total global exports of services and goods increased from US$1.3 trillion to US$3.4 trillion. From among these total global exports, half of the export share is from Cyprus, Canada, Malta, Australia, the United Kingdom (UK), and New Zealand (The Commonwealth, 2015).

The share in the Commonwealth global exports from the developing countries has also grown from 36% in 2000 to 50% in 2013, specifically from the Asian countries who are responsible for more than four-fifths of the shares in the exports among the developing countries of the Commonwealth. The total exports of 18 African countries from the Commonwealth has also experienced growth, reaching up to US$300 billion in 2011 (The Commonwealth, 2015).

Countries such as Malaysia, India, Singapore, Nigeria, and South Africa contribute greatly to the Commonwealth global exports. During the period of global economic recession, 36 Commonwealth countries experienced a decline in GDP in 2011-2013, which was less than the pre-financial crisis time during 2006-2008. Due to the global economic recession, the total global exports of the Commonwealth members decline greatly from US$2.9 trillion in 2008 to US$2.3 Trillion in 2009. The rise in the Commonwealth global trade trend in 2009-2013 was observed to decline at 4.3% (The Commonwealth, 2015).

Nevertheless, the African countries’ economic increase remains constant despite the global economic recession. The global trade for the small countries has not experienced an increase, due to various factors such the small local trade markets, increased trade costs, undesired geographical region have resulted in the decline of their global trade share. The developing countries of the Commonwealth have experienced an increase in the global GDP share from 20% to 40%, with an increase from 30% to 50% share in the global merchandise trade (The Commonwealth, 2015).

The Commonwealth countries’ trade profiles display a rise from 2000 to 2013, the total merchandise export from the Commonwealth countries to developing countries as part of the total global exports grew from 26% in 2000 to 46% in 2013. The Commonwealth trade with China since 2000 has displayed a significant trend in the global trade. The Commonwealth countries’ exports to China have grown from US$19 billion to US$268 billion, with the China imports’ increase from US$46 billion to US$359 billion, making China an important destination for the Commonwealth trade, since it is an emerging economy (The Commonwealth, 2015).
The recent trend of 2013 in the intra-Commonwealth trade of goods and services was US$592 billion as an average increase of around 10% in 1995. It is predicted that by 2020, the trade rate will expand to or even greater than US$1 trillion. The rise in the 2013 trade of goods and services express a trend of an increase from 13% in 1995 to 18% in 2013 (The CommonWealth, 2015).

The factors that drive a stable trade by the Commonwealth countries are the effective regulation of the trade policies and negotiations, developed trade preferences combined with promotional policies for trade to attract investments and create diverse exports. In addition, eliminating trade gaps in strategies by matching the hard infrastructure with soft infrastructure (for example; increasing stakeholder knowledge and potential), and promoting private sector growth are some of the greatest drivers of smooth Commonwealth trade flow. The intra-Commonwealth trade of 2013 comprises mainly of goods, reaching US$450 billion. However, the global trade of services has risen more than the goods; being 12% of service trade and 8% of goods trade (The CommonWealth, 2015). The Commonwealth countries active in the intra-trade are India, Singapore, Malaysia, the UK, Nigeria, South Africa, Australia, Canada, and the Caribbean regions. Malaysia, Singapore, and India are part of more than half of the total good exports in the intra-Commonwealth trade (The CommonWealth, 2015).

The UK contributes to 10% of the share, Nigeria and South Africa 6%, Australia 8%, and Canada 5%. In 2000, the African exports were directed mainly towards the European Commonwealth countries, specifically the UK, displaying a total of 40% of their exports in the intra-Commonwealth trade (The CommonWealth, 2015). The African trade with other Commonwealth countries had expanded to include other African countries contributing to 45% of their total exports. About 30% of their exports went to Asia and 18% to Europe. There was a rising trend of 83% in the Commonwealth Pacific Island Members’ exports in the intra-Commonwealth trade, all traded to the developed countries, mainly Australia.

However, it is observed that there was a decreasing trend experienced by the imports’ trade from 73% in 2000 to around 54% in 2013. This is due to the increasing importance of the Asian trade suppliers, especially Singapore (The CommonWealth, 2015).

The trend in these increased intra-Commonwealth trade to a great extent is due to the commonalities shared by the Commonwealth countries such as the old and well-established trade relations, well-known legal and administrative structures, use of a common trade language for interaction with the international trade partners and great number of communities sharing the same heritage allow a successful trade process within the Commonwealth countries (The CommonWealth, 2018). The global trend of Commonwealth trade in 2016, was observed to be US$560 billion, representing 20% increase in the total global trades.

However, the developed countries of the Commonwealth, along with Canada and the USA, had experienced a decline in the total share in the trade. Asian countries such as Singapore, Malaysia, and India experienced an increase in their global trade share from 31% to 41%. There had been a significant change in Commonwealth trade in 2016. Commonwealth developing countries were observed to be the greatest service exporters in 2016, producing up to US$ 498 billion, contributing to 54.5% of the overall Commonwealth service exports (The CommonWealth, 2018).

The Asian countries’ share in the exports of goods and services had risen up to 41% in 2016. The Commonwealth trade with the developing countries in 2016, showed a great expansion since 2000. The total merchandise imports from the developing countries had increased or 31% in 2000 to 50% in 2016. Since 2000, the Commonwealth trade with China had increased from US$ 33 billion to US$277 billion in 2016 (The CommonWealth, 2018). The 2016 intra-Commonwealth trade in goods and services was US$ 560 billion, which was a little decrease due to the slowed process of global trade. However, the intra-Commonwealth trade continued to expand, reaching up to 52% of trade in 2016. The general trends in 2016 Commonwealth trade recorded the greatest increase in six years since 2010. The merchandise trade in exports and imports increased up to 4.7%, which was a 3% increase since 2011 (The CommonWealth, 2018).

However, comparing the merchandise growth since 2016, there was only a 1.8% increase in the trade due to the global recession period of 2008. A significant increase in 2017 Commonwealth trade was due to the cyclic factors since the world was already experiencing an increase in GDP at market exchange rate from 3% to 2.3%. This was due to increased investment activities between the Commonwealth countries and China, stability in the quantity of oil and natural resources (World Trade Statistical Review, 2018). The imports show an increase of around 0.9% mainly due to factors such as the high prices of the primary commodities that increase export revenues and enable more imports to be traded. The oil prices are stable to US$ 70 per barrel. The UK however, experienced changes in the trade growth in 2017, mainly due to Brexit issues, which predicts a great and lengthy impact on Britain’s trade and investment processes (World Trade Statistical Review, 2018).

Impact of Brexit on trade and investment within the UK creative industries sector

The creative industries in the UK are defined by the U.K. Government as the industries, which possess extensive creativity, potential, and skills and have the capacity in creating employment opportunities and fortune through creation and usage of intellectual property. This definition comprises of various business sectors of the UK such as architecture, crafts, designs, advertising and marketing, TV, film, photography, museums, publishing, software and game technology, music, visual arts, galleries and libraries, and acting.

Until 2015, the creative industrial sectors contributed to 7% of the total U.K. employment, as compared to 3.5% of the financial sector contribution (Demertzis, 2015). Despite the global economic crisis of 2008, the creative industries sector continued to increase the UK economy. In addition, the creative business is responsible for the U.K.’s economic output, with its gross value added (GVA) increase to £64 billion in the year, as recorded in 2013. The creative sector is also a great exporter to the Commonwealth and non-Commonwealth countries (Demertzis, 2015).

It is evident from the Brexit reports that Brexit does not support the good trade agreement for the creative business industries, therefore, it has a destructive impact on the economic output and job opportunities provided by this sector. The reason evident from the Brexit report is that 6.1% of the U.K. creative industry labour have origins from EU. The report reveals that creative businesses have started to complain about their productivity and employment issues following Brexit (Dhingra, Ottaviano, Rappoport, Sampson, & Thomas, 2018).

Strong EU candidates are rejecting employment offers due to the uncertain situation Brexit has created in the U.K. since there are chances that the upcoming laws under Brexit might restrict the U.K. visa policies for the EU nationals EU markets since the EU is an important target for the UK creative business industries. Half of the exports from this sector reached EU in the past decades (Demertzis, 2015). For instance, following hard Brexit, the UK’s advertising
and marketing company find it difficult in recruiting a talented designer from Italy, France, or Spain. Furthermore, it experiences tariffs in the exporting activities to Germany. The UK had constantly received great funding from the EU for innovation and business development along with expansion in social and regional elements of the state (Hix, 2018). The UK had also enjoyed being one of the greatest beneficiaries by Creative Europe, following Germany in receiving great funds. The decision and implementation of Brexit have prevented the UK’s creative industries to receive those funding, resulting in adverse impacts on creative business investments and recruitment procedures (Demertzis, 2015).

It is assessed that the creative industries sector in the U.K. is expanding at the double rate than the entire economy of the state. Therefore, the masses involved in this business sector had been against Brexit, with Creative Industries Federation (CIF) revealing that 96% of its members’ votes were Remain (Youngs, 2018).

The reason behind this is that the public fear Brexit to have numerous destructive effects on the creative industry. For example, the Local Government Association in the U.K. conducted a survey on different museums in the state and evaluated that many museum authorities held the EU funding as the major source of the current and future income (Giles, 2018). The film industries also face uncertainties in recruiting professionals from the EU countries due to strict entry regulations after Brexit. However, opposing this view, a different perspective reveals that the film industries have expanded due to the US funding in Britain’s films and industries.

This was in response to the Brexit decision, which had decreased the value of pounds. This made the U.K film market more interesting for the US studios (Youngs, 2018). With regards to the U.K’s digital market, 42% of its exports were directed to the EU However, with the elimination of funding forms Creative Europe, Horizon 2020, and the European Regional Development after Brexit, there is a threat in the growth of this business along with major threats on the intellectual rights of the talent (Patel, 2018).

Along with the adverse effects related to the downfall in the British currency, and lack of EU funding, the UK artists from the art industry have issues in travelling to other European countries. The arts and design education business are also greatly impacted since most of the experienced design tutors in the UK come from various parts of Europe (Schoenmaker, 2017). London’s design community and architecture companies are starting to become less attractive for the global market. In the near future, it will also become less attractive as a business hub since Brexit puts a restriction on diversity in employment as well as talents (Schoenmaker, 2017).

Post-Brexit Challenges and opportunities:
The case of Alexander McQueen’s

The impact of Brexit on the global business of the U.K. It has also had a great impact on the entire global economy. Following Brexit, the global economic systems are experiencing structural changes due to the impact of Brexit on the UK’s economy. The foreign investors of various countries are being uncertain in investing in the UK due to the irregularities the Brexit policies had created (Arley, 2018). The existing foreign investments in the UK have decided to move their investments out of the state and relocate employment opportunities (Wadsworth, Dhingra, Ottaviano, & Van Reenen, 2016).

The impact of Brexit on global trade represents a fluctuated landscape. Many countries within the EU had the greatest impact of Brexit since they had the largest export shares directed to the UK. For example, Belgium is the fourth country to have the greatest impact by Brexit, since 9% of goods and services exports are directed to the U.K. with 5% of the imports from the UK. Therefore, it will be greatly impacted by partition of the UK from EU.

Following Brexit, future trade activities of the UK will be impacted depending on the sectors. The greatest impact is on the creative business sectors, automotive, technology, and various service sectors (News, 2017). There is a rise in the trade costs due to increased levels of tariffs. For instance, in 2016, the UK imports tariff had increased to 4.517 as compared to the EU imports. Brexit also has a great impact on the global supply chains since much of the UK’s trade is linked to the global supply chain (PWC, 2016).

There are various challenges and threats for creative multinational companies of the UK after Brexit. Alexander McQueen is a British luxury fashion house founded in 1992. Its global business expands to the U.S. and various countries of Europe, Africa, Asia, and Australia. It is part of the contribution of £32 billion the fashion industry makes to the UK’s economy, with 2% rise in the state’s GDP, worth as £50 billion increase in the British economy (GOV.UK, 2018). The global business landscape of the fashion industries, along with Alexander McQueen after Brexit.

However, Brexit had posed numerous challenges on Alexander McQueen Company. The company is experiencing a rise in the manufacturing costs as a result of the imports manufactured outside the U.K, along with the tariffs on the imports and exports. The company is threatened of losing EU funding since most of the company’s talents and goods come from the European country. Alexander McQueen is threatened by the preservation of its intellectual property. During the association of the UK in the EU, the EU trademark system applied in the UK, which protected the state’s major companies (Davies, 2018). However, since the implementation of Brexit, the UK is void of the EU trademark, which has threatened the intellectual properties of the UK’s global companies, including Alexander McQueen.

The British Fashion Council (BFC) has expressed great concern regarding the fashion industry’s trade and investment, the flow of skills and potentials, and funds from EU. The BFC states that it worked great to secure tariff-free trade flows in the EU, especially for globally recognised fashion industries of the UK, such as Alexander McQueen (Crowley, 2018). Furthermore, the rise in the clothing price has made Alexander McQueen experience a decline in consumer loyalty. The company is also threatened by a decrease in the talents since it consisted of numerous EU nationals and the current Brexit issue has decreased the funding in the local fashion institutions, specifically, the London College of Fashion. However, the opposing view states that Brexit could be beneficial for the UK’s business industry. This is because there has been a fall in the sterling value, making the UK’s fashion and clothing industry highly competitive in the global market (Kee, 2017).

The Brexit has decided to impose customs duties on the EU imports as well as from other imports. This would make the imports more expensive and be less competitive as compared to the UK’s fashion goods. Brexit also promises the UK’s local trade deals, which would not have been possible as a member state of EU (Cumming, 2016). As a result, Alexander McQueen could smoothly deliver its exports to China, Japan, and the US market, where UK products are primary. The tariff-free trade between the UK and the US is a great opportunity for Alexander McQueen. However, the challenges outweigh the opportunities since there are not great manufacturing plants of the company in the UK and the success of the opportunities are uncertain (Dhingra, 2016).

Conclusion and recommendation

In conclusion it can be argued that the UK’s global business trend is under a risk following Brexit. It is recommended that the EU nationals should have a right to stay in the UK to preserve the business talents. The UK should still create some trade agreements with the EU despite its exiting. Furthermore, it is recommended that the companies come up with expansion strategies themselves so the impact of Brexit could be reduced.
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Commonwealth Trade and Post Brexit Situation for Creative Industry in UK

Bethel Abraha
Introduction

The Commonwealth is world’s oldest intergovernmental association of different states. The association was established in 1949 from the independent states, which were previously ruled by the British Empire. Currently the Commonwealth association is comprised of 53 independent states from different regions of the world and it is headquartered in London. Free trade is one of the objectives of Commonwealth’s Declaration in 1971 but still there are no multilateral trade agreements (Commonwealth, 2018). For free trade the Commonwealth members are still struggling. Although the intra-Commonwealth trade is not higher due to lack of free trade agreements between members but still the effect of Commonwealth countries cannot be denied therefore the EU have negotiated with various Commonwealth Countries for free trade agreements. In this report, it will be evaluated that how different trends are shaping the global intra-Commonwealth trade and what are the global drivers that are shaping the trends of Commonwealth countries. Further the impact of Brexit on creative industry of UK will be analysed and challenges and opportunities for the businesses in UK will be evaluated after the Brexit.
the global trade, which has also influenced the
than 80% of total service export within the
supremacy and still they hold the shares of more
accounted for 41.1% of exporting shares (WTO,
Commonwealth exports. In 2016, the Asian countries
Asian countries and Africa are now increasing in the
observed with the passage of time while the share of
Commonwealth like UK, Canada, Australia and Singapore are apart from each
other and rest of the member states, which makes
it quite difficult for the member states to access
these markets at a cost effective manner. But, in
this context the globalization has helped the various
members to access these markets with effective
communication technologies and transportation systems.
Technological advancement has influenced the
world’s trade significantly therefore the small
and medium sized businesses operating in the
Commonwealth nations are now directly connected
with the international markets and playing a
significant role in the trade of Commonwealth and
economic development of the countries. The concept
of e-commerce has enabled the small businesses in the
Commonwealth nations to access the various
international markets and to increase the overall
trading volume between the Commonwealth
countries. The age of digitalization has also enabled the
international businesses to outsource their services
and products from other countries or regions of the
world. Modern communication technologies has
enabled the developing economies to enhance their
export shares by trading various products through the
online businesses. In addition to this, the e-commerce
has given another advantage to developing nations
to offer their services to international markets. Now
India is becoming one of the most important country
in terms of its service export.

Commonwealth Investment Trends
The trading landscape is changing rapidly due
to various factors such as megatrends, global
shifts, drivers of globalization etc. New trends in
the global trading are emerging and are shaping
the entire world’s trade and investment. Within
the Commonwealth Countries various trends can
be observed easily which are now evolving and
will influence the trade patterns in coming years.
Currently the trading volume and Greenfield foreign
direct investment between the Commonwealth
countries is growing rapidly and until 2020, it is
expected that it will reach US$1.6 trillion. The trade
between the member countries was US$600 billion in
2016 and in 2020 it is expected to grow up to US$700
billion (Commonwealth, 2018).

The dynamics of trade of goods and services
between the Commonwealth countries are changing.
At present time, the developed economies of
Commonwealth like UK, Canada, Australia and
Singapore still hold more than 50% shares of exports
but a decline in the shares of these countries can be
observed with the passage of time while the share of
Asian countries and Africa are now increasing in the
Commonwealth exports. In 2016, the Asian countries
accounted for 41.1% of exporting shares (WTO,
2018). In Services, the developed countries have their
supremacy and still they hold the shares of more
than 80% of total service export within the
Commonwealth countries.
Export sophistication is another major trends in
the global trade, which has also influenced the
exports of Commonwealth countries, but at the same
time the export sophistication has enabled the
Commonwealth countries to improve their export
quality to meet the higher standards of the world.
Since 2000, the trade of Commonwealth countries
have seen another major shift from developed
economies to developing economies and due to this
shift the total trade with the developing countries
have been increased from 31% to 50% (UNCTAD,
2017). Trade with the China has played a significant
role and most of the Commonwealth countries are
now partner with China. The foreign direct investment
in the commonwealth countries is also increasing and
till 2020 both FDI and trade expectations are US$1.5
Trillion Commonwealth countries.
Emerging economies and Rising Africa are the two
major trends in World’s trade as well the trade of
Commonwealth countries. In Commonwealth, the
countries like India, Nigeria, and Pakistan are the
growing economies, which will play an important role
in the coming years. Therefore, the focus of trade is
shifting towards the growing economies. According
to the report of Economist the Middle East, North
Africa, Asia, Pacific Region and Sub-Saharan Africa will
be major and emerging markets till 2020 and will lead
the world. The report further states that the growth
in African region will be most significant therefore
the World trade or Commonwealth trade can observe
a major shift. In addition to this, international
businesses are also playing an important roles in
the intra-commonwealth trade and investment.
Emerging economies like India, China, Nigeria, and
Bangladesh are now attracting the international firms
for establishing the businesses into their countries.
For this purpose the emerging economies are making
reforms into their business sector and offering
incentives to the international business to invest in
their countries.

Globalization and Digitalization
Beside the global shifts and megatrends the
globalization and its drivers have influenced the
trade and investment of Commonwealth countries.
The Commonwealth countries are widespread
around the different regions of the world and major
markets of Commonwealth countries like UK, Canada,
India, Australia and Singapore are apart from each
other and rest of the member states, which makes
it quite difficult for the member states to access
these markets at a cost effective manner. But, in
this context the globalization has helped the various
members to access these markets with effective
communication technologies and transportation systems.
Technological advancement has influenced the
world’s trade significantly therefore the small
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trading volume between the Commonwealth
nations. The age of digitalization has also enabled the
international businesses to outsource their services
and products from other countries or regions of the
world. Modern communication technologies has
enabled the developing economies to enhance their
export shares by trading various products through the
online businesses. In addition to this, the e-commerce
has given another advantage to developing nations
to offer their services to international markets. Now
India is becoming one of the most important country
in terms of its service export.

Urbanization
In this era of digitalization the urbanization is another
major global factor that is also influencing the trading
and investment trends in Commonwealth nations.
In 2050, there are expectations that almost 68% of
the world’s population will be living in the cities as
compared to the rural areas (UN, 2018). This depicts
that now cities are offering more opportunities for
growth and development for public and they now
prefer to migrate to larger cities. In this context,
within the Commonwealth countries various cities
in the developing economies like Kuala Lumpur,
Mumbai, Bengalore, Karachi, Lahore, Nairobi, Dhaka,
Chennai, and Cape Town are becoming the major
economic hub. The Most of the people are now
migrating towards these cities and accelerating
the urbanization. This urbanization is now depicting
a major shift from agriculture sector to industrial
revolution in these countries.

Sustainability
The concept of sustainable trade has been emerged
recently in the modern businesses and giving them
a tough time to adopt the practices that will lead
to the sustainable development of the economy.
In developed nations, there is a major focus on the
climatic change and protection of natural resources,
which is influencing the operation of trading from
developing countries (Chel and Kaushik, 2018).
Due to this reason, the developing nations of the
Commonwealth are now trying to meet the standards
for sophisticated exports.

Demographic Changes
Demographic change is another important factor,
which is now setting the new trends of trading in
the Commonwealth countries. In the developed
nations of Commonwealth countries the living
standards are higher depicting the social classes are
in better position. But, at the same time in developed
economies aging is becoming a serious issue and is
creating challenges for employers having shortage
of labour (Pettinger, 2016). On the other side, in
emerging economies or developing economies, the
social classes are in transition and this transition is
taking lower classes to middle classes and raising
their living standards. At the same time, these
emerging economies have more labour power and still
they are not under the influence of aging. In transition
economies within the Commonwealth countries, the
transformation of public from lower classes to middle
classes has triggered the concept of urbanization.
At the same time, this demographic change has also
influenced the consumer’s purchasing power and
ultimately impacted the trade of goods and services.
Creative Industry of UK and Impact of Brexit

UK is one of the leading centres of worldwide creative industries. The UK's creative industries are playing a vital role in the economic development of the country by contributing significant revenues, and offering millions of jobs within the UK. Creative industries of UK are comprised of the various sub-sectors which mainly include the marketing and advertising, designing, graphic designing, fashion designing, crafts, architecture, Computer, Software and IT services, Arts and culture, Performing and visual arts, publishing, music, TV, Film, radio etc. The creative industries of UK contributed more than £100 billion in to the economy of UK in 2017 and now these industries collectively make more than 5% of the UK's economy. According to the official statistics published on the creative industries website the services exports were more than £27 billion in 2016 and since 2010 the creative industries exports witnessed a growth of 83.9%. Now, almost 2 million jobs are offered by the creative industries and until 2030, 1 million more jobs will be added in this sector. Currently there are 284,000 creative businesses and 95% of them are microbusinesses employing less than 10 employees (Creative Industries Federation, 2018). The creative industries have made the UK as hub for creative activities therefore, it has become a common source of foreign direct investment in UK. Beside the foreign direct investment (FDI), the funding from EU commission and UK’s government are the major sources of investment in these industries.

UK, being the hub of creative industries receives a lot of investment from the foreign investors. According to the official statistics revealed by the creative industries website there were almost 121 direct inward investment in UK’s creative industries in 2017 (Mayor of London, 2018). In addition to this, the EU funding comes from the different channels like Horizon 2020, ESF, ERDF, Creative Europe, and Employment and Social Innovation programs. The UK’s government has offered the tax reliefs into various sectors of creative industries, which have boosted the inward investment in creative industries. For example due to tax relief on films and high-end television, the industry received the £1 billion direct inward investment. In 2016 there were 558 projects receiving foreign direct investment. In addition to this, the government of UK is keenly focusing on the funding for creative industries through different programs such as Arts Council England, Creative England, and Innovate UK.

These statistics depicts that creative industries are significant source of inward investment in UK and are significant contributor to the UK’s economy. Nevertheless, ongoing issue of leaving the EU is one of the major factor that will influence the inward investment in creative industries. First of all the Brexit is damaging the UK’s reputation and after a hard Brexit the UK will no longer be the part of EU and its agreements which will influence the trade and investment of UK badly (Blythe and Rice, 2018). For example, the EU has cancelled the UK’s turn for hosting the European Capital of Culture in 2023, which is quite disappointing for the UK. Such moves from the EU will directly damage the UK’s reputation as centre for the creative industries and will eventually influence the foreign direct investment from other EU states.

Due to Brexit the EU nationals are now leaving the UK’s creative industry, therefore France and Germany are grabbing this talent to become as one of the major centre for EU cultural and creative activities. If this happens then UK’s creative industries will face a tough competition from the rest of EU member states. At the same time, the investment or funding from the EU commission will be terminated for the UK’s creative industries and different sectors will not be eligible for funding (Kentish, 2018). This will create a tough situation for the industry as well as for the businesses operating in creative sector because due to Brexit they will not be able to get a free access to EU single market and due to reduced investment and funding there will be decline in growth of creative industries.

Furthermore, the trading barriers after Brexit will be increased for the companies operating in UK and it will be more difficult for the businesses to access the single digital market of EU. This factor will also influence the FDI in creative industries of UK. New visa policies and migration laws in UK will also play a significant role in the foreign direct investment in UK. The investment from the other regions of the world especially from USA, Japan and Asia will be influenced due to UK’s reputation after Brexit and emerging centres for the creative industries. To handle this situation the Government of UK will need to keenly focus on the creative industries and for this purpose the different funding programs should be launched to support this sector. In addition to this, the government will also need to facilitate and attract the foreign direct investment through its new policies and procedures.

Opportunities and Challenges for Pinewood Studies

International businesses are operating in highly volatile environment where various external factors can influence their operations. Political, economic, social and globalization are the major factors that are influencing the operations of businesses in today’s world. At the same time, the different drivers of globalization, and megatrends have changed the landscape of trading at global level. Multinational enterprises operating in UK are facing the severe challenge of Brexit but still it is not clear that how post Brexit situation will be and what will be its impacts on the businesses operating in creative industries in the UK.

Pinewood Studios is a UK based TV and Film studio established in 1936. This studio has produced various big-budget films, commercials, TV shows, and different music promos. This studio is regarded as the home of Carry On and James Bond film franchises. In 2013 the company went for an expansion and opened its studio facility in Atlanta US, and to target the Asia Pacific Region the company has studio in Malaysia. Previously, the Pinewood Studio was benefited from the grants given by the EU and foreign direct investment. But after the Brexit the situation will not be same for the company. Here are some possible challenges and opportunities for the Pinewood Studios after the Brexit.

After the Brexit, the trading landscape of creative industries of UK will be changed. Currently, the EU states have 42% of trade with the UK’s creative industries in terms of goods and services (House of Commons, 2018). However, after the Brexit the restrictions and trading barriers will be increased for the companies operating in UK and thus will hinder the overall export of service of creative industry. In this context the Pinewood Studio may lose its customers from rest of the EU countries. This will ultimately decrease the investment and overall revenue of the company. Further the investment and funding from the EU will be stopped and will influence the overall growth of the industry. This may also influence the operations of company. Further the exchange rates will be another major factor that will create various problems for the company. The Brexit will definitely damage the UK’s reputation and this will directly influence the foreign direct investment in UK’s creative sector.

Brexit will create a situation for the EU nationals working in UK’s creative industry and they will have to leave their jobs to return to their homes. This will create a shortage of workforce within the UK’s creative sector thus offering a tough situation to various creative businesses to run their operations smoothly (Inman, 2019). In this case, the companies will not be able to hire the new talent directly from the other EU states and skill gap can overwhelm the creative industries.

At the same time, there are some opportunities for the Pinewood Studio that can be utilized after the Brexit. First of all, to handle the after-shocks of Brexit the government of UK will take some steps boost the creative industries. In this context the Pinewood Studio can be benvfitted from grants and funding of government to run its operation smoothly within the UK. As the company has already expanded its operations in North America and Pacific Regions therefore, the impacts of Brexit will be lower for the company.

Another major opportunity that Pinewood Studio can achieve is through the expansion into new and emerging economies. For example, the company can open its studios in Africa, and in South Asia where film and television industries are booming and can increase its overall revenues. As UK is already a part of Commonwealth countries therefore, Pinewood’s expansion into Commonwealth nations will be more beneficial for the company and it will bring more positive results. In addition to this, if UK government goes with the regional trade agreements with different countries or in other regions of the world then this can also be a major opportunity for the company. To attract the foreign investors the government will bring some policies and procedures that will bring the Foreign Direct Investment within the UK’s creative sector. Through these policies and procedures the company can avail investment for its operations. Further, the rules and regulations implemented by the EU will be terminated for the UK and barriers created by the EU regulations will be lowered for the Pinewood Studios.
Conclusions

It is concluded from the report that key trends shift in the commonwealth trade of goods and services are globalization, digitization, demographic shift, sustainability and urbanization. The Brexit is also predicted to have some serious impacts on the creative industry of UK, including the economic problem, visa problems, creative recruitment and the trade barriers. Whereas Brexit is also thought to create certain opportunities for UK’s creative industry including predicted grants from government in order to rectify the effects of Brexit, opportunities for FDI and expansion into the emerging economies other than the EU countries.

References


