

British exit = Brexit



PROJECT TITLE

“The Brexit & its Impact in global market and Bangladesh”



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Project

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Sub: Submission of Project Title “The Brexit & its impact in global market and in bangladesh”

Dear Madam,

This is an incredible opportunity and delight for me to present the report on “**Impact of Brexit in global market and in Bangladesh**” While setting up this report, I attempted my best to adhere to the directions that you have given to me.

The whole report depends on my down to earth involvement with the Brexit issue. I have outfitted every one of the things what I have realized during the making program of the report on Brexit global impact issue. The report endeavors to portray my perceptions, learning's and encounters picked up.

In spite of the few compels, I have given my beginning and end tries to make this report an all-out one.

Sincerely yours

Tarun Bhattacharjee

Acknowledgement

At first, I would like to express my gratitude to our honorable faculty **Nusrat Farzana** for giving me the opportunity to prepare this Project. With the help of my entire course materials, few text books, few journal and internet; I have made this Project Title “Impact of Brexit in global market and in Bangladesh”, which has discussed in the overall report.

My cordial thanks go to Almighty any many vital sources from internet and few companies who deal international business with UK and EU. For supporting me and relying on me to provide information about so many projects related documents. Without these generous help and patience, it would be impossible for me to accomplish the task.

Last but not the least; we would like to thank Dr.Heidrich Dolus journal and book and also refer vital sources in reference part with their information and cooperation as without these help this report would not indeed be possible. This report helps me to gather a lot of experience.

Executive summery

The entire report indicates the information about the Brexit. Tactically Brexit was not only a term but also a divided policy of British from the European Union. That took actually action in 2020 under three prime minister changing opinion and with public voting support the entire opinion poll was created. Report also consist euro dollar and other currency impact on all over the globe which very different then pre Brexit situation. Right after the Brexit the currency of EU and Uk was falling and capital market investment was deploying with time that indicates the all over impact of Brexit was downfall for Uk and EU but the situation was different after the prime minister election of UK in 2019 that changes the UK economy again and the impractical situation was improving right over the time. Report also shows how the impact was on Bangladeshi current export. This Brexit term was using by British from very beginning but it couldn't took place because of the EU economic fact and other trade deal which was vastly related with EU and UK. But after the so many complications the UK decided to leave EU.

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Chapter 1- Introduction of the Report

1.1 Introduction

The report is about Brexit issue and the global effect on international community which leads the world and other spectral fact to think again about world economy again. International Financial institutions are very much constituting for the everywhere growth of a rude. Market sparing or immoderate frugality is extensively manner notion near the best waviness of Brexit issue the main impact of Brexit and relatively other effect on currency, with demographic sector how all of these are affected tried to cover all those issue. A count of initiatives were taken from the mid-nineties to make the British side relive from The European union to relaxation of unwanted control and regulations, advance of loan related law and other situations and improve the financial base of the banks of the country. The venerable work took a trim Indies effort of so many people to cover these all issue. Steps for counteractive action of tax evasion, advance discount arrangement and viable measures to pick up responsibility and straightforwardness made financial tasks progressively adequate. Subsequently, the picture of financial and geographic part has been raised. This activity will get in general control in the division and upgrade operational benefit.

1.2 Background of the Study

Now-a-days, culture is not impartial narrow to packet and classrooms. In today's Earth teaching is a use to catch the actual earth and betake scholarship for the improvement of the connection as well as profession. From teaching the speculative wisdom is get from passage of meditation, which is only the imperfect interval of the liable body. Partial acquaintance has no choice. The whole coordination between speculation and practice is of chief importunity in the Tex. of the recent vocation earth in custom to solve the division between these two areas. Therefore, apace is tender by college for its efficacious concern graduates to get three months practical have in an incorporated mankind, which is understood is as Project plant. Project plant bears a scholar

finisher to the realist spirit post and thereby serves to plunge career with some previous experience. In our rustic there are many sectoring especially the revere retirement sector in financial event, and flower concern fixed contributes this. In this estimation I have done my Project on Brexit Impact on global market scenario and in Bangladesh. Finally the report has been concluded with some recommendations. It is expected that the report will highlight the task performed and experience gained during the practical orientation program. Outside Trade is considered as an irreplaceable part in advantage age in Brexit issue as a colossal piece of benefit starts from the remote exchange factor. Outside trade implies the imports and passages of item from UK to other country to various countries under understanding after what happen during Brexit and after Brexit. Whole complementing of total impact of Brexit in globe.

In addition how the global market and international community affected by the British and EU decision after the currency deviation and geographic divide will be focused in the report. With concerning the factor the entire trade pattern how changes with new short of rules and regulation with the impact of Brexit we will discuss about point stuff in report.

1.3 Origin of the Report:

This report is set in the mood for fulfilling the course need of Project Program of Finance Department, United International University. As the study hall talk alone which can't give legitimate image of genuine business circumstance, with this manner it is as happenstance for the understudies to think about genuine circumstance through this program. The Brexit issue has allowed me chance to finish this entry level position program. The program comprises of in any event three stages

- Direction with the association: To familiarize the internee with the structure capacities and execution of the association.
- Finishing the undertaking work.
- Composing the report.

1.4 Objective of the Study: At most the study objective of the project is as below:

1. It barely Concentrate on economic political and related part with Brexit which have impact on Economy of the Bangladesh
2. Reason of the Brexit?
3. The Brexit influence in UK and other countries
4. Time frame of leaving the European Union
5. The mean impact all over the world. There are other objective too mention in other part.

1.5 Literature Review

“The Brexit” many people said many things about Brexit issue but the term of Brexit was related with so many trade deals and it was more than 10 nation economic factor as the UK Germany and France was the key point of the EU economy and capital market. the deal contain so many functional approach and many difficult agenda for so many European nation as the UK alone invested more the 188 billion dollar in many nation of EU so it was a hike able and can’t be taken all of sudden. The UK was capital market investor for EU in Asian region so it was not that easy for UK to make a normal term leave the EU. The major existing trade relations which were the UK and third countries are driven by many types of international agreements. The first consists of agreements concluded by the EU alone the content of which falls within the EU’s exclusive competence. These agreements only bind the UK as a matter of EU law pursuant to Article 216(2) TFEU. Trade agreements binding on the UK are also mixed, concluded by both the EU and the UK (along with the other Member States), given that parts of them fall within the scope of national competence.” “As far as exclusive EU agreements are concerned, they would not applicable to it once the UK ceased to be a Member State. As for the mixed agreements, most would have to be renegotiated as they are, in essence, of a bilateral character.” “It follows that,

once the UK left the EU and lost its status as a Member State, it would also cease to be a party to the Agreement. This argument is also borne out by a clause in a large number of mixed agreements on their territorial application. The EU-Central America Association Agreement, for instance, makes it clear that it applies only, as far as the EU is concerned, ‘to the territories in which the Treaty on the European Union and the Treaty on the Functioning of the European Union are applied and under the conditions laid down in those Treaties’.” Mixed agreements: “Third contracting States may well argue that the withdrawal of the UK would amount to a fundamental change of circumstances pursuant to Article 62 of the Vienna Convention on the Law of Treaties.”

1.6 Methodology of the Study:

To analyses and formulate the data I picked all the information available data from World Bank and IMF data also used some of the data from EU national trade administration which contain the Brexit and pre Brexit issue . The methodology here applied in the report is likely from the secondary sources and from London Economic report also from BSS, London national instate of economic. I construct the report with the help of EU and British past history also

1.7 Sources of Data:

As designate elder, chiefly primitive data has been interest. Internet gave some genuine grumbling with respect to the advantage in the Report making.

1.7.1 Primary Data:

- Face to face conversation with some expert.
- Sincere observation.
- Expert view.
- Cleave practical knowledge.

1.7.2 Secondary Data:

- Monthly Statement of EU financial movement during Brexit
- Annual Report of British financial import and export
- Working Papers of Brexit
- Official Files of British government in Brexit aspect
- Selected books.
- Other manual information.
- Websites.
- Various publications on Brexit issue
- Newspaper reports in this concern.

1.8 Rationale of the report

The section level position program is helpful to defeat any issues between the theoretical data and veritable experience as an element of Bachelor of Business Administration (BBA) program. This passage level position report has been proposed to have a feasible experience through the theoretical appreciation.

This level position program is fundamental for each understudy, particularly for the understudies of business organization or any financial organization, which encourages them to know the genuine circumstance. As a total satisfaction of program present the understudies with the genuine event circumstance.

This report is a piece of my scholarly program. The Project has been set for Brexit issue and the impact of Brexit as a piece of my BBA program. In our BBA program all courses dependent on hypothetical and we need to adapt for all intents and purposes. The program has helped me a ton to comprehend the hierarchical climate and conduct and I have assemble some commonsense information.

1.9 Limitations:

There was certain instruction about the muse that is sum up below.

- Time is the first limitation as the durance of the Project notice.
- Data unavailability was the constraint. So some data could not been collected for confidentiality or secrecy because of government
- Due to corona pandemic it was hard collect information from person to person about to make the research paper.
- Another finiteness of this detail is Information in internet does not discover some data & advice for manifest argument which could be very advantageous.

Chapter 2-Overview of Brexit

2.1 Brexit- Not only a term

Brexit refer a portmanteau of "British" and "exit" reflects the withdrawal of the United Kingdom (UK) from the European Union (EU). In 2016 UK referendum which 48% issued their vote to stay and 52% voted to Exit the EU term, with the result British government next year formally announced the country's withdrawal which held, in the



beginning known as the Brexit. The defended program which indicate withdraw was affected because of the unpredicted deadlock in the British for different perception in parliament. Thus leading a re election on the fact, in which Parliament passes on that crucial movement and ratified the withdraw process, with vast majority voted the UK unconditionally left the EU with lots of trade deal and systematic condition at 11 p.m. GMT following on 31 January 2020. Which predicted to end on that month, in between which the UK and EU will deal their term and negotiate their trade and other future relationship? Even after the Brexit the UK was the subject to the law which was long logistically terminated in EU and UK. But the UK wills no longer the part the EU political subject and also the previous trade deal. Thus contain the entire UK trade deal and roll of UK in EU will change with some effective rules and regulation. The UK finalizes the whole trade deal and other deal with entire world after the Brexit as there was no longer in the EU council after the Brexit. But that does not took place just in one day it was counting from very long from the 1960s era when the British was trued to leave the EU council but the instability in public opinion and EU crisis force UK to stay in EU council and force the UK to share the same government policy with trade deal with rest of other world.

The UK government on 29 March 2017, under the new prime minister entity re elected he issue in UK parliament which lead UK to think about what public was in is issuing the Brexit. The prime minister called a fair election on June 2017, thus result showed erroneous constructive win point for Democratic Unionist Party (DUP). Uk withdraw pact discussion with EU began with that same year. The UK then decided to leave EU and their single market capital entity. Thus resulted the leaving agreement redialed on that following year, But on other scenario the British parliament voted against the three time output and selected to leave EU without any dispute discussion. (Hanmint, 2019)

2.2 UK public opinion 1977–2015

In the mean time between 1977 to 2015 the UK tried several time to leave the EU but the economic condition and world's simulation about cold war suggested the UK to stay in EU. But in 1981 the UK applied to the council of EU that they will once or later leave the EU it's because UK was the traditionally first country in EU to start the new council member and they organized the law which will remain same even after Brexit they assure it but the was 1981 the cold war era dragged the UK to stay in public opinion which was to stay in EU as USSR was dangerously expanding the territory the EU council was afraid there could be new generation war if the UK will leave the EU as only because of UK the EU were in peace so the public opinion was in favor of stay in EU until 2015. (Impact of Brexit, 2020)

2.3 The new form of 2016

2.3.1 Negotiations for membership reform

Conditionally the British Prime Minister David Cameroon In 2012 called the reform of the membership reform by UK in EU circle. But the UK was not ready again for the membership reform with EU to continue again with Brexit issue UK public and the rest parliament expecting answer from the UK government they were leaving or not ? The prime minister then again call upon the election of leaving the EU which lead the David Cameroon next prime minister

candidate. According to the BBC a delegation by the prime minister but they needed to show a reliable and 'tactical and strategic patience. Cameron announced in his Bloomberg speech with clearance from parliament that a Conservative government would hold an in-or-out referendum with trade and UK matter on EU membership before the end of 2017, dated On 23 January 2013, under pressure from many of his MPs and from the rise of UKIP, on a packed, he declared If the david will win again he will do everything to complete the UK EU problem salvation. The motto was even used by their party member to win the election strategy.

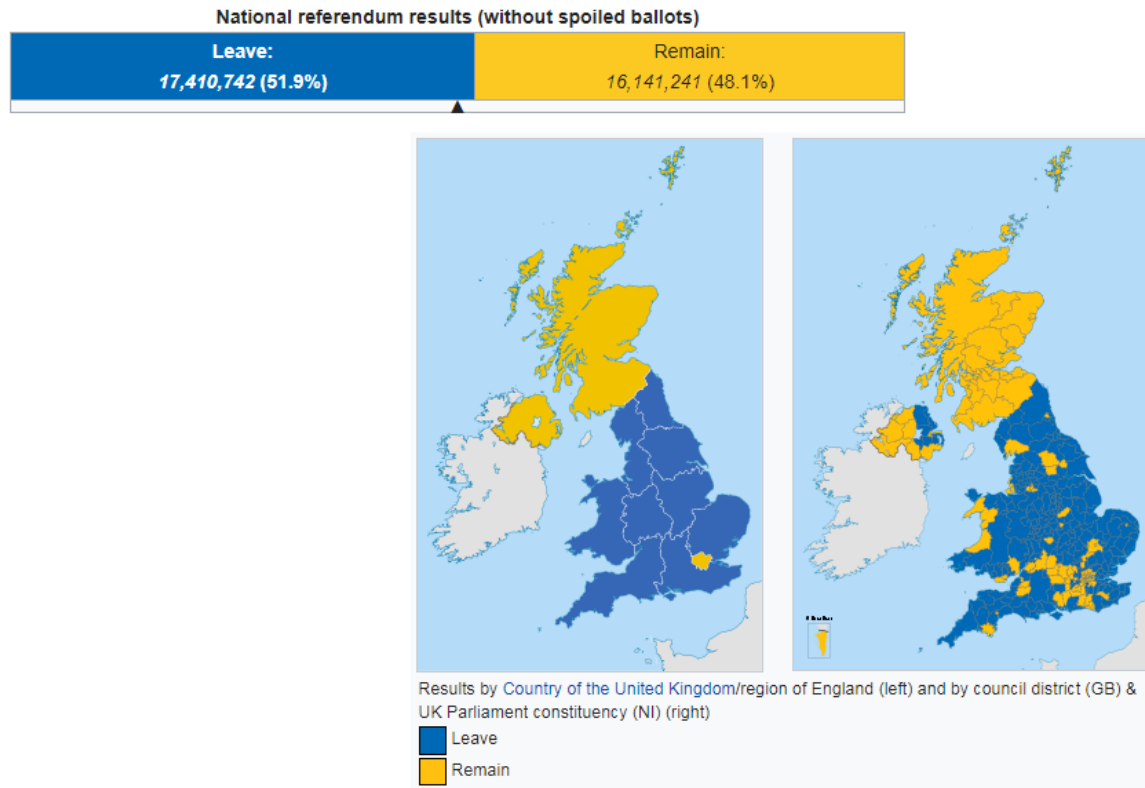
Conservative party won the election with major vote. With winning the election, the EU referendum problem again took place and with renewed into Parliament to make effective the referendum again. The prime minister favored remaining in a reformed EU expected to recall the four key points: the arbitrage problem of single entity market and trade entity market for non-euro zone countries, the accepted reduction of "red tape", also exempting British from "ever-closer union", with the restriction formation in the immigration from rest of the EU. Opinion polls result a clear majority circumstances in favor of remaining in the EU In December 2015. They indisputably thought support would drop if the prime minister did not negotiate the adequate safeguards for non-euro zone member states, and other restrictions on benefits which are for non-British EU citizens. In February 2016 the main outcome of the renegotiations of trade and other deals was announced. In dispute with some benefit the immigrate agreed upon with the term of in EU, but before applying of them, a state member of UK have had to grant application for them and then from the European Council, which caused composed of the heads of government of every member "Should the United Kingdom remain a member of the European Union or leave the European Union?"

2.3.2 Referendum Result

In 24 June the most awaited result announced on the morning of in which 48.11% voted in favor of Stay in the EU (Stay), and 51.89% voted in favor of leaving the EU (leaving). With the unexpected result the prime minister declared he will resign soon. With Theresa May succeeding Prime Minister after a leadership contest, previous prime minister stood down on 13 July 2016. Attracted with more than four million signatures a general petition called up with a second referendum but was directly rejected by the government on 9 July.

2016 United Kingdom European Union membership referendum		
Choice	Votes	%
Leave the European Union	17,410,742	51.89
Remain a member of the European Union	16,141,241	48.11
Valid votes	33,551,983	99.92
Invalid or blank votes	25,359	0.08
Total votes	33,577,342	100.00
Registered voters and turnout	46,500,001	72.21
Source: Electoral Commission ^[71]		

2.4 National Referendum Results (without spoiled ballots)



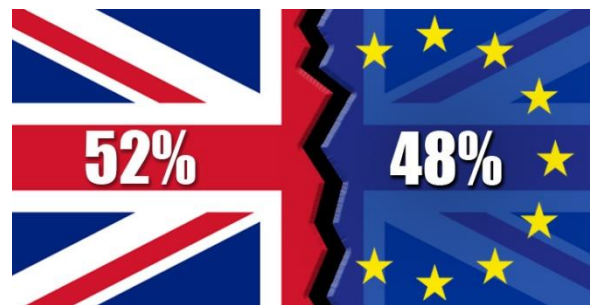
Announced with a short notice by the newly Prime Minister May announced that a election will be held on 8th June. Pledges to implement the referendum of campaigning Party, Labor and the UKIP party made a manifesto and their main focus was on the Brexit issue, most likely unilaterally offering of the permanent residence to EU new immigrants. The Liberal Democrat Party along with the Green Party manifestos responsibly showed and posed a new opposed of staying in the EU via new polling vote system. The other stable policy of Brexit negotiation was announced in the Scottish National Party (SNP) manifesto and then breathy holding a referendum on Scottish independence. The mediatory other responding vote was lately counted in normal poll they lost seats and their parliamentary election in UK parliament Compared to the 2015 general election. Retaining its current where they have achieved the second largest party Labor optically gained significant win strategy on votes and seats. They gains in votes and seats The Democratic Unionist Party (DUP) and Sinn Féin along with ruling British party.

The foramen voted issue was in favor of the new prime minister Theresa may. And she was in support of Brexit as this was a changing reason in UK house of common power grab by Theresa may. On June 8 2015 Theresa may started the talking about prefecture Brexit issue and

announced that her government will resolve the problem. Thus the 1 billion Euros budgeted extra to assure the term of Brexit happen in these following year when the new prime minister wanted to issue all the deal in favor of Brexit in anyways. (S Dhingra, G Ottaviano, T Sampson, J Van Reenen, 2016)

2.5 Public Opinion

The initiative opinion poll indicates that the support of the UK people about Brexit from the referendum to late 2016, according to UK parliament responses were split evenly between support and opposition. A general election held until the 2017 Support by rose again to a plurality. Right after then the opinion poll showed that the support for EU or for the view that Brexit was a mistake, The following estimated margin showed the decreasing fact support to UK policy (52% leaving : 48% remaining, as of October 2019). This elective decision seems to be largely due to a preference for remaining in the EU among those who respectively did not vote in 2016's referendum for UK (an estimated 2.5 million of who have not decided about staying in UK , as of October 2019, were too young to vote at the time). Respite reasons suggested include slightly the UK is wants to Leave, than Remain voters (14% and 12% of each, respectively, as of October 2019) exclusively changing how they would try vote (particularly in Labor areas) and the deaths of older voters who want to stop the Brexit, most of whom voted to stay the EU. One estimate the impact of these demographic changes (ignoring other effects) will implies that had an EU referendum that taken place in October 2019, there would have been between 800,000 and 900,000 fewer Leave voters who implied to free state which clearly indicate the Brexit and between 600,000 and 700,000 more Remain voters who did respective vote for leaving EU, resulting in a leaving majority.



In March 2019, a petition submitted to the UK Parliament petitions website, calling on the government to revoke Article 50 and not stay in the EU, reached a record-level of more than 6.1 million signatures. (jonson, 2020)

Chapter 3- Brexit scenario in global & financial market

3.1 Brexit scenario in global market

The UK's decision to leave the EU is indeed of significant importance. Not only is it unprecedented for a Member State to leave the bloc, but the concerns which 'Brexit' poses are multi-faced. Even though the UK was not one of the first acceding members to the then European Economic Community nor a signatory to its original treaties, it has been a pivotal paper in what the EU has become nowadays. Notable examples include the extent to which the UK had lobbied to create the Single Market, the UK's expertise in financial markets which led to critical changes that ensured the integration of the Euro, even the opening of the EU borders to its global trading partners or giving the EU access to global capital through London (Donovan P. 2013) The Rt. Hon. Theresa May MP has set in motion the process of withdrawal notice through the leaving notice sent to the European Council in March 2017 (UK Government 2017a). This triggered the official beginning of a two-year negotiation period as stated in Article 50 TEU (Treaty on European Union). Should the UK and EU fail to reach an agreement by March 2019, it is estimated that the consequences of such an event will be detrimental for both parties and beyond. According to the current political debate, Brexit has been coined as either 'soft' or 'hard'. The former means the UK leaves the EU but remains part of the Customs Union and/ or Single Market, similar to a quasi-EU member stripped of voting power and potentially less arguments related to sovereignty. Conversely, the latter would take the UK out of the Customs Union and Single Market, budget payments and cancel the jurisdiction of the European Court of Justice (Downer G. 2018). For the purpose of this paper, the discussion will be mostly centered on the 'hard' version. The Governor of the Bank of England has recently stressed that despite the chances of not reaching a deal are 'uncomfortably high', the financial system is 'ready' to withstand the potential shock. Regardless, this would mean real-estate prices will increase by more than a third; interest raised will go up by approximately 4 percent, unemployment rising to



9 percent and the economy facing a 4 percent recession. (The Economic Consequences of Brexit, 2016)

3.2 Particularities of the financial industry during “Brexit”

(European Central Bank) acknowledged that the global economy has witnessed a deepening of trade and financial integration, together with an increase in the relevance of spillovers to the domestic economy from shocks in other economies (European Central Bank 2015). One of the most discussed sectors has been the financial industry, which represents the focus of this research. Insanely shocks which very much related with initially were casted in 2016 upon the global economic financial system should not be overlooked override. With inputs Global stock markets wiped almost about \$2trn in value, the FTSE indicates 100 indexes retracted approximately 9 percent, and the FTSE 250 index – being mostly composed of medium-sized companies – declined 7 percent. The Dow Jones plunged 3.5 percent, the NASDAQ by 4 percent, and the S&P 500 3.5 percent lower. On the European side, the Euro Stoxx 600 that tracks stocks in Europe declined 7 percent, whereas the Germany Dax index closed down nearly 7 percent. The GBP reached the lowest peak from the last 30 years, and the Japanese Yen and Swiss Franc had followed suit (Alkhatib A. 2018; Quaye et al 2016; Plakandaras V. 2017). The financial sector is particularly important. It generates at least 1.1 million jobs (in Q4 2017) (House of Commons 2018). Out of that figure, 74 percent stems from investment banking activity, which, based on City UK, it accounts for £45bn. (Deutsche Bank 2018) Much of the give place to new, largely unknown, complexities’. (Cardi M. 2017) To appreciate the extent of a ‘hard’ Brexit on the global financial markets, various data must be outlined on the UK’s economy first. The Office for National Statistics suggests that the financial sector produces £190-205bn - representing 6.5 percent of the economic output and 12 percent of the total GDP (Gross Domestic Product) - and alongside the £120-125bn in GVA (Gross Value Added), it leads to £60-67bn of taxes each year (Ringe W. 2018). These details indicate how intimately the UK is linked to the EU market. Empirical evidence conducted by the consultancy firm Oliver Wyman concludes that leaving the Single Market could jeopardise 40-50 percent - an estimated £19-20bn in revenue – of EU-related activity (sales, trading, asset management, corporate and specialty insurance) up to 35,000 jobs and £3-5bn of tax revenue per year (wilman, 2019)

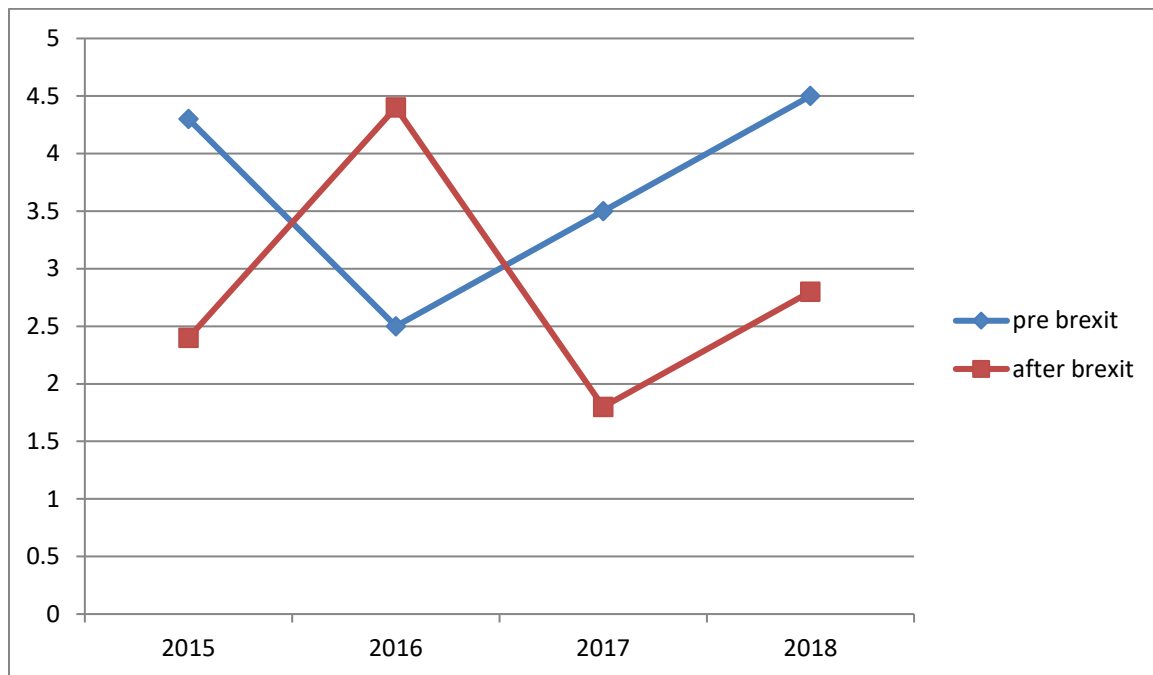


Figure: Financial investment after and pre Brexit scenario (figure held in billions)

Others have calculated the loss of passporting would affect up to 20% of their London activity . Although the term ‘passporting’ will be covered in the following sections, suffice to mention it permits banks to have access to and offer services to the entire internal market (European Parliament 2018). Leaving the Single Market could result in the loss of activities that operate alongside the leaving parts of business, the closure of business lines owed by increased operating costs. Taking this into consideration, it is likely that another approximately £14-18bn of revenue, 34-40,000 jobs and around £5bn on tax revenue per annum are at risk (news.sky, 2020)

3.3 Economic literature

Having mentioned the above statistics, the discussion will now be shifted on the literature review directly show result on capital and financial markets by economic literature. Various authors have conceded to quantify the consequences on the UK market. Pursuant to Belk et al – whose

views are corroborated with the IMF, they concluded that the. They referred to the i.e. Greece, Ireland, Italy, Portugal and Spain. (Belke A. et al; IMF 2016). Greater as a share of GDP. The effects will be felt on certain Member States, especially Ireland. (European Parliament 2017). In Baldwin's hypothesis, AFME (Association for Financial Markets in Europe) argues the practicalities of moving or finding skilled staff, professional services support and premises are extremely time-consuming and will certainly take more than two years (Jackson P. 2017). For instance, certain anonymous senior executives of three large lenders surveyed by the Financial Times reported their organizations expect to spend more than £100m on plans to reorganize their businesses, as opposed to the £10-30m they had already spent since the June referendum (Noonan L. 2018a). The industry hopes to move minimal numbers of staff and continue to manage the risk of their EU trading books through London (Noonan L. 2018b). This has created frustrations for US banks, which lambasted these operations as pointless for their customers (Noonan L. 2018c). However, in exchange, on balance, it is unlikely to increase systemic risk and create certain opportunities for the European markets (Cardi M. 2017; Danielsson J. et al 2017). Moloney puts forward that the EU's influence on international financial governance is changing. This permits to impose its preferences internationally owed to its strong bargaining position. He uses as a reference point ESMA (European Securities and Markets Authority) .The argument can make use of its importance in liaison with international financial governance, which forms the most active ESA (European Supervisory Authority) (Moloney N. 2016; Cardi M. 2017) The European financial governance's reputation has increased because of the willingness of national executives to 'acquire. This has led the European Council to take the necessary steps in 'implementing regional capacity resorting to the adoption of the so-called inters governmentalism method'. Multiple examples exist. For instance, the TSCG (Treaty on Stability, Coordination and Governance), the ESM (European Stability Mechanism), and the ESFS (European Financial Stability Facility). Lastly, an international trade and Brexit agreement was created to regulate the spirant certain aspects of the SRF. It establishes the criteria which the Member States must consider when levying the financial agreement and contributions from banks will transfer these resources to the segment of the Fund (Cardi M. 2018). Referring back to the implications on EU financial regulation, one could argue that it was already 'a series of 'fractures' in European governance', as none of the above legislative texts have been signed by the UK. To illustrate, the TSGS was framed as an international Agreement since the British

Parliament did not agree to the allocation for tasks to EU institutions; the ESFS and the ESM were created outside the EU framework because non-euro countries were not interested to fund these mechanisms; and the SRF was not in line with London's ambitions for finance. In the Brexit scenario, two implications are important, which are the basis for present purposes (Ibid). Firstly, the existence of a large market of financial products denominated in the Euro and the connections to counterparts whose homes are in the single-currency member states. Secondly, the evolution of unified rules, supervisory authorities and regulations for the Euro zone (Ibid).

3.4 New issue on passporting because of Brexit

Being a magnet for foreign banks, the UK shines known as one of banking hub of all time in the EU but with the separation in UK and in EU the banking perception will change 21% , in contrast with less than 20 percent in the US, 14 percent in Germany or 4 percent in Japan. (Deutsche Bank 2018). There is an estimation that approximately 35 percent of current wholesale market activities might move from London to the EU 27. This will potentially allow the other Member States to accelerate the development of their financial markets and to increase their resilience against shocks. Likewise, Brexit involves risks for market stability and integrity since the EU and the UK have both been dependent on the BoE (Bank of England) and the FCA (Financial Conduct Authority) for the oversight of their wholesale market. Without the UK, the EU 27 have to re-organise themselves to secure market integrity and stability. Even the loss of a partial access to London as the financial centre could create losses for the rest of the EU, specifically if financial developments remain limited and uneven PwC (PricewaterhouseCoopers) surveyed various asset management professionals. They found four out of five believe that Brexit will affect their ability to serve European clients in case they fail to rely on passporting rights. 81 percent of senior asset and wealth management clients were concerned that their business with European clients could be damaged by Brexit. In another report conducted by EY, 45 percent of investors declared the potential loss of access to EU markets is one of their biggest concerns, while 33 percent cited lowers levels of UK economic growth and 26 percent said diverging regulation was their main issues. However, two-thirds have not changed their investment plans since Brexit and three-quarters have no plans to relocate staff that creates more expectation in banking sector that move outside the UK is not straightforward. Nevertheless, to use the new kind of potential approach and the number of entities in the UK

which have the access in the single market and vice-versa provides first insights (Ibid). Estimative numbers suggest 6,000 UK firms enjoy passporting rights with European clients. Conversely, somewhere around 8,500 EU firms use passporting to access the UK (Binham C. 2018). Albeit assessing the impact related to this legislation falls outside the scope of present purposes, in short, it relevantly allow the single market entity and the free immigrant to use the UK right and the very much supportive to the new passport system. If the negotiations do not break through by March 2019, EU 27 insurers will have to reform the new alignment with new dealing information to serving UK clients, whereas UK that are relevant to EU customer will have to proceed in a similar vein (Deutsche Bank 2018). Under the MiFID (Markets in Financial Instruments Directive) and the CRD (Capital Requirements Directive) it is very important to use new agreement about passporting system which will only focus on with new Brexit policy. Deutsche Bank states that about 1,000 EU 27 firms possess a MiFID passport to do business in the UK and 2,250 UK entities vice-versa. Putting the latter figure into the broader picture, between likely the number is 50-60 percent people and firms are using the passporting system in UK and EU under clearly use of MiFID value.

3.5 Third country access in Brexit

Generalities If the UK and the EU do not reach an agreement, the UK will have the status of a third country. This will offer the UK access to the Single Market without EU authorisation, provided it has equivalent regulation and supervision with the EU. Its

function is to exempt cross-border trading companies from double regulation and supervision, and in exchange to permit domestic investors free access (Lehmann M. & Zetsche D 2018). A study has found (International Regulatory Strategy Group 2017a) that because the UK and EU already have matching regulatory and supervisory frameworks and standards; The figure show how much the financial overwhelm countries are investing in great Britain . with the no deal fragment of Brexit China overtake 10.2 billion dollar in GB and United state has 5.3, with same



way Japan has 4.9, Thailand 3.1, India 1.3 Brazil 1.1 and Russia .80 billion dollar winning bid business in market of their own. Their analysis concludes what market access in order to keep taking advantage of London and their intertwined markets

3.6 Capital Markets

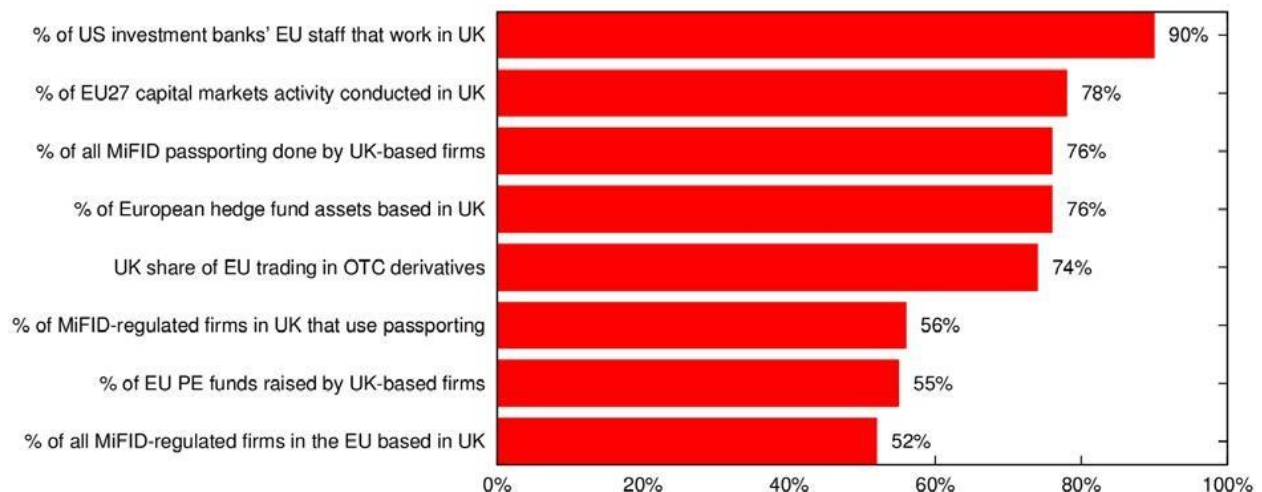
High capital market of UK economy which indicates the 44 billion euro investment policy and new capital investment with amount of 88 billion USD every year was flooding to entire EU. The capital market of UK was vastly strong then EU because some the EU country already was bankrupted in 2011. So the loss of EU was mostly the loss of UK capital market. Along in 2009 the UK invested more than 17 billion euro along to improve the EU structural policy under the David Cameron administration. But the EU capital market was vastly depended with German economy and France industrial economy which is not quite okay to make the investment policy effective that much capital was not enough which was the problematic for the UK capital market as the UK was affected because of the capital scenario so they intended to leave the EU capital market with the free agreement.

Drawing the lines together, this Paper has appreciated the impact of Brexit on the global financial markets. Taking into account the economic size of the UK, Brexit is likely to cause severe repercussions on its economy and to its financial trading partners. The loss of passporting is cited as one of the main issues, especially from the viewpoint of business professionals. They are concerned about the administrative costs and bureaucratic hurdles of moving staff to the mainland together with the share of foreign bank's assets and the amount needed for turning branches into subsidiaries. The same applies for shifting the trading of euro denominated derivatives in the EU 27, which carries a financial burden and important organizational changes for European and international investors alike. The third-country access further exacerbates the issue.

Chapter-4 Impact of Brexit

4.1 Impact on financial Market

A vast financial impact on financial market in globe and in UK after Brexit, including a departure meanwhile the terms of the current pact of Withdrawal Agreement, it remains possible, with so far regional dispute and other changes it is very much important for businesses to implement a pre ordinary plant for a no-deal Brexit, in that agreement the UK leaves the EU without a single withdrawal agreement , documented also other deal. With a mature date investment policy we can easily see the impact of Brexit in financial market here in the box the US investment lies with 90% with EU council which lead them reducing 10% overall investment in EU after Brexit they implement to ove in UK after the Brexit. The deal impact said that the UK and EU policy not delight cover trade policy with the new Brexit trade agreement thus the impact of the EU based investment reduced by 52% at the end of financial term over. Overall report of financial investment in Uk and in EU changes its direction with the Brexit trade agreement. The EU Financial market vastly depended with the Western investor and small Asian labor market which has been changing since Brexit amplification



For financial services law, the UK has finalized the so-called 'on shoring' process, involving converting directly applicable EU law into UK law and granting UK authorities and regulators

the necessary powers to ensure as smooth a transition as possible. Though in general the prime minister of UK-supervised organizations operating within the UK. Which will be given some time to adjust to on shoring changes, they will have to comply with new requirements 'from day one' in certain key areas. The onshore law comes into force on 'exit day' - the day when the UK leaves the EU.

4.2 Impact on global market

The Winston Churchill expected to assemble the reunification of UN in UK 1946 – Great Britain was exile about the decision that was pending from the very beginning after the World War 2. After the war the US and USSR conflict with cold war which demolished the Brexit pact and the global market turn in another direction from that era. But right after the Brexit the entire market scenario seems changed as because the UN market was very much oriented with the UK and the quality was related with the British pact so rest world was meditate with the new tactical way the EU was handling but right after the Brexit the scenario changes itself. Everyone was expecting that the Brexit issue will not affect the trade deal and will be a low impact in global trade market but with Brexit the UK major trade agreement established once again with new form where there will be new separation market and nor a single market entity system will not enforceable

4.3 Brexit impact in various stock market in world

UK Brexit issue had a deep impact on the global stock market. With 31 trillion stock market ratio the entire world was affected by the UK and EU trade officials. The beginning of trade impact in stock market started at very first of 11th November in 2014 when the David Cameroon first bring the Brexit issue again in UK parliament. Right after the issuing Brexit vote poll the UK stock market knew once or later the entire market will follow the new Brexit deal. And that's what exactly happens. Right after the Brexit there was a huge up and down in UK stock and other stock market around the world the glimpse of the world stock market right after the Brexit is down below:

- **Bombay Stock Exchange [BSE]:** An Indian Stock Exchange, which is the world's 11th largest stock exchange with an overall market capitalization of \$1.43 Trillion as of March, 2016 and having more than 55000 companies being publicly listed on BSE.
- **Nifty:** National Stock Exchange of India Limited is the leading stock exchanges in India which was the first demutualized electronic exchange in the country and has a total market capitalization of more than US \$1.41Trillion. Making it the world's 12th largest stock exchange as of March 2016.
- **NASDAQ:** NASDAQ Stock Market is an American stock exchange; it is the 2nd largest exchange in the world by market capitalization of US \$ 6.8Trillion as on March 2016.
- **FTSE:** Financial Times Stock Exchange a subsidiary of London stock exchange group with a market capitalization of € 1.7Trillion as on September 2016.
- **KOSPI:** The Korea Composite Stock price Index with market capitalization KRW 1538Trillion.
- **Taiwan Index:** It is a stock market index for the companies traded on the Taiwan stock exchange which is having a combined market capitalization of NT \$ 24,519,622Million.
- **CAC:** Is a benchmark French Stock Market index with a market capitalization of €1.207Trillion (31 March 2016).
- **DJI [Dow Jones Industrial Average]:** This is also called as DJIA which is the second oldest US market Index which was created by DOW.
- **SMI Switzerland:** Swiss market index is Switzerland's blue chip stock market index, with a market capitalization of € 783.1Billion (end 2009).
- **London Stock Exchange:** It is British-based Stock Exchange and financial Information Company.
- **Deutsche Borse Group:** A German stock exchange with a combined market capitalization of €1.4Trillion (on 1/10/14) is the 14th announced member of UN sustainable stock exchanges initiatives.
- **HangSeng Index:** Is a Free-float-adjusted market capitalization weighted stock market index in Hong Kong. It is the main indicator of the overall market performance in Hong Kong.

- Shanghai Stock Exchange: Is the stock exchange that is shaped in the city of Shanghai in China. It is the world's 5th largest stock market by market capitalization of US \$ 3.5Trillion as of February 2016.
- Australian Security Exchange: Located in Sydney, Australia which operates Australia's primary securities exchange with market capitalization of A\$ 1.663Trillion (October 2016)

4.4 Impact on various leading country

Saying by leading country we measure about 3 big giant countries how the Brexit impact ochre on this country as below:

4.4.1 Impact on US

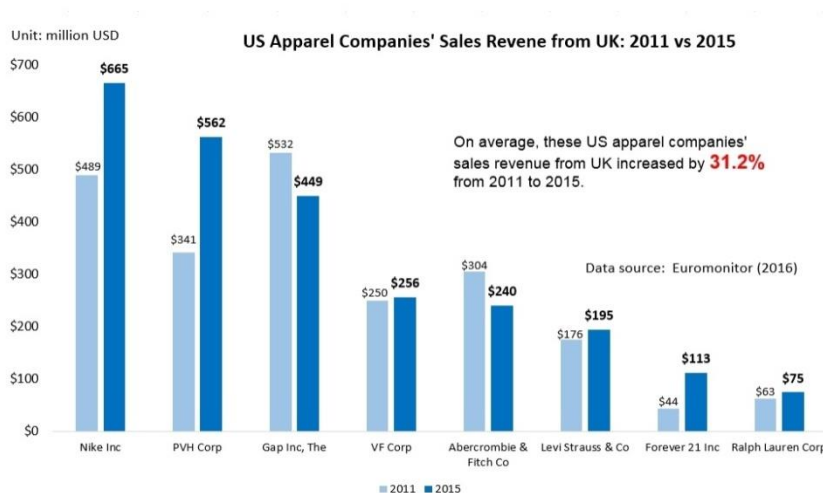
US and UK had a strong trade relationship from very beginning they used to keep their trade deal and other official deal very carefully as before Brexit the UK was a vital important part of EU so the entire trade deal and other agreement was under the EU official decision which was very much different then after Brexit. The UK used to keep all the EU data and they used include all the rule regulation imposed by the EU in terms of doing deal with US which was different in tax rate , investment policy, in other various important factor including weapon system. But right after the Brexit the UK official made their own segment and rule to trade with EU nd rest of the world. The US had a different opinion before Brexit with the British but after the Brexit the UK policy changes with various relations. So the impact with US was different then the impact was clearly expected with EU. The US trade official was quite happy with the Brexit the impact with UK was normal but there was various changes in the diplomat business and weapon policy in UK and US.

Key Takeaways

- Brexit as we know it was the nick name of British exit from EU and it occurred 2020
- The new trade agreement indicates newly tariff and could arise new inflation problem
- The increscent of the cost of travel
- UK pays billion on its previous bill.
- The labor forces can be hampered by the new trade deal.
- Scotland could be lost if they intended to remain in EU.

Summary of the withdrawal agreement

With keep that in mind the Prime Minister Theresa may resign just because to keep the promise of the UK people will not suffer any posses because of Brexit issue the new Prime Minister Jonson keep the deal almost same way to execute the Brexit in any cost. That includes U.K. member Northern Ireland. The UK also allows the newly EU member to be in the UK territory when the Brexit was designing as the Scotland and other small country will operate their independency by staying in UK but not in EU. This avoids the hard border conflict between the UK and other EU region. The euro fell 2% to \$1.11. The pound fell 8% to \$1.36. at the same time thus making the USD value highly increasing which was not good at all for the K and US stock market . Which was very not easy for American foreign investor to invest the money in US



stock as the USD was uprising. The number of falling pound price indicates that the export and import can be affected by the new currency order as UN exported 18.9 billion in UK and it exported \$141 billion in EU while

importing \$122 billion from EU and UK fragile market. These Brexit term could make the US deficit to entionary surplus as the UK week pound shows the USD was uprising in 2020 beginning..

4.4.2 Impact on Russia

The inner Relations between Russia and the United Kingdom are very much worse than the last few years at any time since the nuclear-backed Cold War tension that chronologically in later stages for both countries. In both scenarios the Russia seems affected by Brexit because the trade deal was vastly different from pre Brexit issue and after Brexit issue. Technically the EU offered Russia a federal import-export policy from 1949 but after 2009 the UK started to implement their new policy in parliament with that issue they operate the new term of trade and other opportunity for EU and other countries. Where the Russian trade deal was affected because the Russia was slight part of EU and the UK trade single entity market was very much changing by Brexit. The entire trade deal needs to re-negotiate with UK that was the main impact in Russian federation. Russia was affected by the trade deal and passport or immigrate status arises after the Brexit. The Russian federation was preceding the with previous EU system but with Brexit the UK was following new rule and agreement with UK under EU authority no more valid so Russia needed to move with UK with some new agreement and trade policy which had a deep commercial impact in Russia.

4.4.3 Impact on China

According to Chinese financial source the china lost 12 billion dollar project on EU when the UK decided to move from EU. Because Chinese trade official and the EU trade agreement was in different phase but with the Brexit issue Chinese diplomatic government forced to build new trade deal with UK separately and the pending EU deal where the UK officials were included the cut their membership thus they release their market bound from the EU. Which make suffer to Chinese over 12 billion dollar demerge due to lot of reasons. The telecommunication sector and technological sector was hugely impacted by the Brexit issue as because the EU had a different market system and the UK after Brexit imposed new type of government policy and the their tax issue arises the china and their technological sector impacted with their trade market

4.5 Impact on currency

With the Brexit approach the change in currency in every country defers vastly. So many countries currency likely fall and some of the currency upraise with the changes EU currency derive.

4.5.1 How Brexit affect the dollar and pound

In January 2013 with following history the Brexit story started. The new prime minister with new origin campaign, would faithful promise as speculation grew that in/out new voting of this country. long lasting the unshakeable membership of the UK in EU will remain same if they win the election and the dollar rate against the exchanging rate of pound started to fall . He made that promise On January 23, 2013. Chronologically normally the dollar exchange rate with EU tumbled from over 1.6



USD to one pound and by the next period. GBP-USD changes erroneously with higher and lower fluctuation rate the US dollar sometimes goes up in exchange rate to GBP and sometimes the GBP value goes up In exchange to USD with these changes the USD value was bearing high demand in EU as the EU euro currency rate was falling as because the higher rate in GBP rate. With the changing exchange rate US government tried to make stable the exchange rate because without stable rate the trade agreement under business comprehension was highly facing damage.

4.5.2 Volatility: the pound and dollar new position in 2016

Cameron politely set the date of reservation in the vote for June 23 that year. As the previous opinion polls showed a “remain” victory over the next few months, which instantly gradually rose. But thus resulting came in during the early morning hours when the prime minister was announcing the poll result on June 24, It was clear then the opinion poll was explosively wrong.

With a commercial margin (51.9 percent to 48.1 percent), the British wanted to leave the EU with independence market and trade derivation. With all of sudden the, sterling's dollar exchange rate pick a bow

Pound vs US dollar since January 2016



Source: Bloomberg. Last update: 30 July 2019, 08:50 BST

BBC

Here we can see that in graph the exchange rate of the dollar and pound how vastly if affected of Brexit issue. From the very beginning after EU referendum the exile part seems too affected by the Trade and other agreement from Brexit. With all components in 2016 at referendum period the pound over USD rate was normal as going favorable to market but right after the poll declaration the rate goes extremely down and in 2017 fully it was even bellow 1.35 dollar which was extremely low after 1963. The other business analysts had expected that the dollar rate will stable with the time when the EU will adjust the Brexit deal. With the challenge of Brexit the dollar amout and the new position of euro and pound seems uncontrollable which was not in good hike for UK, EU and the US stock market or the stable business operation (Brexit and its strong impact on currency exchange rates, 2020)

4.5.3 Brexit and the Weaker U.S. Dollar of 2017

US President elected In November 2016. Right after the situation the overall, sterling volatility straight high. With new Brexit policy which was way better for Europe regime and the UK that took place in 2020 with the value of pound seemed falling against the USD and that was not good at very beginning when the UK started their new deal and other negotiate stuff. So they offered some solution to stable the exchange rate as much as possible the Brexit negotiations allow two countries to stable the currency impact. In spite of thinking other fact it was not a easy step many analysis tried to step down the Brexit impact but they failed with EU fomentation because if USD goes high at the same time the euro suffer a vast damage with GDP so thinking with 2 separate system the EU-UK-US join agreement was signed in 2017 December

During September 2017, the prime minister had some different vision and with a minions speech in Florence, Italy, which was contently related with Brexit in which she clearly pointed the US, UK, EU currency derivation in 2017.yet with that speech she actually proposed the UK parliament and EU federal more 2 month to watch about the currency changes, which clearly warned at the same time that if the deal will not contain the pound and dollar relation stable they will leave EU by one. That speech clearly showed the UK solidity currency power over EU termination. After that the US and EU decided to re negotiate all terms with UK. With the beginning of the December UK, EU and US re negotiate the term to stable the exchange rate.

Chapter 5-Impact of Brexit on Bangladesh

5.1 Overall Impact

the entire trade deal of Bangladeshi export and import was likely very much depended in UK and EU trade policy overall 43% export ratio indicates that EU was a important zone for Bangladesh to export their product. But with the Brexit deal the overall impact will be seen in Bangladesh RMG



and other Exportable good sector as the Bangladesh was vastly related with EU trade deal. the European Union could trigger a UK recession, the International Monetary Fund now expects the British economy to grow by 1.7 per cent this year and 1.3 per cent next year The UK is still set to be the second-fastest growing economy in the Group of Seven industrialized nations this year – behind the United States – and third-fastest next year, behind the US and Canada:"Country risk experts we spoke to are confident the UK's economy will remain robust in the event of an exit from the EU. 'The economic attractiveness of Britain will not go down and a trade war with London is in no one's interest,' says M Nicolas Firzli, director-general of the World Pensions Council (WPC) and advisory board member for the World Bank Global Infrastructure Facility, Bruce Morley, lecturer in economics at the University of Bath, goes further to suggest that the long-term benefits to the UK of leaving the Union, such as less regulation and more control over Britain's trade policy, could outweigh the short-term uncertainty observed in the country risk scores.

5.2 Brexit, Bangladesh, EU and UK Economic Relation

Bangladesh has been maintaining strong economic cooperation with the European community. The foundation of this cooperation was formed by the signing of agreement between EU and Bangladesh on 16 November 1976. The links further solidified in 2001 with the signing of trade cooperation agreement. The agreement stressed on the development of two-way trade between the parties in accordance with the World Trade Organization (WTO) protocol, and it also specified to assist Bangladesh in diversifying its productive potential. Over the years, the EU has been provided Bangladesh duty free access to its market under the “Everything but Arms (EBA)” initiative. Besides, Bangladesh is also receiving preferential treatment under EU General System of Preference (GSP) and General System of Preference Plus (GSP +) scheme. At present, the EU is Bangladesh’s largest trading partner, accounting for around 12% of Bangladesh’s total trade. In terms of revenue, over 55.5% of Bangladesh’s export earnings are sourced from the EU. In 2016, Bangladesh exports consisted of 1% of total imports of EU. Over the period of 2012 to 2016, Bangladesh’s exports to EU were growing at 13.3 % annually. In 2016, the major export items to EU consist of textile and textile articles (under HS chapter XI), accounted 93.6% of total export value to EU. Apart from this, commodities such as frozen food, agro-products, footwear, leather products and bicycles have grown in importance in recent years. On the other hand, EU exports to Bangladesh are dominated by machinery and transport equipment. The UK is Bangladesh’s second largest export destination in Europe, and overall the third largest after the US and Germany. In 2016-17, Bangladesh exported USD 3.8 billion worth of products to UK, of which 92.5% exports were generated from Ready Made Garments (RMG) sector.²³ The other exportable items to UK are frozen food, leather and leather product, footwear, raw jute, jute goods, and bicycle. Currently, a few studies have assessed the impact of Brexit on Bangladesh economy. Most of the studies mentioned that the impact will be felt by Bangladesh economy through the devaluation of UK pound. The studies also identified that. As a result, people would buy less and the UK and EU’s exporting partners would feel the heat. Apart from exports to the UK, remittances from UK and the European country may come under strain as an impact of Brexit. However, currently there is no literature available that estimated the

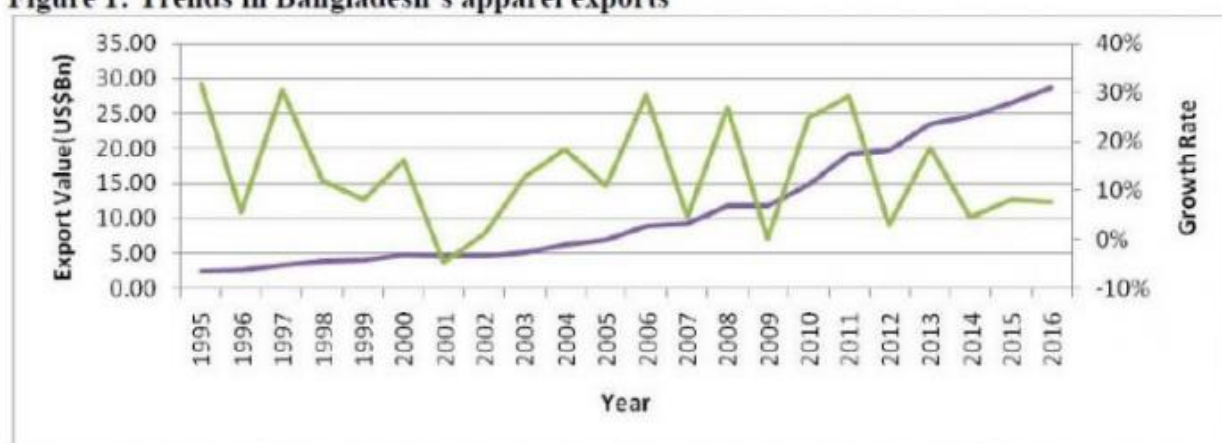
Magnitudes of impact on Bangladesh economy; rather, most of the present literature discusses the probable channels through which the Bangladesh economy can be affected. In the following sections of this paper, we present an analysis of probable trade impact, with special attention to apparel sector, on Bangladesh economy in the aftermath of Brexit. Our analysis quantifies the probable impact on Bangladesh economy. In the end, we discuss about the policy implication for such impact and recommend what possible options can be taken to adapt in post-Brexit world. Nevertheless, it is worth looking at the profile of Bangladesh's apparel export

5.3 Impact on BGMA & RMG sector of Bangladesh

When emerged as an independent country, Bangladesh was a relatively closed economy with the trade ratio at less than one-seventh. Since then merchandise exports and imports of Bangladesh have increased greatly in quantity and variety. In the early years, the country's exports comprised mostly of raw jute and a few jute good items. These accounted for about nine tenths of the total export revenue of US\$377 million during 1972-73. By the end of the 1970s this ratio fell to about three-quarters of the total export revenue of US\$761 million. The export composition changed dramatically since then; readymade garments (RMG) comprising knitwear and woven apparel products (HS61 and HS62) emerged as the principle export items of the country, while jute exports stalled. The country achieved remarkable success in export expansion, mainly because of the stellar performance of the RMG industry. The total merchandise export exceeded US\$ 30

Billion by 2015-16, which was shipped to about 200 countries and custom territories around the world? The export earnings of the country are now equivalent to 18 percent of GDP suggesting considerable and growing importance of the export sector in the national economy. The importance of RMG in the country's export basket has increased steadily. From its humble beginning in the late seventies, the RMG sector now accounts for more than three quarters (79.1 percent) of the total exports of the country. Thus, during the last three decades Bangladesh has moved from an excessive dependence on jute products to RMG

Figure 1: Trends in Bangladesh's apparel exports



Source: Bangladesh Garments Manufacturers and Exporters Association (BGMEA)

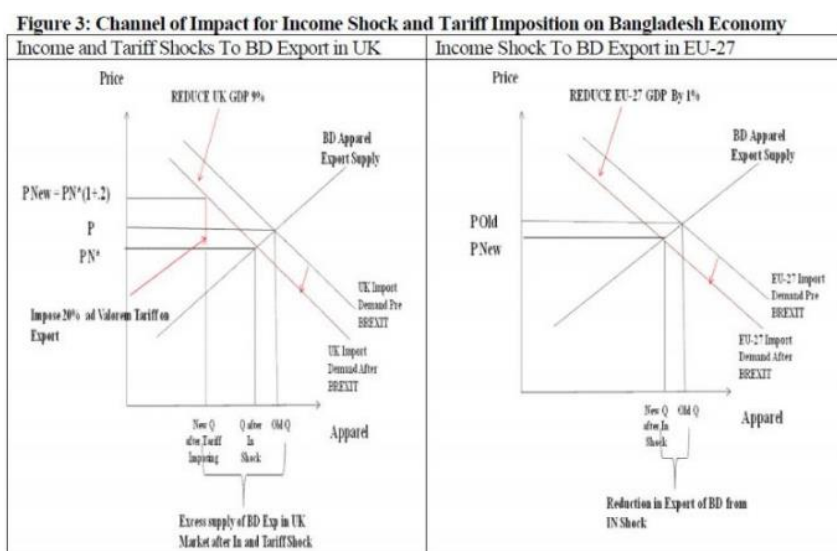
products in its export trade. Although Bangladesh sells its products to numerous countries, only two markets account for most of the export earnings. It earned 57 percent of the total export revenue from the European Union market and 17 percent from the US market in 2016. Canada of late has become a significant export destination and provided market for 3.2 percent of the total export. Turkey accounted for another 3 percent of the total export of Bangladesh. The USA is the single largest importing country of Bangladeshi products with Germany and UK are the second and the third largest respectively. Japan, India, China, Australia, South Korea and Brazil are considered as the future major destinations of Bangladeshi exports although the current export volume to these countries is small relative to that to the EU and the USA. The

market for the principal export item of Bangladesh, readymade garments, is even more concentrated. The country exports about 60 percent of its exported apparel items to the EU countries and 24 percent to the USA. Canada has emerged as a significant importer of apparels from Bangladesh since it granted duty-free access to the least developed countries (LDC) in January 2003. This North American nation accounts 5 percent of the RMG export of Bangladesh. Thus, the North American and the European market together provide outlet for about 90 percent of the RMG export of Bangladesh. The growth in the total RMG export of Bangladesh will thus depend to a large extent on the pattern and growth of RMG demand in these countries in short to medium term. (Brexit for Bangladeshis, 2020)

5.4 Framework for Impact Estimation of Brexit

An essential aspect of export trade is that the demand for a country's exports depends on the import propensities of the people of other nations. Such propensities are known to be influenced by their economic growth. Thus the impact of Brexit would trickle down to Bangladesh economy through its affect on the regional income: GDP. If there were any negative impact from 'Hard Brexit' it would lead to reduction in GDP, which is currently predicted by most studies.⁵¹ As the EU-27 and UK moved in the negative growth zone, their imports plummeted. Consequently exports of the trading partner countries also plummeted. In our estimation, we consider the scenario that pessimistic outcome from Brexit negotiation would lead to one percent GDP reduction for EU-27 and 9% GDP reduction for UK. As relevant to pessimistic scenario, we assume that UK' thereby exacerbates the existing divisions. This could lead to tariff escalation. Further more. Given that Bangladesh would not able to make any meaningful negotiations within the 2019, it would face revoke of duty free and quota free (DFQF) access in the UK market. This would be equivalent to impose of 20% ad valorem tariff. We use the partial equilibrium model to capture the Brexit related shock in Bangladesh apparel industry. First, we consider the impact of possible income shock from our likely scenario on Bangladesh apparel export in EU-27 and UK export market. Then, we traced the impact of imposing possible tariff on UK apparel import for

Bangladeshi product. In second step, we attempt to reveal how these income shocks and tariff imposition could affect the Bangladesh apparel sector. In the end, we see how the overall changes within Bangladesh apparel sector would alter its apparel export to US (Brexit and the Impact on Bangladesh, 2090)



Brexit related income shock in EU-27 and UK would impose a shift in demand for Bangladesh exports in these markets. We need to know the income elasticity of import demand for apparels to estimate the magnitude of these demand shifts. Several studies have measured income elasticity of demand

for UK. Hooper et.al. Estimated trade elasticity's for the G-7 countries. They estimated both long run and short run income elasticity for import demand. They found that for UK the long run income elasticity of import demand is 2.2 and short run is 1. Their estimate for long run income elasticity for other three EU member country is lower than the UK income elasticity. For instance, for Germany it is 1.5, for Italy 1.4 and Franc 1.6. Their short run elasticity for these three countries is equal to UK's income elasticity. More recently, in 2013 Lui estimated long run income elasticity of import demand by product for country groups. In their study they found for cloth and footwear products the UK's income elasticity of demand for BRIC and Middle Income Asia group are 0.77 and 0.5 respectively. We use the BRIC estimate for our estimation purpose because two of its members namely, China and India are competitor to Bangladesh apparel export in EU and UK market, and their export comprises the same categories of product that Bangladesh export. We use this income elasticity both for UK and EU-27 markets, considering the fact that UK is the second largest importer of Bangladesh apparels within the current EU market.

5.5 Impact of Income Shocks

We use the income elasticity of demand to get the magnitude of demand shift in EU-27 and UK market . For our scenario, the one percent reduction in EU-27 GDP will cause the demand for Bangladeshi apparel to decrease by 0.77% in EU-27 and as a result, apparel price in this market would reduced by 0.33%. And the estimated export loss of Bangladesh apparel from this depression demand and price would be equivalent to US\$112 million. Using the same method, for our scenario of 9 percent GDP reduction in UK, we estimated that it would instigate a 6.9% reduction in apparel demand in UK export market, which would result in a 3.5% decrease in price, and the resulted export loss of Bangladesh has been estimated asUS\$235 million.

5.6 Impact on Employment

It is well documented that the growth of the garment and textile industry in Bangladesh has helped raise incomes of low-skilled people living in poverty, especially in creating job opportunities for women. Hence, the loss incurred due to Brexit might impact employment in apparel sector adversely. We estimate the possible impact on job sector by using three different ways. First, we use worker per export as job multiplier to estimate the job loss from the resulted decrease in export. Second, we apply the percentage increase in output to total industry employment. Third, we utilize the findings of World Bank study conducted on the South Asian apparel sector. In the first case, we use the data from Bangladesh Garments Manufacturers and Exporters Association (BGMEA) on to its member. From this data we estimate the export per worker, and use that as job multiplier. According to BGMEA, under its enlisted 4328 member factories total 4.2 million workers were employed in 2016. Dividing the 2016 total apparel export amount by this total number of workers, we obtain US\$6825 of export per worker. Using this amount as job multiplier, we estimated the resulting US\$ 432 million export loss from Brexit would lead to 63589 job loss within the Bangladesh apparel industry. Considering the fact that more than 80% workers in this industry are women, it 50871 female will likely to displace from the labor force as an effect of Brexit in Bangladesh.

Table 7: Factory, Employment and Export per worker.

YEAR	NUMBER OF GARMENT FACTORIES	EMPLOYMENT IN MILLION WORKERS	TOTAL EXPORT IN US\$ MILLION	EXP PER WORKER IN US\$
2010	5063	3.6	12496.72	3471
2011	5150	3.6	17914.46	4976
2012	5400	4	19089.73	4772
2013	5876	4	21515.73	5378
2014	4222	4	24491.88	6122
2015	4296	4.2	25491.4	6069
2016	4328	4.2	28668.29	6825

In our second alternative case, we apply the percentage increase in output to total industry employment as proportional. We use the total apparel export of Bangladesh as proxy to the total apparel production because data for production for domestic market was not available. So, our estimation of production decrease may have underestimated the real production level. We calculated that Brexit-led decrease in demand and imposition of higher tariff will cause 1 percent fall in apparel production implying a 1 percent decrease in employment from a base of 4.2 million. It costs 42000 jobs of which 33600 will be female. In case of the third alternative, the World Bank study found that 1 percent increase in apparel output is associated with a 0.3–0.4 percent increase in employment in Bangladesh, Pakistan, and Sri Lanka. Using this fact, 16800 garment workers will lose their jobs. This result implies that among these casualties 13440 workers would be women.

5.7 Impact on Other Related Sectors

The impact in other related sector in Bangladesh because of Brexit can be seen if we look to remittance from UK. The EU was a turbo house of remittance in Bangladesh. Around 3.8 billion USD per year comes from EU only as remittance but because of Brexit. The EU, UK is dealing spate tax entity and the deal will be impacted with new trade policy. Which has a different impact in Bangladesh? Also the currency impact can be seen in taka after the Brexit as the US

currency was affected Bangladeshi currency along with other Asian geographic currency deeply impacted by the Brexit. As we know Bangladesh export policy in EU was same for several years but after Brexit BD needed new policy and agreement to deal with UK now.

Chapter 6-Conclution

All over “the Brexit” was not just a matter of deal or any specific government agenda it was something that totally changes the EU business, market, capital and single entity trade policy with other nations. The Brexit changes the flows of entire EU trade and Asian economic system. According to the World Bank the EU trading amount with other nation was 2.63 trillion a year before Brexit but after the Brexit the EU trading amount reduced by 1.88 trillion a year it can be clearly seen how the Brexit impacted the EU. With EU the entire Worlds trade was related because before Brexit the EU was an economic structural zone of world market where every trade deal passed but right after EU the world seems having different opinion with the business trading system with EU and UK. Along with business and trade deal the geographical matter was also important in Brexit entity as the UK was vast cultural part of EU that connects the EU with British slandered but with the Brexit the EU will never called as the part of British semi cultural system. If we talk about impact of Brexit we can clearly see that how the Brexit issue makes an impact from clothing to Currency trade deal so the impact of Brexit shows the current existence of British economic and capital market cauterizations over dollar and other currency. With the various analysis tools we have seen how the USD and Pound clearly seemed unstable and the business situation of that time so the Brexit had an impact all over the global market and in internal currency system.

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