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HAS THE MIOPIA VIRUS STRUCK THE UNITED KINGDOM ?

The repercussions, emanating from the determination of Great Britain, exiting as a member of the **E**uropean **U**nion (**EU**), are far and wide.

It is highly unlikely that Prime Minister Theresa May, who only '*kissed the hand of Queen Elizabeth II*' on July 13, 2016, and, then, announced to the world, as is the British tradition, that she had kissed the hand of Her Royal Majesty and while so doing had uttered the sentences to the effect: '*Her Royal Majesty has asked me to form a government. I have accepted.*'

Upon acceptance of this high office and moving to her new London home, Number 10, Downing Street, it is unlikely that the Prime Minister could have appreciated how and when the full brunt of the decision of Great Britain '*to go it alone*' would have on the overall economy of the nation that she, now, heads.

By the same token, it is unlikely that many of those, who voted in the referendum of June 2016 for Great Britain to leave the EU, fully appreciated what would be the outcome of their decision.

In the Beginning

On June 24, 2016, it was officially announced that 17.41 million registered voters had determined to leave the EU.

That number of voters represented 51.89 percent of the total number of 46.50 million voters.

The number of registered voters, who had voted to remain in the EU, was about 16.14 million, representing 48.11 percent of the total number.

It was a close race to the finish.

Investors, around the world, on learning of the official results of the British referendum, shuddered, with the British pound, almost immediately, coming under immense pressure on foreign-exchange markets, mostly because, aside from the shock of the outcome of the referendum to most, right-minded investors, all markets invariably hate uncertainty.

When the dust had started to settle, however, a little calm returned to the equity and foreign-exchange markets of the world, but the damage had been done.

Still lingering, however, were grave concerns that Great Britain's exit from the EU would have widespread repercussions than had, hitherto, been anticipated.

Some of those concerns are, already, being felt.

This is even before Prime Minister Theresa May signs Article 50 of The Treaty on European Union, the invocation procedure, providing a member of the EU to notify the European Council of its intent after which, there is a two-year period of negotiation, after which time, *iacta alea est*, the die is cast; the treaties will cease to apply.

There are those people who believe that Great Britain's exit from the EU could result in some other member states of the 28 European members to follow suit: The copycat syndrome.

There are those people, some of high ranks in society and academia, who maintain that the referendum of Great Britain could be the beginning of the end of the 1993 Grand Plan, leading to the formation of the EU whose human population, today, numbers about 510 million men, women and children.

The EU, today, is the largest single market of the world and the largest market with regard to exports from the People's Republic of China (PRC).

British Factories under Threat

On June 24, 2016, the day of the official announcement in respect of the referendum on Britain's decision to leave the EU, the share price of Tata Motors Ltd fell by about 12 percent.

On June 24, 2016, the share price of Tata Motors Ltd fell to $US4.785 on The London Stock Exchange.

It shocked investors from India to New York.

It, most likely, helped to speed up share losses on other equity markets, in North America, in Europe, and in Asia.

Today's share price of Tata Motors Ltd, as quoted on The London Stock Exchange, is about $US5.41.

Tata Motors Ltd is the owner of the iconic British motor cars, Jaguar and Land Rover.

Its manufacturing base of Jaguar is in Coventry, England.

The Land Rover, on the other hand, is manufactured in Liverpool, England.

In May 2010, Tata Motors announced that it is planned to move part of its manufacturing base with regard to Jaguar and Land Rover to the PRC.

One was told that the move was in order to save costs, the PRC, being a cheaper place in which to produce Tata Motors's vehicles.

Two years after making this announcement, Tata Motors announced that it had come into a joint-venture agreement with Chery Automobile Company Ltd ().

The joint-venture agreement was for Jaguar and Land Rover motor cars to be constructed in the PRC, henceforth.

Chery Automobile Company Ltd is, presently, about to complete its construction of a factory in Changshu, the Jiangsu Province of the PRC, where, eventually, this factory will be producing about 130,000 vehicles, annually.

Prime Minister Theresa May faces the very real prospect of Tata Motors, pulling up most – if not all – of its stakes in the United Kingdom upon this lady's signing of Article 50 of The Treaty on European Union – or even earlier.

Management of Tata Motors's reasoning is due to, among any other consideration, money, opportunity, logistics and ease of movement of goods.

As a member of the EU, goods that are exported from the United Kingdom to member states are tax-free since the single market – as it has come to be known – of the EU permits the free movement of goods and people.

However, as a non-member of the EU, the United Kingdom will have to face the payment of an export duty of 10 percent and a duty of four percent on imports.

For Tata Motors, it is difficult to believe that its pen-pushers would be happy to try to attempt to pass on the extra costs of continuing the manufacture of Jaguars and Land Rovers in Great Britain when the island nation is no longer a member of the EU and, instead, this India-based company would seek to circumvent the imposition of additional taxes on its sales to the EU of, inter alia, about 130,000 Jaguars, per annum.

Historically, since 2008, at the time that Tata Motors acquired the Jaguar and Land Rover marques, it has built up both companies to the point that, today, they are the largest manufacturers of motor vehicles in the United Kingdom.

Tata's Annual Net Profit from the sales of its motor vehicles, produced in the United Kingdom, amount to about £1 billion (about $HK10.33 billion).

The British pound remains under pressure on the world's foreign-exchange markets although, after its dramatic fall from favour, following the announcement of the results of the British referendum, it has recovered somewhat.

The United Kingdom is not the only area of the world where the Tata Group of Companies can manufacture its motor vehicles.

If Tata Motors pulls most, or all, of its motor-vehicle plants out of Great Britain, thousands of British jobs would be lost, along with tens of millions of British pounds; and, the result would, definitely, be another massive drain on Great Britain's coffers.

Turning to Japan

During the four years to December 2014, Japanese producers of motor vehicles invested in excess of £260 million (about $HK2.69 billion) in establishing their presence in the United Kingdom.

In 2014, Japanese motor-vehicle manufacturers invested in new plants in the United Kingdom.

Managements of Japanese companies, with operations in the United Kingdom, as with Tata Group's management, kept their respective microscopes on the Bottom Lines.

The Japanese, with regard to all of their investments, outside The Land of The Rising Sun, have, always, been keen to maintain a hands-on approach, especially with regard to investments where large-scale manufacturing was involved.

The economy of Japan has been hurting for the past 25 years and its government and the heads of zaibatsu – large Japanese, business conglomerates – do not suffer fools, gladly.

If push comes to shove, Japanese plants could be pulled out of the United Kingdom as fast as it takes a lamb to wag its tail.

In areas where Japan is doing business in the United Kingdom, there is, already, high unemployment.

It need not be extrapolated as to what would happen should Japanese interests look to other climes in order to replace its manufacturing interests in the United Kingdom.

Case in point: Mitsubishi Motors Corporation obtained a 49-percent equity stake in Colt Automotive Ltd (of Gloucestershire, United Kingdom) in 1974.

Its initial purpose in respect of this move was to import and to distribute its motor vehicles in the United Kingdom.

Up until 1984, Mitsubishi motor vehicles were sold under the '*Colt*' marque.

It is thought to have a workforce, today, far in excess of the original 350 employees.

On August 29, 2016, Mitsubishi Motors Corporation announced, among other things, that it had come into a joint venture with its selected PRC partner: Guangzhou Automobile Group Company Ltd () (Code: 2238, Main Board, The Stock Exchange of Hongkong Ltd).

Aside from the minority shareholders of this publicly listed company, Guangzhou Automobile Group Company Ltd is owned and controlled by corporate entities of the Government of the PRC.

This company has a factory site of 60 hectares and employs in excess of 2,700 workers, according the database of **TOLFIN** (), the Computerised, Online Financial Intelligence Service and Web-Based, Credit-Checking Provider.

Mitsubishi Motors Corporation is, today, one of the six, joint-venture partners of this giant PRC-controlled company.

Should Mitsubishi Motors Corporation make the determination to shift its interests from the United Kingdom to the PRC, the material number of jobs that would be lost in Gloucestershire, alone, would greatly outnumber of the number of jobs that would be lost at just the present Mitsubishi Motors Corporation establishment.

To be trite, the loss of the manpower at the factory of this Japanese giant would be only the tip of the iceberg.

The loss to the economy of the United Kingdom of this Mitsubishi Motors Corporation investment would not just be a case of an international corporate investor, collecting its marbles in order to play with them somewhere else where the climate was considered more conducive to long-term growth without the political worry that is associated with the United Kingdom at this period in time.

Foreign Direct Investment into the United Kingdom, today, is probably less than three percent in terms of Japanese investments, but one must take into consideration, also, the many supply chains, associated with foreign-owned entities in the island nation, their products, criss-crossing EU national borders.

One need not ask the question as to whether Prime Minister Theresa May would want to tackle such a thorny and financially devastating situation should such foreign investors seek to emigrate: The answer is only too clear.

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