

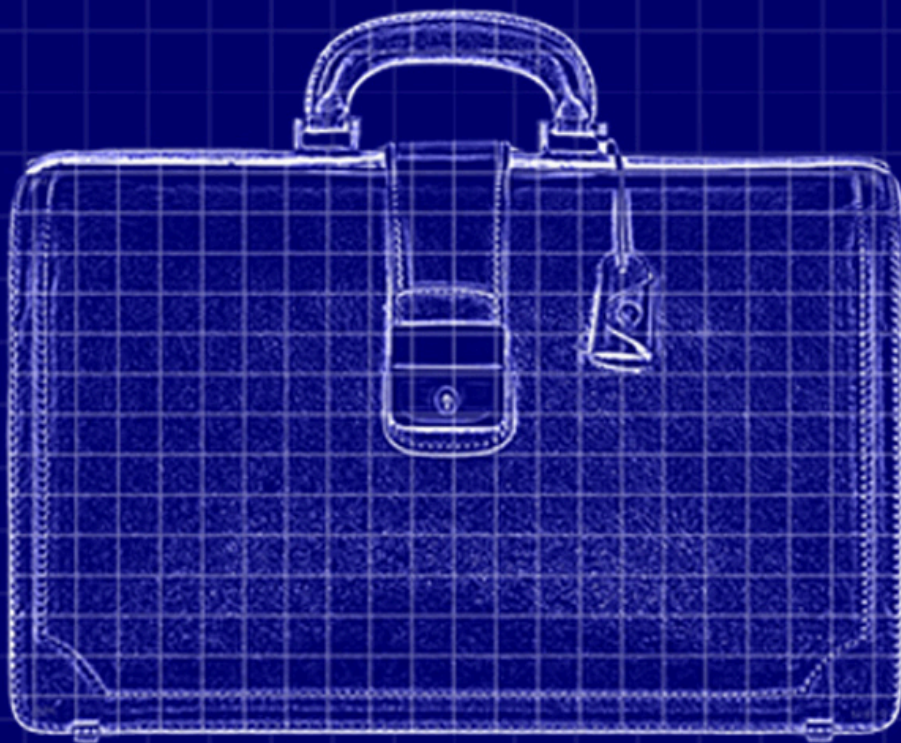
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# The Blueprint

## PESTLE PROJECT

DECEMBER 2024 - JULY 2025



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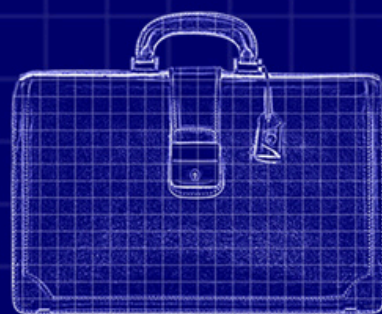
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# The Blueprint

**POLITICAL**





# Trump's Era of Change: Polarisation and Unpredictability in Global Markets

*Andrei Dohotaru*

## Introduction

The second election of Donald Trump into the US presidential office, following his electoral victory last year, has so far been defined by one single word: tariffs. Branded as 'economic nationalism', Trump's tariffs were supposedly aimed at eliminating the United States' trade deficit. After the imposition of the 'Liberation Day' tariffs in April this year, markets have pushed back, and the measures have been eased, although they are forecasted to pick back up again in August.

## Summary of Key Developments

On April 2 2025, Trump announced the so-called 'Liberation Day' tariffs. The central feature of the plan was the introduction of a 10% baseline tariff on most imported goods, accompanied by reciprocal tariffs for countries experiencing significant trade deficits. Trump justified these measures through the provisions of the International Emergency Economic Powers Act ("IEEPA"), which has since been disputed in the Court of International Trade. The tariffs apply to most types of imported goods, including steel, copper, aluminium, and drugs such as fentanyl.

## Analysis of Key Developments

The United States' relationship with Canada and Mexico, two of its biggest trading partners, has taken a hit following the application of 25% tariffs on all goods imported from both countries on March 4. Mexican President Sheinbaum aims to continue to maintain talks to avoid the economic harm associated with trade volumes worth approximately \$840 billion.





### Economic Repercussions

From an economic perspective, the tariff measures have contributed to a decrease in US GDP from 2.1% to 1.2%, due to reduced trade volumes passing through American ports. This could have negative repercussions on all levels of American economic life, including reduced competition facilitated by a lower influx of foreign goods, particularly highly specialised products like pharmaceutical ingredients. The retaliatory tariffs imposed by Canada and Mexico have also reduced demand abroad, particularly for US machinery, automobile parts, and agricultural equipment, disrupting America's image as a global manufacturing leader.

### Shifting Investor Sentiment

Many economists believe that tariffs are a method of currency devaluation, which can have differing effects depending on the economic context in which they are implemented.

The United States' bilateral trade tariffs have caused a significant shift in investor capital away from US manufacturing and industries that use high amounts of raw materials such as steel and copper. These have been taxed at a rate of up to 50%. In a climate marked by uncertainty and economic volatility surrounding tradable assets that are or may be exposed to heavy tariffs, investors have shifted their capital away from those assets prone to hefty tariffs. They are now seeking safe-haven assets, such as US treasuries and tech stocks, which are less exposed to the damage caused to physical supply chains.



Major investors such as pension funds and life assurance companies are pressuring large conglomerates to delay capital investments in the US automotive and heavy manufacturing industries. Automobile manufacturers in the US are known to rely heavily on debt financing, and this, coupled with investors shifting their attention from such industries, has resulted in a less favourable market for large US companies operating in those sectors.

### **Conclusion: Retrospective and Future Outlook**

US tariffs have caused a whirlwind of uncertainty, economic decline, and investor backlash since President Donald Trump commenced his second presidential term. Bilateral tariffs imposed on imports of key goods from major US trading partners, such as Canada, have stifled economic cooperation and increased resentment over potential further tariff impositions set to take effect on August 1st.

The capital markets, particularly those in which debt securities are traded, have seen investors shift their focus away from large U.S. manufacturing companies, particularly those in the automotive sector. This is causing significant disruption to financing, especially for companies operating in industries that are heavily reliant on debt finance. It remains to be seen how the global political and economic landscape will react to further tariff measures going forward.



# UK Politics 2025: Balancing Innovation, Security, and Migration Challenges

*Raveena Raviraj*

## Introduction

In 2025, conflicting research, security, and migration have made UK politics more dynamic. The government's choices aim to enhance social cohesion, technological advancement, and national resilience. This study examines contemporary political developments through the lenses of politics, law, and socioeconomic factors, including significant investments in science and technology, strategic defence restructuring, steel industry reforms, concerns over AI regulation, and disputes related to migration policy.

## Summary of Key Developments

The UK government has pledged £86 billion over four years to accelerate research and development (R&D) in disciplines such as artificial intelligence (AI), clean energy, and medical innovation, to spread scientific opportunities geographically. Despite continued funding challenges, the Strategic Defence Review 2025 focuses on warfighting readiness and Euro-Atlantic security.

The government is also providing Tata Steel with £500 million for its £1.5 billion electric arc furnace project in Port Talbot, aimed at stimulating industrial decarbonisation. Due to rising concerns about Meta's plan to automate 90% of its risk assessments with AI, campaigners are demanding stricter regulatory oversight to ensure fairness and transparency.

Labour's "Smash the Gangs" slogan regarding human trafficking has been criticised for its lack of legislative specificity. Concurrently, the Illegal Migration Act is facing a legal challenge in Northern Ireland, sparking concerns about devolution and its constitutional implications.



## Analysis of Key Developments

### Political and Legislative Dimensions

The £86 billion science and technology plan underscores the government's intentional use of industrial policy to revive post-Brexit Britain, consistent with its "levelling up" goal. Although politically aspirational, how funds are allocated and oversight processes are implemented will determine the long-term impacts. Similarly, the Strategic Defence Review's emphasis on modernising capabilities has received political backing. Nevertheless, implementation may be delayed due to public funding constraints.

Despite lacking legislative clarity, Labour's "Smash the Gangs" program is politically powerful. Critics argue that slogans without substantial policy can lead to misunderstandings, especially when public trust in immigration management erodes. The challenge to Northern Ireland's Illegal Migration Act adds to the legal complexities, potentially jeopardising the Good Friday Agreement and casting doubt on whether EU law would be upheld after Brexit.

### Geographical Reach

Tata Steel's Port Talbot project and R&D spending are examples of activities aimed at decentralising economic growth. Green industrial investment has the potential to benefit Wales in particular, but execution remains critical. While global readiness is the primary goal of military reforms, regional bases and recruitment sites in the United Kingdom are also impacted

### Strengths and Weaknesses

One of the government's primary advantages is the uniformity of its economic and technological goals, which is aided by political party consensus on the importance of modernisation. However, transparency and execution risk remain challenges. Campaigners worry that automated risk assessments would weaken public trust, highlighting the contradiction between innovation and accountability in the struggle for AI law.





Labour's immigration rhetoric addresses trafficking concerns, but its narrowness may limit its practical use. On the other hand, the Northern Ireland legal challenge underlines the potential conflict between devolved and central government while also demonstrating the power of the UK's judicial review systems.

### Comparison with Other Jurisdictions

In response to similar AI-related concerns, regulatory agencies in the United States and the European Union are developing frameworks to prevent bias and ensure transparency in automated decision-making. France and Italy, like the United Kingdom, have struggled to strike a balance between national sovereignty and EU migration legislation.

### Retained Law Implications

The challenge against the Illegal Migration Act impacts the UK constitution and residual EU legislation. Legislative differences may exacerbate the problems of devolution and border enforcement, as Northern Ireland is already only partially compliant with EU regulations under the Windsor Framework.

### **Conclusion: Retrospective and Future Outlook**

In 2025, the United Kingdom will negotiate several critical reforms, including those related to border security and the development of a tech-based economy. Although political rhetoric and monetary promises can be helpful, legislative clarity, local participation, and public trust are essential for these programs to succeed. As AI and migration dominate the headlines, the United Kingdom must set an example for the next 10 years by striking a balance between innovation and regulation, security and human rights. The future will be determined not only by policy announcements but also by the government's ability to create observable, equitable results across the country.





# Strategic Reset with the EU-UK Deal: Starmer's Policy Direction for 2025

*Andrei Dohotaru*

## Introduction

Prime Minister Sir Keir Starmer hosted a widely anticipated EU-UK Summit in May and invited the Presidents of the European Commission and European Council, Ursula von der Leyen and Antonio Costa. This was part of Starmer's plan to rejuvenate relations with the bloc as outlined in Labour's election manifesto from last year.

## Summary of Key Developments

The deal with the EU covers various aspects of policy, including defence spending, energy, fishing, and trade. In particular, the UK has gained access to parts of the EU's defence procurement fund, extended access for EU fishers into British waters, and British citizens can now use e-gates when entering an EU country. The deal is expected to boost UK GDP by around £8-9 billion by 2040. Both parties will benefit from fewer disputes at British and EU ports, a new framework for structured dialogue, and better alignment on emissions trading and net-zero protocols.

## Analysis of Key Developments

### Economic Perspective

A central aspect of the deal is the Sanitary and Phytosanitary (SPS) agreement, which aims to reduce barriers to food trade between the two parties. British exporters will expect to enjoy faster border checks on their goods, which will contribute to lowering their packaging and other administrative costs. This is accompanied by access to the EU electricity grid, which will facilitate cross-border investment and a more integrated European energy network. The £9 billion estimated profits for the EU are lucrative, but the long-term strengthening of ties between the UK and the bloc will hopefully attract even larger trade benefits.



### Strengthening Ties

Sir Keir Starmer and his advisors view the deal as a diplomatic achievement. The aim is not to turn it into an avenue for re-entering the customs union, something which the Labour manifesto expressly rejected, but it softens the edges in the relationship with Brussels post-Brexit by providing mutual benefits such as the potential for UK students to embark on the Erasmus programme and greater UK support for EU-led missions in Ukraine. Going forward, the two parties are expected to conduct further dialogue on these matters.

### Defence and Security

The EU's SAFE fund, a € 150 billion defence procurement scheme, is now partially accessible to the UK. It allows British companies to bid on joint defence funding contracts, aiming to foster a unified security mechanism. Starmer's government is now more open to talks about the procurement of military equipment with Western European countries, such as France, marking a shift in tone compared to post-Brexit sentiments. As a matter of policy, this would be a constructive step forward for the UK in boosting its defence profile, given the ongoing conflicts in Eastern Europe and the Middle East, respectively.

### Conclusion: Retrospective and Future Outlook

The UK has been in a political limbo with the EU since Brexit, given the various approaches the previous government took, which failed to place much emphasis on the bloc as the major trade, defence, and economic partner it once was for the UK. This new policy under the Labour government regarding the EU is set to eliminate some of the nascent frictions that continue to exist between the parties and strengthen ties across key sectors, such as defence, in order to provide mutual benefits and support mechanisms should tougher times arise in the future.



# The United Kingdom at a Crossroads: Political Fragmentation, Party Realignment and Democratic Pressure in 2025

*Raveena Raviraj*

## Introduction

The political climate in the United Kingdom has changed dramatically until now. Voters' trust in traditional institutions is diminishing, new political movements are forming, and long-held party memberships are waning. The growth of populist alternatives, rising calls for democratic reform, and internal disagreements within major parties have all contributed to the country's current political volatility. This article explores the major political trends affecting the UK in 2025, considers their implications, and assesses their advantages and downsides.

## Summary of Key Developments

The Labour and Conservative parties' long-held dominance has come under increasing scrutiny in recent months. Smaller parties, such as the Green Party, Reform UK, and various independent candidates, have won significant victories in local and by-elections, reflecting the public's unhappiness with what many perceive as a disconnected and stagnant political class.

Nigel Farage's return to the political front line significantly influences this shift. Under his leadership, Reform UK has acquired significant support by capitalising on hatred towards immigration, economic inequity, and cultural differences. The party positions itself as a voice for those dissatisfied with the Conservatives and Labour, particularly in areas once part of the "Red Wall."

Meanwhile, disenchantment on the political left is driving fresh realignments. Zarah Sultana and Jeremy Corbyn have alluded to or initiated a new progressive platform based on anti-austerity initiatives, wealth redistribution, and climate justice. This movement exacerbates the political spectrum's dispersion and undermines Labour's mainstream leadership.





A surge in institutional transformation is accompanying party upheavals. Plans to lower the voting age to 16 are moving forward, with pilot programs already in place in some communities. These projects are a bigger push to modernise the electoral process and re-engage young people in politics. While Labour remains divided on the issue, calls for proportional representation have grown louder thanks to the efforts of parties such as the Greens and Liberal Democrats.

### **Analysis of Key Developments**

These changes bring substantial consequences, both positive and negative. Reform UK has had the greatest impact on economically challenged regions such as the North and Midlands, where concerns about migration, national identity, and economic loss are particularly acute. In contrast, urban places such as Bristol and London have seen increased support for the Greens and progressive independent candidates. Even if the SNP is weakened by internal struggle and unpredictable leadership, constitutional questions continue to impact Scottish politics.

Political heterogeneity has definite advantages. More diverse perspectives are being heard in public debates, and growing support for electoral reform indicates a rebirth of interest in democratic institutions. The public's reluctance to accept political stagnation is reflected in the emergence of new parties and campaigns, particularly those centred on youth participation or local engagement.

However, this fragmentation creates substantial issues. If no party wins a majority in the upcoming elections, the UK may experience prolonged coalition instability or legislative impasse. Farage's populist return makes it harder to strike an agreement and creates political polarisation. Internal disagreements between Labour's left-wing and centrist leadership may make it more difficult for the party to develop a unified set of ideas.



## **Have the Issues Been Remedied?**

The vast majority of these advancements are still in progress. Despite its lack of traction in Westminster, electoral reform is widely supported by civil society organisations and smaller parties. Although they have not yet been implemented nationally, efforts to lower the voting age are gaining traction. The major parties have failed to formulate a strategic response to the realignment; instead, they have adopted a defensive stance rather than a forward-looking transformation.

## **Examples from Other Jurisdictions**

Political divide does not occur only in the United Kingdom. For example, stable coalitions have long allowed for multi-party rule in Germany's mixed-member proportional system. Reformers see it as an example of more equitable representation. Similar to the UK's shift towards anti-establishment politics, France has seen the breakdown of its traditional left-right divide and the rise of a volatile center-versus-periphery dynamic. Proportional representation has expanded political diversity in New Zealand, but it has also required careful coalition management.

## **Legislative Reach and Constitutional Considerations**

Although the UK's uncoded constitution provides for flexibility, it lacks a defined procedure for major electoral changes. In contrast to federal systems, institutional transformation in the United Kingdom is mostly based on political agreement rather than legal requirement. As a result, unless there is a significant shift in the ruling parties' political intent, voting methods and parliamentary institutions are unlikely to change significantly. Devolution, on the other hand, complicates matters, particularly when Scotland, Wales, and Northern Ireland desire greater autonomy or separate systems.

## **Conclusion: Retrospective and Future Outlook**

In 2025, the United Kingdom has become a politically divided and stressed democracy. Public trust in the government is diminishing, traditional party structures are weakening, and there is a growing need for more responsive and pluralistic political institutions. A number of factors point to instability, polarisation, and institutional stagnation, whilst others, such as more young engagement, greater political variety, and a push for electoral reform, hint to renewal. The UK's democratic destiny will be determined for years to come by whether it responds to these factors or continues on its reactive political path.

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**END OF GUIDE**

