



Department for
Business, Energy
& Industrial Strategy

The Rt Hon Greg Clark
Secretary of State for Business, Energy and
Industrial Strategy

Department for Business, Energy &
Industrial Strategy
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Carlos Ghosn
Nissan Motor Co
1-1, Takashima 1-chome,
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Kanagawa 220-8686, Japan

21 October 2016

Dear Mr Ghosn

Nissan has a long and successful history in the UK. Your Sunderland plant is one of the most productive anywhere in the world. It is something to be truly proud of. I am writing to set out the ways in which the UK Government would like to work with you to continue this partnership long into the future, and to give full confidence for the investment decisions that you are making in the coming weeks. It is a tribute to Nissan UK, and to the excellent management and innovations you have made over many years, that Sunderland even teaches other Alliance plants across Europe how to become more efficient.

I believe this success also reflects the unrivalled business environment here in the UK – flexible labour law, skilled workers, world-class universities training world-class engineers. We are proud of these strengths and will do everything we can to maximize them in the years ahead. Indeed, I believe there will be additional opportunities to do so as we leave the EU. The UK has always been a welcome destination of foreign direct investment, such as Nissan's. We will continue to do everything we can to make it as easy and rewarding as possible for Nissan to invest.

I understand, of course, your worries now about uncertainties as the UK prepares to leave the EU. In particular, your fear that potential future trade arrangements could affect the business case for your investments. We want to help you to invest and to

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grow Sunderland as a super-plant within the Alliance, and a global leader for productivity and innovation.

Financial support for investment to improve NMUK competitiveness

As a demonstration of the UK Government's commitment, we are already working with your UK team on a package of support in areas such as skills, R&D and innovation. Work continues but I understand this could amount to additional support of up to £80m. You will understand of course that this figure will be subject to business cases being developed, which are independently assessed, and the usual processes of due diligence. It is contingent too on a positive decision by the Nissan Board to allocate production of the Qashqai and X-Trail models to the Sunderland plant. We recognise that the UK has a stake, and we are backing your continued success in Sunderland to the hilt.

I am delighted that in September we were already able to confirm offers to Nissan UK totalling up to £22m, for the Sunderland foundry to be established as the European Development Centre for Alliance casting, to upgrade your paint shop and deliver improved efficiency and skills. This builds on £40m other support provided in recent years.

Support for added inward investment in the NMUK supply chain

I know that increased localisation of supply chains is a key issue for Nissan. We will work closely with you to boost that for Sunderland. As you know, Government has already provided £5 million to support the initial planning phase of the advanced manufacturing supplier park in Sunderland. The North East Local Enterprise Partnership has put forward a bid for further financial support for the Manufacturing Park as part of their Growth Deal proposals. Government will announce the outcomes of this in the next few months. Together with the additional £80 million provided for a new bridge over the Wear, and Enterprise Zone extension for land adjacent to the Nissan plant from April 2017, this will continue to support a more efficient supply chain, closely attuned to Nissan's business needs. We will also ensure that Nissan's interests are fully reflected as other local infrastructure is developed, including the major improvements planned for the A19 road junction, as well as working with the Local Enterprise Partnership in the implementation of their existing growth deals of £330 million. In addition, the UK's

Automotive Investment Organisation will work with Nissan UK to design and deliver a targeted programme to attract and incentivise new suppliers to the area.

Further government support for EV/AD deployment

I know we share the same ambition on Electric Vehicles. We established the Office for Low Emission Vehicles to support the early market for ULEVs and have committed more than £600 million between 2015 and 2020 to this aim. OLEV offers one of the most comprehensive programmes of support in the world, helping to make electric cars more affordable and easier to use. Through the plug-in car grant, £4,500 is automatically deducted off the price of a new Nissan LEAF, and we continue to prioritise zero emission vehicles in the tax system. The charging infrastructure continues to expand; over 11,000 publically accessible charge-points are available and rapid chargers are in place at 96% of motorway services in England and Wales.

Government has been announcing a range of further measures this autumn, in line with the high level of our ambition on ULEVs going forward including new support for workplace and on-street residential charging, as well as continued support for domestic charging. Going forward we will develop the programme further to cement the UK's position as the go-to place in Europe for the development and deployment of ULEV. I am announcing today an extension of the plug-in grant to larger vans.

The UK government is very supportive of the new Nissan LEAF. The Secretary of State for Transport, Chris Grayling, has recently agreed to add two of the new model to the Government Car fleet, where they will support the work of the Car Service.

Government commitment to work with Nissan and the automotive sector

The Government fully recognises the significance of the EU market to your presence in Sunderland. It will be a critical priority of our negotiation to support UK car manufacturers and ensure that their ability to export to and from the EU is not adversely affected by the UK's future relationship with the EU. We will set our ambitions high and vigorously pursue continued access to the European market as an objective in future negotiations.

A good deal for the UK can also be a good deal for the other member states. As the Government has made clear, we continue to believe in liberal markets and free trade. These principles will guide us in the discussions ahead, and we will seek to maintain the closest possible economic relationship between the UK and our European partners.

In any circumstances, the Government will ensure that the UK continues to be one of the most competitive locations for automotive and other advanced manufacturing, within Europe and globally, including sites such as Sunderland which are key to the economy of the North East of England.

Through a new, reinvigorated industrial strategy we are determined to ensure that we are boosting productivity in the North East and all regions of the country, with a specific focus on developing the right supply of skilled labour and the infrastructure investment that is necessary for businesses like Nissan to be successful. As part of this, we will aim that the UK be a flagship for the fourth industrial revolution, building on breakthroughs in areas such as composite materials, energy storage, and autonomous systems that will enable the development of driverless cars.

Yours ever,

A handwritten signature in black ink that reads "Greg Clark". The signature is written in a cursive style with a large, looped initial "G".

THE RT HON GREG CLARK MP
Secretary of State for Business, Energy & Industrial Strategy