Corporate Welfare Watch

Investigating public support for private business

Oiling the wheels: Nissan, private investment and British corporate welfare

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Corporate Welfare Watch
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Introduction: Nissan and the UK

Margaret Thatcher officially opened Nissan's new car plant in Sunderland on September 8th, 1986 following six years of high-level negotiations between company executives and political leaders from Japan and the UK. As Prime Minister, Thatcher was one of the key advocates and facilitators of the investment, assuming a direct role in putting together the deal that finally enticed Nissan to invest in the UK—the first major Japanese company to do so.

Nissan's initial reason for seeking to invest outside Japan was the tightening of tariffs, first in North America, and then in Western Europe. Nissan required access to the European market and the UK emerged as an early front-runner in the race for additional investment. Declassified accounts of the UK government's thinking at the time reveal not only how importantly it viewed the investment, but also, that it was under no illusion about the primary draw of the UK—its membership of the European Community. Keith Joseph, then-Secretary of State for Industry, wrote in 1980 in a declassified memo to Margaret Thatcher:

> The deal [is] tangible evidence of the benefits to the UK of membership of the European Community; Nissan [has] chosen the United Kingdom because it [gives] them access to the whole European market. If we were outside the Community, it is very unlikely that Nissan would have given the United Kingdom serious consideration as a base for this substantial investment.[1]

Thirty-seven years later, the UK government is again desperately trying to put together a deal to secure investment from Nissan, this time to persuade the company not to shift its investment to one of the remaining EU 27 countries. This company report provides an overview of the history of Nissan's inward investment into the UK. It highlights the ways in which this process was supported by the UK government over many years, generating long-term growth and secure jobs in the North East of the country. This company report also emphasises the strategic but largely unaccountable processes through which corporate welfare is provided, raising particularly urgent questions in the face of the uncertainties created by the UK's vote to leave the EU.

Nissan: a British success story

Today, Nissan is the largest private sector employer in North East England,[2] employing about 7,000 people at its Sunderland plant. Further, Nissan's production volume indirectly supports about 28,000 jobs in the North East's auto manufacturing supply chain.[3] At its research and design facility in Cranfield (Nissan Technical Centre Europe) and its London design studio (Nissan Design Europe), Nissan employs another thousand or so people.

Nissan manufactured the top and third best-selling UK cars in 2016.[4] Including its all-electric Leaf, Nissan accounts for nearly one-third of the 1.7 million cars sold in the UK each year.[5] According to Nissan, the company has invested £3.7 billion in its UK operations since 1984.[6]

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[1] K. Joseph, Secret memo to the Prime Minister on Nissan's interest in the UK, 9 December 1980, (accessed 14 September 2017).

[2] J. Halliday, 'Nissan decision to stay in Sunderland averts "catastrophic" consequences', *The Guardian*, 27 October 2016, https://www.theguardian.com/business/2016/oct/27/nissan-decision-to-stay-in-sunderland-averts-catastrophic-consequences, (accessed 14 September 2017).

[3] Ibid.

[4] SMMT, 'Motor industry facts 2017', *SMMT: Driving the industry*, [online report], 2017, https://www.smmt.co.uk/wp-content/uploads/sites/2/SMMT-Motor-Industry-Facts-2017_online_May.pdf, (accessed 14 September 2017).

[5] Ibid.

[6] Nissan Motor Manufacturing (UK) Limited, 'Reports and financial statements', 31 March 2016, https://beta.companieshouse.gov.uk/company/01806912, (accessed 14 September 2017).

The year prior to the Brexit referendum vote, Nissan produced more than half a million vehicles at its Sunderland plant,[7] second only to Jaguar Land Rover in 2016 in terms of production volume.[8] Nissan's success has helped to make the UK fourth in Europe in terms of automotive production (after Germany, Spain, and France) and 13th in the world.[9] Total sales, including exports across Europe and beyond, resulted in UK turnover of £5.2 billion during the 2015/16 tax year and profits after tax of £97 million.[10]

During the 2015/16 tax year, Nissan UK paid nearly £320 million in wages, the majority of which contributes massively to the North East economy.[11] Its operations contribute as much as £3 billion per year to the UK economy through payments to suppliers, procurement of services, and wage payments.

Laid out in this way, Nissan's investment in the UK is clearly substantial, creating and sustaining significant elements of the UK's economy and labour market in the North East. The big picture of jobs and economic impact, as described by Nissan, is undoubtedly a success story for Sunderland and the UK. But, it has only been achieved through the contributions of successive governments, underpinned by the contributions of British taxpayers.

Oiling the wheels: the original deal between Nissan and the UK

The government viewed Nissan's original investment into the UK as a major boon, especially given that the UK car industry was at the time on its knees, along with other major UK industries. The rest of the European Community, however, was sceptical about bringing major car companies into the common market. The French, Italian and German governments were concerned about the impact of this move on their own car companies and, as a result, they were less keen than the British government to bid for new Japanese investment.[12] The UK had already demonstrated to Japan that it was more open to trade by imposing fewer conditions on imports, and it had accordingly already won a certain amount of favour as a result.[13] But, the UK had to go further in offering the company promises of financial and in-kind assistance that would reduce the risks and costs borne by Nissan and increase the likelihood of profitability.

Nissan was attracted to the UK by its pre-existing sizeable market, the weakness of the indigenous automotive industry, the presence of significant foreign-ownership within the sector, the fact that the British market was relatively open compared to other European countries, as well as by the UK's low-cost labour relative to Germany.[14] On the other hand, Nissan was concerned about poor industrial relations and worried that operations in the UK could be negatively affected by industrial actions.[15]

[7] C. Ford, 'Nissan's Sunderland plant produces more than 507,000 cars in a year, new figures show', *ChronicleLive*, 26 January 2017, http://www.chroniclelive.co.uk/business/business-news/nissans-sunderland-plant-produces-more-12507467, (accessed 14 September 2017).
[8] SMMT, 'Motor industry facts 2017'.
[9] Ibid.
[10] Nissan Motor Manufacturing (UK) Limited, 'Reports and financial statements'.
[11] Ibid.
[12] C. Aaron, *The Political Economy of Japanese Foreign Direct Investment in the US and the UK*, Palgrave Macmillan UK, 1999, p. 68-70.
[13] Ibid.
[14] K. Joseph, Secret memo to the Prime Minister.
[15] C. Aaron, *The Political Economy of Japanese Foreign Direct Investment in the US and the UK*, p. 76.

The final hurdle to securing Nissan's investment was financial assistance from the UK government. Nissan reportedly told the government in November 1980 that it would confirm its intention to invest in the UK later in 1981, once it had received the promise of financial support, according to declassified memos that detail the negotiations. Nissan argued that it should be provided with the maximum allowable Selective Financial Assistance (SFA) grants (20 per cent of capital costs) worth around £35 million, plus £54 million in Regional Development Grants (RDG) for their initial investment.[16]

Three years after the initial negotiations, following a feasibility study conducted by Nissan and an increase in cost projections, Nissan agreed to the investment in Sunderland following an offer from the government to cover up to a third of its initial capital costs. According to parliamentary records from February 1984, the government promised to provide Nissan as much as £112 million in a combination of RDG and SFA. In addition, the government sold Nissan the land at the Sunderland site at a heavily discounted rate as if it were 'agricultural land' rather than 'industrial land'—a discount worth nearly £12 million in the early 1980s, equivalent to about £32 million in 2017 prices.[17]

In exchange for this funding, Nissan agreed to begin a kit assembly form of production in 1986 followed by fully fledged factory production of vehicles by 1988. Nissan proposed that it would ramp up production to 200,000 units per year by 1989 (of which 25 per cent would be exported to other EEC countries); source a minimum of 60 per cent and a maximum of 80 per cent EEC local content for its UK production; and, create in the near term as many as 4,700 jobs at the Sunderland site.[18] On top of this, it is estimated that a further 15,000 jobs in the region indirectly depended on Nissan in the 1980s.[19]

It is worth noting that, because Sunderland was classified as a Special Development Area, Nissan's chosen site came with the benefit of higher financial assistance than others it considered would have done. Nissan also benefitted from the £700,000 investment by Tyne and Ware County Council (TWCC) to build a new link road to the site, and the Department of the Environment funding in full the cost of preparing the site for building. TWCC also funded improvements to training, helped with recruitment and paid to send the first 100 factory employees to Japan for training.[20] Capping off the initial deal, a further £25 million was provided by the government to support Nissan's £216 million capital investment announced that year. All together, the total initial investment by the UK government in the Nissan plant

[16] Regional Development Grants covered 22.5% of 'allowable expenditure' in 'Special Development Areas'. There are claims online that Nissan confirmed the investment in the last year in which they were available and yet continued to receive them after they had been abolished. Selective Financial Assistance is a discretionary scheme for projects in assisted areas which create or safeguard jobs through activities such as the growth or modernisation of an industry.

[17] The initial 400 acres of land was sold at a rate of £6,000 per acre according to Aaron's study, with an option to buy a further 400 acres at £5,000 per acre. The average value of industrial land in Sunderland in 1982 is given in DVS's *Property Market Report 1982* as £50,000 per hectare (£20,242 per acre) (http://webarchive.nationalarchives.gov.uk/20141002135506/http://www.voa.gov.uk/DVS/propertyMarketReport/1982/indiuBuildLandvalues.html). This, therefore, represents a discount of £5,696,800 on average land values for the first 400 acres and £6,096,800 at 1982 prices for the option on the further 400 acres – the value of this second discount will have increased further by the date it was actually taken up.

[18] P. Jenkin, Confidential memo to the Prime Minister regarding negotiations with Nissan, 25 February 1982 (accessed 14 September 2017).

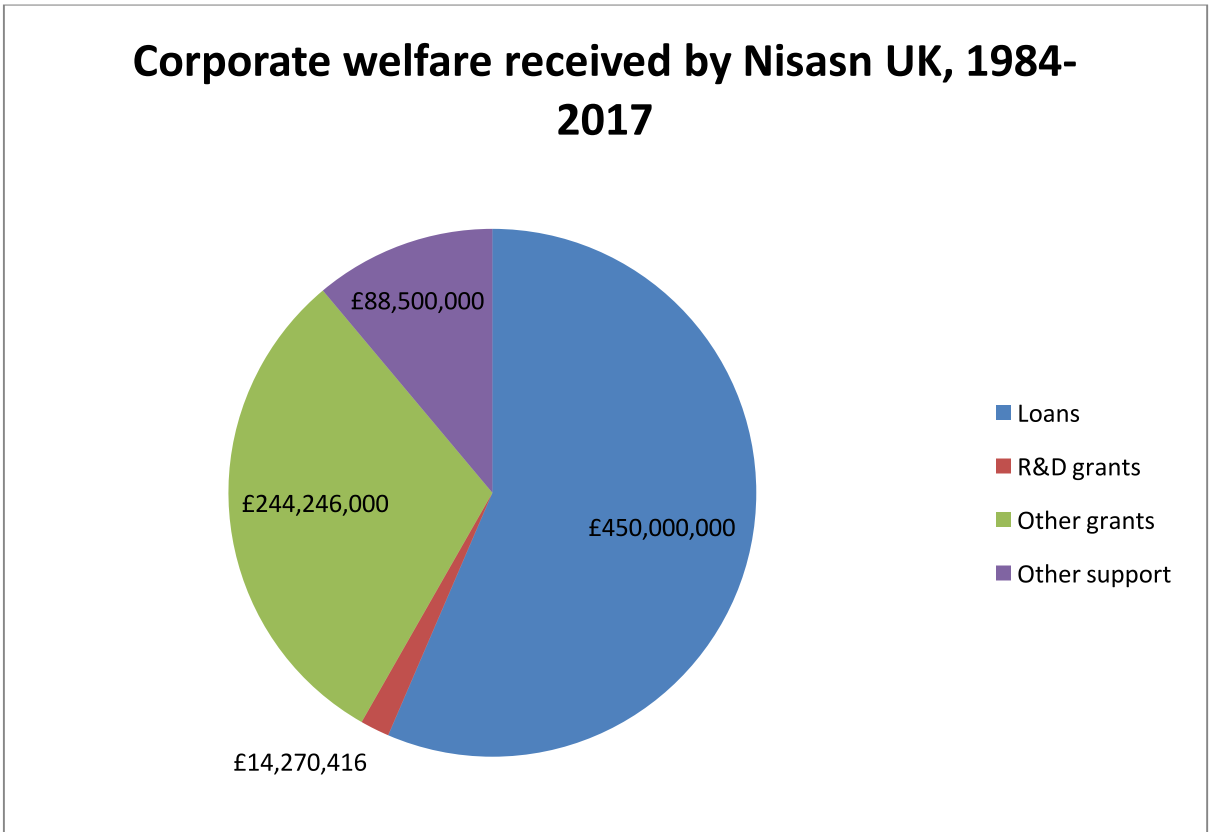
[19] C. Aaron, *The Political Economy of Japanese Foreign Direct Investment in the US and the UK*, p. 119.

[20] Ibid, p. 106.

totalled £125 million by 1988 Meanwhile, Nissan's initial investment was £50 million, reported by Nissan itself, and rose to £900 million by 1993.[21]

Thatcher's personal interventions in supporting the project and dealing directly with the company were important. She personally intervened to boost the financial support offered and made a direct appeal to Nissan's corporate executives with her personal assurances that the UK would resolve the remaining financial and trade-union issues. For Thatcher and the rest of the UK government, it was important to secure Nissan's investment, not only to boost the economy, but to access new Japanese technology and to shake up the unions by exposing them to different working patterns.[22]

Fast forward 20 years and our research reveals that, to date, Nissan received £797 million in various forms of corporate welfare. A large proportion of that was in loans, but these sums represent a transfer of taxpayer's money to the company and a redistribution of risk away from the company. Insofar as such loans are made by government, the non-market rate of interest charged by government also represents a subsidy, although the terms of the loans provided to Nissan are not publicly available.



The next largest form of support after loans consists of grants (making up over 55 per cent of total support). The key point here is that even the most successful private-sector companies such as Nissan depend heavily on the state and taxpayers. Moreover, the support captured in this figure hugely underestimates total support because it does not include a whole range of other provision (from general road and other infrastructure, to the state-education system and legal system).

[21] Ibid.
[22] C. Aaron, *The Political Economy of Japanese Foreign Direct Investment in the US and the UK*, p. 91-94.

In addition to this substantial corporate welfare, Nissan UK has benefitted from some tax breaks. Between 2012 and 2016 Nissan made £268.5 million in pre-tax profit and paid just over £53 million in taxation. This is an effective corporation tax rate of 19.8 per cent, which is slightly below the prevailing rate of 20 per cent during this period. But, Nissan paid *no tax at all* in 2012 and 2013. In 2016, it paid a tax rate of just 17 per cent.[23]

How Brexit will rewrite Nissan's deal with the UK

The UK government's initial and ongoing political and financial support has been essential to Nissan's investment in the UK. Brexit presents risks and opportunities for Nissan. On the one hand, it risks imposing potential costs, increased trade barriers and uncertainties in the near future. On the other, it dramatically strengthens the company's hand in bargaining with the UK government. Other EU countries have put in place attractive incentives to entice the likes of Nissan, and given the potential costs and risks they face by remaining in the UK, this has been very successful.[24] Moreover, Nissan knows that a strategically and important company like it has never been in a stronger position to make demands on the government. Its political stock is massively up, and this seems to have been enough to dampen fears over its economic stock for the time being.

Prior to the Brexit vote, Nissan was planning to increase investment to build a new model of its best-selling Qashqai[25] and rumours of the imminent release of longer-range Nissan Leaf models circulated.[26] The result of the referendum raised an immediate question mark over Nissan's continued investment in the UK.

Like other large manufacturers operating in the UK as global businesses, Nissan's leadership has expressed concern about the impact that Brexit may have on its operating costs, and thus, on its profits. And, like many other companies, Nissan lobbied vigorously against Brexit prior to the June 2016 referendum. It explained in a letter to its employees, 'our preference is that the UK stays as part of the European Union', but it stopped short of telling them what they should vote.[27]

The fact is that Brexit presents huge challenges to Nissan, not just because it imposes additional costs and increases the risks faced by the company. Many of the vehicles it produces in the UK are intended for export to the EU. Indeed, as was made clear in Nissan's early talks with the government, the company originally invested in the UK as a strategy to target EU markets. Potential sales outside the EU are limited by the fact that the company already has large investments in North America and that sales outside the EU may well be undertaken under the same World Trade Organization (WTO) trading rules faced by Japan.

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[23] Our calculations are based on Nissan's financial statements filed with Company House.
[24] See our coverage of business flight from the UK to other EU member states on our website: http://www.corporate-welfare-watch.org.uk/wp/tag/brexit/.
[25] D. Moss, 'Nissan Qashqai production to increase at UK factory', *Autocar*, 23 March 2016, https://www.autocar.co.uk/car-news/industry/nissan-qashqai-production-increase-uk-factory, (accessed 14 September 2017).
[26] NissanInsider, 'VIDEO: Nissan "unboxes" the new longer-range Nissan LEAF', *NissanInsider*, 2016, http://nissaninsider.co.uk/video-nissan-unboxes-the-new-longer-range-nissan-leaf/, (accessed 14 September 2017).
[27] A. Chakelian, 'Nissan to take legal action against the Vote Leave campaign', *NewStatesman*, 20 June 2016, http://www.newstatesman.com/politics/staggers/2016/06/nissan-take-legal-action-against-vote-leave-campaign, (accessed 14 September 2017).

In the absence of a comprehensive EU trading deal, or perhaps a bespoke trade deal for the UK auto industry, UK auto manufacturers face the prospect of 10 per cent export tariffs on their vehicles—the terms of international trade stipulated by the WTO—and import tariffs on necessary components sourced from the continent.[28] These potential costs to Nissan, per its own estimate, are not insignificant, and could run as high as half a billion pounds per year.[29] Following the 2016 referendum, Nissan's global and European leadership stated publicly and in government settings that the future of Nissan's UK operations depend on the ability of the government to ensure the status quo in terms of trade with the EU, whether through a trade deal or with additional corporate welfare to compensate Nissan for any Brexit-related costs.

In September 2016, Carlos Ghosn, then-CEO of Nissan and now Chairman, said that Nissan might cancel plans for new production lines at the Sunderland plant if the government did not guarantee auto manufacturers that it would compensate them for any costs created by Brexit.[30] A month later, Ghosn met with Prime Minister Theresa May at Downing Street to discuss Nissan's concerns for its UK operations and to state its demands. Simultaneously, Nissan sent a letter to Greg Clark, business secretary, that was obtained and reported on by *The Times*, which detailed the company's requests for government funding and investment that appear, as we shall see, to have been met.[31]

In the letter reported on by *The Times*, Paul Wilcox, chairman of Nissan Europe, drew attention to a project to give a second life to Nissan car batteries for electricity storage use in private homes. Less than six months later, in March 2017, Innovate UK granted nearly £400,000 to a company called Powervault to do just that—in partnership with Nissan.[32] Wilcox also revealed in the letter other 'immediate tangible requests' with which Nissan hoped the government would assist. These included funds to promote the use of electric vehicles and for investment in infrastructure to support their use. Subsequently, a series of announcements from the Office for Low Emission Vehicles outlined plans to fund projects in this vein. One scheme, valued at more than £109 million and announced in April 2017, includes funding for projects that 'address gaps in and strengthen the UK supply chain' for driverless and low-carbon vehicles.[33] This particular strand of funding echoes a further demand made by Nissan's head of European manufacturing, Colin Lawther, that the UK

[28] D. Boffey, 'Brexit: UK carmakers "sitting on their hands" rather than investing', *The Guardian*, 27 April 2017, https://www.theguardian.com/business/2017/apr/27/brexit-uk-carmakers-sitting-on-their-hands-rather-than-investing?utm_source=esp&utm_medium=Email&utm_campaign=GU+Today+main+NEW+H+categories&utm_term=223537&subid=17549061&CMP=EMCNEWEML6619I2, (accessed 14 September 2017).

[29] J. Walker, 'Nissan's 7,000-job Sunderland plant is under threat if there's no EU trade deal', *ChronicleLive*, 28 February 2017, http://www.chroniclelive.co.uk/news/north-east-news/nissan-gives-fresh-signals-production-12667340, (accessed 14 September 2017).

[30] S. Farrell, 'Nissan demands Brexit compensation for new UK investment', *The Guardian*, 30 September 2016, https://www.theguardian.com/business/2016/sep/30/nissan-hard-brexit-compensation-new-uk-investment-tariffs, (accessed 14 September 2017).

[31] S. Coates, 'Government accused of bowing to Nissan's electric car demands', *The Times*, 10 May 2017, https://www.thetimes.co.uk/edition/news/government-accused-of-bowing-to-nissans-electric-car-demands-87ljk2gp6, (accessed 14 September 2017).

[32] UK Government, 'Innovate UK: results of competition', [online document], https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/608884/First_of_a_Kind_Phase_2_-_Competition_Results.pdf, (accessed 14 September 2017).

[33] UK Government, 'Press release: over £109 million of funding for driverless and low carbon projects', *GOV.uk*, [web page], 11 April 2017, https://www.gov.uk/government/news/over-109-million-of-funding-for-driverless-and-low-carbon-projects, (accessed 14 September 2017).

government create a £100 million fund to support the development of an automotive supply chain to support Nissan's operations.[34] Hardly a coincidence.

While the government has to date denied that it made any kind of special deal with or assurance to Nissan, just two weeks after Ghosn's October 2016 meeting with the prime minister, Nissan announced that it would expand its Sunderland operations and begin building the new Qashqai and X-Trail SUV. Ghosn said at the time that 'the support and assurances of the UK government' were central to this decision.[35]

In fact, Lawther testified before The International Trade Committee in February 2017 that Nissan had received some kind of assurance from the government that it would protect the company's interests and its bottom line. Emphasising that Nissan was not looking for handouts, but rather, compensatory tax relief, he stated:

> We believe that we have to have a competitive business. And a business that is propped up by grants or incentives is not a sustainable business. So it's not a money question. [Carols Ghosn] was talking about compensatory measures so tax measures or infrastructure measures of competitive measures.

Lawther later elaborated that such measures could include a lower corporation tax rate or 'free import duty'. Then, he pushed the government to provide considerable more funding to the automotive supply chain:

> By far the most important going forward . . . I do believe the government is underfunding and I believe there should be more assistance in the supply chain . . . The supply base in the UK is not competitive . . . Nissan will not succeed in future unless the government does something to help our supply chain. This [£100 million investment] is critical. If we don't really invest in the supply base it will be a house of cards effect.

Despite the assurances that the government has made to Nissan and the granting of funding requests that followed the company's demands issued since the autumn of 2016, Nissan's leadership have stated numerous times that the company will reevaluate its operations in the UK after Brexit negotiations have finished. It would seem that Nissan has adopted this position because, like other representatives of the UK automotive industry, the company's leadership doubt that the UK will be able to reach a trade deal with the EU by the time exit negotiations come to a close in 2019.

On June 20, 2017, the Society of Motor Manufacturers and Traders (SMMT) released a statement calling for the UK government to negotiate an interim bespoke trade agreement with the EU for the automotive industry while carrying out Brexit negotiations in order to avoid this problem.[36] In the statement, Mike Hawes, SMMT Chief Executive, said,

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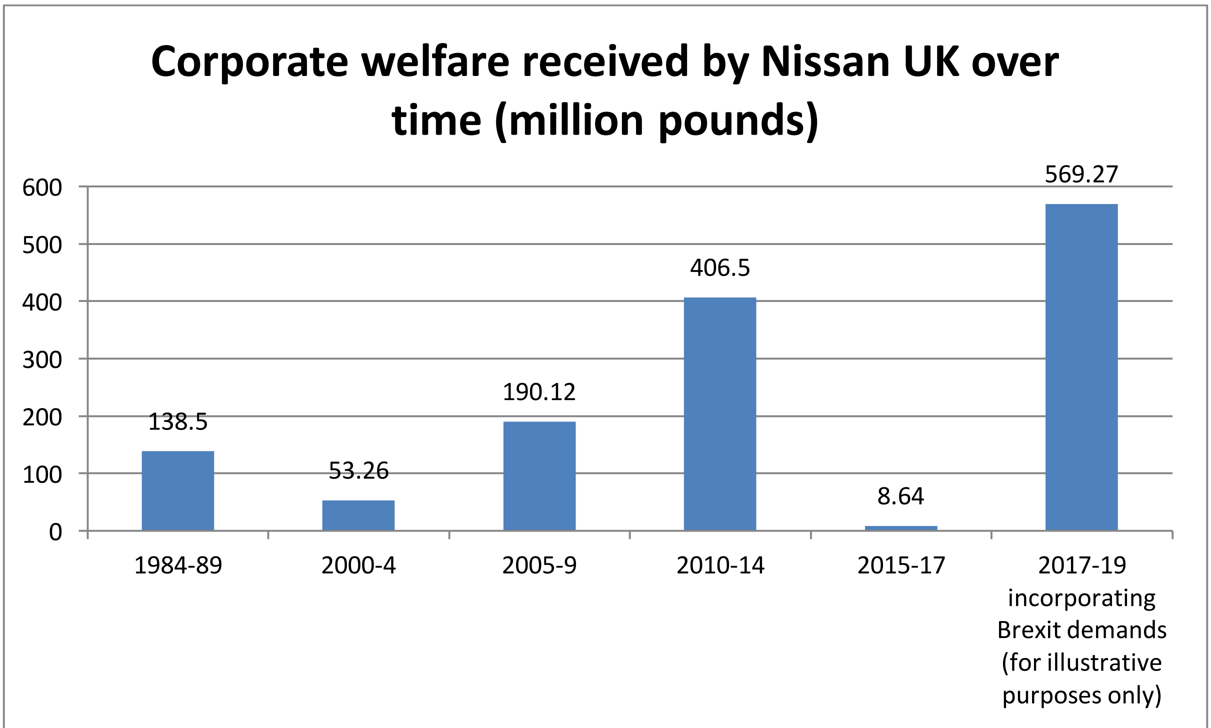
[34] Commons Select Committee, 'What commitments did the Government make to Nissan?', *www.parliament.uk*, [online video], 28 February 2017, https://www.parliament.uk/business/committees/committees-a-z/commons-select/international-trade-committee/news-parliament-2015/uk-trade-options-beyond-2019-nissan-evidence-16-17/, (accessed 14 September 2017).

[35] I. King, 'Nissan investment raises more questions than answers', *Sky News*, 28 October 2016, http://news.sky.com/story/nissan-investment-may-come-at-significant-cost-10634181, (accessed 14 September 2017).

[36] SMMT, 'UK automotive calls for "business as usual" interim arrangements to avoid cliff edge', *SMMT: Driving the industry*, [web page], 20 June 2017, https://www.smmt.co.uk/2017/06/uk-automotive-calls-business-usual-interim-arrangements-avoid-cliff-edge/, (accessed 14 September 2017).

> We accept that we are leaving the European Union and we share the desire for that departure to be a success. But our biggest fear is that, in two years' time, we fall off a cliff edge—no deal, outside the single market and customs union and trading on inferior WTO terms. This would undermine our competitiveness and our ability to attract the investment that is critical to future growth. That's why we have to be honest with ourselves. If the UK cannot secure—and implement—a bespoke and comprehensive new relationship with the EU in two years' time, we need a back-up plan. Having looked at all the alternatives, we need government to seek an interim arrangement whereby we stay within the single market and customs union until that new relationship is implemented.

What this statement and those of Nissan's leadership indicate is concern for the uncertainty that shrouds the UK's trading future with the EU. While this may appear to be primarily a problem for the companies affected, it is in fact a serious problem for many others. There are, first of all, the jobs and livelihoods at stake of not just the 7,500 people working for Nissan UK, but also of the nearly 30,000 working in the automotive supply chain whose jobs are indirectly supported by Nissan's operations. But, there's a lot at stake for the British public too, because this uncertainty gives Nissan nearly unprecedented bargaining power with the UK government. These circumstances put the government in the position of having to give Nissan exactly what it wants in order for the company to remain in the UK.



Given the history, this should be a troubling proposition to citizens of the UK. Already, the corporate welfare provided to Nissan has been on an upward trajectory over time. As the graph above illustrates, government support for the company more than tripled during 2010-14 period over what it was during 2005-9. Then, it more than doubled, jumping to £406.5 million during the period from 2010-14. But this pales in comparison to what the company is demanding should the UK government fail to negotiate a favourable EU trade deal post-Brexit. In such an event, the cost to the UK government of retaining Nissan's investment in the North East would be in excess of £500 million per year.

So far, Theresa May's government seems keen to give Nissan what it wants, having already granted its requests for investment in the supply chain and in its new electric home battery initiative. Will the government go so far as to compensate Nissan for the half a billion pounds per year it estimates Brexit could cost them? Such an extreme is unlikely, but its actions to date in regard to Nissan certainly suggest that it will provide some form of significant compensation.

Conclusion: which way now?

Nissan is a huge, successful transnational corporation that showcases the kind-of innovation and entrepreneurial zeal that is supposed to set the private sector apart from the public sector. There is no doubting the contribution of Nissan to the UK economy and to the North East in particular. Yet, as this report reveals, its success depends on a wide-range of taxpayer support measures—here referred to as *corporate welfare*.

In addition to this, Nissan's loyal, productive workforce is what ultimately underpins the majority of the company's profits. But despite its dependence on British citizens, Nissan has been engaged in a post-Brexit contest to test 'who' will blink first in its negotiations for a more favourable deal for the company.

With EU member states like France, Germany and Ireland competing for the business of those currently considering taking their operations outside of the UK, the government was forced into a position by Nissan where it had to agree to further undisclosed demands. Nissan illustrates how Brexit has empowered such corporations at the expense of UK society as a whole. With all of these facts laid bare, it is important to continually scrutinise whether ongoing support to Nissan represents good value for taxpayers in the way is has been, and will continue to be, provided.

The present government is poised to follow through on the Conservative manifesto pledge to pump £25 billion into the economy through a host of investment streams, some of which will take the form of corporate welfare to the automotive industry and other sectors. The additional help for Nissan may well have been necessary to retain its investment. And Nissan may well know that it has got the UK government and its citizens over a barrel. But such demands made by and support on this level for one company is not only unprecedented, it is unsustainable.

We argue that all the support to Nissan should be transparent and carefully and thoroughly monitored in terms of its advantages for taxpayers more generally. We also argue that state support should be conditional and used to leverage a better deal for citizens. This is, after all, the basis of social welfare. As it is, corporate welfare carries no such guarantees of positive returns for the UK and its citizens. At a minimum, the UK government should tie any further support for Nissan to the promise of longer-term investment. And taxpayers should be able to expect a degree of loyalty and good citizenship from companies that receive state support. Citizen-taxpayers deserve no less. And Nissan's workforce and citizens in the North East deserve even more.

Appendix: Fact File: Nissan (2017)

Disclaimer: The following information has been compiled from publicly-available records. Please get in touch with us if you would like to discuss any aspect of this report or if you believe any of it to be inaccurate and we will endeavour to correct it.

Fact File: Nissan (2017)

Basic information

UK head company: Nissan Motor Manufacturing (UK) Ltd
International parent: Nissan Motor Co, Ltd, based in Japan
UK headquarters: Sunderland
Company number: 01806912
Accounts available to: 31st March 2016

	2015/16	2014/15	2013/14	2012/13	2011/12	Five year average
Employees	7,457	7,241	7,564	6,695	5,863	6,964
Turnover	5,188.988	5,262.267	5,319.117	4962.649	5056.105	5,157.825
Profit before tax	129.623	104.469	70.238	-7.958	-23.316	54.611
Profit after tax	116.941	96.169	50.568	0.797	-8.129	51.269
Tax paid	19.963	21.230	19.670	-1.700	-5.836	10.665
Corporation tax	27.066	17.099	0	0	0	8.833
Other current tax	0	0	-1.267	-2.803	-7.947	-2.403
Deferred tax	-8.003	5.791	20.937	1.103	2.111	4.388
Capital allowances	not given	-11.238	10.420	11.002	4.138	3.581
Government grants received	0	17.890	12.283	9.200	3.200	8.515

All figures except for employees are in million pounds

Company Structure

"The company sells its finished vehicle production to the European group head trading company Nissan International SA (NISA), based in Rolle, Switzerland… this agreed trading structure with NISA has been in place for several years" (Nissan Motor Manufacturing (UK) Limited, 2015).

Subsidies/Grants/Loans

Nissan has received support in various forms over the past two decades.
The level of initial tax-payer funded support is provided in Parliamentary answers to questions. In 1984, Norman Lamont (then Minister of State for Trade and Industry) told the House of Commons:

> *Taking the estimated capital costs of phase I and phase II together of some £350 million, total Government assistance including SFA would therefore be up to some £88 million in a development area, or up to some £112 million in a special development area, depending on eligibility.*
>
> *http://hansard.millbanksystems.com/written_answers/1984/feb/08/nissan-motor-company#S6CV0053P0_19840208_CWA_35*

The actual cost is difficult to uncover, as are related sums. Nissan itself still noted, in 2015, that an undisclosed amount was paid to support the "construction of buildings in 1989" (Nissan Motor Manufacturing (UK) Limited, 2015).

In 2017, the North East Regional Development Partnership received a grant of £42,200,000 towards developing an International Advanced Manufacturing Park next to Nissan's factory in Sunderland. The Financial Times noted that "while Nissan will not be the sole beneficiary, the… funding is in line with the UK government's pledge to the company to increase the use of British companies in the automotive supply chain" (Bounds, 2017).

Form of support	Value	Year	Notes
Loans			
	70,000,000	2013/14	Loan from the European Investment Bank towards improvements to the Leaf (Nissan Motor Manufacturing (UK) Limited, 2014).
	200,000,000	2011	Loan from the European Investment Bank (European Commission, 2011).
	180,000,000	2008/09	European Clean Transport Facility loan from the European Investment Bank, of €400 million, shared roughly equally between the UK and Nissan's Spanish affiliate (Nissan Motor Manufacturing (UK) Limited, 2009).
R&D grants			
	7,151,000	2016	For work on a high energy density battery (UK Government, 2016).
	3,949,048	2010	REEVolution scheme, research into Range Extended Electric Vehicles (REEV) and Plug-in Hybrids Electric Vehicles (UK Government, 2016).
	43,120	2016	Towards a "high power density SOFC stack module".
	45,248	2017	Light-join project for "joining technologies to enable implementation of lightweight structures in automotive" (UK Government, 2016).
	622,000	2009 on	Five further research and development and development grants awarded since 2009 (UK Government, 2016).
	2,460,000	2008/09	Awarded under the Switch EV strand of Technology Strategy Board's Ultra Low Carbon Vehicles Demonstrator Programme (UK Government, 2016). "As part of Switch EV, Leaf vehicles were given to three individuals, three businesses, three local authorities and three Nissan employees for six months each" (Nissan Motor Manufacturing (UK) Limited, 2011).
Grants			
	1,400,000	2015	Matched funding "for training over 1,700 employees at [Nissan's] Sunderland plant, helping them win new contracts in the future" (HM Treasury, 2015).
	9,000,000	2012	£9 million grant from the Regional Growth Fund towards production of the Nissan Note (BBC, 2012) (Nissan Motor Manufacturing (UK) Limited, 2013)
	18,400,000		Business Investment Schemes relating to the Nissan Note and Infiniti (Nissan Motor Manufacturing (UK) Limited, 2014).
	6,200,000		To support production of the Nissan Juke (Nissan Motor Manufacturing (UK) Limited, 2012).
	20,700,000	2010	To secure the manufacture of the Nissan Leaf and its batteries in Sunderland, both awarded in 2010 (Nissan Motor Manufacturing (UK) Limited, 2010).
	2,000,000		Grant for Business Investment for a new electricity substation for the battery plant (Nissan Motor Manufacturing (UK) Limited, 2012),
	5,000,000	2005	To support production of the Nissan Qashqai (Nissan Motor Manufacturing (UK) Limited, 2012).
	1,938,000	2009	To support assembly of petrol engines (Nissan Motor Manufacturing (UK) Limited, 2009)
	1,248,000		Casting and machining project (Nissan Motor Manufacturing (UK) Limited, 2012).
	100,000	2008	A grant of approximately £100,000 towards training, awarded in 2008 by the East of England Development Agency (European Commission, 2008).
	3,260,000	2003	Awarded in 2003 to produce a coupe version of the

			Nissan Micra. The grant was based on production levels; production stopped in 2009, by which time more than £2.61 million had been drawn down (Nissan Motor Manufacturing (UK) Limited, 2009).
	45,000,000	2001	Awarded in 2001 for the development of replacements for the Nissan Primera and Micra (Nissan Motor Manufacturing (UK) Limited, 2011).
	5,000,000	2000	Awarded in 2000 for work on part of the Sunderland site to produce the Nissan Primera (European Commission, 2000).
		1989	"A substantial grant made in 1989 for the construction of buildings" No figures available, but the funds are being released over 35 years and continue to be mentioned (although not itemised) in current accounts (Nissan Motor Manufacturing (UK) Limited, 2015).
	125,000,000	By 1988	Grants towards construction of factory (Cornelius, 1988) (The Times, 1990).
Other support	75,000,000	2011	The Nissan Leaf is eligible for the Plug-In Electric Car Grant, at a value of £5,000 per vehicle until March 2016, then £4,500. With 15,000 UK sales of the car by September that year, this places an upper bound of £75 million on the subsidy (Nissan, 2016) (Office for Low-Emission Vehicles, 2016).
	12,000,000	1984	Discounted rate for purchase of land: £2.4 million for 400 acres, with an option to buy a further 400 acres by 1991 for £2 million (Aaron, 1999).
	1,500,000	1984	Derelict Land Grant to cover 100% of cost of decontamination of land (Aaron, 1999).
		1980s	Development grants were guaranteed at 22% rate on plant and machinery, despite cut in rate to 15% in November 1984 (Hetherington, 1986).
TOTAL SUPPORT (including loans)	**797,016,416**		
TOTAL SUPPORT (excluding loans)	**347,016,416**		

Dates given are for confirmation of award; in some cases, awards were paid over several years.

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