



HOUSE OF COMMONS
LONDON SW1A 0AA

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The Rt Hon Theresa May MP
Prime Minister
Prime Minister's Office
10 Downing Street
London
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06 February 2019

Dear Prime Minister,

I am writing to you regarding Nissan, and their decision to build the new X-Trail model in Japan, rather than in Washington in my constituency as originally planned. As I am sure you can appreciate, news of this decision will have been a cause of great concern to the almost 40,000 people who either work at the plant in Washington, or in its supply chain.

Although Nissan have confirmed that no current jobs are to be lost as a result of this decision, the manufacture of the X-Trail would have resulted in an additional 740 jobs at the plant alone. These future employment opportunities would have been hugely welcome in our region which has suffered considerably in recent decades due to the decline of manufacturing and heavy industry, and nine years of austerity policies.

We know that there are a number of factors behind the decision that has been taken by Nissan including concerns around the transition away from diesel and falling sales of diesel vehicles. However, it would be naïve to ignore the impact that the ongoing Brexit uncertainty is having. Indeed in an initial statement on this decision, Nissan confirmed that 'The continued uncertainty around the UK's future relationship with the EU is not helping companies like ours to plan for the future.'

This uncertainty is not just having an impact on Nissan, but the wider automotive industry also. Just last week the Society of Motor Traders and Manufacturers (SMMT) issued a stark warning in light of the news that investment in the UK car sector almost halved last year. They noted that Brexit uncertainty has already 'done enormous damage' and that 'With fewer than 60 days before we leave the EU and the risk of crashing out without a deal looking increasingly real, UK Automotive is on red alert.'

During the statement in the House on Monday 4th February 2019 on Nissan by Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy (BEIS), I asked him what immediate steps the Government would be taking in order to reassure the whole UK automotive industry. Unfortunately, no meaningful assurances were provided.



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I also met with Greg Clark and other MPs from the North East on Tuesday 5th February 2019, although unfortunately no such assurances were received at that meeting either.

Considering the significance of the UK automotive industry to the British economy, and the concerns in my constituency, I would now be grateful if you were able to address three key concerns relating to this matter.

Funding

On Monday, Greg Clark confirmed to the House that 'In 2016, Nissan initially considered applying for a total of up to £80 million in support over nine years for skills training, research and development, and environmental improvements, and it was eventually awarded £61 million—around £7 million a year over nine years.'

He also said that 'Grant support for training and development and for environmental improvements were applied for and approved by the Industrial Development Advisory Board on the basis that both the Qashqai and the X-Trail models would be built in Sunderland. Given yesterday's announcement, if the company seeks to participate in those industry funding schemes—as I hope and expect it will—it will submit new applications in the standard way and undergo a process of independent assessment.'

Given the circumstances surrounding this issue, are you able provide a firm assurance than any new application by Nissan for such funding will be considered fairly, and independently?

'No-Deal'

A 'No-Deal' Brexit would be a catastrophic outcome for Nissan, the automotive industry, the North East and country more widely, and my constituents. There are just 51 days to go until we are due to leave the European Union (EU), and we are already seeing the impact that the threat of leaving without an agreement is having. Major suppliers to care homes and hospitals are stockpiling food, the Department of Health has started to stockpile six weeks' worth of prescription-only and pharmacy medicines, and many businesses across the country have spent significant sums of money preparing for such an eventuality.

In my capacity as Shadow Minister for Public Health, I met with Gilead Sciences this week who told me that they are spending millions of pounds on stockpiling HIV Antiretroviral drugs, as it is essential that people taking such medicine never have a break in doing so.

Just this week I received an email from a small importer in my constituency, who has just lost a significant contract with an EU supplier due to the fact that they do not know what our trading arrangements will be in six weeks' time.



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Representatives of the automotive industry have consistently and firmly stated that they are absolutely reliant upon the current integrated supply chain which works on a Just-in-Time basis, with the arrival of parts at plants timed to the minute. Any disruption to this supply chain caused by a sudden departure from the EU without a deal could have a hugely detrimental impact.

On Tuesday the 29th January 2019, a majority of MPs voted to reject a 'No-Deal Brexit'. Given the considerable impact that such a scenario could have on my constituents and our country, are you able to confirm that you respect the result of that vote, and therefore rule out leaving the EU without an agreement?

Do you also agree with your Government's Secretary of State for BEIS that the UK must rule out a no-deal Brexit by mid-February, as he suggested in an interview with the Financial Times, and again during Business, Energy and Industrial Strategy Committee questions on Wednesday 6th February 2019?

Greg Clark MP also rightly pointed out at those questions, that for those exporting to places such as Japan who operate on a six-week time scale for exports by sea, next Friday is realistically the time by which they need to know what the trading arrangements will be once those goods arrive. Do you agree, and if so when will MPs get the chance to vote on a re-negotiated deal?

Customs Union

There is undoubtedly an ongoing impasse in Parliament over Brexit. Despite many MPs having numerous issues with the Withdrawal Agreement and Political Declaration, your Government has taken the decision to focus solely on the backstop as a way out of this deadlock. It is widely accepted that the EU has said there will be no re-opening of the Withdrawal Agreement in order to re-negotiate the backstop, and it is therefore somewhat confusing that you have chosen to pursue this path regardless of the accepted reality of the situation.

The automotive industry, along with many other businesses, has been consistent in stating that the continuation of frictionless trade after Brexit is a key requirement for the continuation of successful operation in the UK. In the letter that Greg Clark MP sent to Nissan in 2016, he confirmed that it would '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'.

Yet with just six weeks to go until we are due to leave, your Government is refusing to countenance the idea of remaining in a Customs Union post-Brexit, and the assurances above provided by Greg Clark have ultimately turned out to be false.



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For the past year Labour has been calling for the Government to negotiate a new, permanent customs union with the EU. This would be UK-wide (i.e. including Northern Ireland) and cover all goods. It would seek to replicate the terms of the current EU customs union so that goods could continue to travel without tariffs or impediments between the UK and the EU.

In light of Nissan's decision not to build the new X-Trail in Sunderland, and the numerous warnings from industry about the dangers of not having frictionless trade, will you now reconsider the option of a negotiating a new customs union with the EU?

As I am sure you will appreciate, the above issues are extremely pressing and concerning for my constituents. Any further information, or assurances that you are able to provide would be hugely welcome.

Due to the significant public interest in this issue, I have immediately made a copy of this letter public.

Yours sincerely,

A handwritten signature in black ink, reading "Sharon Hodgson".

Mrs Sharon Hodgson MP

Member of Parliament for Washington & Sunderland West Constituency
Shadow Minister for Public Health