

Auto maker Nissan given “support and assurances” by UK government

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The European Commission (EC) has indicated a possible investigation into the deal struck last month between the UK Conservative government and Japan’s auto-manufacturer Nissan.

Nissan is to build two key models at its Sunderland plant after it was given “support and assurances” over the possible impact of Britain’s exit from the European Union (EU). Business Secretary Greg Clark confirmed that one such assurance is that the government will seek tariff-free access to EU markets for the car industry, while denying that a “cheque book” was involved. The plant employs 7,000 people.

Any such agreement may be in breach of EU rules against providing unfair state aid to companies, which govern the UK until the conclusion of Brexit. An EC spokesperson said, “The UK authorities have not notified any support to Nissan for assessment under our state aid rules and we’ve therefore not taken any formal view of this matter.”

The deal was announced just weeks after CEO Carlos Ghosn threatened that Nissan would only build the Qashqai and the X-Trail SUV models in Britain if he received a guarantee of compensation to offset the cost of any trade tariffs should Britain leave the EU’s single market. At stake is a double-figure tariff on thousands of car components imported from the EU and on the export of more than half the production lines to the EU.

The decision prompted a storm of protest from other auto manufacturers in Britain, along with the aerospace, defence and pharmaceutical industries and the financial institutions—all denouncing the “secret deal”, demanding to know what assurances had been given and insisting on similar concessions for themselves. All these companies are concerned about regulation, the ability to recruit foreign staff, access to science funding as well as trade barriers.

Prime Minister Theresa May welcomed Nissan’s announcement as “fantastic news” and a vote of confidence in the UK. It is nothing of the sort. It sheds light on the politically servile relationship between the government and major corporations and financial institutions. Post-Brexit, all of them are lobbying Downing Street, demanding promises and policies to ensure their continued and increased profitability that can only come from the increased exploitation of the working class in a global race to the bottom.

Just four days later, the government was forced to admit that it had made a written commitment to support Nissan, but denied that it had made any special concessions. It outlined some of the details of its letter to Nissan, but declined to publish the agreement because it contained “commercially sensitive information.”

Clark told the BBC’s “Andrew Marr Show” that there had been “lots of communications between us” at the highest levels. The government’s key objective in its negotiations with the EU would be to secure continued tariff-free access to the Single Market, he stressed. His letter apparently outlined four elements of the government’s support for the auto industry: continued support for “competitiveness”, an increase in small and medium sized firms involved in the industry’s supply-chain, the backing of research and development, as well as seeking “unencumbered” trade.

Commentators have seized on this as indicating that the government, which seemed to be leaning in its public comments towards a “Hard Brexit”, including losing access to the Single Market, was in reality seeking a “Soft Brexit”, or customs union with the EU at least for key sectors.

However, this is not in the government’s power to

deliver. Sectoral deals are a non-starter with the EU, since others would follow suit, presaging the collapse of the EU under a mess of protection and subsidies. Furthermore, the World Trade Organisation's (WTO) "most favoured nation principle" means that Britain would have to offer tariff-free access to the rest of the world as well.

The EU has already indicated that the primary condition for Britain's customs-free access to the Single Market is dependent on the acceptance of the free movement of people and the jurisdiction of the European Court of Justice. May has rejected both of these in deference to the Conservative Party's most xenophobic right wing.

Even if the government were to accept these conditions without splitting the Tory party, it is still far from clear that it will be able to reach an agreement with the EU over access to the Single Market.

Crucially then, the government's only bankable pledge is open-ended commitment to fund training and skills, regional relocation grants, scientific research and keeping industry "competitive." The least that can be said of the first three assurances is that it will end up costing the earth for the taxpayer and must come at the expense of other social expenditure. This is under conditions where the Institute of Fiscal Studies has forecast lower tax receipts than expected in last March's budget, due to weak growth and increased borrowing of £25 billion by 2019-20.

At the same time, "keeping the industry competitive" and "bringing home the supply chain" lost to international rivals means a pledge to enforce a low-wage regime, along with the removal of what remains of the social safety net to ensure the acceptance of slave labour conditions, and a dictatorial regime to enforce it.

This has done the trick for Nissan, which has said it wanted to develop Sunderland into a "super plant" that would build more than 600,000 cars a year. Didier Leroy, the chief competitive officer and executive vice-president of Toyota, which has a large factory in Derbyshire, also said that he had "trust in the UK government that it will offer fair treatment" for companies when negotiating its exit from the EU.

Jaguar Land Rover, the largest auto manufacturer in the UK, admitted that it too had been "reassured" by the government about access to the free market during private discussions.

It is believed that the government has promised to protect farmers, construction industries, care homes and the National Health Service that are dependent upon low-wage migrant workers. The big banks are also determined to retain the free movement of their staff and the ability to sell their services across Europe.

This is the real meaning of post-Brexit Britain: a bonanza for big business and financial elite, who can afford to lobby the government, via an escalating offensive against the working class, for innumerable forms of State Aid outlawed under EU law, and sweetheart deals.

The trade unions for their part have welcomed Nissan's announcement, as did Labour Party leader Jeremy Corbyn, who made only qualified remarks, with concerns about a secret deal between the government and the corporations and the importance of equal treatment for all industries and manufacturers.



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