D Telegraph 28520

# Sunderland plant safe after Nissan closes Spanish factory

Japanese giant's decision to focus European production in the UK sparks protests by workers in Barcelona who stand to lose their jobs

By Alan Tovey, Industry Editor 28 May 2020 • 11:10am

Nissan workers burn tyres in front of the Barcelona factory after the decision to end production in Spain

The future for Nissan's Sunderland plant looks to be secure for years after the Japanese company said it will shut its Spanish factory.

Closing the Barcelona plant means the UK factory will become Nissan's European manufacturing hub.


Sunderland has about 6,000 employees and supports about 27,000 jobs in its supply chain.

Shutting the Spanish plant, which has 3,000 staff, along with two smaller factories nearby, could mean production of models relocated to the UK.

Production in Barcelona ground to a halt at the start of this month when some staff went on strike after plans to cut a fifth of the workforce were announced.

Spanish foreign minister Arancha Gonzalez Laya said: "We regret this decision by Nissan ... despite the enormous efforts by the government to keep the business going."

Despite the closure, Nissan said Europe remains “important” to the manufacturer.

The move comes despite strong warnings from senior Nissan staff that Brexit and the possible imposition of trade tariffs along with added red tape could mean the end for Sunderland.

In October, Gianluca Di Ficcy, Nissan Europe chairman, sounded the alarm while on a visit to the plant to celebrate production beginning of a new model.

“If no deal means tariffs, our European business model will be in jeopardy,” he said, warning that production would not be affordable. “A 10pc additional cost [from tariffs] means a 10pc additional loss.”

Spanish closure plans were revealed on the same day as a press conference alongside Nissan’s alliance partners Renault and Mitsubishi during which they warned the “global context has changed radically” because of coronavirus.

Nissan also posted annual results, revealing a net loss of 671bn yen (£5.1bn) loss - its biggest in 20 years - on revenues down almost 15pc at 9.9 trillion yen.

The loss - reversing the 319bn yen profit for the previous year - was partly driven by 603bn yen of writedowns and restructuring costs as market share fell.

Nissan said sales in the year to the end of March fell 10.6pc to 4.93m vehicles, against a wider market fall of 6.9pc.

Looking ahead, the company forecast global sales by all manufacturers would drop between 15pc and 20pc in the coming year, but said the situation was too uncertain to make predictions about its own performance.

However, Nissan’s sales were in decline even before coronavirus sent the automotive industry into freefall.

Makoto Uchida, chief executive, has already been overseeing plans to trim about one in 10 workers - some 12,500 staff worldwide.

He said: “We must focus on a growth path, as we have greater potential than that of today. We have learned from past mistakes and we have great assets. But we must admit failures and take corrective actions."

The restructuring plan is part of Nissan and its alliance partners to work more closely to cut costs and boost profits. However, the have ruled out a formal merger as former alliance chief Carlos Ghosn had been pushing for.

Mr Ghosn faces a trial in Japan for alleged financial crimes related to his time at Nissan but fled the country before the court hearing. He is now a fugitive and living in his childhood home of Lebanon.

Mr Ghosn has repeatedly denied the allegations, saying he was the victim of a coup by forces within Nissan who thought he was too powerful and did not want to see the Japanese company become even more intertwined with Renault.