



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

29 November 2016

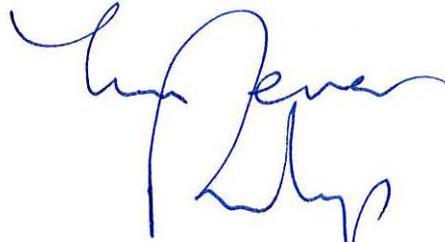
Rt Hon Andrew Tyrie MP  
Chairman  
Treasury Select Committee  
14 Tothill Street  
London  
SW1H 9NB

Thank you for your letter of 14 November. There is a standard process for departments to report to Parliament as and when they incur contingent liabilities. In this instance, the Department for Business, Energy and Industrial Strategy have confirmed that no new contingent liabilities have been created in respect of Government reassurances provided to Nissan. In any case, we expect any commitments incurring costs to be managed within existing overall DEL totals.

The Business Secretary has explained to Parliament that there were four reassurances that were important in securing the Nissan investment in the UK.

- That the Government would continue its longstanding programme of support for the competitiveness of the automotive sector. Any proposals from companies must be underpinned by a strong business case and tested against published eligibility criteria. All proposals are subject to rigorous external scrutiny by the independent Industrial Development Advisory Board. Any grants proposed under this programme will require explicit HMT approval.
- That the Government would continue to work with the automotive sector to ensure more of the supply chain can locate in the UK, particularly in close proximity to the major manufacturing sites.
- That the Government will maintain a strong commitment to the research and development, and take up, of ultra-low emission vehicles.
- That the Government, in its negotiations to leave the EU, will emphasise the common ground that exists between ourselves and EU member states to ensure that trade between us can be free and unencumbered.

On your final question, while HMG does not comment on individual cases and on discussions within Government, the Government is content that any action is entirely within state aid and WTO rules.

A handwritten signature in blue ink, appearing to read 'Philip Hammond', written in a cursive style.

PHILIP HAMMOND