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**Speech at the North East Economic Forum Annual Conference 2015,
The Stadium of Light, Sunderland
by Ambassador Keiichi Hayashi
on Thursday 15 October 2015**

Distinguished Members of Parliament, Ladies and Gentlemen,

Please allow me, at the outset, to express my sincere appreciation for inviting us to the North East Economic Forum Annual Conference. I really appreciate the initiative to focus on Japanese investment in the North East of England and find it a great honour to open today's discussion on this theme.

During my time as Ambassador to the UK, I have become very aware of the fierce rivalries between neighbouring cities, particularly in sports. So wherever I visit, I have to be very diplomatic in talking about football, for instance. Nowhere is this keen competition more passionately in evidence than in the North East. So I am glad that this event was scheduled this week rather than next, thus avoiding the frenzy of the North East derby.

I am also pleased to be visiting Sunderland again at what is an exciting time for the economy in the North East, as we approach a new stage in the development of this region as part of the plans for a 'Northern Powerhouse' and greater decentralisation. On the other hand Japan is on the rise. I am talking not just about rugby but primarily about its economy under the leadership of Prime Minister Abe. Many Japanese companies are feeling more optimistic due to monetary easing and high share values, and are now looking for investment opportunities wherever there is a good business environment.

The North East has an excellent track record of attracting foreign direct investment, including from Japan. The job creation figures in the region are already twice the national average. It has been said that, if the current trend of such investment continues, it will bring to the region economic growth on a scale never seen since the Victorian era. Japan can certainly be part of the efforts to this end.

The North East is the only region in the UK that has a consistent positive trade balance, exporting more goods than it imports. Last year it outperformed the rest of the UK as exports from the region grew by more than 7%, compared to a fall of nearly 4% elsewhere. The flourishing automobile sector and other manufacturing industries have played a large part in this achievement: machinery and transport goods account for more than half of all exports from the North East.

Today I had the pleasure of visiting the Port of Tyne, which is not just one of the landmarks of this region but has also played a huge role in the economic success of the North East. The Port of Tyne is the European export hub for Nissan cars produced here in Sunderland, and in August welcomed the world's largest car carrier vessel to its

shores. It was extremely impressive to see this 'gateway' at first hand, including a consignment of pristine Nissan vehicles ready to depart for Europe and the wider world.

They are symbols of the mutually beneficial Japan-UK economic ties and I was proud to witness Japan's material contribution to the thriving economy in this region.

I would not claim that all the economic progress of the region has been achieved by Nissan and other Japanese companies alone. But they have undoubtedly played a vital role, both directly and indirectly through the substantial ripple effects. They have created jobs, raised skill levels, and cultivated job loyalty and a strong work ethic in their factories, which in turn has helped improve manufacturing systems and raise productivity. What is more, these gains and positive practices have spread through the supply chain and beyond, contributing to the economic revival of the whole region as a land of possibility and openness.

As many of you know, Nissan last month announced its decision to invest a further £100 million to produce new-generation Jukes here, while on the same day Hitachi opened a new £82 million rolling stock manufacturing facility in Newton Aycliffe.

The positive impact from the 30-year-old Nissan factory here in Sunderland is already apparent: it not only employs 6,700 people directly, but also supports jobs for 20,000 people in local businesses through its supply chain.

Hitachi's plant will employ 730 workers for the current 30-year contract they have concluded with DfT, but they have a much longer, bigger ambition, both within the UK and beyond.

What is crucial is that Japanese investment, as exemplified by Nissan and Hitachi, is not just a one-off investment, but a firm, long-term commitment to the local economy. Indeed, this feature of Japanese investment and the business-friendly environment of this region have provided the solid foundation on which Japan and North East England have long enjoyed strong, mutually-beneficial economic ties, and they will be the driving engine for further prosperity.

I know that this region is facing a test of its solidarity in its debate concerning devolution. Whatever the outcome of this discussion, I believe that this process should strengthen regional power and coherence, thereby ensuring the North East can develop further as a global leader in advanced manufacturing.

I am also conscious of the fact that the huge progress achieved in North East England has been facilitated by cross-party support and goodwill. In this context, I look forward to hearing the insights of the new Shadow Business Secretary, The Rt Hon Angela Eagle, later today.

May I conclude by thanking everyone involved in organising this event, which I hope will draw attention afresh to the key role of Japanese investment in the North East and will contribute to further enhancing Japan-UK cooperation in this region.

Thank you.