

03.03.19- The Japan Times_ Is it all change for the auto makers

All good things come to an end – or so they so say.

Some sensation-seeking British journalists have just found an undoubtedly good thing which they claim is at an end. This is the massive and long-standing relationship between Japan and Britain in automotive manufacture.

The news that Honda is closing its plant at Swindon, after forty years, that Nissan is to make its new Xtrail model back in Japan rather than at its super-efficient plant in Sunderland, England, has been greeted as a clear sign that after all these years Japanese investment has lost faith in Brexit-minded Britain and is heading home.

The news that in other sectors both Panasonic and Sony are shifting their headquarters out of England and to somewhere on the European Continent has given further fuel to this story. Nor has it helped that Hitachi has just suspended involvement in one major British nuclear power project and Toshiba has withdrawn from another, although even the most frenzied opponent of leaving the EU would find it hard to attribute this to Brexit.

One part of the whole picture which is unquestionably true is that Japan's investment in the UK has not only been a commercial success but also a huge benefit for the transformation of the British economy over some fifty years. Incoming Japanese businesses in the 20th century faced Britain's obstructive trade union practices head on. Ludicrously restrictive work practices, limiting all innovation, were thrown out and poorly trained and embittered workforces rejuvenated with high tech production and top class working conditions – for instance with brand new plants in the Welsh mining valleys.

So even if it was true that the Japanese were now departing, (when in fact it is all a gross exaggeration) this would be the occasion for an enormous thankyou. The Japan investment factor, beginning with Sony's Morita's big new plant at Bridgend in the 1960s, played a major part in taking British industry out of its strike-ridden, post-war state into the modern era and preparing it for the wave of new technology revolutions to come. It would be like saying thankyou and goodbye to a first class consultant or doctor who had effected a complete cure and could go on their way with the job well done and much gratitude.

But of course this is all just fantasy. There is no general Japanese retreat from Britain. What may be going on is something entirely different – especially within the automotive sector -something which the average political and economic commentator finds it difficult to grasp. The entire world automotive industry is undergoing a radical refashioning.

Analysts forget, as they rush into print, that traditionally Britain has been extremely good at designing and producing motor vehicles. In the earlier part of the 20th century it led the world. It is true that British car manufacturing was ruined by militant trade unions, bad planning and weak management in the nineteen-fifties, and had to be rescued by foreign investors, Japanese, French and German. But there is no law of nature which decrees against a revival of British ownership in the totally changed conditions of a completely new Industrial technology and a new age of automotive design generally.

The opportunities for British-led entrepreneurs to move back in and build a different kind of auto industry, are growing all the time. A revived British-based motor industry would still need to work hand in hand with Japan's recognised world lead in automation and robotisation, and probably with car production in other countries as well. This is because The assembly of cars and their engines and electronic component parts is now a completely internationalised network business. There are skills and partnerships to be drawn on from a whole variety of countries, not just Japan, but Korea, Malaysia, Vietnam, Thailand, South Africa, Turkey, Brazil and of course China. Thanks to Japan's past reforming impact the British car scene is now ripe for moving into this new and different age, both in terms of entirely new enterprises, new products (for instance to meet the electric and hydrogen propulsion future) and new patterns of personal car use in an urbanised world. Millions living in cities are now asking why bother to own a car when you can always take

one on demand from a nearby stand, a Zipcar, or call up a vehicle and driver digitally within a minute.

International standards are of course required in car design and safety features. But these are coming to be settled globally and apply to vehicles destined for every market and running on every country's roads.

Britain intends to have a free trade agreement with the rest of the EU, just as Japan now has, so no border tariff will apply. As the next wave of globalisation beds in, and the actual processes and different stages of production and marketing of a unit such as a car are themselves internationalised, it will matter less and less where the stages occur or who owns the operation at various points, or what new name brand is on the product.

In this transformed world milieu no industry is escaping disruption. Some new investments may come, some old ones may go. Brexit is all part of a gigantic readjustment, which the whole of Europe is also experiencing and which reverberates in all corners of European politics. Life was always difficult for the international corporate investor in choosing into which country to commit big resources. It is about to get more so.
