

Inward investment and electrification boost North East automotive sector

Figures released last week that showed the North East had created the most jobs through inward investment of any UK region or nation were remarkable in a number of ways.

A total of 59 inward investment projects in the North East LEP area created 5,495 jobs, 2,000 more than the next most successful area. Though more jobs were created in London, when the area's populations are taken into account, the North East attracted proportionally nearly 50% more jobs than London.

Those jobs were created across a range of sectors, with Newcastle in particular seeing a number of technology consultancies setting up in the city in recent months.

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But there were also significant investments into the region's automotive sector, with that activity coming despite the car industry suffering significant challenges both during the pandemic and coming out of it.

One bright spot for the automotive sector during the last 12 months has been the rise in popularity of electric vehicles, and there are growing signs that the North East is well placed to take advantage of the significant shift away from petrol and diesel cars. Nissan this week advertised 300 new jobs as it switches to electrified versions of its Juke and Qashqai models, while its battery partner, Chinese firm Envision AESC, is pressing ahead with plans to expand production in Sunderland. Just up the North East coast, Britishvolt is pressing ahead with construction of the region's second battery gigafactory.

Last year also saw a £100m investment into the region by American firm Turntide Technologies, a firm whose investors include foundations led by Bill Gates, Amazon and actor Robert Downey Jr. In a deal led by automotive sector veteran Matt Boyle, Turntide bought three North East firms – Hyperdrive Innovation, Avid Technologies and BorgWarner Gateshead – that are all at the leading edge of the electrification process.

On a visit to the North East, Turntide chairman Ryan Morris highlighted why the North East was attractive to its investors.

“We’re definitely dedicated to the region,” he said, “we’ve got a lot of people here. Almost half of the people Turntide has globally are now based here and there’s a lot of good engineering talent here. With the the new gigafactories coming up, there’s a lot of investment coming in.

“Our focus now is on ramping up with existing and new customers. We want to make all the people we’ve brought on much more productive and effective. But we want to keep on expanding.”

The signs of positivity for the North East automotive sector, particularly around the switch to electric vehicles, could be tempered by some of the challenges facing the industry, however.

Last week the Society of Motor Manufacturers and Traders (SMMT) warned that UK vehicle-makers face a 50% increase in energy costs this year, part of inflationary pressures that have seen some analysts warning of a return to the economic climate of the 1970s.

SMMT chief executive Mike Hawes last week acknowledged that the automotive industry is being “hit hard just like it was hit then”, but he insisted there is a “big difference”.

He said: “Go back to the ‘70s, typified by poor management,

poor labour relations, hence poor quality. That's not the situation now. We have a global reputation for engineering excellence, innovation, admired and desirable brands from across the country.

"We have a strong foundation. We're still a powerhouse of international trade, with great wealth, contributing billions to the economy and supporting thousands of livelihoods in every corner of the country."

That optimism about the automotive sector – and other green industries – was shared by CBI director-general Tony Danker on a recent visit to the North East.

He said: "If you really want to level up, what you need is high value sectors and high value firms which, in turn, create sustainable higher wages. That idea that we get higher value sectors into regions of the country that haven't attracted them for the last 40 years, that is absolutely the private sector version of levelling up.

"What's really interesting now is that you're getting a kind of re-industrialisation after 40 years of de-industrialisation. It happened everywhere in the world, particular Western economies that gravitated towards high skilled service-driven economies. Now what you're starting to see is that these are the big areas of growth and they really don't need to be in the South East.

"This is one of the most geologically interesting areas of the entire world. Why all of a sudden are global energy companies massively interested in the North East? It's because of its inherent geological advantages. I think it will take a little time – you don't correct 40 years of de-industrialisation overnight. But there's no doubt that the momentum is here.

"Stay the course, double down."

Making cars – and all the parts that go into them – has been a

key part of the region's economy for decades. There are hopes that it could become even more important.

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