

# Renault to reduce stake in Nissan, rebalancing alliance

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The international auto alliance.

French automaker Renault will slash its stake in Japanese partner Nissan as part of a deal rebalancing the rocky alliance between the two companies, the firms said Monday.

The deal will also see Nissan take a stake in Renault's new electric vehicle venture Ampere, though the size of the investment was not immediately announced.

The agreement comes after months of painstaking negotiations, and repeated delays, as the two firms sought to reset their decades-old alliance after years of tensions.

The automakers called Monday's announcement "an important milestone" in "discussions on defining new foundations for their partnership".

The agreement is intended to "strengthen the ties of the alliance and maximise value creation", the statement issued simultaneously by both companies said.

Renault will reduce its stake from 43.4 percent to 15 percent, the same size as Nissan's stake in its French counterpart, in what the firms said would produce "a balanced governance".

Nissan will also invest in Ampere, "aiming to become a strategic partner", the firms said, without specifying how large the Japanese automaker's stake would be.

In November, Renault announced that it would split its operations in two—Ampere, and a separate subsidiary for petrol, diesel and hybrid cars that will pair up with China's Geely.



The French and Japanese automakers plan to reset their decades-old alliance after years of tensions.

But concerns at Nissan about future technology transfers to the Chinese carmaker, as well as details over the sharing of electric vehicle intellectual property, complicated the negotiations.

## **Shaky union**

The agreement is expected to be signed next week following board approval from both sides.

The international auto alliance began in 1999, when Renault rescued

Nissan from bankruptcy.

They were joined by Mitsubishi Motors in 2016, when Nissan took a 34-percent stake in its struggling Japanese rival.

But the union was destabilised by the 2018 arrest of Nissan boss Carlos Ghosn, who claimed the charges against him were intended to prevent him from bringing the Japanese and French automakers closer together.

The Renault-Nissan-Mitsubishi alliance was the world's top carmaker by sales in 2018, but has since fallen behind Toyota, Volkswagen and Hyundai-Kia.



Renault will reduce its stake from 43.4 percent to 15 percent.

Discussions between Nissan and Renault have been held behind closed doors and the announcement was repeatedly previewed but then postponed.

Still, analysts have described the rebalancing of the deal as a way to build confidence between the two carmakers, particularly after the fallout from the Ghosn scandal.

There is also scope for the firms to cooperate on electric vehicles, given Nissan's existing technologies and Renault's greater access to the European market.

After the deal is signed, the French automaker will not immediately sell the remaining 28.4-percent stake it holds in Nissan because the current market value of the shares is lower than that registered in Renault's accounts.

Instead, the shares will be placed in a trust for sale when prices improve, with no time limit placed on the process.

Its voting rights will be "neutralised" for most decisions, the companies said, but it will retain rights to dividends and shares' sale proceeds until it sells.





The deal will also see Nissan take a stake in Renault's new electric vehicle venture Ampere.

Work on the deal is still ongoing and must be approved by the boards of both companies. More details are expected to be announced next week.

Nissan shares slid 0.7 percent in Tokyo while Renault shares slumped around four percent in afternoon trading in Paris.

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