

Renault and Nissan hail 'rebalanced' alliance to bury tensions

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Nissan's Makoto Uchida (L), Renault's Luca de Meo (C) and Mitsubishi Motors' Takao Kato (R).

French automaker Renault and Japanese partner Nissan said on Monday they were opening a "new chapter" in their tension-marred alliance as

they signed a deal to reboot their 24-year relationship.

The "rebalanced" partnership approved by their boards will end Renault's dominant position, reducing its stake in the Japanese firm from 43.4 percent to 15 percent, the same size as Nissan's share in its French counterpart.

The agreement includes Nissan taking a stake of up to 15 percent in Renault's new electric vehicle venture Ampere, the companies said in a joint statement.

They also announced joint projects in Latin America, India and Europe for the production of pick-up trucks, SUVs and electric cargo vans.

The alliance began in 1999, when Renault rescued Nissan from bankruptcy. Mitsubishi Motors joined in 2016, when Nissan took a 34-percent stake in its struggling Japanese rival.

Tensions erupted in 2015 when the French state increased its stake in Renault. It was later reduced and an agreement was reached to cap the government's ability to interfere in the alliance's affairs.

The union was shaken again 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 board approved the overhaul on Sunday while Nissan signed off on it on Monday, a week after the agreement was announced, following months of painstaking negotiations.

Analysts have described the rebalancing of the deal as a way to build confidence between the carmakers, especially after the fallout from the Ghosn scandal.

"We must build a strong culture of transparency and respect," Nissan chief executive Makoto Uchida said at a press conference held on neutral ground in London.

The Renault-Nissan-Mitsubishi alliance—which today counts 375,000 employees worldwide—was the world's top carmaker by sales in 2018 but has since fallen behind Toyota, Volkswagen and Hyundai-Kia.

"The basis of this deal is that we are reactivating business operations like at the beginning of this alliance," Renault CEO Luca de Meo said in English.

"We will be consistent, result focused, generous and fair, as we have been on our side of the negotiations," he said.

'New agile partnership'

Monday's statement said the overhaul would "open a new chapter" for the alliance.

"This far-reaching programme paves the way for a renewal and strengthening of the 24-year partnership, creating a new agile spirit and harnessing the pioneering technologies of all three Alliance members," the statement said.

Japanese media said the deal marked the end of an "unequal" pact between the automakers.

Renault will not immediately sell the remaining 28.4-percent stake in Nissan, instead transferring the shares into a French trust because their current market value is lower than that registered in Renault's accounts.

They will be sold when it is "commercially reasonable" for Renault, with

Nissan having a right of first offer.

In November, Renault announced 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.

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.

Under the deal, Mitsubishi will also "consider investing" in Ampere.

Global projects

Michael Foundoukidis, analyst at Franco-German financial services group Oddo BHF, said the "pragmatism" of Monday's announcement was "welcomed by everyone".

"The goal was to try to convince that governance issues were resolved. It will take time," he said. "Investors have a relatively negative opinion about the alliance. It can only get better."

The agreement includes industrial projects that De Meo said could bring the companies billions of euros (dollars) each year.

In India, where Nissan has a factory, the Japanese and French companies will collaborate on several new projects including SUVs.

A new half-tonne pick-up developed by Renault and shared with Nissan will be launched in Argentina.

In Mexico, Nissan will produce a new model for Renault.

Renault will share its electric cargo van project in Europe, called FlexEVan, with Nissan.

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