

# Nissan-Renault on smoother road but speed bumps loom: analysts

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The new team in Renault's driving seat face some politically sensitive decisions, with the company ingrained in the French psyche

Renault's appointment of a new leadership duo to replace the detained Carlos Ghosn should ease tensions with Japanese partner Nissan, analysts say, although the French state's close involvement remains a brake on

ties.

Ghosn was the linchpin of the three-way alliance that also includes Mitsubishi Motors, credited with driving together a sometimes fractious threesome with headquarters 10,000 kilometres apart to become the world's top-selling auto group.

But his shock arrest in Tokyo on charges of financial misconduct immediately drove a wedge between Nissan and Renault, with dark mutterings in Paris of a "coup" orchestrated by CEO Hiroto Saikawa to depose his former mentor and seize more power within the group.

Saikawa himself confessed Thursday that communications had been "a bit difficult" since the arrest, noting that while Nissan had immediately jettisoned Ghosn as chairman, Renault kept him on as they awaited evidence against him.

However, the appointment of old Asia hand Thierry Bollore as permanent CEO and Jean-Dominique Senard from tyre manufacturer Michelin as chairman, should open a "new chapter" in ties, Saikawa told reporters in Tokyo.

Janet Lewis, head of transportation research at Macquarie Capital Securities, told AFP the alliance was "in many respects an unprecedented success story" and said it was "positive that Renault is moving forward" with Thursday's appointments.

But she added: "I believe it is less helpful that the French government seems to be so involved in the alliance."

## **'Passion to be independent'**

Much of the tension between the partners stems from a complex

ownership structure that gives Renault 43 percent of Nissan and the French state just over 15 percent in Renault—making Paris the pivotal player.

Nissan now outsells its French counterpart and its broad global footprint means it deserves to be seen as more than a junior partner, said Lewis.

"Renault should be prepared to alter the working relationship to reflect what Nissan brings to the table—among other things a very strong position in both North America and China, markets where Renault has limited to no presence," the analyst told AFP.

Seen from Nissan's perspective, the "strong interference" of the French state is "not fair", according to Takaki Nakanishi, an auto analyst based in Tokyo.

Ghosn rescued Nissan from the verge of bankruptcy by tying it to the alliance but now the Japanese firm "has a passion to be independent. They do not want to be part of the French state", said Nakanishi.



Carlos Ghosn took Nissan from the verge of bankruptcy and built it into the key partner of a fractious alliance

"They need to reduce their stake. That is the only solution to regain trust and make the alliance workable," added Nakanishi, as reports in the Japanese media said Paris was pushing for a full-on merger.

Gaetan Toulemonde, a French auto analyst at Deutsche Bank, told AFP that French interference is a problem and urged Renault to reduce its stake in Nissan.

"Don't forget Volvo more than 20 years ago. The marriage broke up because of the French state," said the expert, referring to a failed merger between Renault and the Swedish manufacturer.

## 'National property'

Despite ongoing strains, analysts generally agree the two firms are now so closely interconnected that a split would be catastrophic.

They need each other to develop the technology for electric vehicles, automated driving and connected cars—as well as to compete with the likes of Toyota and Volkswagen, said Lewis.

"Given their platform development for the next decade is already intertwined, divorcing now would be difficult" she added.

Nakanishi agreed, saying it would now be "impossible" now to end the alliance. "It took 20 years to get to this level. It would take 20 years to unwind," he said.

But Renault is also deeply ingrained in the economy and psyche of France, making any reduced presence politically sensitive.

"I want the French people to know: not a day goes by where we are not following as closely as possible the situation of Renault and the alliance," said Economy Minister Bruno Le Maire.

And the bond between France and Renault was summed up in an editorial in the regional French press after the appointments were made public.

"Which family has not one day driven in a Renault... it embodies the car of the people."

Referring to French rock star Johnny Hallyday, the editorial concludes: "Renault is to the car what Johnny was to French music. National property."

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