

Two decades of tie-ups and break-ups among EU carmakers

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The tie up talks between Renault and Fiat Chrysler follow two decades of takeovers, alliances and break-ups in Europe's auto sector

French auto giant Renault and Italian-US counterpart Fiat Chrysler are planning to announce an alliance, further reshaping Europe's auto sector which has already witnessed two decades of takeovers, alliances and break-ups.

Here is a look at other major deals, some of which floundered,

beginning in the 1990s.

DaimlerChrysler, a flop

In 1998 the German group Daimler-Benz struck a deal to fuse the troubled US automaker Chrysler with its prestigious Mercedes brand. It was presented as a merger of equals, but Daimler invested \$36 billion in the affair, and ran the show from the start.

By 2005, the combination had soured; Daimler boss Juergen Schrempp stepped down and his successor, Dieter Zetsche, announced in February 2007 that Daimler would sell most of its shares in Chrysler. It did so three months later, ceding 80.1 percent to the US investment firm Cerberus Capital Management for 5.5 billion euros.

Fiat: two American adventures

In the late 1990s the ailing Italian group Fiat, which is controlled by the Agnelli family, went looking for a partner. In 2000 it agreed to hand over 20 percent of its shares to US giant General Motors.

But Fiat's situation did not improve, and in February 2005, GM bailed out of the deal, paying 1.55 billion euros to cancel a so-called put option that would have required it to buy the rest of Fiat's equity.

In mid-2009 a fitter Fiat struck a deal approved by US president Barack Obama to rescue Chrysler by starting to purchase shares in the US group.

- Renault-Nissan, under strain-

In 1999, Renault acquired a 36.8 percent stake in the Japanese group Nissan, which was close to bankruptcy, and the Romanian brand Dacia.

Renault boss Carlos Ghosn succeeded in pulling the three companies together and became head of all of them in 2005. Dacia blossomed from a derided east European carmaker to a respected low-cost brand that contributes regularly to the parent company's bottom line.

A cross-shareholding deal has put 43 percent of Nissan's shares in Renault's hands, while the Japanese group owns 15 percent of Renault.

Nissan also took a controlling stake in Japan's Mitsubishi Motors. In 2018 Renault-Nissan-Mitsubishi became the world's number one carmaker and currently makes around 10.8 million automobiles.

However, the imbalance in the relationship has led to serious friction, highlighted by the arrest of former Renault and Nissan chief Ghosn in Tokyo.

Volvo: First to Ford, then Geely

In 1999, when Ford was the most profitable US automaker, it bought Sweden's storied Volvo brand for \$6.45 billion (about 4.64 billion euros at the time).

A few years later, however, a combination of Japanese competition and rising oil and steel prices convinced Ford that it was time to look for a new buyer.

In December 2009, it said it would sell Volvo to the Chinese group Geely for \$1.8 billion.

PSA buys Opel

In 2017 France's PSA, which owns the Peugeot, Citroen and DS brands,

said that it would buy General Motors' European subsidiary, which includes Opel and Vauxhall, to create the second-biggest European automaker, behind Volkswagen.

Germany's Opel, which booked its first profit in 2018 after years of losses, is accelerating its international expansion in 2019, and has said it will return to Russia after a more than three-year absence.

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