

# France ready to cut Renault stake to shore up Nissan partnership: minister

June 8 2019

---



Le Maire said Renault should concentrate on forging closer ties with Nissan before seeking other alliances

France is ready to consider cutting its stake in Renault in the interests of consolidating the automaker's alliance with Nissan, Finance Minister Bruno Le Maire said Saturday.

He was speaking in Japan after Italian-US carmaker Fiat Chrysler pulled the plug on its proposed merger with Renault, saying negotiations had become "unreasonable" due to political resistance in Paris.

In an interview with AFP on the sidelines of the G20 finance ministers meeting in Japan, Le Maire said Paris might consider reducing the state's 15-percent stake in Renault if it led to a "more solid" alliance between the Japanese and French firms.

"We can reduce the state's stake in Renault's capital. This is not a problem as long as, at the end of the process, we have a more solid auto sector and a more solid alliance between the two great car manufacturers Nissan and Renault," he told AFP.

Last week, FCA stunned the auto world with a proposed "merger of equals" with Renault that would—together with Renault's Japanese partners Nissan and Mitsubishi Motors—create a car giant spanning the globe.

The combined group would have been by far the world's biggest, with total sales of some 15 million vehicles, compared to both Volkswagen and Toyota, which sell around 10.6 million apiece.

But the deal collapsed suddenly on Thursday, with FCA laying the blame at the door of Paris.

"It has become clear that the political conditions in France do not currently exist for such a combination to proceed successfully," FCA said in a statement.

Le Maire said Renault should concentrate on forging closer ties with its Japanese partner Nissan before seeking other alliances.

Things need to be done "in the right order.... First the alliance (between Nissan and Renault) should be consolidated and then consolidation (more generally) and not one before the other."

"Otherwise, everything risks collapsing like a house of cards," he warned.

The minister said it would be up to the bosses of Renault and Nissan to decide how to push the alliance forward as ties between the two firms have been strained after the shock arrest of former boss Carlos Ghosn.

Renault is pushing for a full merger between the pair but there is deep scepticism of the plan at Nissan.

There were varied reactions from the French unions Saturday.

"The government is behaving like the agent of the big shareholders, favouring short-term profit to the detriment of the interests of the country," said Fabien Gache, of the CGT union.

Cutting the state's share in Renault was abandoning its responsibility in the country's auto industry, he argued.

Franck Daout of the CFDT union said it backed a three-way alliance between Renault, Nissan and Japan's Mitsubishi—but not one between Nissan and Renault until the alliance had reached a "safe and sustainable maturity".

© 2019 AFP

Citation: France ready to cut Renault stake to shore up Nissan partnership: minister (2019, June 8) retrieved 17 July 2024 from <https://phys.org/news/2019-06-france-ready-renault-staketo-shore.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.