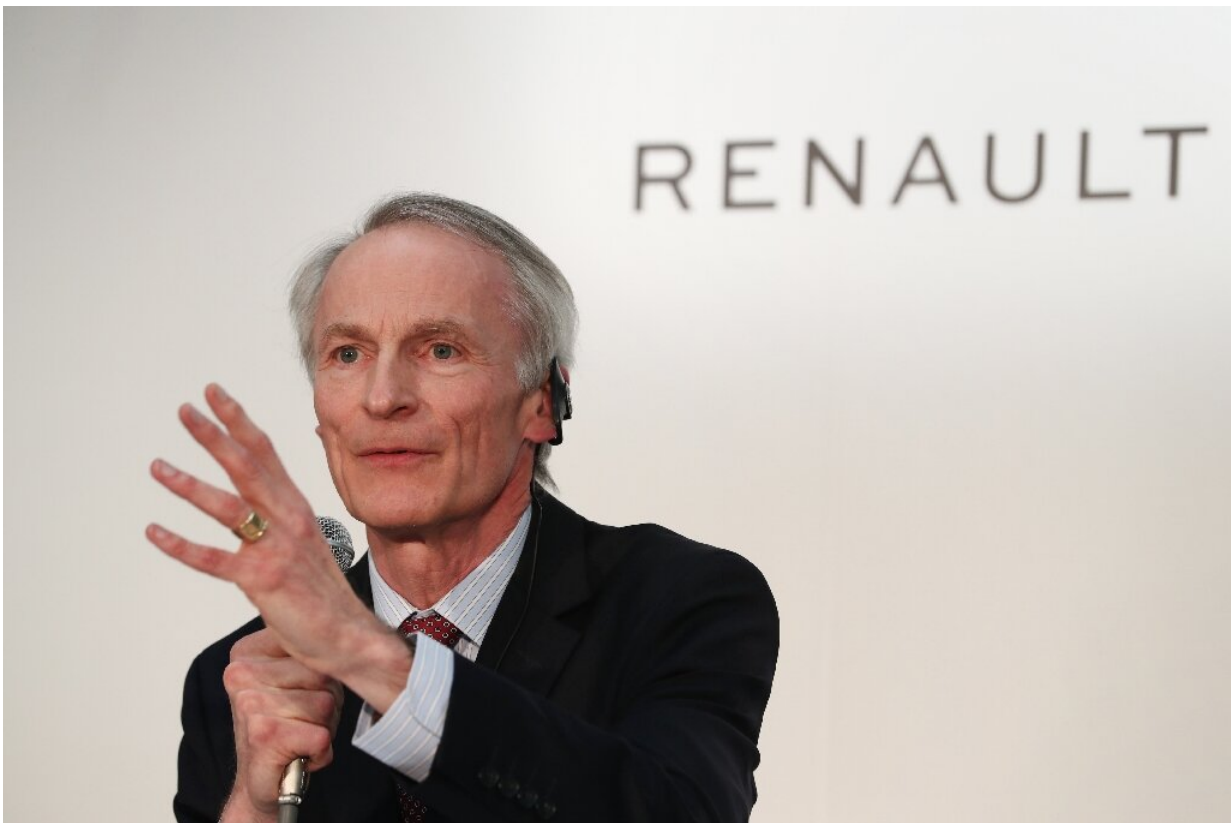


Renault boss battles to keep carmaker on track

June 12 2019, by Daniel Aronsohn



Renault board chairman Jean-Dominique Senard will face tough questions over the French carmaker's alliance with Nissan at a shareholder meeting in Paris on Wednesday

When he was tapped to succeed fallen auto titan Carlos Ghosn as head of

Renault in January, Jean-Dominique Senard was touted as a steady hand at the wheel who would shore up the French carmaker's frayed alliance with Nissan.

But five months later he has been forced to deny rumours that he is considering resigning, after a proposed merger with the Italian-US automaker Fiat Chrysler fell apart and fresh tensions emerged with Nissan.

And yet Senard, the former Michelin boss who replaced Ghosn following the latter's sensational arrest in Japan on charges of financial conduct at Nissan, has form when it came to negotiating tricky situations.

At Michelin, he managed to get France's famously combative unions to enter agreements with management on ways to preserve jobs at French tyre factories in the face of cheaper imports from Asia.

"He's not going to resign," said a close ally of the 66-year-old business leader, who has held jobs at a host of leading French companies, including energy giant Total, glass maker Saint-Gobain and the aluminium group Pechiney.

"He's suffering but he will fight to the end," the ally, who did not wish to be named, told AFP.

Tensions with Nissan

Ties between Renault and Nissan, partners for 20 years in the world's biggest-selling auto alliance, were frayed by Ghosn's dramatic arrest and by Renault's subsequent proposals for even closer integration, which received a cool response in Japan.

The soft-spoken Senard, born into a family with aristocratic origins, had been expected to smooth over the cracks, but five months after his appointment the relationship is still fraught with tension.

Last week, Nissan reacted indignantly after Senard warned that Renault would block the Japanese firm's plan to overhaul its governance structure.

Nissan CEO Hiroto Saikawa called Renault's stance—set out in a letter from Senard which was made public by The Financial Times—"regrettable" and complained that it "runs counter to the company's efforts to improve its corporate governance" in the wake of the Ghosn affair.

Renault fears the overhaul will reduce its influence in Nissan.

The French automaker has a 43 percent stake in Nissan, which in turns owns just a 15 percent stake in Renault.



The sensational arrest of Renault and Nissan boss Carlos Ghosn led the French carmaker to look for a steady hand in Senard

In his letter to Nissan, which AFP has seen, Senard demanded that Renault be given a say in the appointments to the three new governance committees being proposed.

Renault executives have played down the tensions in the alliance, saying they are confident the two carmakers will reach an agreement before Nissan's AGM on June 25.

Hands tied

The latest spat with Nissan is a further blow for Senard, coming days after a proposed merger with Fiat-Chrysler (FCA) suddenly collapsed.

The deal, also potentially bringing together Nissan and Renault's other Japanese partner, Mitsubishi Motors, would have created a car giant with operations spanning the globe.

FCA pulled the plug on the proposed "merger of equals" last week, saying the negotiations had become "unreasonable" due to resistance from the French state, the biggest shareholder in Renault, which itself was worried about objections from Nissan.

Rumours of Senard's resignation swirled after the merger collapsed, with some Renault sources claiming that his credibility had been irreparably dented.

"He doesn't have free rein, neither with Nissan nor the state," a source close to Renault said.

While expressing support for Senard, French Finance Minister Bruno Le Maire slammed the brakes on the FCA merger, saying that Renault should focus on shoring up its relationship with Nissan—which was reportedly informed of the merger plans only at the last minute—before pursuing tie-ups with other firms.

In so doing, the French government "strengthened Nissan's hand in a surprising way," a French source close to the merger talks told AFP.

Le Maire also took Senard by surprise, according to several sources, by announcing at the weekend in Japan that the state was prepared to pare back its 15 percent stake in Renault if that would help improve its alliance with Nissan.

Renault sources say Senard also has his hands tied by the pact governing the Renault-Nissan alliance, which prevents directors named by Renault from voting against measures sought by Nissan's board.

"The whole relationship with Nissan was devised by and for one man alone," a source to Renault said, referring to Ghosn, who was chairman at Nissan as well as both chairman and CEO of Renault.

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