

Old partner Nissan left sidelined by Renault-Fiat merger

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Ghosn was seen as the glue keeping the Renault-Nissan alliance together

Nissan, a long-time Renault partner, has been left sidelined by a potential tie-up between the French firm and Fiat-Chrysler, just as the beleaguered Japanese firm battles to recover from the arrest of former boss Carlos Ghosn.

"It's an ill thought-out and badly conceived plan," fumed one source close to Nissan, who did not wish to be identified, in response to the Fiat-Chrysler "50/50" merger proposal that would potentially create the world's third-largest carmaker.

It is a bitter pill to swallow for Nissan, which appeared to be completely left in the dark about the project and is already battling falling sales amid reputational damage from the downfall of Ghosn, who is fighting financial misconduct charges.

Behind the scenes at the Yokohama-based firm, people believe it could further damage relations with Renault, which is already pushing for a formal merger between the pair against Nissan's wishes.

"Nissan appears to be being kept out of the loop, which is unpleasant for Nissan and may create unnecessary distrust of Renault among Nissan people," analyst Satoru Takada at TIW, a Tokyo-based research and [consulting firm](#), told AFP.

Putting a brave face on it, Nissan CEO Hiroto Saikawa told reporters on Monday he was "open to constructive discussions to strengthen the alliance" and the subject will surely be raised in a meeting on Wednesday with Renault boss Jean-Dominique Senard.

Nissan and Renault, with headquarters 10,000 kilometres (6,000 miles) apart and very different histories and cultures, have always been seen as unlikely bedfellows and Ghosn was instrumental in keeping the alliance together.

With his downfall after a Nissan-led investigation, the glue bonding the pair since 1999 has been removed and relations have quickly gone downhill.

"Renault's top priority is now FCA," said Takada.

"For Nissan, the speculated merger is not a plus. With the merger, Nissan's position in the alliance would be relatively lowered and its independence could be flawed."

Fiat's offer, which Renault is studying "with interest", shows its Japanese partner that "it is no longer as important in its eyes," relegating it into third place, according to Christopher Richter, analyst at Tokyo-based CLSA.

'Important block'

However, according to a well-informed source, "the door is open" for Nissan to join the tie-up, despite a recent downturn in its sales figures.

"Nissan is still an important block in their puzzle, given it has good coverage of China, where neither

Renault nor FCA are strong," said one auto sector analyst who asked to remain anonymous.

Nissan also brings to the party its Japanese partner Mitsubishi Motors, which has a strong presence in south-east Asia.

If all firms were brought together, they would be producing nearly 16 million cars per year, well ahead of Toyota and Volkswagen which both sell around 10.6 million.

And in any case, after 20 years, Nissan is too closely integrated with Renault to consider a divorce, no matter how low relations sink.

"There are too many joint projects," said one source close to the Japanese firm.

"The alliance in its current form can not be defeated, it is already irreversible."

Investors however did not seem to cheer the news. While Renault and Fiat shares went through the roof, climbing 13 and 18 percent respectively at the open, Nissan stock enjoyed a muted rise of just more than one percent.

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