

Daimler and Renault talks reach final leg

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Daimler and Renault are in the final stages of wide-ranging strategic partnership talks that would involve the German and French carmakers taking "symbolic" minority stakes in each other.

The carmakers were close to a final decision over an alliance that would involve a small cross-shareholding and that was likely to be announced in April, people close to the situation told the Financial Times.

The mutual stake would be in the range of 3 per cent, just above the threshold whereby shareholdings had to be made public, one of the observers said. A senior industry executive said that the two carmakers "don't want to marry" but, given the progress on a strategic partnership, "it makes sense to underpin that with a symbolic stake".

The German premium and French volume carmakers, which both declined to comment, have held talks over a number of joint projects, such as a small car platform and common components for light trucks and electric cars.

Renault and Nissan are between them developing eight electric models, the biggest line-up of battery-powered vehicles planned by any carmaking group.

Daimler and Renault are also discussing whether to share engines. While Daimler is interested in Renault's engines for small cars, both the French carmaker and Nissan covet Daimler's diesel engines for premium cars and trucks.

Renault has an 11-year-old cross-shareholding alliance with Nissan and has long spoken of adding a third partner. If successfully completed, the alliance would add to a series of co-operations and strategic partnerships in a car industry that was nearly overwhelmed by last year's collapse in demand after the financial crisis.

The industry still faces a daunting future with the investment that is needed to develop fuel-efficient engines and electric cars.

Volkswagen, the German carmaker, and Japan's Suzuki late last year underlined their strategic partnership on small cars and electric technology with the mutual purchase of minority stakes.

PSA Peugeot Citroën and Mitsubishi Motors this month abandoned talks on buying each other's shares, although they said they would continue to work together on projects.

While Daimler and Renault could also still choose to work together without buying mutual stakes, a capital tie-up would make it easier to "go deeper" into areas such as research and development and purchasing, one person familiar with the talks said.

Daimler agreed on Wednesday to pay \$185m under a deferred prosecution agreement with US criminal and and civil prosecutors to settle corruption charges, writes Stephanie Kirchgaessner in Washington.

Under the terms of the deal, the company was spared being prosecuted but admitted that it had engaged in a long-standing practice of paying tens of millions of dollars in bribes to "foreign officials" in at least 22 countries in order to secure government contracts in those nations.

Fonte: Financial Times, London, Mar. 25th 2010, Companies, online.