

## **Renault and Nissan to unveil Daimler tie-up**

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Renault, Nissan and Daimler will on Wednesday announce details of a planned three-way tie-up that will see the Franco-Japanese alliance and the German luxury carmaker co-operate on cars and powertrains and take mutual equity stakes.

Carlos Ghosn, Renault and Nissan's chief executive, and Dieter Zetsche, Daimler's chief, will hold a press conference in Brussels on Wednesday.

The tie-up will give Renault and Nissan a combined 3 per cent stake in the German luxury car and truck maker. In return, Daimler will take stakes of about 3 per cent each in Renault and Nissan.

Renault's board of directors was due to approve the plan at a meeting on Tuesday. Daimler, Renault and Nissan declined to comment.

Carmakers around the world are under immense pressure to co-operate or form strategic partnerships to pool the costs of their investments in more fuel-efficient engine technologies.

Renault already owns 44.3 per cent of Nissan and Nissan holds 15 per cent of Renault under an 11-year-old alliance between the two carmakers.

The two companies and Daimler will on Wednesday announce plans to work together on joint projects including common components for light trucks and electric cars. Nissan and Renault are between them developing eight battery-powered models.

The allied carmakers and their new German partner will also say they plan to share a platform for Daimler's Smart and Renault's Twingo.

The French carmaker will supply Daimler with three and four-cylinder diesel and petrol engines for Smart and Mercedes A and B Class compact models. The carmakers plan to develop the next generation of these engines together.

Daimler will also supply Nissan and possibly Renault with large diesel and petrol engines for premium and mid-size cars.

Daimler and Renault said in December that they were discussing co-operating on the development of small cars. The talks broadened to include Nissan and other areas of co-operation, and the exchange of small mutual stakes between the two groups.

Combined, Renault and Nissan are worth about €39bn (\$52.5bn), slightly more than Daimler.

None of the three carmakers is said to be willing to use any cash for the transaction, given the losses they made during last year's economic crisis and a still cautious outlook for their industry.

Daimler is expected to use its treasury shares – stock bought back by a company that is often used to reward employees – to acquire the Renault and Nissan shares. Daimler held 37m shares, or 3.5 per cent of its share capital, as treasury stock at the end of 2009.

Renault and Nissan also have about 3 per cent of their outstanding shares in treasury stock.

Daimler has an unhappy history of tie-ups or takeovers of other carmakers, including Chrysler and Mitsubishi Motors.

However, Mr Zetsche is eager to engage with Renault on small cars, where his company struggles to be profitable because of its small scale and high variable costs.

Daimler's Smart minicar brand only managed to break even last year after billions of euros of losses over the previous decade. A four-seater car based on a shared platform with Mitsubishi was a commercial flop.

Daimler now plans to revive the Smart four-seater on a shared platform with Renault's Twingo.

A person briefed on the plan said on Monday that Daimler was aiming to launch the new Smart car in 2013 or 2014.

**Fonte: Financial Times, London, Apr. 5<sup>th</sup> 2010, Companies, online.**

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