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**Nissan, Renault Alliance Shake-Up to Give Each Company More Independence**

**Auto makers seek different types of partnerships amid technology shifts**

**Renault Reduces Stake in Nissan, as Auto Makers Reorganize Alliance**

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Nissan and Renault announced on Monday a restructured alliance they said will give each auto maker more autonomy after two decades of cooperation. The deals include an investment by Nissan in Renault’s electric-vehicle and software business Ampere.

By [River Davis](https://www.wsj.com/news/author/river-davis) and [Nick Kostov](https://www.wsj.com/news/author/nick-kostov) Feb. 6, 2023 6:07 am ET

LONDON—[Nissan Motor](https://www.wsj.com/market-data/quotes/NSANY)Co. and [Renault](https://www.wsj.com/market-data/quotes/FR/XPAR/RNO)  unveiled on Monday a long-planned restructuring of their two-decade-old alliance—a decoupling that falls short of a full divorce but gives each car company more autonomy after years of tensions.

The restructuring, under which Renault will [reduce its 43% stake in its Japanese partner to 15%](https://www.wsj.com/articles/nissan-renault-reach-deal-on-alliance-shake-up-11675061942?mod=article_inline), reflects a changing landscape in which alliances to build millions more gasoline-powered cars are no longer so valuable. Instead, new types of partnerships in batteries, electric-vehicle technology and software have grown in importance.

The deals include an investment by Nissan in Renault’s electric-vehicle and software business, which the French auto maker is seeking to take public this year. They also are considering joint projects in Europe, India and Latin America. On Monday, the companies said they aimed to reach definitive agreements by the end of March and close the deal this year.

The partnership dates to 1999, when Renault took a stake of more than a third in Nissan, which was struggling. Rising executive Carlos Ghosn was dispatched by Renault to lead Nissan’s revival and ultimately headed both auto makers at the same time, smoothing out differences with his forceful personality.

But Mr. Ghosn’s [arrest in Tokyo in 2018](https://www.wsj.com/articles/nissans-carlos-ghosn-arrested-to-be-ousted-as-chairman-amid-misconduct-probe-1542634696?mod=article_inline) over financial charges that he denied led to his departure and brought feuding into the open. Executives on both sides said the new arrangement marks an acknowledgment that they are better off largely operating apart—albeit with joint projects and continued minority stakes in each other.

After more than two decades, “management is now in a position to run Nissan for Nissan,” a Nissan executive said.

Renault Chief Executive Luca de Meo called the new setup more straightforward.

“We can now operate like a normal company,” he said at a news conference Monday.

Takaki Nakanishi, who heads an automotive consulting firm in Tokyo, said the two companies would need to seek out new types of partners as other legacy auto makers have begun to do.

Today, “surviving in the auto industry isn’t a game of simply building scale,” Mr. Nakanishi said.

[Qualcomm](https://www.wsj.com/market-data/quotes/QCOM) Inc., a leader in the technology that underlies mobile phones, has already said it would take a stake in Renault’s new EV business. Renault is also teaming up with [Alphabet](https://www.wsj.com/market-data/quotes/GOOG) Inc.’s Google to build what it calls a software-defined vehicle.

Analysts said Nissan was likely to look for further EV and battery-relatedpartnerships in the U.S., one of its top markets. Although Nissan pioneered mass-market EVs with its Leaf model, introduced in 2010, more recently it has lagged behind both [Tesla](https://www.wsj.com/market-data/quotes/TSLA) Inc. and longstanding like [Ford Motor Co.](https://www.wsj.com/articles/ford-cuts-prices-of-ev-mustang-mach-e-11675090387?mod=article_inline) in EVs.

“The time Nissan and Renault spent fighting over this power balance issue was a waste,” Mr. Nakanishi said. “The world is speeding forward so quickly and Nissan’s lateness is beginning to stand out.”

The Renault-Nissan alliance was designed for the companies to maintain their national identities while giving them global economies of scale. At its height, when the alliance added [Mitsubishi Motors](https://www.wsj.com/market-data/quotes/MMTOY) Corp., the group’s combined sales of more than 10 million vehicles a year placed it in the ranks of the world’s largest auto makers.

They divided up the world between them, with Nissan strong in China and the U.S. and Renault dominant in Europe, while Mitsubishi led in Southeast Asia.

Beneath the surface, however, Nissan harbored resentment about a partnership it viewed as uneven, with Renault holding a controlling stake in the Japanese car maker. Nissan’s own 15% stake in Renault carried no voting rights.

Renault, meanwhile, chafed that it wasn’t getting enough for its large stake in Nissan. As part of a deal struck in 2015, Renault pledged to vote in favor of Nissan management’s proposals at shareholder meetings, limiting its control.

After Mr. Ghosn’s arrest, the French side [made overtures about a full merger](https://www.wsj.com/articles/renault-to-propose-merging-with-nissan-11556265370?mod=article_inline), people involved in the talks said at the time, but it was rebuffed. A stalemate ensued that lasted through much of 2020 and 2021 as each company went through changes at the top.

The latest talks on a deal to restructure the alliance started almost a year ago, according to participants. In recent months, executives from Nissan and Renault traveled frequently between Japan and France to hammer out the details.

The broad outlines of a deal quickly emerged: Renault would reduce its stake so that each partner would hold 15% of the other, including voting rights. Nissan would invest in Renault’s EV business.

A major sticking point was [intellectual property](https://www.wsj.com/articles/renault-nissan-talks-hit-snag-over-intellectual-property-other-issues-11667218934?mod=article_inline) jointly developed and owned by the companies. The rules of ownership weren’t always precise, in part because the companies had been expected to merge someday, people involved in the negotiations said.

“We became IP Ph.D.s,” said Mr. de Meo of Renault, who called it a “very very painful discussion.” He said: “We have a system that now works.”

Another area of discussion involved joint projects in markets such as Argentina, Mexico and India.

On Monday, the companies said they would explore collaborations on several new vehicle projects in India, including new SUVs shared by both companies. They are also considering a new half-ton pickup, developed by Renault and shared with Nissan in Argentina. In Mexico, Nissan could produce a new model for Renault, making it the first Renault vehicle to be produced there in two decades.

The companies unveiled their restructuring plans at Nobu Hotel London. They had booked the same venue for Dec. 7 and canceled less than a week in advance after failing to conclude the deal, leaving them to foot the entire bill, people at the companies said.

Despite Monday’s announcement, several issues remain unresolved. Nissan said it would take a stake of up to 15% in Renault’s EV company but didn’t say how much money it would invest. Also under negotiation is how other investors in that company can access Nissan’s intellectual property.

Still, the announcement gave the companies’ leaders a chance to put their stamp on a deal whose contours were [widely reported](https://www.wsj.com/articles/renault-nissan-near-deal-on-alliance-shake-up-11674750979?mod=article_inline) before the official release.

“It is a real new step for the alliance. I think it’s history,” said Renault Chairman Jean-Dominique Senard.

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