



DRIVE THE CHANGE

STORY

April 15th, 2013

Renault will produce locally in China

"China is a new frontier for Renault", declared Carlos Ghosn, Chairman and Chief Executive Officer of Renault, on February 14, 2013 at the presentation of 2012 financial results. China, which recorded 600,000 car sales in 1999, has become the world's largest car market, with about 18.5 million units sold: a key market. Renault is already stepping up its presence on the market for imported vehicles in this country and plans to start producing locally in China, before 2016, by benefiting from the Alliance with its partner Nissan. China is already Nissan's largest market. Renault and Dongfeng, the Chinese Nissan partner, signed a Memorandum Of Understanding (MOU) on the 1st semester 2012. The approbation from the Chinese Government should come in 2013.



Koleos in Beijing - May 2012

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Renault has long-standing presence and interest in China. It produced range-topping minibuses in China between 1995 and 2003, launched several joint ventures and started importing vehicles in 1999. In 2012, Renault sold 29,724 vehicles in China (+22.4%), thanks to the success of Koleos and a full range of Sedans, from Fluence to Talisman. At Shanghai motor show in april 2013, Renault presents New Fluence, a modern and dynamic sedan with a valorizing front face and a refreshed interior styling. The Group is also developping its network, set to grow from 95 dealers in 2012 to 170 dealers by 2014, and the strength of a brand image that emphasizes motor sports.



Renault dealer in Beijing – May 2012

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In addition to these plans for growth on the imported vehicles market, Renault will enter a whole new dimension in China with its project to manufacture locally, providing it with the means of breaking into the world's biggest automotive market. Renault's partner Nissan will be the brand's closest ally in this venture. As well as relying on Nissan's partner for 10 years, Dongfeng, Renault will also be able to benefit from all the experience of the leading Japanese brand on the Chinese market.

Renault to team up with Nissan's partner, Dongfeng

To manufacture vehicles in China, foreign carmakers are obliged to team up with a Chinese partner in a joint venture, in which the foreign partner can hold no more than a 50% stake if the vehicles are shipped onto the domestic market. Nissan's Chinese partner is Dongfeng since 2003. Dongfeng is also associated with Peugeot, Honda and Kia. Founded in 1967, Dongfeng, which means "East Wind", is a state-owned company headquartered in the capital of the Hubei province, Wuhan, which, with 9.1 million inhabitants, is the twelfth largest city in the country and the second largest city in inner China after Chongqing. Wuhan is the Chinese city that benefits from the most investments from France and is already home to the main sites operated by PSA, SEB and, of course, Nissan. Dongfeng is one of the big four automotive partners in China, alongside SAIC (Shanghai Automotive Industry Corporation, partnered with VW and GM), FAW (First Automotive Works, partnered with VW, GM, Toyota and Mazda) and Changan (partnered with PSA, Ford, Suzuki and Mazda).

Nissan has entered two joint ventures with Dongfeng: Zhengzhou Nissan Automobile Co. was set up in 1993, followed by Dongfeng Nissan in 2002.



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Renault will be supported by Nissan, the leading Japanese brand on the Chinese market

Nissan will provide Renault with all the experience of a brand that has grown quickly and strongly in China, has a strong product plan, an extensive network, a credit organization and ambitious plans for the future. In 2003, just one year after setting up its second joint venture, Nissan sold 94,000 vehicles in China. Nine years later, in 2012, Nissan's sales had grown 13-fold, totaling 1,181 530 vehicles. Nissan has become the leading Japanese brand on the Chinese market, with a 6.5% share, and China is now Nissan's largest single market. While Nissan and all Japanese automakers felt the sales impact of a territorial dispute, Nissan's showroom traffic in China has normalized and the objective is to reach a 10% market share in 2017.

Renault is still working hard on its plans to start manufacturing in China, and in particular on its product plan. The project is making progress and Renault knows that it can count on Nissan, the brand's partner since 1999. Winning a share of the Chinese market is another chapter in the story of the Renault-Nissan Alliance, recalling the month that Deng Xiao Ping, General Secretary of the Communist Party from 1956 to 1967, spent working as a fitter for Renault in Boulogne-Billancourt in 1925!



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