



2026- HONDA AND NISSAN MERGE

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An insight into the potential 2026 Honda/Nissan merge.

Honda and Nissan Set On a Historic Merger to become The World's Third-Largest Carmaker

Tokyo, December 23, 2024 – In a historic move set to reshape the automotive landscape, Japanese auto giants Honda and Nissan announced plans for a merge by 2026. The merge, driven by the necessity to battle their competition from Chinese electric vehicle (EV) manufacturers, may create the world's third-largest carmaker, followed only Toyota and Volkswagen by sales.

These talks aim to unite two of Japan's most famous automakers under one company. If the deal goes ahead, it would mark the most notable domestic merge in Japan's automotive history, with Mitsubishi Motors potentially also joining the alliance.

Response to Chinese EV Dominance

Honda and Nissan's move is a response to the significant shift in the automotive industry, especially in consideration of the rise of Chinese automakers like BYD, which have outpaced legacy manufacturers in the EV market.

Honda CEO Toshihiro Mibe highlighted the urgency of the merger, stating, "The rise of Chinese power has fundamentally changed the car industry. Without bold action by 2030, we risk being overtaken." China's dominance in EV production, fueled by lower manufacturing costs and rapid innovation in electrification, has challenged traditional automakers globally. Mibe described the merger as essential to maintaining global competitiveness in a "drastically changing business environment."

Nissan CEO Makoto Uchida further emphasised how the merger may create a unique selling point for all its consumers- "By uniting our strengths, we can deliver unparalleled offerings that neither company could achieve alone."

The Journey to 2026: Shared Ambitions and Challenges

The merger aims to create a holding company by 2026, with shares of both Honda and Nissan delisted. Honda, currently holds a market capitalisation four times bigger than Nissan, would lead in shaping the company.

The merge aims to achieve ¥30 trillion (\$191 billion) in annual revenue and ¥3 trillion (\$19 billion) in profit by sharing vehicle platforms, consolidating production, and accelerating investments in electrification, software, and autonomous driving.

If possible, the addition of Mitsubishi Motors to the deal would raise the group's annual sales to over 8 million vehicles, and would cement their position with likes of Toyota and Volkswagen.

It must be noted that the merge is not just works of Honda, it also is highly dependent on Nissan's turnaround. "This is not a rescue operation for Nissan," Mibe clarified. "Success depends on both companies demonstrating their strengths and capabilities."

Renault's Role and Strategic Implications

Renault is a prevalent figure in Nissan- as they own 43% stakes in the company. The merger would require a restructure in this alliance and Renault has already expressed their support for the merge- “We will evaluate all options to ensure the best outcomes for stakeholders.”

Renault's cooperation will be vital, as they remain a significant shareholder with operational ties to Nissan.

Government and Industry Support

The Japanese government, in particular the Ministry of Economy, Trade, and Industry, has expressed support for the merger. Officials have underscored the importance of preserving Japan's industrial base amid global market upheavals.

The ministry reportedly raised the idea of a Honda-Nissan partnership as early as 2019, however it was shutdown until recently.

Potential Challenges : Integration and Market Realities

The road to consolidation is one of many challenges. Analysts have already raised concerns of potential cultural and operational clashes between the companies, as well as the logistical complexity of aligning global operations.

Seiji Sugiura, an analyst at Tokai Tokyo Intelligence Laboratory, warned that Honda may face unexpected hurdles during the merger process. “They'll be surprised by how bad a shape Nissan is in,” he remarked.

The Journey Ahead

Amidst unprecedented disruption in the global automotive industry, Honda and Nissan's proposed merger signals a daring move to secure their future. By uniting their resources and

expertise, the collaboration seeks to reshape the automotive landscape and solidify their position among the world's top car manufacturers.

The outcome of these historic negotiations will unfold in the months ahead, but the message is unmistakable: evolve or face obsolescence in an industry rapidly advancing toward electrification and innovation.