Infiniti Could Share Mercedes Small-Car Platform

FRANKFURT, Germany (AP) — The CEOs of Daimler and Renault-Nissan say their 18-month old partnership has avoided the mistakes that sank earlier industry tie-ups and could be expanded, including the likely use of Daimler vehicle architecture in a compact car from Nissan luxury brand Infiniti.

Renault-Nissan's Carlos Ghosn, sitting next to Daimler CEO Dieter Zetsche at a news conference at the Frankfurt auto show, said that tentative plans are to have Infiniti come out with a small car based on the Daimler platform in 2014.

The front-drive structure underpins Daimler's new Mercedes B-Class hatchback.

Zetsche and Ghosn said their cooperation on engines and vehicle platforms helps avoid overlapping investment and reduce costs, while avoiding the overstretch of earlier auto industry mergers that foundered.

Zetsche did not use the word "Chrysler" but the reference was obvious to Daimler's ultimately unsuccessful 1998 merger with the U.S. company, aimed at forming a global auto giant. The two split up and Chrysler is now controlled by Fiat SpA.

The Daimler AG and Renault-Nissan partnership works, Ghosn and Zetsche said, because it is based on specific projects that benefit both sides. Under the deal struck in April, 2010, Renault-Nissan will supply small engines for use in Mercedes vehicles, while Mercedes will provide larger engines for Infiniti cars. The idea is to fully exploit each side's production capacity with higher volumes, a practice that cuts costs.

The two companies are also sharing a common platform for their Renault Twingo and Daimler Smart models that will come to market beginning in 2014.

Zetsche said that starting with specific, limited cooperation worked better than deciding on a visionary merger and then figuring out where the synergies would be. "We have not set up a top down, long-term framework and then said, try to fill it."

He conceded that what the company did previously was at times "the opposite of what we are doing here... the outcome was not perfect."

He said he and Ghosn were not "visionaries who live somewhere else, on Cloud 7 or Cloud 11 or elsewhere, but two pragmatic guys."

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