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International motor industry trade show reflects rapid developments in Iran's automotive sector

## Tehran Auto Show: Gateway to the Middle East

**Cars are to become an important economic factor in Iran once again. The objectives of the coming years sound ambitious: by 2025/26 (the Iranian year covers the 12 months from March to March), it is expected that approximately 3 million internationally competitive vehicles will be built in Iran, a third of them for export. Initial talks with European and Asian manufacturers for a range of cooperation models have been underway since the market opened up to foreign manufacturers in November 2013. Since sanctions were relaxed in January 2016, developments have been gathering pace. At the Tehran Auto Show, to be held from November 27 till December 1, 2017, vehicle manufacturers from all over the world will be presenting their products for Iran and the entire Middle East.**

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This will be the second Tehran Auto Show, following the inaugural international industry event in February 2017. It covers around 50,000 m<sup>2</sup> of exhibition space at the "Shahr-e-Aftab" exhibition centre, which opened for business in 2016. Around 100,000 visitors are expected. The Tehran Auto Show is the only international trade show for vehicle manufacturers in Iran.

### Rapid modernization of the automotive sector

Iran is one of very few countries in the region that has its own car production. The country's automotive sector has developed in recent years and is now Iran's second most important industrial sector, after oil and gas. But up until recently, most models were built to outdated quality standards. The manufacturers Iran Khodro ("Chodro" means "car") and Saipa (Société Anonyme Iranienne de Production Automobile) mainly built cars using Peugeot and Renault components corresponding to technical standards from the 1980s, or sold French, Japanese and South Korean vehicles under licence. Iran is now aiming to overhaul the entire sector and is open to new cooperation projects with foreign partners.

In 2016, a new joint venture was concluded between Iran Khodro and PSA Peugeot Citroen. Production in Iran allowed the French company to sell three times as many cars (nearly 208,000) in the Middle East and Africa in the first half of 2017 as one year ago, which compensated for its drop in sales in China and Europe.



## Press Release

Renault has entered into a joint venture with IDRO (Industrial Development & Renovation Organization of Iran): from 2018 onwards, up to 350,000 Renault/Dacia vehicles are expected to roll off the production lines of a new factory. Other companies from China, Korea, Japan and Europe are currently in negotiations with Iranian partners on going into production in the country.

### **Domestic production instead of reliance on expensive imports**

Production in Iran: this is the aim of the Iranians. The strategy of bringing foreign partners in to produce their vehicles in Iran is supported by strict rules on import licences for vehicles produced abroad. Measures under discussion include a requirement for Iranian importers to be accredited as official representatives by the overseas headquarters of the manufacturer. There is a complete ban on vehicles produced in the US, which affects not only American manufacturers, but European ones as well. There are also plans to introduce high import duties on imported vehicles.

Having pulled out of the Iranian market in 2000, the Volkswagen group plans to begin exporting the Tiguan and Passat models to the country in August 2017. The Iranian importer is Mammut Khodro, which is already a distributor of Volkswagen-owned Scania heavy goods vehicles. Daimler also works with Mammut to distribute trucks under their Fuso brand.

Daimler Trucks was one of the first manufacturers of heavy goods vehicles to return to Iran, with a joint venture with Iran Khodro Diesel (IKD) and Mammut for the local production of Mercedes-Benz trucks as well as engine components and to establish a dealership to distribute Mercedes-Benz trucks and components.

For more information on the Tehran Auto Show, please go to: [www.autotehran.com](http://www.autotehran.com).

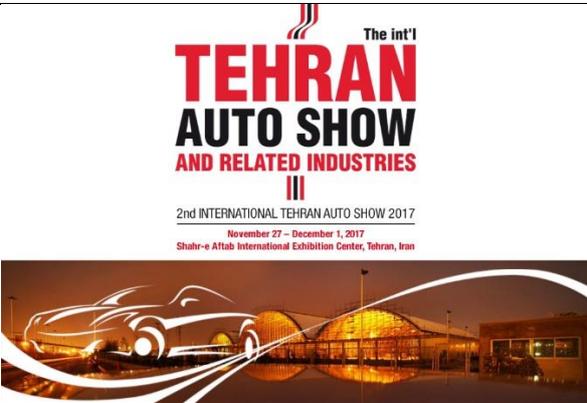
High-resolution photos are available to download from <http://www.imag.de/imag-presse/>

### **IMAG GmbH**

IMAG, a subsidiary of the Messe München Group, organizes trade fairs around the world and supports participants in international events outside Germany on behalf of public and private clients. Since its foundation in 1946 in Munich, IMAG has been involved in over 5,000 international exhibitions abroad. IMAG's annual portfolio encompasses approximately 30 trade fairs, spanning around 20 countries. The events focus in particular on the automotive, commercial vehicles and auto parts sector; construction machinery, building material and mining; machine tools and further industries; environmental technology and analysis.

Press Release

Pictures/Captions:

	
<p>The international motor industry trade show Tehran Auto Show will be taking place at the “Shahr-e-Aftab” exhibition centre between November 27 and December 1, 2017. It will cover around 50,000 m<sup>2</sup> of exhibition space and some 100,000 visitors are expected.</p>	<p>The new “Shahr-e-Aftab” exhibition centre, opened for business in 2016.</p>
	
<p>Renault was prominently represented at the first edition of Tehran Auto Show in February 2017.</p>	