

Renault signs €660m deal with Iran

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TEHRAN, Iran: French automaker Renault this week signed a long-awaited joint venture deal with Iran worth €660-million (\$779-million) to build up to 300,000 cars per year.



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The new deal puts Renault in partnership with Iran's state Industrial Development and Renovation Organisation (IDRO) and private firm Parto Negin Naseh.

Renault will hold a 60-percent stake with IDRO and Parto Negin Naseh 20 percent each.

"The first phase of this accord worth 660 million euros provides for the annual manufacturing of 150,000 cars," IDRO head Mansour Moazami said at a signing ceremony in Tehran.

He said the first cars will roll off the assembly line in around 18 months.

The new venture will produce Renault's Duster and Symbol models at a refurbished factory in Saveh, around 120 kilometres (74 miles) southwest of Tehran.



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A second, three-year phase will start in 2019 with production ramping up to 300,000 cars per year.

Under the deal, 30 percent of the cars and parts made by the venture will be exported.

"We are happy to sign one of Renault's most historical contracts here," said Thierry Bollore, number two of the French carmaker, at the signing.

"Within Renault, Iran is known for its great industrial potential, its automotive industry infrastructure, strong human resources and unique geopolitical position," he added.

Unlike its chief competitor PSA, which makes Peugeots and Citroens, Renault never fully quit Iran during the sanctions period and already makes some 200,000 cars a year in the country.

But it had to put a brake on its growth plans until Iran concluded a nuclear deal with world powers that came into force in January 2016, easing international sanctions.



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"Renault has proved its commitment to a nonstop presence in Iran since the beginning of its operation in 2004, and this signing confirms our strong intent and commitment for long-term operations as a strategic partner of Iran's automotive industry," said Bollore.

"This is a unique agreement in terms of investment, of technology transfer... of the development of Iranian talent, and in the creation of a modern engineering and production centre," he added.

Negotiations were painstaking, with Renault reportedly reluctant to meet Iranian requirements to source 40% of its parts from local manufacturers, which have struggled to keep up with international standards.

PSA, which quit the country when international sanctions hit in 2012, has been quick to rebuild its presence in Iran, which was the company's main engine of growth last year.

It signed a €400-million deal in June 2016 to build 200,000 Peugeots a year with Iran Khodro, and another with Iran's SAIPA to build a similar number of Citroens.

Overall production in Iran is expected to reach two million cars a year by 2020, up from 1.2 million in 2016.

French firms have been at the forefront of rebuilding trade ties with Iran since the nuclear deal, with energy giant Total signing a billion-dollar gas deal last month despite mounting pressure from Washington to isolate the country.

Source: AFP

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