

Iran Khodro (IKCO) signs agreement with Algerian company to set up assembly line in Algeria

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Assembly line to have annual production capacity of 30,000 vehicles

Iran Khodro Industrial Group (IKCO) has signed an agreement with an Algerian company to establish an assembly line with technical services in Algeria, according to a company press release. Under the first phase of the agreement, IKCO's vehicles, including Dena, Soren, Rana and Arisun, would be exported to Algeria in semi-knocked-down (SKD) format and will be assembled there. The Algerian partner will provide all the investment needed for the project. "Based on its new export strategy, IKCO would not invest directly in establishment of any site abroad and the Algeria's site is going to be established in line with the same strategy," said IKCO's deputy CEO for exports, Saeed Tafazzoli, in a statement. The company's new production line in Algeria will be established about 300 km away from the capital, Algiers, with an assembly capacity of 30,000 vehicles each year. The development of the assembly line in Algeria is expected to begin in early 2016. The agreement also requires IKCO to offer technical and engineering services in Algeria and hold training courses for Algerian engineers.



Significance: IKCO aims to increase its footprint in the Middle East and African region. The company also plans to establish an assembly line in Oman. Meanwhile, IKCO has begun exporting vehicles to Algeria. Of the total 15,000 vehicles ordered by the Algerian company, 1,500 Dena vehicles would be exported by the spring of 2016 and the rest would be exported in SKD format, according to Tafazzoli. IKCO also plans to export Runna and Dena vehicles to Tunisia. According to IHS Automotive forecasts, the total production of IKCO-branded vehicles will grow by 34.7% year on year (y/y) to 307,903 units in 2016 from a forecast 228,517 in 2015.

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