

Chery to expand base in Iran as its market's importance grows

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Will launch two or three new models annually

In a company statement, Chinese automaker Chery says that it is expanding its Chery-Iran Auto Industry Park. The announcement came on 22 January in the presence of Chinese president Xi Jinping, who was on a state visit to Iran, and Chery president Yin Tongyao. Sales of Chery vehicles in Iran hit 40,000 units in 2015, making it one of Chery's most important export destinations, and the company aims to sell 100,000 units in Iran by 2018. Models sold in Iran include the Tiggo 5, Tiggo 3, E5, Fulwin 2 and New QQ. "In the future, Chery will launch two or three new models annually to meet local consumers' demands", the automaker says.



Significance: In 2015 Chery exported a total of 86,715 units. Iran therefore accounted for around 46% of Chery's global exports. Chery entered Iran in 2004 with a partnership with Modiran Vehicle Manufacturing Company (MVM), for kit assembly of Chery vehicles. In 2009, Chery built a base in Iran capable of assembling 60,000 units per annum, and opened 150 sales and service centres across the country. Chery has benefited from the lack of competition in Iran following international sanctions against the country, which forced the closure of a number of automotive bases in 2013. But with sanctions being lifted, the floodgates have opened and automakers are now returning to Iran. However sales of new vehicles in Iran are expected to fall initially, as consumers will now wait for better quality models to enter the market. This is likely to affect the current players in Iran, including Chery.

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