

Iran Khodro (IKCO) to begin assembling cars in Oman by 2017

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New assembly plant in Duqm is expected to start operations with annual output of 10,000 cars in the first phase rising to 20,000 within 2 years

Iran Khodro Industrial Group's (IKCO) assembly plant in Oman is expected to start operations by 2017, reports *Times of Oman*. The news report cited Saeed Tafazoli, deputy president for, export and international affairs at the Group, who said that the company is currently undertaking a feasibility study in this regard and a joint

venture (JV) company may be established, depending on the results of the study. The new assembly plant in Duqm is expected to start operations with annual output of 10,000 cars in the first phase, using an initial investment of USD15 million. "The capacity will go up to 20,000 units per year within two years. The company will also set up a body shop and a paint shop in the second phase and the investment in the second phase will be USD30 million," said Tafazoli.



Significance: In January, IKCO signed a memorandum of understanding (MoU) with Oman Investment Fund (OIF) and an Oman-based investor to set up the assembly plant. The move is intended to expand IKCO's footprint in the Middle East and Africa (MEA) region as it plans to export cars to various regional markets and Africa, as well as selling vehicles in Oman. IKCO is expected to sign agreements with a number of automakers following the diplomatic breakthrough that resulted in the lifting of sanctions against Iran. According to IHS Automotive data, the group currently operates five production plants in Iran at Kermanshah, Khorasan, Mazandaran, Tabriz, and Tehran, producing vehicles for Peugeot, Suzuki and Renault brands.

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