

Tata Motors, Iran Khodro (IKCO) in talks to jointly assemble cars in Iran – report

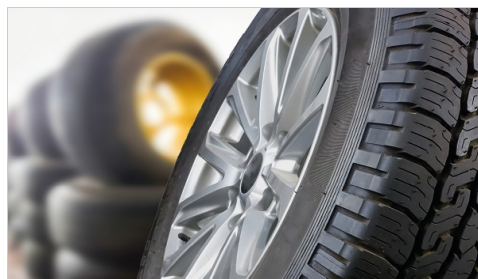
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Assembly operations expected to begin by 2018

Iran Khodro Industrial Group (IKCO) and India's Tata Motors are reportedly negotiating a joint venture (JV) agreement to assemble the latter's cars in Tehran. According to a report by *Accord Fintech*, Tata Motors plans to assemble gasoline versions of its models, including the Tiago, Bolt and Zest at IKCO's manufacturing facility using local components like tires and batteries. The automaker is expecting to initially assemble nearly 100,000 cars annually, which will be gradually ramped up. The assembly operations are expected to begin by 2018. Tata Motors also plans to use Iran Khodro's sales network to sell the cars.



Significance: As the largest player in the local market, IKCO plays a key role in Iran's automotive industry. The company has developed strategic partnerships with leading global carmakers including PSA, Renault and Suzuki and recently invited global car manufacturers for collaboration. Iran's vehicle market and industry are attracting renewed interest from global automakers following the diplomatic breakthrough that lifted international sanctions last year. Prior to the sanctions imposed on Iran, Tata Motors operated completely knocked down (CKD) assembly operations through Tehran-based Morattab, according to IHS Automotive production data. Morattab assembled Tata's Land Rover Defender sport utility vehicle (SUV). If the report is indeed correct, it may end up being a big positive for Tata Motors by boosting overseas sales. In recent years, Tata Motors has been cornered in its home turf, although it has tried to win back market share by launching the Tiago hatchback.

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