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İHRACATÇI BİRLİKLERİ
GENEL SEKRETERLİĞİ



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Uludağ Otomotiv Endüstrisi İhracatçıları Birliği tarafından yürütülmekte olan İran İslam Cumhuriyeti otomotiv sektörü konusundaki çalışmalar kapsamında, danışmanlık hizmeti alınan Atieh Bahar şirketinden alınan 2018 yılı Nisan ayına ilişkin haber akışları ekte sunulmaktadır.

Bilgilerinizi rica ederim.

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IRAN AUTO MONTHLY DIGEST

April 2018

Executive Summary

❖ Highlights of the Month

- *Considerations in Auto Industry*
- *SAIPA increases car prices*
- *Opening of Khazar Car manufacturing plant*
- *Sino-Iran auto ties expanding*
- *Car prices in Iran expected to go on a bullish run*
- *Iran Khodro-Peugeot JV to mass-produce Peugeot 301*
- *IKCO short-term strategy*
- *Nostalgic VW Golf back on road*
- *Iranian carmakers over-reliant on foreign suppliers: Report*
- *Iran, Senegal to Strengthen Automotive Collaborations*
- *IKCO to produce 2 sedan models in Belarus*

❖ Economy Watch

- *Inflation Rate*
- *Economic Growth Rate*



Highlights of the Month

Considerations in Auto Industry

The year 1396 (2017-18) was one of the most challenging years for the national automobile industry. US presidency elections in early 2017 and presidency elections of Iran in 2017 had made the world waiting for the subsequent events. Election of each of the presidency candidates in each of the two elections could determine a different future for the national automobile industry. Immediately after election of Trump as the US president, all foreign countries and companies who had considered Iran as an investment opportunity slowed down their steps and waited for the results of Iran elections to adopt their final decision. Presidency election results in Iran, however, somehow convinced the world that Iran will continue with its former foreign policy.

This, beside the prudent behavior of Trump, was a positive sign for the foreign partners to continue their activities despite implicit threats of the US President. However, the companies who had already

announced their presence in Iran in some ways, negated their presence, including Seat and Volvo companies. Some others limited their activities so that they could not be prominently noticed, like Toyota with Airtoya or Benz that signed cooperation agreements with Iran Khodro, but have not started any serious or official activities so far.

Given this slow pace of progression, the ministry was expected to prepare another plan by adopting incentives so that business environment in this field could be improved. But upon ceasing of the order registration for miscellaneous importers in early 2017 and stopping order registration for all official importers in July, business environment in this field experienced a severe interruption. The 6-month suspension of order registration and other decisions indicated that the ministry of industries is still determined to develop localization; a method which is believed by several automobile and economic experts that not only does

not improve automobile industry, but also it would destroy it. Beside all these events, increase of exchange rate in the last three months of the year was another reason for the automobiles to be supplied to the market with a higher price. In the field of imports, this resulted in a 30-50% increase in the price of some automobiles. Increase of exchange rate is an opportunity for the countries to increase their exports followed by increased competitiveness of products. But, Iran's auto industry has no competitive product to offer in international markets and seize this opportunity. If Iranian automobile manufacturing industry shifted towards development of automobile parts manufacturing according to the policies in the early 2010s, it could design an automobile platform since then so that the events of the current year could be a sudden and unique opportunity for our industry. But neither our automobile parts manufacturing industry can compete with manufacturers of Turkey and

China in the international markets nor our automobile industry is capable of supplying products in developing or developed countries. Our automobile parts customers are generally colleague companies that consume a segment of the pars for their international markets according to automobile manufacturing contract. Our automobile customers are somehow those countries that are not able to buy expensive automobiles. A society in which risk-taking extent is limited and predictable, is attractive and desirable for all companies and countries. The trial and error market of Iran has left foreign merchants and even domestic players incapable of predicting this market, and currently, the government is expected to determine more expert regulations and procedures for the national automobile industry. Government shall explain the role and position of automobile manufacturing and part manufacturing industries in the country. Moreover, the government should determine regulations for semi-governmental automobile manufacturers. Is the government interested in shareholding or management according to the present situation or privatization is considered as its serious goal? Does the government intend to support production or else, it allows non-

competitive industries to be replaced with more powerful ones? What is the country's 10-year perspective and what is the role of government in facilitating this industry?

Currently, electric cars and self-driving cars are considered as the future of automobile industry. These products require infrastructures for usage which may not be provided by the private sector. In fact, this requires the ambition and support of municipalities, governments and parliament to implement such infrastructures. But despite the considerations which is observed among senior directors, still we observe that no practical measure is taken to launch the said infrastructures or such measures have not become clear to the public. It is expected that instead of management of car manufacturing companies or interference in the supply and demand market, government provide suitable conditions so that all companies may have a serious competition in a fair and equal environment free from discriminations and only those companies capable of competing can survive in in this industry.

SAIPA increases car prices

SAIPA introduced new price list for Pars Khodro's products last week. New list witnessed an increase of 5 million rial to 52 million rial (some \$119 to \$1,240 – at new official rate of 4,200 rials to the USD).

Upon issuing the new price list, the public lashed back at SAIPA and made the automaker to step back. Hours after initial release of price list, the company issued a directive that required the sell agencies to keep

selling SAIPA products at previous prices of March.

However, the new directive expired within few days and SAIPA officially increased its priced notably in 28 April. This required the customers who pre-bought the products to settle their purchase at new price as of 28 April.

| [Tasnim News Agency](#), 2018-04-29

Product	Increase (\$)	Final Price(\$)
Pars Tondar (New Gearbox)	124\$	10,253\$
Pars Tondar (New Gearbox)-Multimedia	166\$	10,514\$
SANDERO (Automatic Transmission)	1,105\$	13,010\$
SANDERO (New gearbox)	989\$	11,656\$
SANDERO STEPWAY (Manual Transmission)	1,090\$	12,827\$
SANDERO STEPWAY (Automatic Transmission)	1,240\$	14,523\$
Cerato (2,000 CC- Automatic Transmission)	2,141\$	26,904.76\$
Ario (Automatic Transmission)	1,190\$	15,000\$

(Price based on new official rate of 4,200 rials per one USD)

Opening of Khazar Car manufacturing plant

The joint car manufacturing plant of Iran and Republic of Azerbaijan (Khazar) in Naft Chala Zone with an annual capacity of 10,000 cars including 5 sedan models and Astara-Astara Railway were opened in a ceremony in an economic and trade conference on April 1, 2018 with the presence of Hodjatol-Eslam Dr. Hassan Rouhani and Elham Aliov.

As quoted by the Ministry of Industry, Mining and Trade, in the first stage, Dena family products including Dena and Dena Plus are supposed to be manufactured in the Republic of Azerbaijan. Production line of Iran Khodro products will start working in the initial phase in the site of the Republic of Azerbaijan with an annual capacity of 10,000 cars which will reach 15,000 cars per year upon its development.

The products manufactured in the site of Azerbaijan will be exported to the commonwealth countries among which contracts will be put into effect. Modern technologies and advanced equipment and machinery have been used in Khazar manufacturing plant. Construction of Azarmash – Iran

Khodro Joint Car Manufacturing Plant has commenced in 2016 in Naft Chala Industrial Zone located within 168th km of South Baku. This plant is the largest manufacturing unit of the mentioned zone and it is capable to manufacture 10,000 sedan cars in various models. Iran Khodro Company's share in this manufacturing plant is 25%. In this plant in which modern technologies and advanced equipment and machinery have been used, Rana, Samand, Dena, Peugeots 206 and 207, Renault-Pickup and Renault-Logan will be manufactured. The extent of investment in the joint car manufacturing plant of Iran and Azerbaijan is 24,000,000.00 Azerbaijani Manats (1 Manat = 29,000 Rials). 300 people have been employed in that plant upon the beginning of its activity. 6,000 cars in the first stage and 10,000 cars in the next stage are supposed to be manufactured at the plant.

Sino-Iran auto ties expanding

SAIPA is revealing plans for expanding ties with two of its Chinese partners, Brilliance and Changan, to further grease the wheels for the company's ascent to the top as the country's biggest carmaker.



In trip to China, Managing Director of SAIPA Mohsen Jahroudi, visited Brilliance and Changan's factories and discussed fostering new collaborations with both manufacturers.



SAIPA is on a fast track to replace Iran Khodro as the country's largest auto manufacturer. According to projections based on the two companies' current gross rates, SAIPA will trump IKCO in less than a year.

As stated in the latest report released by the Ministry of Industries with a total output of 712,268 units, during the last fiscal which ended in March, IKCO's year-on-year production rate

growth stands at 8.9%. This is while SAIPA manufactured 666,488 units recording a 16.8% YoY growth.

The gap between the production units is evidently narrowing and both companies' strategies for this year show they are preparing for a showdown.

While IKCO is increasing joint-venture production numbers with its French partner Peugeot and upgrading old models, Jahroudi seeks to diversify the company's products by jointly producing six new vehicles with Changan and Brilliance.

The managing director broke the news that two more Changan products will be soon produced in Iran, though he did not specify the models.



It is rumored that one of the new models might be Changan Benni, a small hatchback with a four-cylinder, 1.4-liter engine paired with either a 5-speed manual or semi-automatic transmission.

Changan has joint venture agreements with Ford, PSA Group, Mazda and Suzuki.

In 2015, Brilliance signed a deal with SAIPA to produce its H300 and H200 series in Iran. SAIPA and Brilliance currently produce four models in the country, namely H220, H230, H320 and H330.

The collective output of the four models added up to 50,729 during the past Iranian fiscal indicating a 63% YoY rise.

The success of the models might be the reason why four new Brilliance models will be introduced to Iran's auto market in the near future.

Brilliance Auto Group is a Chinese automobile manufacturer headquartered in Shenyang.

The Chinese company holds 50% share of BMW Brilliance, a joint venture with BMW which produces,

distributes and sells BMW passenger cars in mainland China.

Other Ventures

In addition to Brilliance and Changan, SAIPA has joint venture deals with Kia Motors and Citroen.

As per the deal with Kia, SAIPA is manufacturing the popular sedan Cerato.

Furthermore, SAIPA and Citroen signed a 50-50 joint venture deal in late 2016 according to which the Paris-based carmaker is obliged to invest more than €300 million (\$352 million) in Iran during the next five years. Two models namely C3 and C4 are to be produced in Iran under the JV.

One of the company's main objectives must be finding a replacement for its infamous creation, Pride.

Localization of products jointly manufactured with Chinese companies might lead to a product that is as cheap as Pride, but with basic safety standards.

| [Mehrnews](#), 2018-04-19

Car prices in Iran expected to go on a bullish run

In light of the massive disturbance in Iran's forex market, automotive industry insiders are anticipating that car prices will skyrocket when the Competition Council gives the green light to producers to jack up prices.

Since last December, the market has been in a state of upheaval as the US dollar exchange rate jumped to unprecedented levels several times before the government of President Hassan Rouhani stepped in and unified the rate at 42,000 rials to put an end to the raging market.

As with every year, new prices for vehicles will be updated in the next two months and the public is distraught over a possible surge in prices.

For increasing the prices, producers need to obtain the assent of the Competition Council—a government-backed body that monitors, and in some cases sets, prices of local products including cars.

Even before the start of the new Iranian year in March, auto parts makers were devastated by the rise in the greenback's exchange rate against the rial saying their expenses

had risen by 30% and the increase must somehow be compensated.

Experts in the field are estimating that this adjustment can translate into a 20% increase in car prices in the coming months when Reza Shiva and colleagues in the Competition Council come to a decision about auto costs.

Shiva, head of the council, has reassured the public that this year's forex fluctuations will have no impact on the prices and only economic indices of the fiscal which ended in March will come into consideration and influence the decision by the regulating body.

The Competition Council holds off on calling a meeting until the Central Bank of Iran announces the inflation rate of the last fiscal to set prices accordingly.

Auto part makers, the tire association and experts are not as optimistic as Shiva as they are closely dealing with the ramifications of the dollar exchange rate.

Auto Parts

Secretary for Iranian Specialized Manufactures of Auto (ISMAPA) Arash Mohebinejad says due to an

average 30% hike in production costs of auto parts, the average price of vehicles must go up by 19.5%.

Mohebinejad noted that from April 2017, cost of raw material has grown exponentially, leading to much trouble for producers.

Lamenting the auto manufacturer's refusal to reimburse auto part makers, he said in order for suppliers to be able to increase prices, cost of vehicles need to rise 19.5%.

Mohebinejad warned against overlooking the hurdle, adding that if a solution is not worked out in the near future, more factories will shut down as a result.

Tire Industry

Head of the Tire Industry Association of Iran Mohammad Reza Taqiganji says the required currency for the business will be provided with the unified dollar rate. Even so, production expenses will still experience a rise since the tire industry received subsidized currency in the past.

Taqiganji says the difference in the unified rate and the subsidized currency which used to be offered to producers (5,000 rials for each dollar)

must be made up for by either the government or a rise in the prices of products.

Head of the association noted that before the new developments, 80% of a maker's needs were provided by the subsidized currency (37,000 rials for each dollar) and 20% by open-market dollar, stressing that the 13.5% rise will affect the final prices of products.

In order for the costs to remain stable, the association has called on the government to allocate 380 trillion rials to producers through relief packages.

In regard with the impact of the unified rate on tire imports, Taqiganji noted that before this the importers had to secure their currency requirements from the open market and would face a challenge every time forex fluctuations occurred.

He added, "Currently tire importers are registering their orders with the 42,000 rials rate, which will help block contraband from entering the market."

Tariff rates for imports have been increased 8% from the previous 32% to reach 40%.

The combination of the mentioned factors ensures the final prices for imported tires and local ones to rise.

Hindered Foreign Deals

At the first look, the historic nuclear deal signed in 2015, provided new opportunities for car makers in Iran to collaborate with foreign companies in producing better vehicles, but the fluctuation in the forex has either thrown cold water on potential investors or driven up prices so much that jointly-produced vehicles can be afforded only by the well-off.

The jointly-produced cars are only partly domestically manufactured and parts are imported to the country in unprecedented quantities, which make the final products susceptible to the forex rate.

One instance is the experience of the PSA Group in Iran. Iran Khodro and PSA Group's Peugeot brand signed a €400-million deal in June 2016 creating a 50-50 joint venture they call Iran Khodro Automobiles Peugeot (IKAP).

When asked about the high price of Peugeot 2008, Executive Vice-President of PSA Group for Africa and the Middle East Jean-Christophe Quémard said less than 20% of parts

used in Peugeot 2008 are produced in Iran and the rest are imported. The high foreign exchange rate has compelled the French company and its Iranian partner to raise prices.

Quémard says they are in favor of localization, but lack of proper infrastructure, customs-related issues and forex fluctuations have hindered their progress. The PSA Group was bewildered by the volatility of the currency market in Iran, same as other investors.

The auto market in Iran seems to be plagued by the volatile forex market, high auto part tariffs, crummy produced vehicles and mismanagement. Even if the right policy is formulated, it will be years before the population of Iran can enjoy high-quality affordable vehicles that the rest of the world enjoys.

| [Financial Tribune](#), 2018-04-19

Iran Khodro-Peugeot JV to mass-produce Peugeot 301

Iran Khodro is set to launch mass production of Peugeot 301 in the coming months as part of a joint venture agreement with PSA Group's Peugeot brand.

The €400-million joint venture, which is called Iran Khodro Automobiles Peugeot (IKAP), was formed in June 2016 and each side has a 50% stake in it, IKCO Press reported.

IKAP CEO Mohammad Reza Motamed says prototypes manufactured in Iran will be tested by top-notch European firms. After earning the green light from the foreign quality inspectors, the production will go into full swing.

Officials with the joint venture have announced plans to ramp up production of Peugeot 2008 in the coming months. The model is the fruit of IKCO's first joint product with the French company and Peugeot 301 is the second. The trial production of Peugeot 301 has begun.

Motamed says the share of locally manufactured parts in 301's production will be increased over time and reach the target of 50%.

After inauguration of IKAP production lines in Tehran in March 2017, the company manufactured 1,971 Peugeot 2008 in the 11 months to Feb. 19. The vehicle is priced at 1.3 billion rials (\$31,000). Peugeot 301 is priced at one billion rials (\$23,800).

| [Financial Tribune](#), 2018-04-19

IKCO short-term strategy

Iran Khodro is looking to expand its footprint in the new Iranian year which started in March by taking steps toward the optimization of the enterprise.

According to local automotive websites and IKCO statements, among the agendas of the country's largest auto manufacturer for the current year are increasing the production of certain vehicles and upgrading others as a way of repackaging the older models without having to fully design new cars.

IKCO might be threatened by its nemesis fast closing in. According to projections based on the two companies' current gross rates, SAIPA will trump IKCO in less than a decade.

According to the latest figures released by the Ministry of Industries

with a total output of 653,703 units, during the 11 months of the last fiscal which ended in March, IKCO's year-on-year production rate growth stands at 9.7%. This is while SAIPA churned out 601,207 units recording a 16.1% YoY growth.

To secure its longstanding foothold in Iran's market, IKCO has to raise its game or will be replaced by SAIPA as the largest manufacturer in Iran's auto industry.

The first solution IKCO has arrived at is to raise the production of vehicles they jointly manufacture with Peugeot. The second measure is to upgrade certain models to hype its products and entice customers.

Boosting Foreign Ties

IKCO and PSA Group's Peugeot brand signed a €400-million deal in June 2016 creating a 50-50 joint venture they call Iran Khodro Automobiles Peugeot (IKAP).

Officials with the joint venture have announced plans to ramp up production of Peugeot 2008 and Peugeot 301 in the coming months. Peugeot 2008 is the fruit of IKCO's first joint product with the French company and Peugeot 301 is the second.

The trial production of Peugeot 301 has begun. According to IKCO, the vehicle will reach the goal of being 50% locally manufactured over time.

IKAP has manufactured 1,971 Peugeot 2008 in the 11 months to Feb. 19 and the vehicle is priced at 1.3 billion rials (\$31,190). Peugeot 301 is priced at one billion rials (\$23,809).

Refinements

IKCO is set to upgrade and facelift its Samand model, the company's first locally designed vehicle along with Samand Soren Turbo, Runna and Dena+.

They will add options to Dena+ and utilize a transmission system produced by Belgian firm Punch Powertrain.

News has broken about the upgraded version of Runna but details of the refinement for Samand and Samand Soren Turbo are not yet available.

The country's largest auto manufacturer will soon offer a facelifted version of Runna in the auto market.

The industrial group has not made any technical changes to the car and

the modification is limited to the vehicle's appearance and equipment.

The door handles are now the same color as the body of the car, the design of the taillights and headlamps have undergone a major change, and the car's new steering wheel supports cruise control system.

The upgraded Runna has the same 108 horsepower 1.6-liter engine, 5-speed automatic transmission as its predecessor.

IKCO is yet to announce the price of the facelifted vehicle. Currently, the model changes hands for 367 million rials (\$ 8,748).

In the eleven months to Feb 19, IKCO produced 162,416 Samand vehicles, up 73% compared to the same period the year before.

Dena+'s older brother Dena's production number stands at 37,470, a 48% YoY increase, and Runna has tumbled to merely 6,249 units, 48.9% down from the previous year.

Dena+'s current price in the market is 630 million rials (\$15,000), Samand Soren Turbo is sold for 440 million rials (\$10,476) and Samand LX can

be purchased with 344 million rials (\$8,190).

| [Financial Tribune](#), 2018-04-17

Nostalgic VW Golf back on road

Volkswagen distributor in Iran, [Mammut Khodro](#), is set to offer Golf GTI in the country in the coming months. The company already has Tiguan and Passat on sales in Iran.

According to the latest documents released by Islamic Republic of Iran Customs Administration, Mammut has already received import permits for the model and car enthusiasts can expect to see the stylish VW hatchback on Tehran roads soon.

Mammut launched sales of Tiguan and Passat in January in Tehran with the company's sales director Mona Noorian announcing, "2,000 units of the two models were presold in less than 24 hours."

The local firm is yet to announce a price tag for the Golf, however considering Mammut's pricing pattern, the hatchback is likely to be sold for 3.6 billion rials (\$87,000). On the international market, the model comes with a price tag of \$26,400.

Mammut has priced Tiguan at 3.2 billion rials (\$76,000) and Passat at 303 million rials (\$72,000). The same models are respectively sold for \$23,000 and \$24,000 in the global market.

All the three models are outfitted with 2.0-liter engines and Mammut is required to pay a 75% import tariff for bringing them into the country.

Latecomer

Compared to other major international automakers, VW is a latecomer to the huge, lucrative local car market. With the implementation of the Iran nuclear deal in January 2016 and easing of economic sanctions, international giants made a foray into Iran.

Such companies as PSA Group, Renault, Hyundai and Mahindra forged joint production deals with local carmakers and firms like Taiwan's Luxgen and Germany's Borgward introduced official representatives.

VW has had an intermittent presence in Iran. Prior to the imposition of sanctions, local automotive company Kerman Motor assembled VW's hatchback model, the Brazilian-designed Gol.

The assembly lines were shut down in 2010. Later, Mammut imported the New Beetle, Golf and Passat models, the imports were also halted later.

According to sources close to Mammut, Volkswagen has plans to launch assembly lines in Iran.

| [Financial Tribune](#), 2018-04-17

Iranian carmakers over-reliant on foreign suppliers: Report

Import of auto parts stand at the top of the list of goods imported into the country according to data published by the Islamic Republic of Iran Customs Administration. During the year ending in March, \$2.9 billion worth of auto parts were brought into the country.

The number has observed a 137%

“Import tariffs for vehicles currently stand at 55-95%, among the highest in the world.”

year-on-year growth. Furthermore, auto parts have a 5.35% share in Iran's total imports in terms of value.

Following auto parts are corn feed (\$1.6 billion), cars (\$1.45 billion), rice (\$1.2 billion) and soybean (\$943 million), as the goods making up the major imports of the country.

The appeal of imported auto parts stem from the low tariff rates on them which have made way for cheap and low-quality parts from China, India and other countries to grab a significant share of the market. Parts shipped in from these countries are available on the market at much lower prices than local products. The customs duties on such products stand between 15% and 20%.

Auto parts manufacturers have demanded that the government raise tariffs on auto parts or impose tougher regulations.

The Auto Parts Manufacturers Association of Iran made a proposal a few months ago, according to which the association could have directly supervised auto parts imports.

The proposal had stated that auto parts imports should be allowed only if similar products are not locally manufactured or Iranian businesses' output is below market demand. The association is of the opinion that it should also have a hand in the issuance of import permits.

The proposal was reviewed by the Ministry of Industries but to no avail. However, the government did raise tariffs on cars saying the high and

rising volume of car imports is a luxury Iran cannot afford because it contributes terribly to the flight of hard-earned foreign exchange.

In the closing days of 2017, the government passed an amended version of auto import rules, according to which, depending on engine capacity, import tariffs on gasoline-fueled vehicles were increased 15-40%.

Import tariffs for vehicles currently stand at 55-95%, among the highest in the world. The rates were set as an incentive to encourage people to purchase domestically made vehicles and help bridge the country's trade gap.

However, a breakdown of vehicles manufactured domestically shows that there are no local vehicles that are fully homegrown with Iran's largest carmakers Iran Khodro and SAIPA over-relying on foreign suppliers to keep the wheels of their factories turning. In the best cases at least 7% of the parts used in Iran-made cars are imported while most vehicles cannot be manufactured without the assistance of foreign parts makers.

Iran Khodro

One instance is Tondar 90, produced for over ten years in the country by IKCO, which is 56% localized. According to reports, 93% of the parts used in IKCO's Peugeot 405 and Samand are made in Iran.

IKCO produces three other Peugeot models namely, 206, 301 and 2008. Statistics show that 70% of the parts used in the popular 206 are made in Iran, while locally manufactured parts have a meager share in the two other models (301 and 2008).

IKCO also collaborates with two Chinese carmakers namely Dongfeng and Haima. Iran-made parts have 40% and 20% shares in the vehicles produced by the company under the Dongfeng and Haima badges.

SAIPA

Just like its archrival IKCO, locally manufactured parts have a varying share in cars SAIPA sells in the huge and growing local market.

Pride, which has been a staple part of Iran's auto market for 25 years, is 87% locally produced.

SAIPA produces several Chinese-derived vehicles in collaboration with

Brilliance, Changan and Zotye. Hardly 20% of the parts used in the vehicles are made in Iran. Both IKCO and SAIPA also assemble Renault's Logan (Tondar 90). Around 44% of the parts used in this model are imported.

Privately owned automotive companies such as Bahman Group, Kerman Motor and Modiran Vehicle Manufacturing Co are doing as poorly as their semi-state-owned peers. Locally made parts have a scant 20% share in the cars the three companies churn out.

It merits mention that many locally manufactured auto parts also do not meet international automotive standards, a hurdle which has made foreign companies operating in Iran through joint ventures with local carmakers reluctant to use Iran-made parts in their products.

| [Financial Tribune](#), 2018-04-15

Iran, Senegal to Strengthen Automotive Collaborations

After meeting with Senegalese President Macky Sall in Dakar, Iran's Foreign Minister Mohammad Javad Zarif said automotive ties between the two countries will be bolstered.

Accompanied by an economic delegation, including representatives of Iranian knowledge-based firms and startups as well as entrepreneurs, Zarif visited Dakar on April.

The top diplomat said, "Iran Khodro has been operating in Senegal for 10 years. The Senegalese president has agreed to implement measures to facilitate activities of the carmaker in the country."

The Iranian auto company has a joint production deal with Senegal, known as SenIran. Under the JV, Senegal is to operate as a regional export hub for IKCO by selling the JV products to neighboring Guinea and Nigeria. Prior to this, IKCO exported Samand, Dena and Runna models to Senegal.

Zarif says, "Iran is willing to transform Senegal into its regional automotive hub in West Africa."

According to Zarif, successful talks were also held between Iranian private tech firms and their Senegalese counterparts.

Earlier in March, IKCO announced that it has exported its first shipment of Dena+ cars to Senegal.

IKCO's locally designed LPG hybrid Dena+ sedan is to be used by law enforcement forces in the West African state.

Dena+ is a four-door sedan with a 1,645cc engine capacity. It has two airbags plus a manual transmission system.

| [Financial Tribune](#), 2018-04-12

IKCO to produce 2 sedan models in Belarus

Iran's largest carmaker Iran Khodro and Belarusian firm Unison have forged a deal under which two sedan models, namely Dena and Dena+, are to be manufactured in Minsk.

"IKCO and Unison have signed a contract on production of Dena and Dena+," Hronika.info quoted Iranian Ambassador to Belarus Mostafa Oweisi as saying.

"IKCO and Unison initially agreed to produce the two models in Belarus on the sidelines of 14th Iran-Belarus Economic Commission which was held at the Trade Promotion Organization in Tehran in January. As per the agreement, 1,000 Dena and Dena+ will be produced this year," Oweisi added.

Dena+ is IKCO's latest locally designed model. Oweisi says, "We hope to see a new generation of Iranian cars in Belarus by the end of 2018."

Earlier in January, Iran's minister of industries announced that IKCO is set to export 5,000 cars to Belarus within the next five years.

"During the upcoming fiscal [which started on March 21], 1,000 Dena and Dena+ cars [made by IKCO] will be exported as semi-knocked-down [SKD] kits to Belarus," Mohammad Shariatmadari was quoted as saying. "The number will increase to 5,000 cars in the coming five years," he added.

Previous Collaborations

IKCO-Unison collaborations date back to 2005 and the Belarusian firm has assembled 2,000 units of IKCO's Samand. The deal is part of IKCO's

push to expand its presence in international markets.

In Feb. 2017, IKCO was granted Eurasian Conformity certification (aka EAC Mark) for its cars, allowing the company to develop new export markets and revive its presence in the northern Commonwealth of Independent States.

The certificate issued by the Eurasian Economic Union indicates that the products conform to all technical regulations of the Eurasian Customs Union assessment procedures. It is allocated to six sedans produced by IKCO, including Soren ELX, Samand ELX, Soren Turbo, Runna, Dena and Peugeot 206 SD. Seemingly, the company has been able to acquire a certificate for its upgraded version of Dena, namely the Dena +.

IKCO can now sell in CIS markets with customs exemptions, which should make its prices competitive against cheaper Chinese vehicles.

| [Financial Tribune](#), 2018-04-08

Economy Watch

► Inflation Rate

According to the statistical center of Iran, inflation rate in February-March 2018 for the country, urban areas and rural areas reached 8.2%, 8.1% and 8.8%, respectively.

Statistical center of Iran published a report on the index of price of consuming goods and services of families throughout the country in February-March 2018. According to the said report, the percentages of changes in overall index (inflation rate of consuming goods and services of family) in the 12 months ending on February-March 2018 include 8.2% for the whole country, 8.1% for the urban areas and 8.85 for rural areas as compared to the similar period in the past year. According to this information, the said percentages decreased to 0.1% for the entire country and urban areas and 0.3% for rural areas in January-February 2018.

1- Overall index (based on 2016=100) in February-March 2018 shows 111.4 for the whole country and urban areas and 111.5 for rural areas indicating 0.2% increase for the country and urban areas and

0.4% increase for rural areas as compared to the previous month. Increased overall index as compared to the same month in the past year (point to point inflation) is 7.2%, 7.3% and 6.2% for the country, urban and rural areas, respectively. Based on this information, the said index decreased to 1%, 1.1% and 1.2% for the country, urban and rural areas, respectively.

Percentages of changes in the overall index (inflation rate of consuming goods and services of family) in the 12 months ending on February-March 2018 included 8.2% for the country, 8.1% for the urban areas and 8.8% for rural areas as compared to the same period in the past year. On this basis, the said changes for January-February 2018 were 0.1% for the country and urban areas and 0.3% for rural areas.

2- The indexes of the major group “foodstuffs, beverages and tobaccos” in the said period reached 115.8, 115.9 and 115.3, respectively indicating an increase of 0.2%, 0.1% and 0.6% for the country, urban and rural areas, respectively as compared to the past month. The indexes of the major group “foodstuffs, beverages and tobaccos” as compared to the same month in the past year show an increase of

6.5% for the country, 6.7% for the urban areas and 5.9% for rural areas. Percentages of changes for the said group in the 12 months ending on February-March 2018 include 12.2%, 12.3% and 11.8% for the country, urban and rural areas, respectively as compared to the similar period in the past year. The indexes of “foodstuffs” in the month in question reached 115.7, 115.8 and 115.2 for the country, urban and rural areas, respectively indicating no change for the country, 0.1% decrease for urban areas and 0.3% increase for rural areas as compared to the past month. The indexes of “foodstuffs” show 6.1%, 6.3% and 5.4% increases for the country, urban and rural areas, respectively as compared to the same period in the past year. The 12-month inflation rates of the said group include 12.4%, 12.5% and 12% for the country, urban and rural areas, respectively.

3- The overall indexes of the major group “non-food items and services” in February-March 2018 reached 109.8, 109.9 and 109 for the country, urban and rural areas, respectively indicating an increase of 0.2% for the country and urban areas and 0.3% for rural areas. Moreover, the increase of indexes of the major

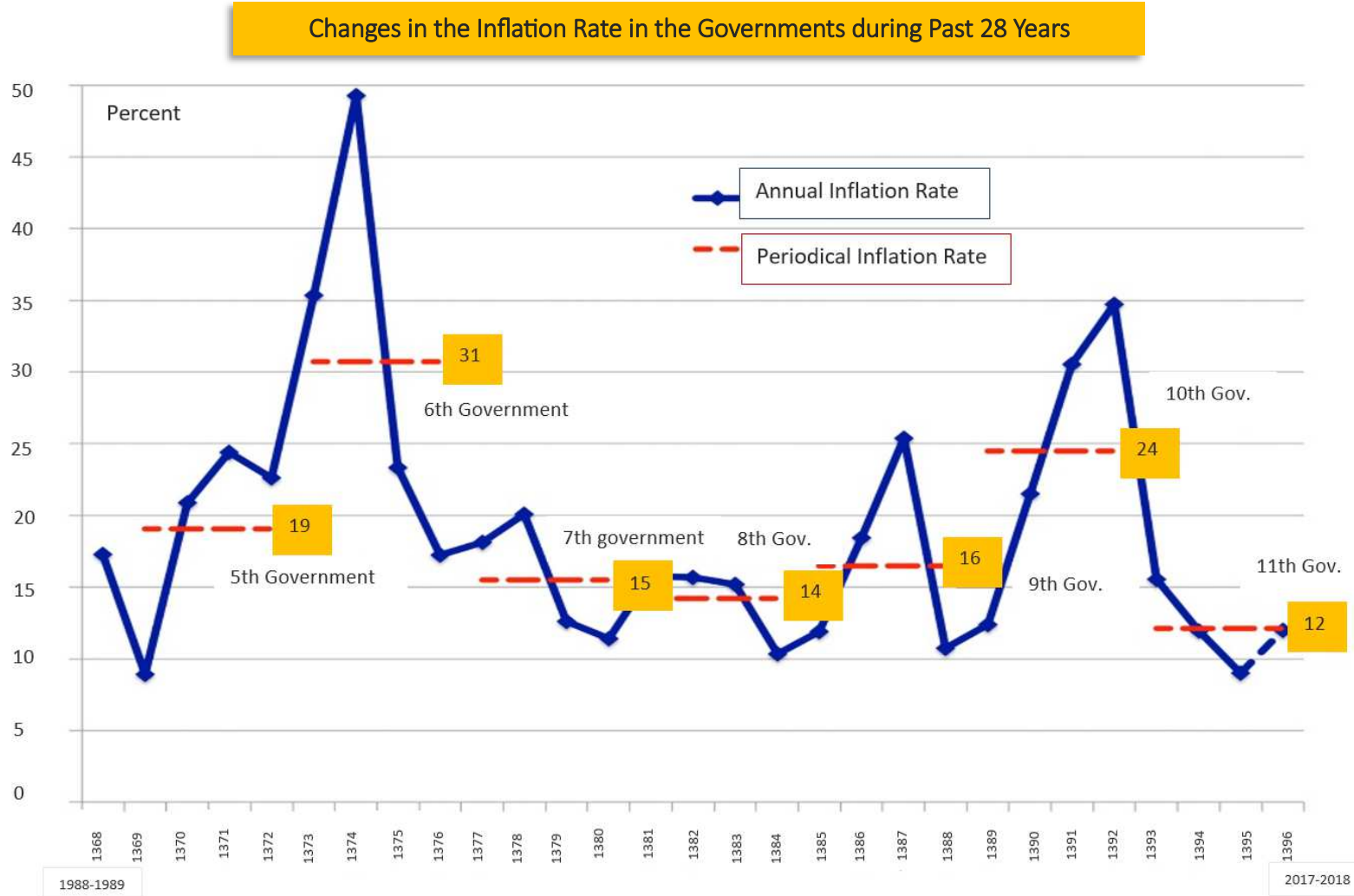
IRAN AUTO MONTHLY DIGEST

April 2018

group “non-food items and services” included 7.4%, 7.6% and 6.4% for the country, urban and rural areas,

respectively as compared to the same month in the past year. Inflation rates for the 12-month period ending on February-March 2018 are 6.8%,

6.7% and 6.9% for the country, urban and rural areas, respectively as compared to the similar period in the past year.



Based on the Data of Iran Central Bank

► Economic Growth Rate

According to the results of national and seasonal accounts of Iranian statistical center by relying on the base year 1390 (2011-12), the growth rate of Gross Domestic Product (GDP) (according to the current fair market price) was 4.4% in the first 9 months of the year 1396 (2017-18). The said results indicate that the field of activities of agricultural group had a growth of 1%, industrial group (including extraction of raw oil and natural gas, other mines, industry, energy and building had a growth of 3.1% and the activities of service group had a growth of 4.7%.

Economic growth rate in the first 9 months of the year 1396 (2017-18) (by relying on the base year 1390 (2011-12))

Agricultural group	1%
Industrial group	3.1%
Service group	7%
Gross Domestic Product (GDP) with the exclusion of oil (According to the current fair market price)	4.7%
Gross Domestic Product (GDP) (According to the current fair market price)	4.4%

Source: Iranian Statistical Center, report on the economic growth year in the first 9 months of the year 1396 (2017-18)