

# Renault, Peugeot likely to profit from Iran deal

PARIS, FRANCE: French car manufacturers Peugeot and Renault look to be among the clearest beneficiaries of the interim deal that lifts some sanctions on Iran, with both hoping to leap back into the Middle East's biggest car market.



Renault says it is keen to return to the Iranian market following the lifting of sanctions. Image: [The Car Driving](#)

One of the explicit concessions world powers made in the accord signed on Sunday (24 November) in exchange for Iran curbing its nuclear programme was the promise to suspend US sanctions on Iran's car industry.

For Peugeot and Renault, which had to pull out of Iran in 2011 and 2012 respectively, these words are worth big money, especially as both companies are struggling in the European markets.

PSA Peugeot Citroen was the top car manufacturer in Iran before the sanctions, selling 458 000 vehicles in 2011 in what used to be its second-biggest market

worldwide after France. Its cars, most of them assembled by an Iranian partner firm and rebranded, are ubiquitous on Tehran roads.

Renault sold 103 000 vehicles there last year before leaving.

## Iranian market huge and profitable

Iran itself counts car manufacturing as its second-biggest industry after oil, accounting for 10% of its gross domestic product. Before the sanctions, there were 1.4m new cars entering its market. After sanctions, that number fell by more than a third, but it still remains the biggest market in the Middle East, more than twice as big as Saudi Arabia.

PSA Peugeot Citroen says it is closely following the developments concerning Iran, and a company spokesman in Paris said it is not about to resume its sales activities immediately.

"The effects of the Iran deal are still unclear," he said. "The day when the sanctions no longer exist, we could look at how to best return to building cars."

The caution shown by PSA Peugeot Citroen stemmed in part by the fact that it has US group General Motors as a partner. That relationship was seen as instrumental in it having to quit Iran despite the heavy operating loss of around a €100m that occurred after it cut ties with its Iranian partners.



The Iranian version of the Peugeot 405. Image: Wiki Images

## Heavy losses

There is also the temporary and possibly reversible nature of the deal with Iran. Initially the lifting of sanction will apply for six months during which time the Islamic republic and world powers must reach a permanent and comprehensive pact. If not sanctions could be reimposed.

Renault, which counted Iran as its 8th biggest market by volume before the sanctions, was more enthusiastic. "Renault is satisfied with the signing of this accord, which should allow the sanctions to be lifted. If the sanctions are lifted, our activity which is currently slow, could return to its normal," a company spokesman said.

"It's good news for us because the Iranian market is important," she added.

The French industry ministry has confirmed it will hold a conference in Tehran this coming Saturday bringing together all of Iran's car manufacturers. Renault has confirmed it will attend but PSA Peugeot Citroen has declined to comment.

Source: AFP via I-Net Bridge

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