

# Iran Automobile Industry Analysis - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2024 - 2029)

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## Abstracts

The Iran Automobile Industry Market size is estimated at USD 37.96 billion in 2024, and is expected to reach USD 59.93 billion by 2029, growing at a CAGR of 9.57% during the forecast period (2024-2029).

The auto industry is a major driving force in Iran, keeping more than 60 other industries running and prospering. The industry is only second to the energy sector in terms of GDP and employment, accounting for 10% of GDP and 4% of employment. More than 100,000 people are employed by Iran Khodro (IKCO) and Saipa, the two largest local manufacturers, while another 700,000 Iranians work in industries related to car manufacturing.

The automobile industry in Iran witnessed a decline in growth due to the COVID-19 pandemic and sanctions imposed by countries like the United States on Iran. However, as the government in the country is taking the necessary actions to boost the production of vehicles and parts locally to meet the demand and reduce its import cost simultaneously, the market is expected to witness steady and consistent growth during the forecast period. The major car manufacturers in the country are increasing their production with locally manufactured parts and components. For instance,

## Key Highlights

In March 2023, IKCO, the largest car manufacturer in Iran, announced its first electric car for commercial purposes, which was launched in Iran. The IKCO technology arm Jetco has designed and developed this model with a battery pack of 45 kWh and can travel 300 km on a full charge.

Over the long term, local OEMs and major manufacturers in the country are also entering into agreements and associations with the university and research institutes to upgrade the manufacturing technology related to auto parts and components, which is expected to further boost the market during the forecast period. For instance,

### Key Highlights

In October 2022, six memorandums of understanding were signed between Iran Khodro Industrial Group and Saipa Automobile Group. These agreements cover the supply and purchase of raw materials and parts and establish joint engineering and R&D centers for manufacturing automotive in the country.

With an annual production of more than 1.6 million vehicles, Iran is the world's 20th-largest automaker and one of the largest in Asia. Currently, Iranian manufacturers produce six vehicles: passenger cars, 4WD trucks, buses, minibusses, and pick-up trucks. Passenger cars account for approximately 75% of local output, with pick-up trucks accounting for about 15%.

### Iran Automobile Market Trends

#### Growing Passenger Car Sales to Have Positive Impact on the Market

In recent years, the Iran automobile market has experienced a significant boost, owing to the burgeoning sales of passenger cars. This surge in demand for passenger vehicles has contributed to the automotive industry's expansion and positively impacted the country's overall economic landscape. This trend reflects a changing consumer preference and an optimistic outlook for the Iranian automotive sector. For instance,

In 2022, Iran produced roughly 997,520 passenger cars. It marked an increase in the number of passenger cars produced compared to the previous year.

Several factors contribute to the growing popularity of passenger cars in Iran. A key driver is the rising disposable income among the middle-class population, enabling more individuals and families to afford personal vehicles. Additionally, the increasing urbanization and changing lifestyles have heightened the need for convenient and efficient transportation, fueling the demand for passenger cars.

Government initiatives and policies have played a crucial role in fostering the growth of

the automobile industry. In Iran, efforts to stimulate economic development have led to the implementation of supportive measures, such as reduced import tariffs, subsidies, and financing schemes, making it more feasible for consumers to purchase passenger cars. These policies create a favorable environment for manufacturers and buyers, driving market expansion.

Advancements in automotive technology have also contributed to the appeal of passenger cars in Iran. Manufacturers are introducing vehicles with enhanced fuel efficiency, safety features, and connectivity options, meeting consumers' evolving preferences. This emphasis on innovation attracts buyers and positions the Iranian automotive market as a hub for modern and technologically advanced vehicles.

Overall, the passenger car market's growth is expected to impact the Iranian economy positively. The government will address several challenges to ensure the industry grows sustainably.

### Government Regulations Will Increase the Sales of Electric Vehicles in the Iranian Automobile Market

The Iranian government has shown increasing interest in promoting the adoption of electric vehicles (EVs) to reduce air pollution and dependence on fossil fuels and boost the domestic automotive industry. While the overall EV market in the country remains nascent, government regulation is expected to play a vital role in accelerating its growth.

The Iranian government has recognized the importance of reducing the environmental impact of transportation and has introduced a series of policies and incentives to encourage the adoption of electric vehicles. These initiatives include tax credits, subsidies, and reduced import tariffs on electric vehicles and their components. Such measures make EVs more affordable for consumers and create a conducive environment for manufacturers to invest in electric vehicle production. For instance,

In October 2023, The Deputy Minister of Industry, Mine, and Trade for General Industries announced Iran's intention to collaborate with knowledge-based companies and domestic auto manufacturers to develop and produce domestically designed electric vehicles by 2025.

In 2023, Iran claimed to have identified lithium reserves, which, if confirmed, could

amount to 8.5 million metric tons, or the second largest such reserves in the world. It will boost Iran's electric vehicle manufacturing industry and help cut the cost of localized manufactured electric vehicles in the coming years.

## Iran Automobile Industry Overview

Iran's automobile industry is a moderately consolidated market. Many prominent local players in the country, such as IKCO, SAIPA, Pars Khodro, Kerman, and Bahman, manufacture various models (such as Samand, Tiba, and Dena). IKCO and SAIPA are the most prominent automotive manufacturers. Many players plan to ramp up production output in the coming years.

In October 2022, the Iran Trade Promotion Organization (TPOI) announced the opening of an auto production line in Armenia to export manufactured cars to the Eurasian Economic Union (EAEU) states.

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