Iran ‘central’ to regional plans of French carmaker PSA

France’s PSA Peugeot Citroen is set to expand into the Middle East as part of its efforts to fight back against Chinese competitors in the region, the automaker’s CEO has said.

AFP that the automaker’s strategy is to focus on “innovation and local content,” with Iran playing a “central” role in the company’s plans.

The paper said that PSA is currently in talks with Iranian authorities to set up a joint venture to produce vehicles in the country, with the aim of producing up to 100,000 cars per year.

“Shutting down production in Iran would be a disaster for the company,” the paper quoted PSA CEO Carlos Tavares as saying. “It would mean losing a big market and a significant share of the regional market.”

The announcement comes amid growing interest in Iran as a potential market for Western carmakers, following the lifting of sanctions in 2016.

Iran has a population of around 80 million and is the second-largest car market in the Middle East after Saudi Arabia.

According to PSA, the company sold 200,000 cars in Iran in 2017, making it the country’s second-largest carmaker after Volkswagen.

The announcement comes as PSA is also looking to expand in other parts of the world, including China and Russia, where the company has been struggling to gain a foothold.

Last year, PSA announced plans to invest $2 billion in Russia to build a new plant and expand its production capacity in the country.

The company’s investment in Iran is seen as a key part of its strategy to boost its presence in the region and compete with Chinese carmakers, which have been gaining market share in recent years.

“Iran is central to the implementation plan of the PSA group,” Tavares said, adding that the company plans to increase its market share in the country.

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