

# EXPORT RÅDDET

SWEDISH TRADE COUNCIL

# THE AUTOMOTIVE INDUSTRY IN ARGENTINA

## FACT PACK

Swedish Trade Council in Argentina  
2008

# THE SWEDISH TRADE COUNCIL MAKES IT EASIER FOR SWEDISH COMPANIES TO GROW INTERNATIONALLY

## Sweden:

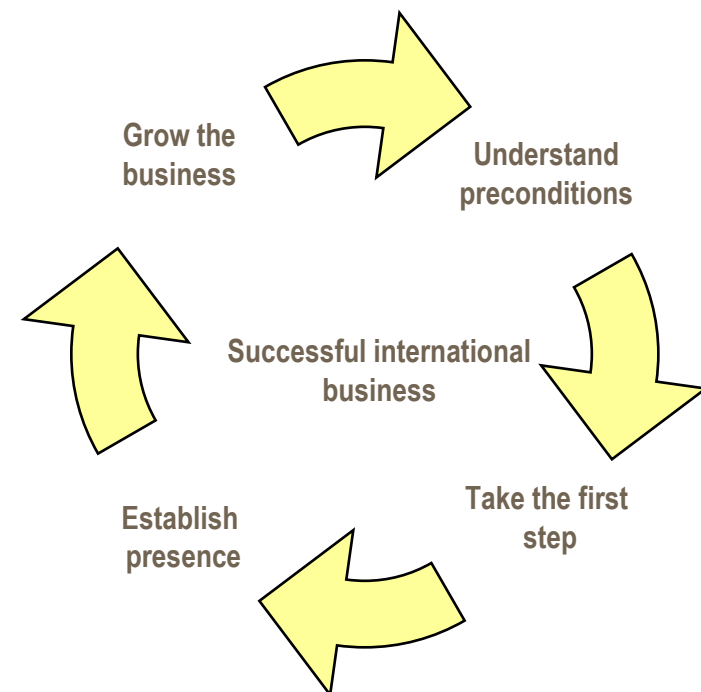
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

## Abroad:

- 60 places, 400 employees in 52 countries
- Through partners and networks we cover more than 100 countries

## Argentina:

- Office in Buenos Aires
- 5 employees



Vision of the office:  
STC in Buenos Aires is the primary consulting partner for Swedish companies  
doing business in Argentina

# ARGENTINA IN BRIEF

**Area:** 2 791 810 km<sup>2</sup>

**Inhabitants:** 39.3 million

**Constitution:** Democratic republic

**Head of State:** President Cristina Fernandez de Kirchner

**Languages:** Spanish (official), English often spoken in business

**Inhabitants per km<sup>2</sup>:** 14/km<sup>2</sup>

**Currency:** Peso

**GDP 2007:** 255 758 MUS\$ (estimated)

**GDP per capita 2007:** 6 500 USD (estimated)

**Inflation 2007:** 8.8% (National Bureau of Statistics)

**Main exports:** Agriculture products, industrialized agriculture products, petroleum

**Main imports:** machinery, equipment, intermediate products

**Swedish Exports to Argentina 2007:** 1 687 MSEK (Up to November)

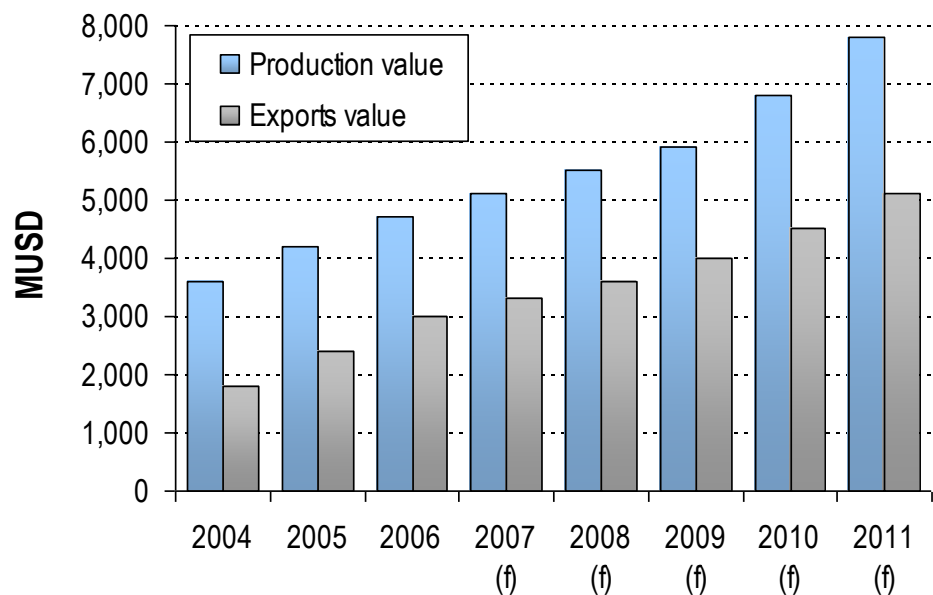
**Swedish imports from Argentina 2007:** 343 MSEK (Up to November)



# STRONG GROWTH OF AUTOMOTIVE INDUSTRY OVER THE PAST YEARS

- Automotive industry has been one of the drivers of argentine industrial growth

Argentine automotive industry value



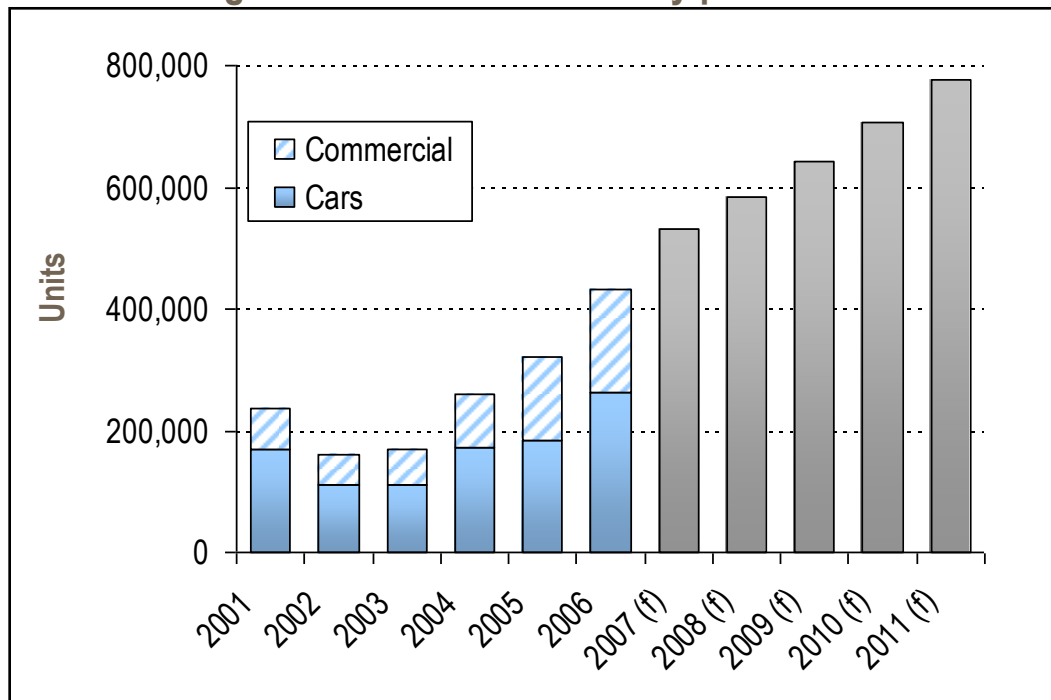
- Automotive industry is one of the largest sectors of Argentine industry and represents approximately 2.5% of total GDP.
- Due to low cost of production several companies have increased production, mainly destined for export.
- Argentina is now exporting to several countries, the most important partner being Brazil. There's a special regime for automotive industry trade between Argentina and Brazil.
- Terminals installed in Argentina have announced the production of several new vehicles for the coming years. This will increase production both for the domestic market and for export.

High growth in production is expected for the next years due to new investments

# THERE ARE NINE TERMINALS PRODUCING IN ARGENTINA

- Production is growing fast, particularly of commercial vehicles

Argentine automotive industry production













- 55% of total production is exported.
- Commercial vehicles production has shown the strongest growth over the past few years.



Production is expected to grow more than 30% in 2007 and high growth is expected for the next years

# LARGE UPCOMING INVESTMENTS IN THE ARGENTINE AUTOMOTIVE SECTOR

-More than 3500 musd in investments are expected for the period 2008 - 2010

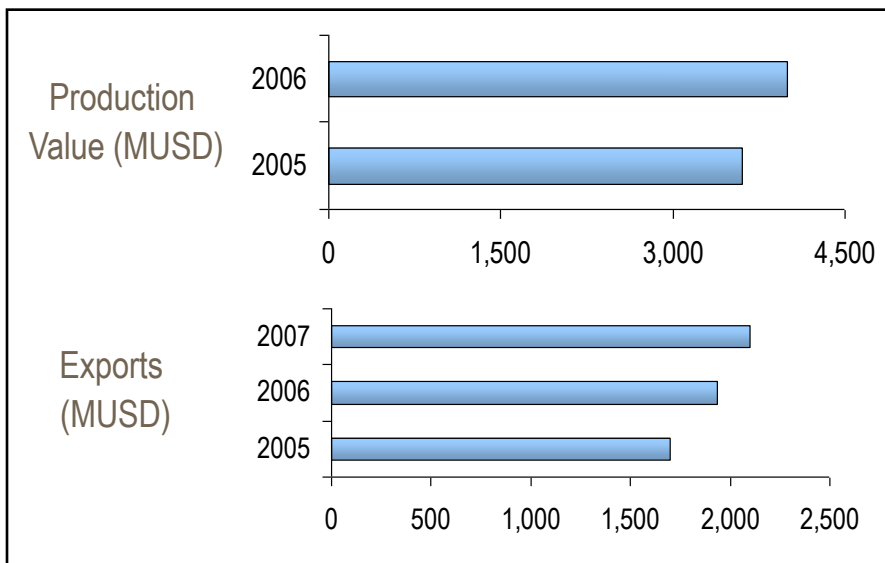
<p style="text-align: right;"><b>FIAT - CORDOBA</b></p> <p>Reopening of plant for production of two models Investment: 140 MUSD</p> 	<p style="text-align: right;"><b>FORD – PACHECO (BUENOS AIRES)</b></p> <p>Installation of new production lines for two new models Investment: 159 MUSD</p> 
<p style="text-align: right;"><b>RENAULT - CORDOBA</b></p> <p>Production of two new models Investment: 100 MUSD</p> 	<p style="text-align: right;"><b>GENERAL MOTORS - ROSARIO</b></p> <p>Production of a new model Investment: 200 MUSD</p> 
<p style="text-align: right;"><b>PEUGEOT – PALOMAR (BUENOS AIRES)</b></p> <p>Expansion of production capacity and production of new models Investment: 220 MUSD</p> 	<p style="text-align: right;"><b>TOYOTA – ZARATE (BUENOS AIRES)</b></p> <p>Expansion of production capacity Investment: 41 MUSD</p> 
<p style="text-align: right;"><b>VOLKSWAGEN – CORDOBA AND PACHECO (BUENOS AIRES)</b></p> <p>Expansion of production of gear boxes and production of a new model Investment: 433 MUSD</p> 	<p style="text-align: right;"><b>HONDA – ZARATE-CAMPANA (BUENOS AIRES)</b></p> <p>Install of a new plant (currently they don't have a plant in Argentina) Investment: 100 MUSD</p> 
<p style="text-align: right;"><b>MERCEDES BENZ – BUENOS AIRES</b></p> <p>Expansion of production capacity Investment: 52 MUSD</p> 	<p style="text-align: right;"><b>IVECO - CORDOBA</b></p> <p>Production of two new models Investment: 50 MUSD</p> 

Source: ADEFA, Trade Press, STC.

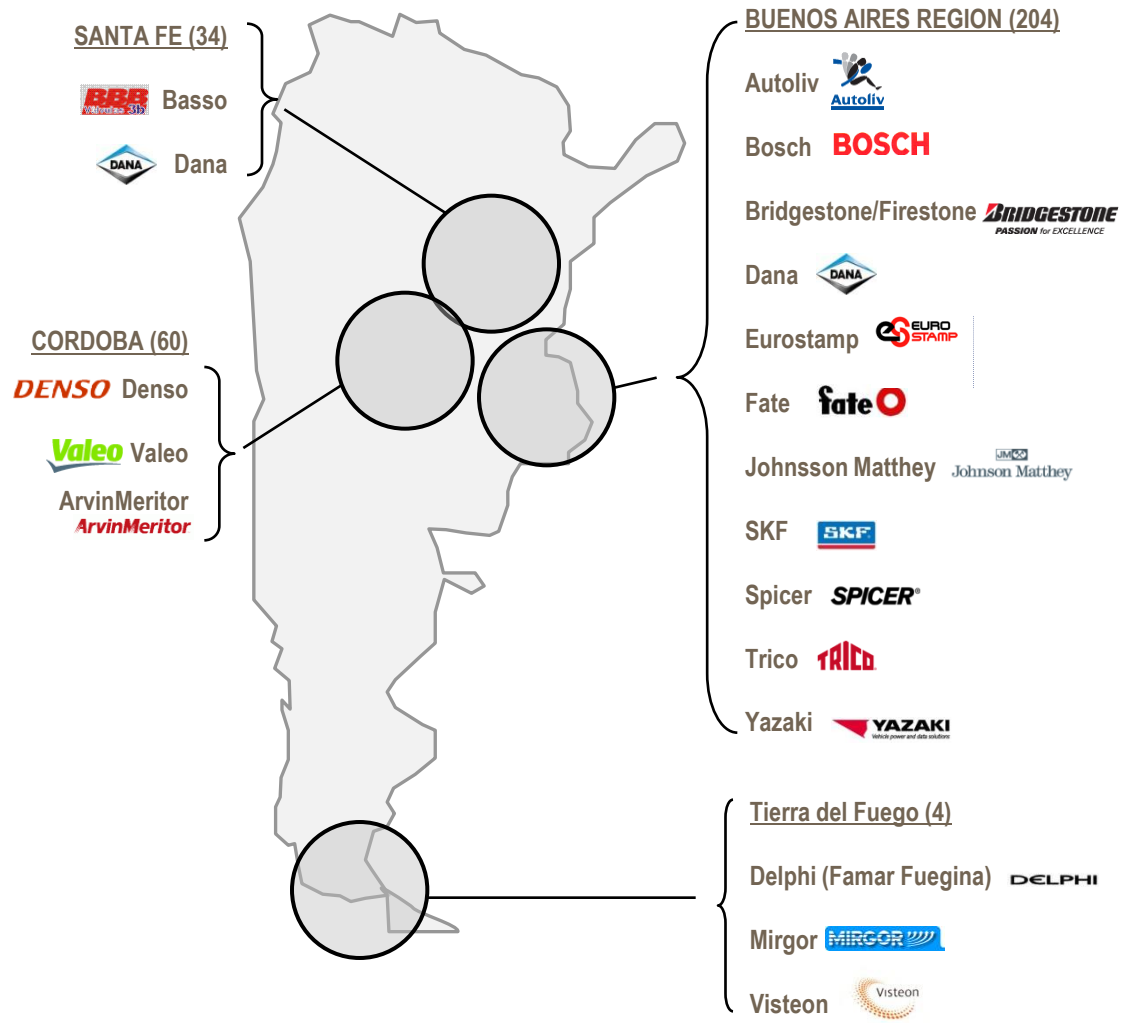
# THERE ARE ABOUT 300 AUTOMOTIVE SUPPLIERS IN ARGENTINA

## - T1 suppliers are mainly located near the vehicle OEMs

### Argentine auto-parts industry production



- Auto-parts companies are mainly located close to OEM plants, but due to tax incentives also in the south
- Many of the companies have less than 100 employees and are family owned.
- **Auto-parts imports were approximately 4,700 MUSD in 2006 and are expected to grow 30% in 2007.**



In parenthesis: Number of suppliers (T1 and T2) located in region.

Source: AFAC, Company websites, STC Interviews.

# ARGENTINA PROVIDES CONSIDERABLE BUSINESS OPPORTUNITIES

- Fast growing economy, annual GDP growth exceeding 8,5% the past five years
- New government with strong support focusing on external commercial relations
- Large (four times Sweden's) domestic market with increasing purchasing power
- High growth of imports, particularly machinery and equipment
- Latin America's most skilled labor force at low cost

... which has contributed to...

...the fact that more than **40** Swedish companies are registered in Argentina and many more are there as sub suppliers or via distributors.

STC in Argentina is the natural partner for all Swedish companies who want to

- establish or develop their business in Argentina

# USEFUL CONTACTS

## **ADEFA – Asociación de Fabricantes de Autos**

*(Automotive Industry Manufacturers Association)*

Tel: +54 11 43 12 3483

[www.adefa.com.ar](http://www.adefa.com.ar)

## **AFAC – Asociación de Fabricantes de autopartes**

*(Argentine Auto-part Suppliers Association)*

Tel: +54 11 43 75 0516

[www.afac.org.ar](http://www.afac.org.ar)

## **ACARA – Asociación de Concesionarios Argentina**

*(Auto dealerships Argentine Association)*

Tel: +54 11 43 83 2020

[www.acara.org.ar](http://www.acara.org.ar)

## **Ministerio de Economía**

*(Ministry of Economy)*

Tel: +54 11 43 49 5000

[www.mecon.gov.ar](http://www.mecon.gov.ar)

## **INDEC**

*(National Statistical Office)*

Tel: +54 11 43 49 9200

[www.indec.gov.ar](http://www.indec.gov.ar)

## **Secretaria de Industria de la Nación**

*(Industry secretariat)*

Tel: +54 11 43 49 3000

[www.industria.gov.ar](http://www.industria.gov.ar)

### **Swedish Trade Council in Argentina**

Visiting address: Business Support Office

Paraguay 1178, 7th Floor – Office A, Buenos Aires

Tel. +54 11 5093 0080, Fax. +54 11 5093 0090, [argentina@swedishtrade.se](mailto:argentina@swedishtrade.se), [www.swedishtrade.se/Argentina](http://www.swedishtrade.se/Argentina)