

EXPORT RÅDDET

SWEDISH TRADE COUNCIL

THE ENGINEERING MARKET IN ARGENTINA

FACT PACK

Swedish Trade Council in Argentina
2008

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

Sweden:

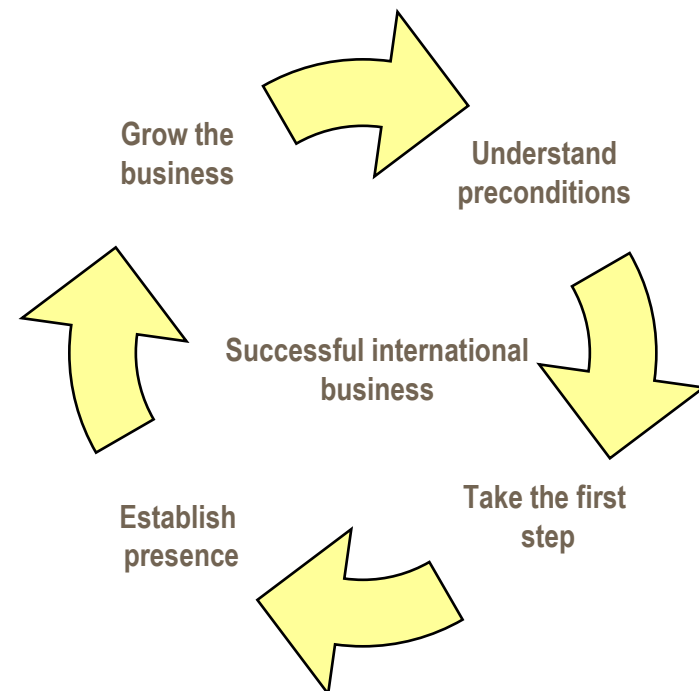
- Headquarters in Stockholm, 80 employees
- 22 regional export advisers
- All Trade Commissioners regularly visit different parts of Sweden

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 km²

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 km²: 14/km²

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)

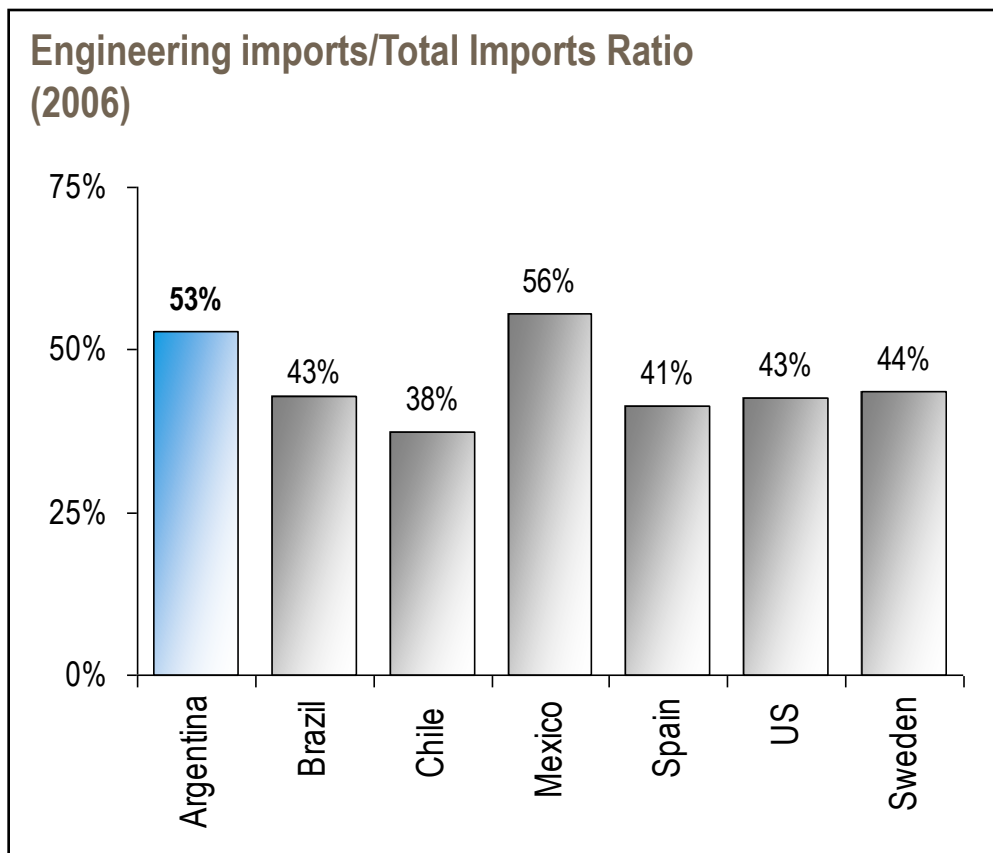
Swedish imports from Argentina 2007: 343 MSEK (Up to November)



Source: CIA world Factbook, Indec, STC Trade Profiles

DEMAND FOR ENGINEERING PRODUCTS INCREASES WITH PRODUCTION

- Argentina's productive investment is highly dependent on imports of engineering products



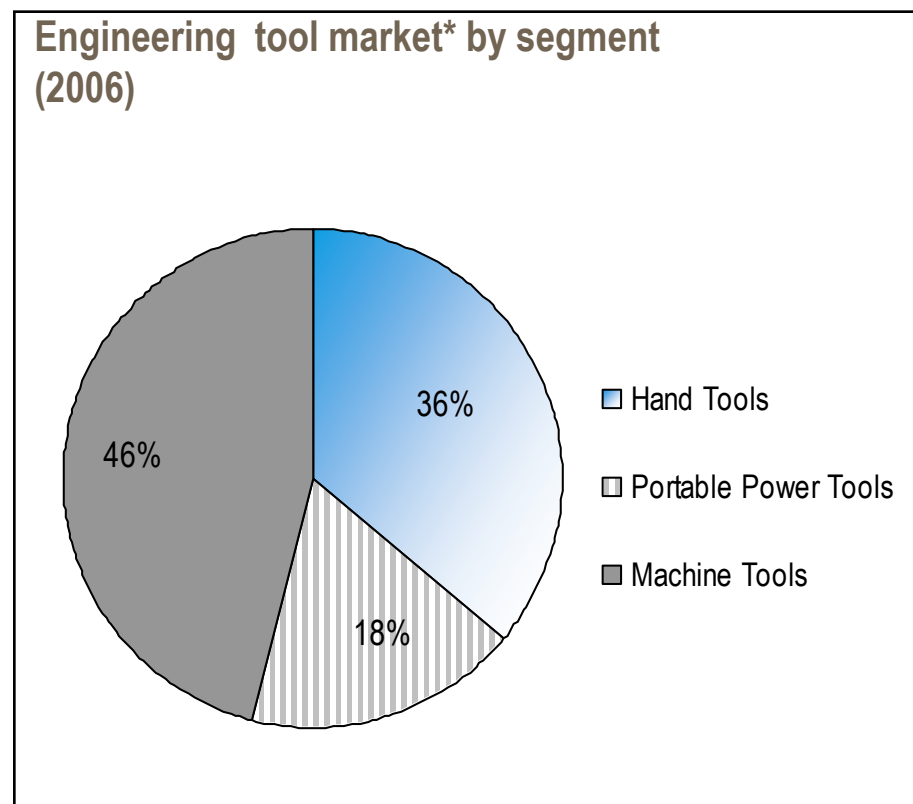
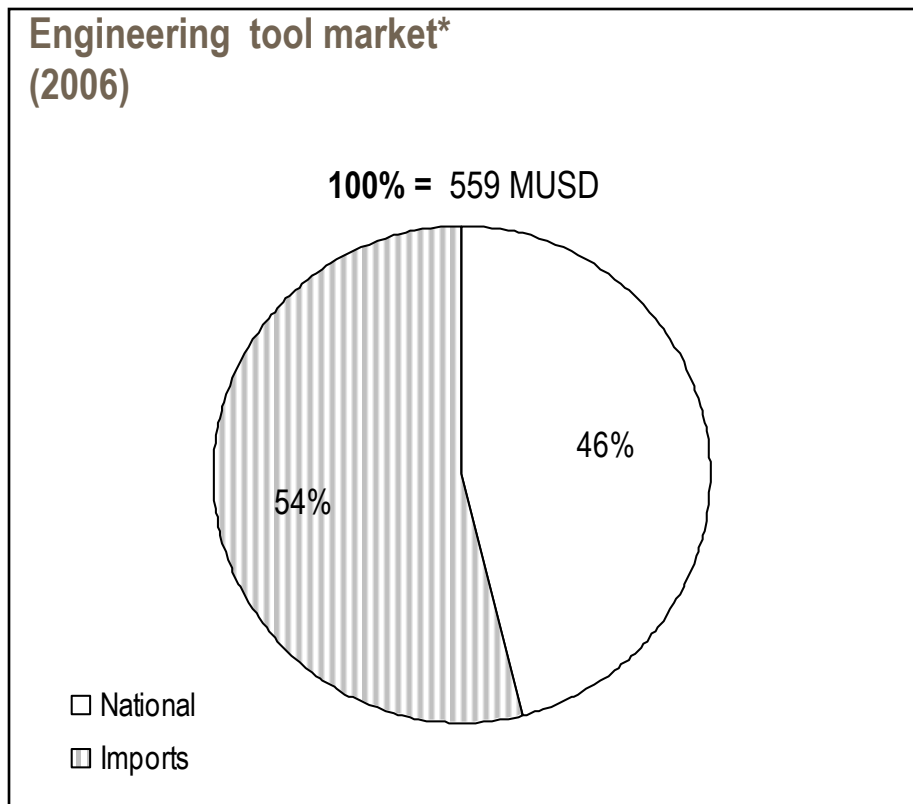
Comments

- In 2006, GDP (MUSD) expanded 16% while engineering imports did so by 25%, after growing 34% in 2005.
- Almost all engineering products show positive and high rates of growth.
- Manufacture is a large end user for engineering imports, and is currently expanding.
- Over 50% of large industrial manufacturers foresee an increase in their imports during 2008, mostly to expand production capacity.
- In general, large companies are likely to be less price sensitive

Future economic growth will continue expand imports of engineering products

ARGENTINA'S ENGINEERING TOOL MARKET ESTIMATED TO BE 559 MUSD

- Both local production and imports impact positively on growth

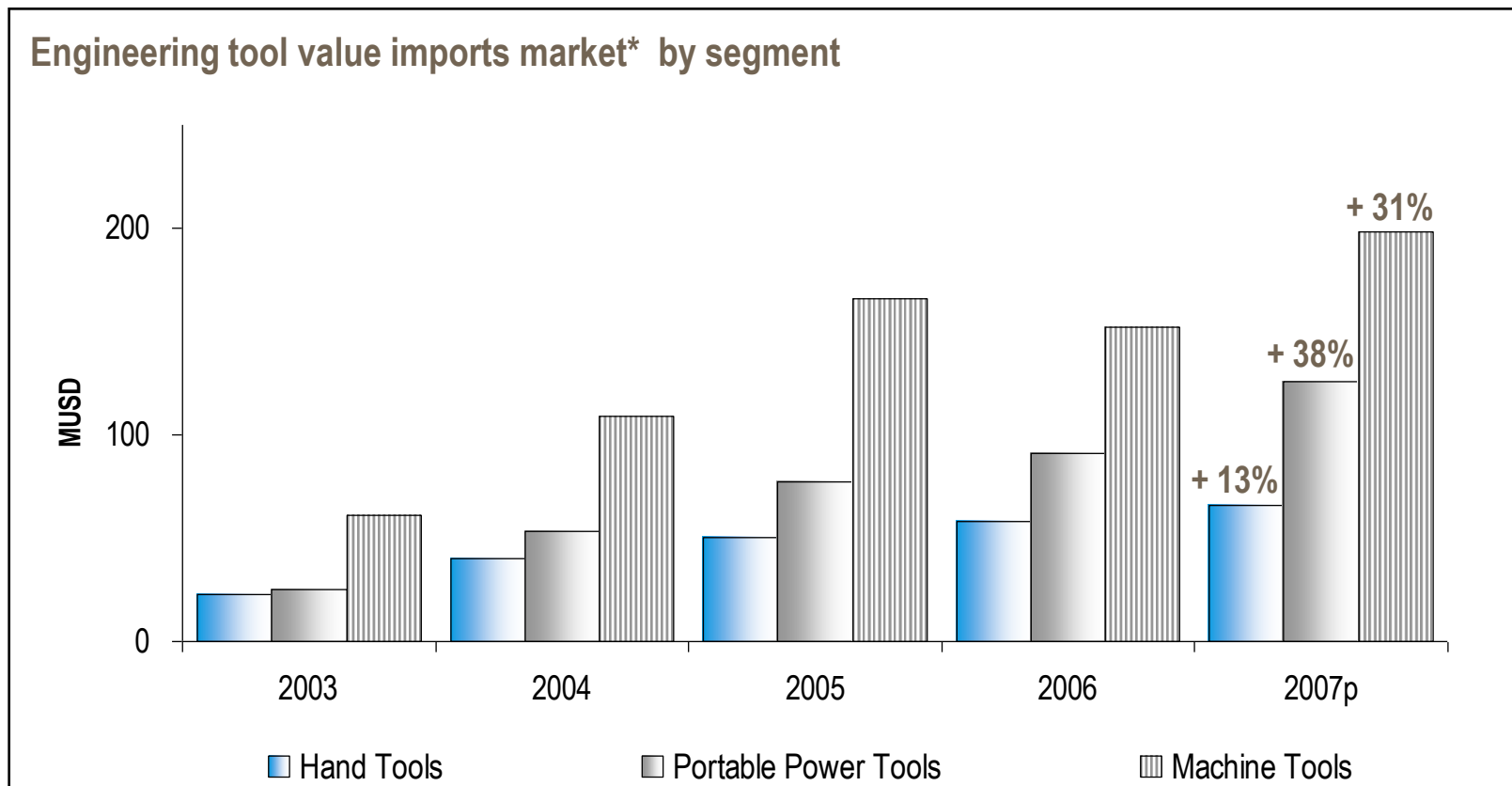


Lower real exchange rate due to higher inflation benefits imports in detriment of local production

* Market estimated at producer prices for local production and CIF for imports. Market value at consumer prices maybe considerably higher

IMPORTS OF ALL SEGMENTS ARE CURRENTLY STRONGLY EXPANDING

- Power and machine tools are the most dynamic



Engineering tools are closely connected to the demand of currently dynamic sectors

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SOME OF THE ACTIVITIES CREATING OPPORTUNITIES FOR MACHINE TOOLS

- Increasing demand for machines but also for parts



Automotive production at record levels and investments taking place to grow even more.
 Increasing demand for machine tools, specially metal cutting machines but also machining centers and metal forming machines.
Interesting contacts: Renault, VW, Peugeot-Citröen, Toyota, Honda, Ford, Fiat (IVECO), Mercedes Benz, GM



Auto part production at high capacity utilization levels. Production is rapidly increasing, and so is investment. In total, there are about 300 companies and another 400 for repairing and aftermarket.
 High demand of metal cutting machine tools and parts
Interesting contacts: Autoliv, Basso, Famar Fuegoina, Bosch, Eurostamp, Trico, Taranto, etc



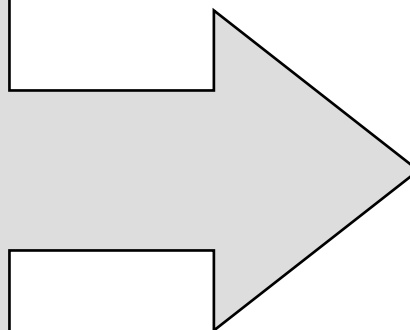
Oil contractors with increasing activity and investments. Production is not only destined to the local market (mostly currently for reposition) but also from other countries in the region.
 Demand is mostly for metal cutting machine tools for the oil sector.
Interesting contacts: Siderca, Cameron, Bolland, Lufkin, Spirax Sarco, Bender, Mortimec, Worsester, etc.



Current investments in machinery, infrastructure and equipment for the agriculture.
 Increasing demand of contractors of both metal cutting and forming machine tools. Over 650 companies for agricultural machinery manufacture.
Interesting contacts: Johnsson Matthey, Benetti, Prestolite Indiel, Bernardin Tanoni, Metalfor

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

ADIMRA

(Metalworking industry association)

Tel: +54 11 4371 0055

www.adimra.com.ar

CARMAHE

(Chamber of Machine Tools)

Telefax: +54 11 4343 1493

www.carmahe.com

NOSIS

(Foreign trade information)

Tel: +54 11 6316 0000

www.nosis.com.ar

Ministerio de Economía

(Ministry of Economy)

Tel: +54 11 4349 5000

www.mecon.gov.ar

INDEC

(National Statistical Office)

Tel: +54 11 4349 9200

www.indec.gov.ar

Secretaria de Industria de la Nación

(Industry secretariat)

Tel: +54 11 43 49 3000

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