

## **IV. South and Central America**

### **A. Country Profile: Argentina**

#### **MARKET OVERVIEW:**

##### **Description**

The bulk of the packaging and labelling equipment in Argentine industry is concentrated in food products, household sundries and pharmaceutical products. The best period for both local and foreign packaging equipment was from 1979 to 1981 but since then the total sales of packaging equipment has been steadily dropping and at present sales are practically nil. This is mainly due to the drop in purchasing power of the average Argentine citizen and to a recession which started in early 1989 and is continuing. Current idle installed capacity for food products and household sundries is approximately 60%. For the pharmaceutical industry, it is estimated at 30 to 40%.

In spite of these current poor market conditions it is expected that over the long term Argentina might start to produce food products for the export market which could be funnelled into overseas retail operations. This would imply a high degree of packaging and labelling sophistication on the part of the local food processing industry which it does not currently possess. If this development of the food industry actually occurs in the next 3 to 5 years this would generate demand for the import of highly sophisticated packing and labelling equipment.

##### **Size of Market**

The global market under normal circumstances is between 30 and 40 million US Dollars annually of which 50% is manufactured locally. In the present recession market estimates for packaging equipment are 5 to 10 million US Dollars and the bulk of this is maintenance and spare parts rather than the installation of new packaging lines.

#### **MAJOR BUYERS:**

##### **Major Local Buyers**

Major local buyers are grouped around three basic industries. The food processing industry, including all types of pre-packaged foods for the local retail trade. Argentina does not yet have an important international market for food products that are distributed at the retail level and therefore does not have a market for sophisticated packaging and labelling technology. The beverage industry is mainly orientated towards local wine processing and is well supplied by local manufactures. The pharmaceutical industry uses a high degree of sophistication packaging but is mainly supplied by the multinationals who operate in Argentina and are the major pharmaceutical producers.

##### **Major Types of Equipment**

The major types of equipment purchased are cartoning machines, bent sealers, automatic strapping and taping equipment and capping machines.