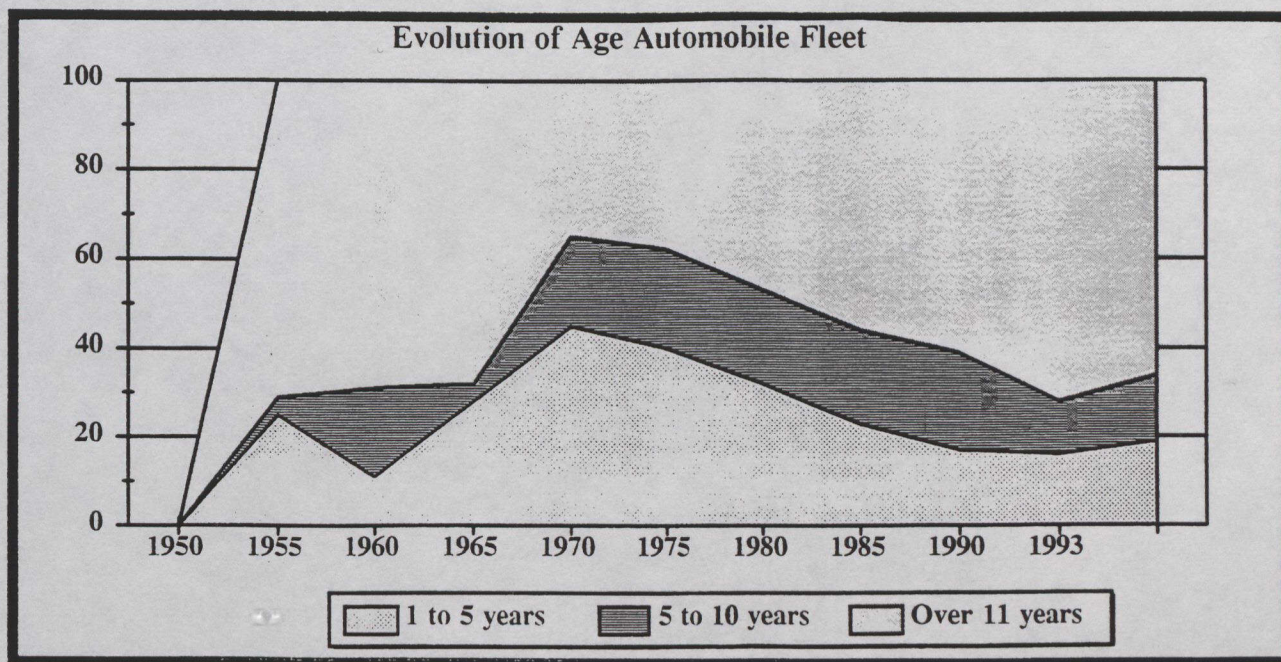


The Argentine automobile fleet consists of approximately six million units with an average age of 15 years, considered to be very high by international standards. The approximate make up of the fleet consists of 4,530,000 automobiles, 1,300,000 utility vehicles and 170,000 commercial vehicles (trucks and buses).

The distribution of age over time (see graph next page) indicates that at the present time the share of older vehicles in the fleet is at a very high level. This would indicate that demand will be at high and sustained levels, given the conversion program and the prospects for future sales. If we consider an automobile's average life span to be 15 years, approximately 280,000 cars, 81,000 utility vehicles and 12,000 commercial units should be replaced each year.

According to industry experts' opinions, Argentines should purchase 280,000 vehicles per year to replace the Argentine automobile fleet and 320,000 to increase it, bringing the total to 600,000 cars per year. This would bring the fleet to a total of 10 million automobiles in 15 year's time with a population of 40 million people. The replacement market for commercial vehicles would need approximately 100,000 units and another 100,000 units to increase it.



Source: ADEFA

In 1993 local car manufacturers produced over 342,000 units and exported 30,000 while the domestic market absorbed 421,000 cars including imports. These are unheard of numbers in Argentina. Domestic market allows 25% of autos to be imported. Thus 110,000 cars were imported. Estimates to the end of 1994 suggest a production of 400,000 units, exports of 40,000 and a domestic market of 470,000.