

Market Study on the Automotive and Auto Parts Industry in Argentina

Mercedes Benz is considering a major expansion program. A total of US\$100 million would reportedly be invested to produce 20,000 new model trucks, 80% of which would be exported to other Mercosur countries, mainly Brazil. Production would begin in 1996.

Mazda has announced that it will construct a utility vehicle and small truck plant in San Nicolás, Buenos Aires. The plant is expected to open in 1994 and will initially produce 15,000 vehicles annually, providing employment for 1,000 persons.

Honda's estimated investment is US\$ 100 million for opening a plant in Mendoza, although the amount will depend on the magnitude of the project (assembly only or complete auto plant).

Toyota's project is a joint venture with A. y L. Decaroli, a small Argentine firm and will involve the production of about 20,000 Hilux per year. One of the key elements of the project will be to export 10,000 vehicles each year. The company is investing over US\$ 150 million in capital plus design technology and personnel training. The first units will be out in October, 1996.

Chrysler has entered into a joint venture agreement with Iveco to reenter the Argentine market and make the Grand Cherokee Jeep and export it to Latin America. It also plans on manufacturing the Neon model car. The plant will be located in Córdoba.

Sevel is projecting a total investment of US\$ 130 million in 1994, US\$ 210 million in 1995 and another US\$ 210 million in 1996. In the last 3 years the company has invested a total of US\$ 300 million.

COMMITTED INVESTMENTS IN THE AUTOMOBILE INDUSTRY (millions of US dollars)				
Company	Inv. US\$	Location	Product	Year
GM	90	Córdoba	Pickups	1994-1995
Mercedes-Benz	100		Trucks	1996
Toyota	150	Córdoba	Trucks	1996
Sevel	550			1994-1996
TOTAL	US\$ 890			

Although insignificant at the present, the production of USA type trucks and the small but increasing imports of USA type cars has created an expanding market for original equipment and parts.