

## Market Study on the Automotive and Auto Parts Industry in Argentina

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emission sources around the world, effort has been focused on pollution control technologies for conventional fuels such as diesel fuel as well as alternative fuels.

Beginning in July, 1994, a mandatory environmental control system was established in Mendoza, whereby each vehicle must have an inspection done every year. Public transportation, buses and taxis, must be equipped with catalytic converters. Although the program has been put on hold, a great number of shops bought gas analyzers and other tuning equipment to fulfill these new requirements. It should be pointed out that the catalytic converters used in Mendoza are Canadian made.

Brazil already manufactures cars with catalytic converters. Argentine cars exported to Brazil as of January 1995 must be equipped with such converters, although there may be an extension until 1996. With Mercosur a reality, the market for these converters and other similar parts, for which local companies do not have the capability, is an opportunity for Canadian companies.

The municipality of Buenos Aires has approved an annual automobile inspection program whereby all auto owners must have their vehicles checked at authorized vehicle centres, set to begin next January. While the system is being set up, the authorities have introduced circulation restrictions which consist in not being able to use the car one day a week.

## Imports

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Argentina is highly dependent on imports of automotive inspection equipment, since local production is limited to a small number of relatively simple tools and, in general, repair shops prefer imported equipment and tools due to their quality and reliability.

Products in this market subsector which have been identified as having the greatest market potential in the years to come are:

- Scanners with adaptability for different types of cars
- Injection balancing equipment washers
- Scanners for computerized braking systems and automatic gearboxes
- Oscilloscopes with injection analyzers
- Time lamps with phasing systems
- Cylinder leak analyzers
- Vacuum gauges and gasoline pump testers

The organizations contacted believe that a good deal of the future equipment needs will have to be covered by imports, since automobiles will be increasingly sophisticated and will need high technology equipment not manufactured in Argentina. Particularly, it will be necessary to import equipment related to the needs of automobiles which use fuel injection systems and also for cars using unleaded fuel.