



Source: ADEFA

Major Foreign Investments in the Automotive Industry

The automotive sector will have over US\$ 700 million invested since 1992 by the end of this year and has increased its work force by 40%, with 7,000 more workers, without counting associated businesses.

Several projects have been presented for establishing new auto companies in the local market. All of them must comply with the limitation of a maximum 40% of imported components for light weight vehicles and 42% for heavy vehicles. As from 1995 these percentages may increase if an agreement is reached within Mercosur. An additional 10% of imported components will also be permitted for a duration of one year in the case of new models.

The projects that have been presented until now intend to make use of the industrial installations already in existence in the country in order to produce only one model, usually a utility vehicle, with the intention of exporting an important proportion of the output, thus profiting from the compensation programs for importing other vehicles.

In cooperation with the local affiliate of Renault, Ciadea, General Motors will invest US\$90 million in a plant in Córdoba, that will turn out Chevrolet's C-20 pickup truck. Initial output will be 4,500 trucks in 1994, rising to 15,000 in 1995 and 25,000 in 1996. The company plans to export 10,000 units in 1995 and 19,000 in 1996.