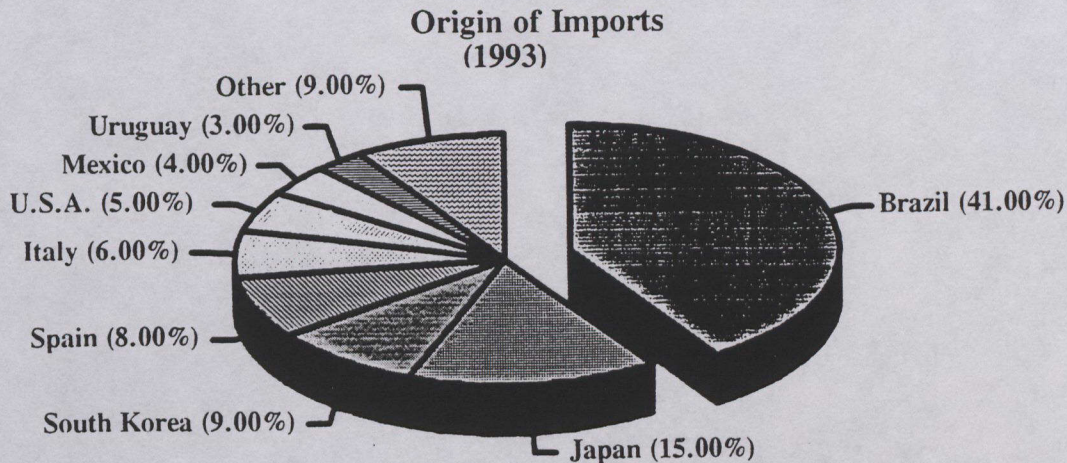


renewal.

A total of 75% of imports in 1992 and the first half of 1993, fell into the 1,500 to 3,000 cubic centimetre category. The largest share of imports in 1992 and 1993 were from Brazil (41%) under the import compensation scheme.



Exports mainly result from the compensatory system for imports which is being utilized by the companies that produce in Argentina. Thus, Brazil receives 86% of these exports. Vehicles falling into the 1,500 to 3,000 cubic centimetre category account for 96% of the total.

7. AUTO PARTS

The local automotive parts industry consists of about 300-400 companies, employing some 38,000 people. The industry can be divided into two sectors: (1) well established Argentine firms which have traditionally manufactured parts for the local market and have in some cases not met international standards of quality and efficiency; and (2) new firms formed through joint ventures and technical assistance agreements with foreign firms. These firms are poised to compete for sale to assembly operations abroad.

Total consumption of automotive parts in Argentina has been increasing in the last few years. This sector offers some of the most attractive investment opportunities. Whereas sales in 1990 were only US\$ 150 million, in 1993 they reached US\$ 1.5 billion. The consumption of the market is expected to change as a result of the new automobile decree. Local production of automotive parts will continue rising but, since the industry will no longer be protected by such stringent domestic content requirements as before, it will lose ground before imports. Exports are also estimated to continue growing slightly in response to the long term export oriented policy of the automotive industry.