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GLOBAL MARKET OPPORTUNITIES REPORT

FOR PLASTICS PROCESSING EQUIPMENT

IN ARGENTINA

COMPILED BY

ADRIANA ROSSINI

COMMERCIAL DIVISION

CANADIAN EMBASSY

BUENOS AIRES, ARGENTINA

AUGUST 1994

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TABLE OF CONTENTS

THE PLASTICS PROCESSING MARKET	1
ESTIMATED SIZE OF MARKET IN CANADIAN DOLLARS FOR THE PLASTICS PROCESSING EQUIPMENT SECTOR	1
DOMESTICALLY MANUFACTURED PRODUCTS VERSUS IMPORTS, BROKEN DOWN BY PRODUCT CATEGORY	1
TRENDS AND PROJECTED AREAS OF GROWTH	4
KNOWLEDGE OF CANADIAN EXPORT CAPABILITY	4
CANADA'S PERCEPTION AS A SUPPLIER VS. OTHER FOREIGN COMPETITORS	4
PREFERRED MARKETING AND DISTRIBUTION CHANNELS	5
AGENTS/DISTRIBUTORS FOR PLASTICS PROCESSING EQUIPMENT SECTOR ..	5
MANUFACTURERS OF MACHINERY AND EQUIPMENT	6
PVC TUBES, ETC.	8
IMPORT REGULATIONS	10
LANGUAGE OF BUSINESS	10
LOCAL CERTIFICATION REQUIREMENTS	11
ELECTRICAL REQUIREMENTS	11
JOINT VENTURES/TECHNOLOGY TRANSFERS	11
MAJOR TRADE SHOWS	12
INTERNATIONAL SHOWS	12
LOCAL OR INTERNATIONAL BUSINESS PERIODICALS TO BE CONSIDERED FOR ADVERTISING BY CANADIAN EXPORTERS	13
ASSOCIATIONS FOR THE PLASTICS PROCESSING EQUIPMENT SECTOR ..	13
RELEVANT MARKET STUDIES	14

THE PLASTICS PROCESSING MARKET

The Argentine plastics processing industry has shown a high growth rate in the last few years, and this trend is expected to continue in the near future. Between 1986 and 1992, the industry grew at an average annual rate of 6%. The plastics industry in general represents 1.04% of Argentina's GDP.

Total apparent consumption of processing equipment products has been increasing in the last few years. This is mostly due to Argentina's stable economy since the new government took office and started an economic reform program which included currency convertibility among other measures.

ESTIMATED SIZE OF MARKET IN CANADIAN DOLLARS FOR THE PLASTICS PROCESSING EQUIPMENT SECTOR

There are approximately 2,800 plants in the country and the plastics industry as a whole employs over 39,000 workers. More than half of the companies in the plastics industry employ between 10 to 49 workers. The majority of companies, over 74%, can be found in the Greater Buenos Aires Area. Santa Fé, Córdoba and Mendoza are also important industrial centres.

In 1992, total apparent consumption was approximately 551,000 tons, production capacity was 675,000 tons, and the average raw material price was \$1,400/ton, giving an approximate total market of \$771 million. In 1986 per capita consumption was 12 kg, in 1993 it reached 19 kg. The implementation of Mercosur will be important for Argentine companies in the plastics industry. In 1986 the total Mercosur trade value was \$9.8 million whereas in 1992 it increased to \$91 million. Exports to Mercosur members also increased from 26.4% in 1986 to 58.1% in 1991. Argentina's main trading partners are Brazil (31.9%) and Uruguay (20%).

The plastics industry is the third industrial sector in machinery and equipment investments. The Argentine plastics processing equipment market amounted to about 25,600 machines being used by local companies in 1991. Over 60% of companies have less than 10 machines installed in their processing plants. This, and the fact that most companies employ less than 50 workers, indicates that companies in the plastics industry are mostly small and medium sized businesses. They are also relatively young, with over 80% being in existence less than 20 years.

DOMESTICALLY MANUFACTURED PRODUCTS VERSUS IMPORTS, BROKEN DOWN BY PRODUCT CATEGORY

There is no data available for domestically manufactured products. However, estimates placed production at 20-25 units per month before 1990. With import tariffs and regulatory structures

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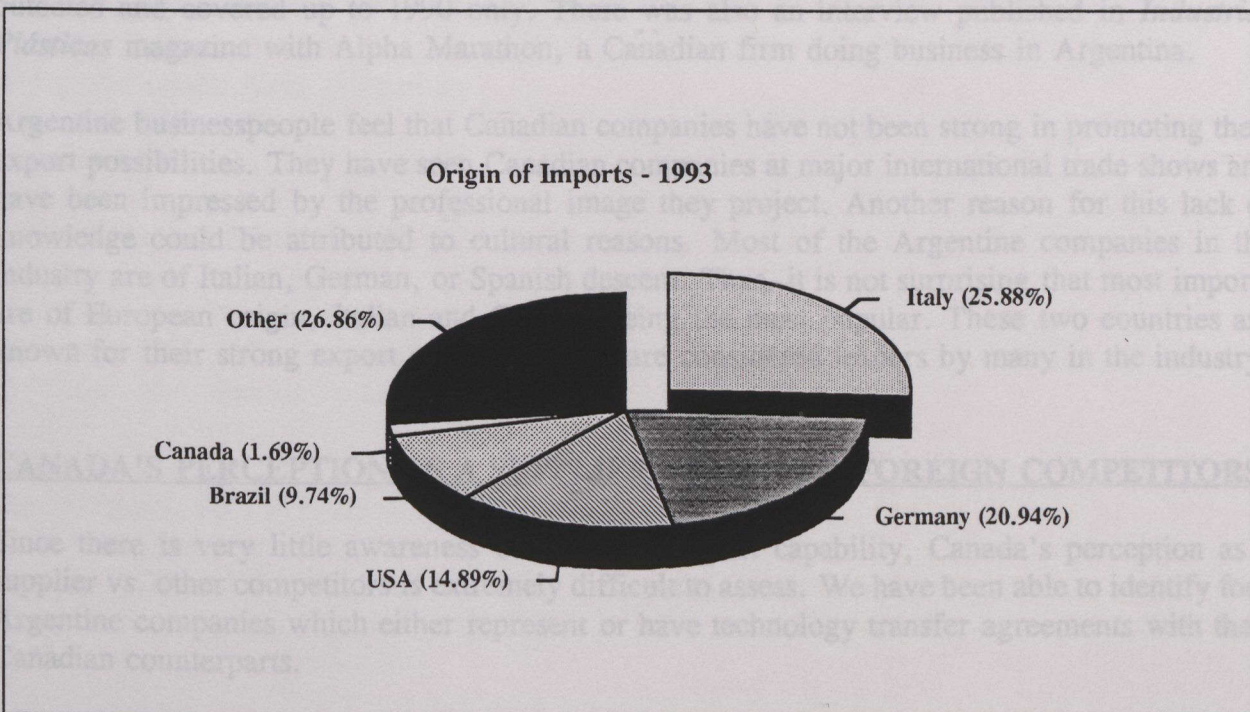
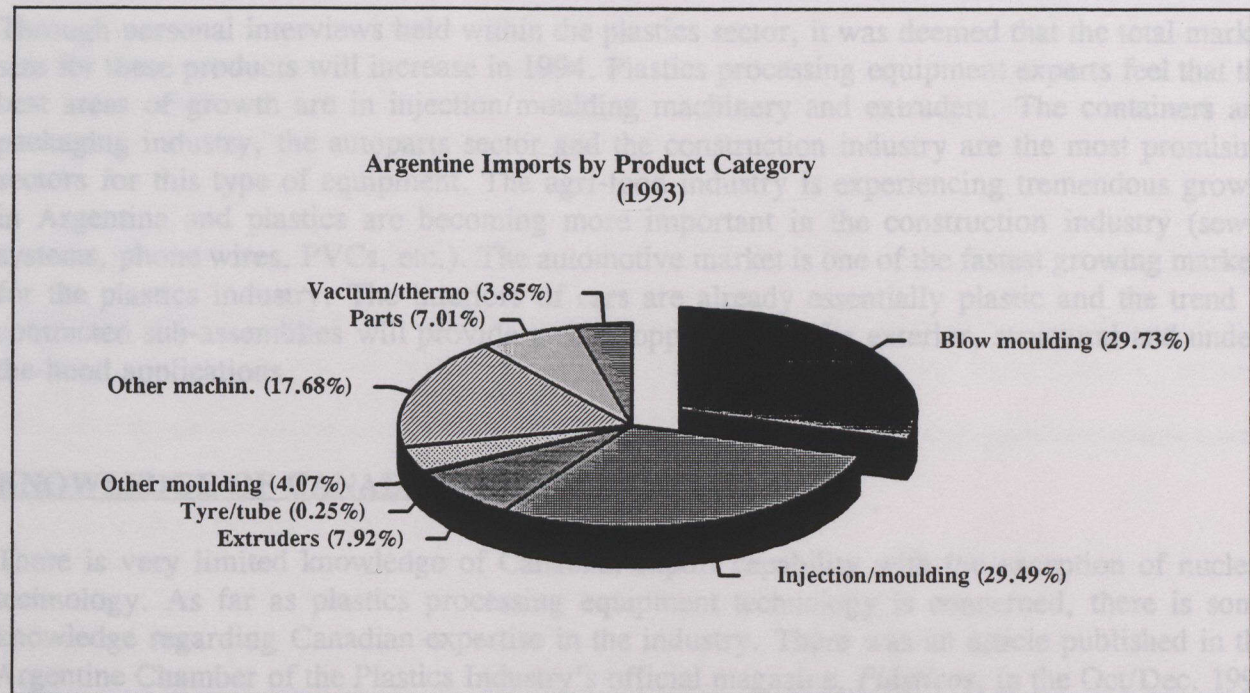
being open, most companies prefer imports to national products due to their higher quality and advanced technology. It is safe to say that local production is presently at 12-15 units per month. Imports of plastics processing equipment have grown steadily in the last two years, over 30% in 1993, and it is estimated that the trend will continue in the near future. The table below indicates the various product categories and values.

ARGENTINE IMPORTS OF PLASTICS PROCESSING EQUIPMENT			
(US DOLLARS)			
	IMPORTS		
	1992	1993	1994*
8477.10 - Injection/moulding machines	\$23,813,961	\$31,782,432	\$38,509,184
8477.20 - Extruders	7,282,173	8,539,793	13,705,524
8477.30 - Blow moulding machines	17,813,247	32,038,130	45,151,588
8477.40 - Vacuum moulding machines and other thermoforming machines	3,175,403	4,152,214	3,271,804
8477.51 - Tyre and tube moulding and retreading	247,346	268,994	1,440,920
8477.59 - Other moulding machines	3,196,977	4,381,436	2,386,484
8477.80 - Other machinery	22,520,322	19,054,368	23,385,076
8477.90 - Parts for machinery and equipment	4,551,178	7,558,304	6,957,092
TOTAL	\$82,600,607	\$107,775,671	\$134,807,672

Source: I.N.D.E.C. * Projected (Based on first 3 months)

Injection/moulding machines and extruders represent almost 50% of the market. Most of the imports come from Europe with Italy and Germany accounting for about 47% of all imports. Italy alone accounts for over 25% of the imports in the Argentine plastics processing equipment market.

EXHIBIT AND PROJECTED AREAS OF GROWTH



TRENDS AND PROJECTED AREAS OF GROWTH CHANNELS

Through personal interviews held within the plastics sector, it was deemed that the total market size for these products will increase in 1994. Plastics processing equipment experts feel that the best areas of growth are in injection/moulding machinery and extruders. The containers and packaging industry, the autoparts sector and the construction industry are the most promising sectors for this type of equipment. The agri-food industry is experiencing tremendous growth in Argentina and plastics are becoming more important in the construction industry (sewer systems, phone wires, PVCs, etc.). The automotive market is one of the fastest growing markets for the plastics industry. The interiors of cars are already essentially plastic and the trend to contracted sub-assemblies will provide greater opportunities for exterior, structural and under-the-hood applications.

KNOWLEDGE OF CANADIAN EXPORT CAPABILITY

There is very limited knowledge of Canadian export capability with the exception of nuclear technology. As far as plastics processing equipment technology is concerned, there is some knowledge regarding Canadian expertise in the industry. There was an article published in the Argentine Chamber of the Plastics Industry's official magazine, *Plásticos*, in the Oct/Dec. 1993 issue, about Canadian moulding machines. The information it contained, however, was a bit outdated and covered up to 1990 only. There was also an interview published in *Industrias Plásticas* magazine with Alpha Marathon, a Canadian firm doing business in Argentina.

Argentine businesspeople feel that Canadian companies have not been strong in promoting their export possibilities. They have seen Canadian companies at major international trade shows and have been impressed by the professional image they project. Another reason for this lack of knowledge could be attributed to cultural reasons. Most of the Argentine companies in the industry are of Italian, German, or Spanish descent. Thus, it is not surprising that most imports are of European origin, Italian and German being the most popular. These two countries are known for their strong export capabilities and are considered leaders by many in the industry.

CANADA'S PERCEPTION AS A SUPPLIER VS. OTHER FOREIGN COMPETITORS

Since there is very little awareness of Canadian export capability, Canada's perception as a supplier vs. other competitors is extremely difficult to assess. We have been able to identify four Argentine companies which either represent or have technology transfer agreements with their Canadian counterparts.

PREFERRED MARKETING AND DISTRIBUTION CHANNELS

In most cases there is a distributor or representative. In the case of autoparts and bottlers, equipment is sold directly to the companies. Selected distributors/representatives are listed below. Meindplast S.A., Molinari S.A./Romi S.A., and May Representaciones are three companies currently doing business with Canadian firms.

AGENTS/DISTRIBUTORS FOR PLASTICS PROCESSING EQUIPMENT SECTOR

Please Note: To call all telephone and fax numbers listed below from Canada, unless otherwise noted, dial 011-541 first.

CHILICOTE S.A.

Av. Julio A. Roca 546, 4° Piso, Oficina 1
(1067) Buenos Aires - Argentina
Tel: 331-4560/6610; 342-2387/7611 Fax: 331-4278
President: Lic. Alberto Budeisky

FERNANDEZ Y ABELLEIRA S.A.

Av. B. Rivadavia 861
(1870) Piñeyro - Avellaneda
Pcia. de Buenos Aires - Argentina
Tel: 208-9801/1662/3288 Fax: 208-8755
Director: Miss Cristina Fernández

GUILLERMO GABELSBERGER & CIA. S.A.

Av. Belgrano 427, 5° Piso
(1092) Buenos Aires - Argentina
Tel: 342-7905/5287/7812/4711 Fax: 331-7689
Director: Mrs. Herma F. Gabelsberger

IPAREX S.A.

Av. Belgrano 367, 9 Piso
(1092) Buenos Aires - Argentina
Tel: 331-8731/8735; 342-4412 Fax: 331-5150
President: Mr. Saúl Wagmaister

MAY REPRESENTACIONES

Curt May e Hijo S.R.L.

Alsina 424, 4 Piso

(1087) Buenos Aires - Argentina

Tel: 331-9114; 343-0969/3570

Fax: 331-6845

Tlx: 25457 MAYREP

Contact: Mr. Daniel May

MEINDPLAST S.A.

5 de Julio 6660

(1605) Munro, Pcia. de Buenos Aires - Argentina

Tel: 766-9446

Contact: Mr. Aldo Carretero

MOLINARI S.A. / ROMI S.A.

Perú 330

(1067) Buenos Aires - Argentina

Tel: 342-3873/5378/7427; 343-6270

Fax: 331-1840

Contact: Mr. Pedro G. Fränkel

R & R S.R.L. Import/Export

Calle 31 (ex Dorrego) N° 3221, San Andrés

(1651) San Martín, Pcia. de Buenos Aires - Argentina

Tel/Fax: 754-8752; 767-5533

Contact: Mr. Ricardo Melana

VOGEL & CO. Import/Export

Miñones 2332

(1428) Buenos Aires - Argentina

Tel: 781-4826; 783-9678

Tel/Fax: 786-3551

784-5858; 786-5958

Tlx: 17200 Vogel AR

Contact: Mr. Miguel Vogel

MANUFACTURERS OF MACHINERY AND EQUIPMENT

BURATTO S.A.

Cnel. Pedro Calderón de la Barca 1364

(1407) Buenos Aires - Argentina

Tel: 566-1001/1101/1051

Fax: 503-4228

Contact: Mr. Ernesto Massa

COSMAR METALURGICA S.R.L.

Av. Díaz Vélez 312

(1702) Ciudadela, Pcia. de Buenos Aires - Argentina

Tel: 653-2677/2782

Tel/Fax: 657-3749

Contact: Mr. Roberto Sarkansky

FABRICACIONES ELECTRONICAS S.R.L.

Pedro Morán 4918

(1419) Buenos Aires - Argentina

Tel: 567-7399

Fax: 568-6323

Contact: Mr. A. Marinic

FLUIDMEC S.A.I.C.

Av. San Martín 3653

(1752) Lomas del Mirador, Pcia. de Buenos Aires - Argentina

Tel: 655-1649/1749/4315

Fax: 953-9882

Contact: Mr. Balbino Fernández

FUMADI

Talcahuano 643

(1768) Villa Madero, Pcia. de Buenos Aires - Argentina

Tel: 442-1431

Tel/Fax: 442-3208

Contact: Mr. Elías José Marrano

GAWER S.A.C.I.

Saraza 2439

(1406) Buenos Aires - Argentina

Tel/Fax: 632-1130/7317

Contact: Mr. Sestilio Gambaccini

INDUSTRIAS GAYNOR S.R.L.

Garibaldi 96

(1870) Avellaneda, Pcia. de Buenos Aires - Argentina

Tel: 208-5902/6668/0909

Fax: 209-4442

Contact: Mr. Salvador A. Torrissi

ITALPLASTICO S.R.L.

Miralla 2133

(1440) Buenos Aires - Argentina

Tel: 682-6597

Fax: 682-8470

Contact: Mr. Alberto Seidenari

ROBERTO RODOFELLI Y CIA.

Diagonal 78 - Ex Rosalía - N° 1446
(1651) Villa Zagala, Pcia. de Buenos Aires - Argentina
Tel: 752-2665/8329 Fax: 752-2665
Contact: Mr. Roberto Rodofelli

ROLOP S.A.

Camino Gral. Belgrano - Ex Laprida - Km 15
(1879) Quilmes, Pcia. de Buenos Aires - Argentina
Tel: 250-0457 Fax: 250-2917
Contact: Ing. G. López

RUDRA S.A.

Av. John F. Kennedy 1620
(1754) San Justo, Pcia. de Buenos Aires - Argentina
Tel: 651-6925; 441-1708
Contact: Mr. Juan Manuel Ripoli

SEYPE S.A.

Gervasio Méndez 2833
(1605) Munro, Pcia. de Buenos Aires - Argentina
Tel/Fax: 762-2972; 756-5155
Contact: Lic. O. Peón

PVC TUBES, ETC.

ARAMIL S.C.A.

San Nicolás 3140
(1417) Buenos Aires - Argentina
Tel: 501-3851 Fax: 502-0389
Contact: Mr. Teodoro Hoffay

CASETO S.R.L.

Dr. J.F. Aranguren 2219, Piso 1°
(1406) Buenos Aires - Argentina
Tel: 632-9409 Fax: 633-1481
Contact: Mr. Carmelo Casellato

PLASTICAS SAZADELLO S.A.

Marcos Paz 2012
(1407) Buenos Aires - Argentina
Tel: 566-3974 Fax: 568-5461
Contact: Ing. Daniel Polonsky

FIPSA S.A.I.C.

Anatole France 627

(1870) Avellaneda, Pcia. de Buenos Aires - Argentina

Tel: 204-4428

Fax: 205-1859

Contact: Ing. Víctor Sabino

INDUSTRIAS PLASTICAS SALADILLO S.A.

Bolivia 4520

(1419) Buenos Aires - Argentina

Tel: 571-6848

Fax: 953-3725

Tel/Fax: 572-6054

Tlx: 17259

Contact: Mr. Carlos G. May

MAI S.A.

Agrelo 3323

(1224) Buenos Aires - Argentina

Tel: 93-4682

Fax: 865-3667

Contact: Mr. Arturo Cadado

MOLDUPER S.A.

Bdo. Rivadavia 1148

(1870) Avellaneda, Pcia. de Buenos Aires - Argentina

Tel: 208-3413

Fax: 208-1292

Contact: Mr. Alberto Rey

PLASTILOM

San Rafael 178

(1834) Turdera, Pcia. de Buenos Aires - Argentina

Tel/Fax: 298-3826

Contact: Mr. Marcelo Echeverría

PLASTITREBOL S.R.L.

F.M. Esquiú 1256

(1655) J.L. Suárez, Pcia. de Buenos Aires - Argentina

Tel: 763-9639

Fax: 735-0669

Contact: Mr. Carlos Ciampa

POLICENTRO SAN LUIS S.A.

Marcos Paz 2012

(1407) Buenos Aires - Argentina

Tel: 566-5974

Fax: 568-5461

Contact: Ing. Daniel Polonsky

RUT SIMCOVICH

Juncal 695
(1062) Buenos Aires - Argentina
Tel/Fax: (54-1) 313-6843/7581/3299

SILVIA TAUSSIK

Urquiza 822
(1638) Vicente López, Buenos Aires
Argentina
Tel: (54-1) 795-2146 Fax: (54-1) 11-2716

LOCAL CERTIFICATION REQUIREMENTS

The counterpart to the Canadian Standards Association is the Instituto de Racionalización Argentino de Materiales (IRAM). Although not mandatory, IRAM standards are adhered to by manufacturers when safety issues are concerned and for products such as auto parts, pipes, etc. IRAM usually follows ISO and IEC international standards guidelines, although some requirements may have minor modifications. We have been advised that there are no standards for plastics processing equipment.

For further information contact:

Instituto Argentino de Racionalización de Materiales (I.R.A.M.)
Chile 1192
(1098) Buenos Aires - Argentina
Tel: (54-1) 381-4424
Tel/Fax: (54-1) 383-4103

ELECTRICAL REQUIREMENTS

Argentina's electric current requires 220 V, 50 cycles.

JOINT VENTURES/TECHNOLOGY TRANSFERS

Argentine manufacturers are interested in joint ventures and technology transfers, particularly in the field of injection/moulding and extruders. Interested companies should contact the chambers listed on pages 13 and 14.

POLIVINORTE S.A.I.C.

Libertad 1708

(1640) Martínez, Pcia. de Buenos Aires - Argentina

Tel: 798-7877

Tel/Fax: 792-6432

Contact: Mr. Miguel Angel Rossignuolo

IMPORT REGULATIONS

The open market policies adopted by the Argentine government continue to benefit foreign companies. Import regulations for plastics processing equipment carry a 0% import duty rate and 0% statistical tax. Used equipment carries a 15% import duty rate and 10% statistical tax.

With Mercosur approved, capital goods, which at present have 0% duty rate, will have to achieve 14% by the year 2001. The Argentine government has not yet decided how it will get there. If it decides on a 2% increase per year, which would allow it to reach the agreed on 14% rate by 2001, the first increase would take effect in January 1995.

LANGUAGE OF BUSINESS

English is widely spoken in government and business circles, however, Spanish should be used for promotional material.

The following agencies/individuals may be contacted for translating/interpreting services:

BUREAU CENTER INTERNATIONAL BUSINESS CENTER

Mrs. Isabel Sánchez Maldonado

Av. Pte. R. Saenz Peña 832 - Piso 1º

(1388) Buenos Aires - Argentina

Tel: (54-1) 476-0150/59

Fax: (54-1) 476-1900

ESTELA NOEMI BRUERA

Daniel Enz N. 455

(1836) Llavallol, Buenos Aires

Argentina

Tel: (54-1) 298-2938

Fax: (54-1) 231-1013

RUTH JAMES

Catamarca 2920

(1636) Olivos, Buenos Aires

Argentina

Tel: (54-1) 783-1475

MAJOR TRADE SHOWS

The only major national trade show, *Argenplás - International Plastics Exhibition*, organized by the Argentine Chamber of the Plastics Industry, takes place every three years (next one to take place in 1996). It is geared to buyers and distributors in the plastics industry and counts on the participation of the main international suppliers of raw material, machinery and equipment. The 1993 show had 310 exhibitors, an increase of over 40% compared with previous event. A catalog listing companies by alphabetical order with address, phone numbers and a brief description of their activities and areas of interest is published by the Chamber. (Spanish-English)

VI Feria Latinoamericana de Subcontratación Industrial (Latin American Industrial Subcontracting Fair) - *Subcontrata '94* - This fair will allow subcontractors to advertise their production capacity, specialization and export capability to both local and foreign contractors. It takes place September 5-9, 1994 at the Predio Ferial in the province of Córdoba. There will be exhibitors from the following sectors: Metalmechanics, Plastic Rubber (Injection, Extrusion, Blowing, Calendering, Compression, Transfer molding, etc.), and Electricity/Electronics. Most of the exhibitors are from Latin/Central America and Europe.

For further information contact:

BSI de la Unión Industrial de Córdoba

Chacabuco 187

(5000) Córdoba - Argentina

Tel: (051) 23-8272

Tel/Fax: (051) 22-4353

Plastics Industry Permanent Exhibition - The Chamber has allotted a special area on its premises in which over 200 affiliated companies display their products.

INTERNATIONAL SHOWS

There are quite a few international shows attended by industry buyers and most of them are in Europe. "*K*" (Kunststoff) in Dusseldorf, Germany is *the* show to attend and the next one takes place in October 1995. Second comes the *NPE* show at Chicago's McCormick Place and third is *Plast* held in Milan, Italy every three years. Other regional shows include *BrasilPlast* (every 2 years, next one to take place in 1995), and *LatinoPlast* also held in Brazil.

LOCAL OR INTERNATIONAL BUSINESS PERIODICALS TO BE CONSIDERED FOR ADVERTISING BY CANADIAN EXPORTERS

Local business periodicals include:

Plásticos

Jerónimo Salguero 1939/41

(1425) Capital Federal - Argentina

Tel: (54-1) 821-9603/04/05

Fax: (54-1) 826-5480

Published by the Cámara Argentina de la Industria Plástica, this bi-monthly magazine includes a special supplement every other issue.

Industrias Plásticas Revista Técnica (Excellent magazine for advertising plastics processing equipment and products)

Guía Industrias Plásticas

Industrias Plásticas/Reciclado

Plásticos reforzados/composites

All of the above periodicals are published by:

Editorial Emma Fiorentino Publicaciones Técnicas S.R.L.

Estados Unidos 2796, Piso 1° "A"

(1227) Buenos Aires - Argentina

Tel: 943-0090/4717/0380

Fax: 942-2970

Telex: 17200 VOGEL AR

International trade magazines read by buyers/distributors include ***Modern Plastics International***, ***Canadian Plastics***, ***MacPlas***, ***Plastics Industry News***, ***InterPlastics***, and ***European Plastics News*** among others.

ASSOCIATIONS FOR THE PLASTICS PROCESSING EQUIPMENT SECTOR

Cámara Argentina de la Industria Plástica (CAIP)

Argentine Chamber of the Plastics Industry

Jerónimo Salguero 1939/41

(1425) Buenos Aires - Argentina

Tel: (54-1) 821-9603/04/05

Fax: (54-1) 826-5480

Contact: Dr. Oscar E. Sánchez, General Manager

Chamber's publications include:

- ***Plásticos*** - The Chamber's official publication
- ***ExportPlást*** - A catalogue listing all companies and their products/services (machines and equipment, raw materials, finished/semi-finished products, die making, etc.) It

Global Market Opportunities Report for Plastics Processing Equipment

circulates in fairs and exhibitions abroad, embassies, binational chambers of commerce, etc. In Spanish, English and Portuguese.

- *Plastinoticias* - Fortnightly information newsletter (official regulations, labour legislation, taxes, commercial opportunities, etc.)

Cámara de Fabricantes de Máquinas y Equipos para la Industria (CAFMED)

Chamber of Industrial Machinery and Equipment Manufacturers

Av. Alsina 1607, Piso 9º, Oficina 65

(1088) Buenos Aires - Argentina

Tel: (54-1) 40-5063/6840/5571/4967 extension 240

Fax: (54-1) 49-3431

Hours: 11:30 a.m. to 7:30 p.m.

Ask for Sector Fabricantes de Máquinas para Plásticos (Plastics Machinery and Equipment Manufacturers)

RELEVANT MARKET STUDIES

Thermoplastics and the plastics industry - Sectorial study done by the Fundación de Investigaciones Económicas Latinoamericanas/Fundación (FIEL, a Latin American Economic Research Foundation) and updated every 6 months. (Report No. 14 - Available in Spanish)

For further information contact the Foundation at:

Maipú 757, Piso 7º

(1006) Buenos Aires - Argentina

Tel: 393-7154/7206/7235/7189

Fax: 393-7286

Contact: Adriana Mazzini

Individual reports cost US\$ 450 each and updates are US\$150.

CONCLUSION

The Argentine market for plastics processing equipment offers important and growing sales opportunities for foreign manufacturers, and Canadian companies should take advantage of this window of opportunity before it closes.

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