INDUSTRIA ARGENTINA
ORGULLO NACIONAL

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Ministry of Industry

Argentine Republic

Ministerio de Industria
Presidencia de la Nación

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- The car – autoparts industry is strategical for our country's industrial and economic development.

- It represents 9.3 % of the industry (GVP), to which the commercial chain is added.

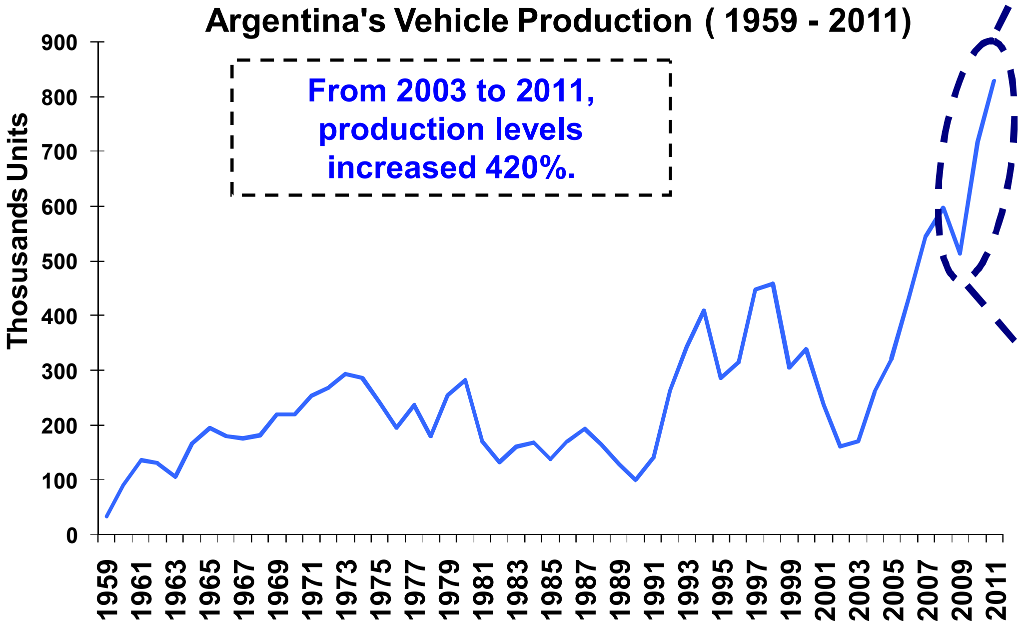
- It employs 117 thousand people (Industry and Commercial Chain) and it is in the 20th position regarding the vehicles manufacturers worldwide.

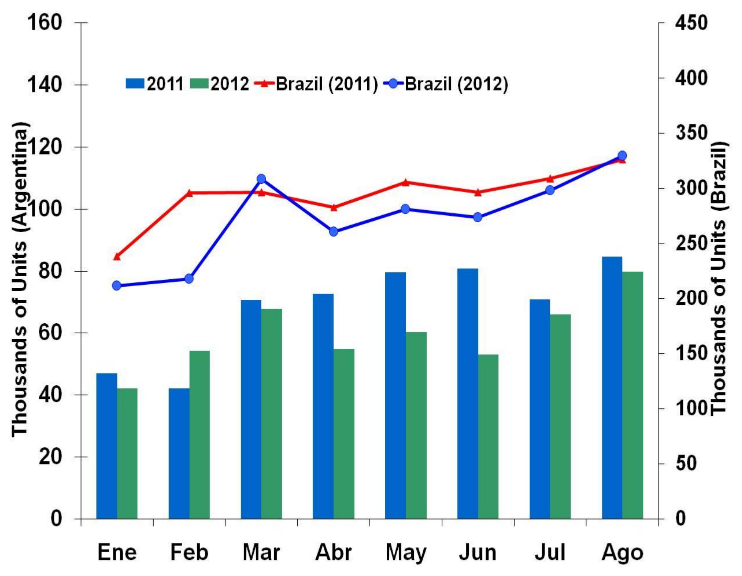
- Mercosur is the sixth largest vehicles manufacturer and the third market worldwide

Thus, it has been be selected as one of the value chains considered in the INDUSTRIAL STRATEGIC PLAN 2020

Vehicles Production

A categorical growth of the national car industry is observed. It reached record levels in **2011**: 829,000 units.





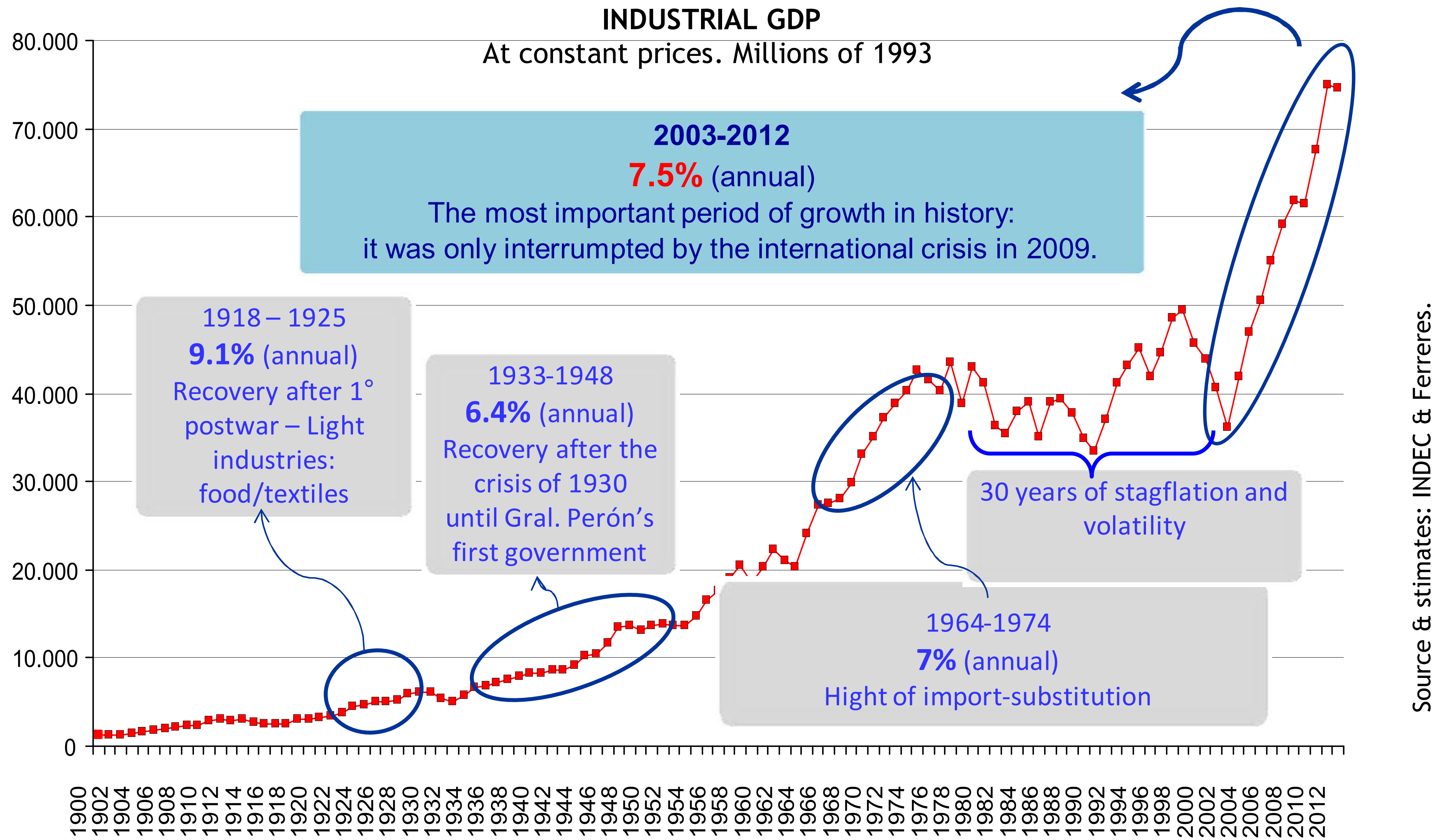
In 2012, there was a decrease in production levels compared to 2011, though it has presented a recovery since the third quarter.

The Brazilian car industry showed a similar performance, and in the third quarter it tended to recover the former year's production levels.

The growth has encouraged investments from 2009 onwards

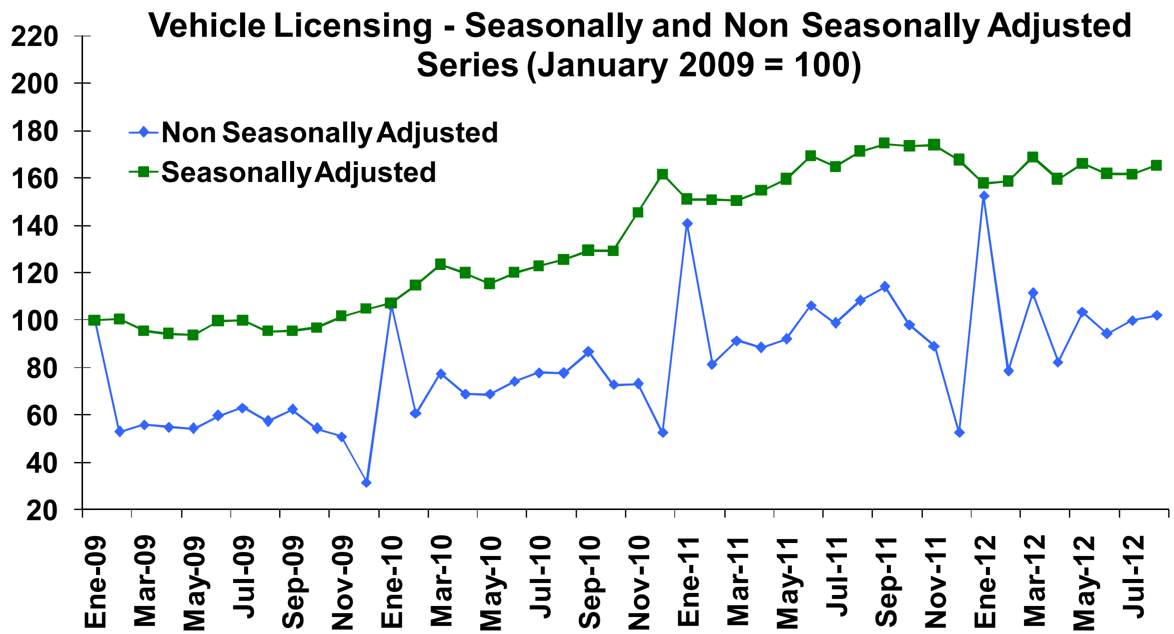
Car Makers Companies	Millions of AR$
Investments financed by the National Public Financing Program "Bicentenario"	1.269
Investments financed by other sources	8.090
Total	**9.359**

Unprecedented Economic Growth



Vehicle Licensing

The **non seasonally adjusted series shows that the vehicle licencing pace registers a monthly growth at an average rate of +1.1% from June to August 2012.**



The commercial sector has worked together with the industry and the market performance

Official Car Dealers

Year 2003: 490 Car Dealers
Year 2011: 750 Car Dealers

+ 53%

Direct Employment:

Year 2003: 18,000
Year 2011: 39,000

+ 117%

Vehicle Licencing (II)

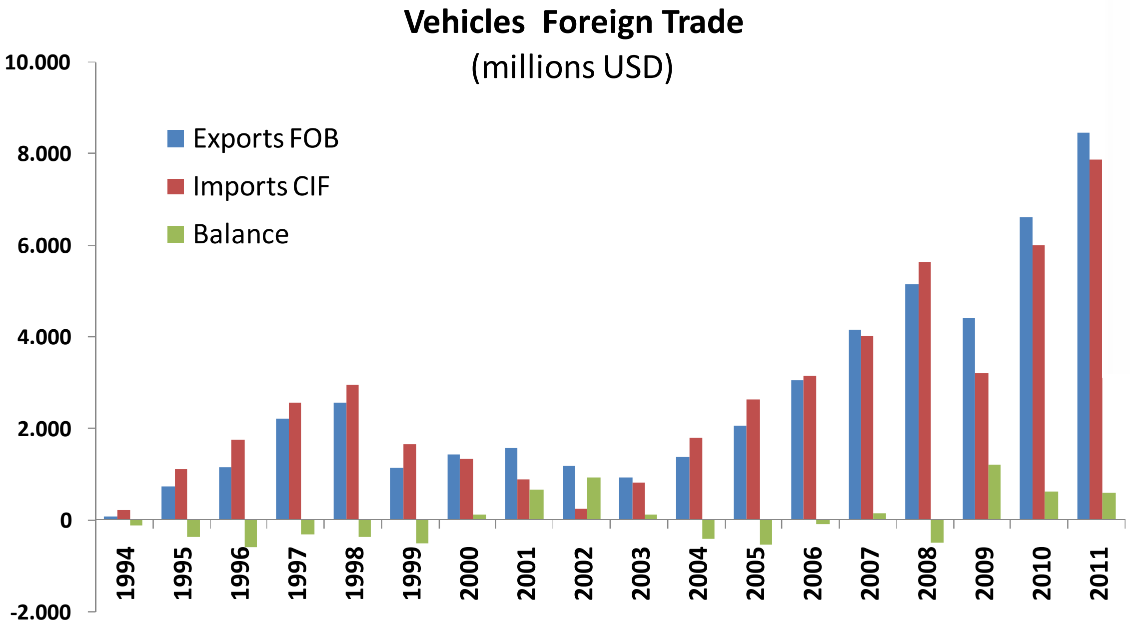
- Argentina is Latin American's biggest car market per person (sales of new cars per person).
  - In 2011, a **new car was sold every 45 citizens, opposed to Brazil, which sold a new car every 53 citizens.**
  - Argentina has a vehicle every 4 citizens. This fact places our country before Brazil, which has 1 vehicle every 7 citizens; Paraguay, one every 13; Peru, one every 18; China, one every 22; and India, one every 24.
- Currently, the economic effort in order to buy a new car is lower → the **relation salary versus cars' value has been the lowest in the last 8 years**, all thanks to the increase in the purchasing power.
  - Nowadays, people need **8.7 salaries to buy a new car** (Corsa Classic base). In 2003, they needed **13.6 salaries**.

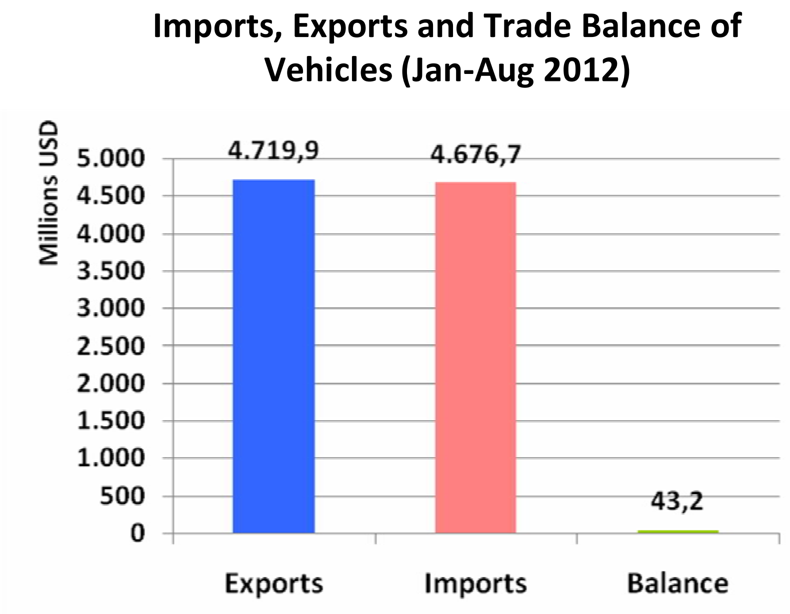
Strong industry at both domestic and regional level:

- In 2011, Argentina ranked **20 among global manufacturers, well beyond** Italy and reaching a similar level to Poland and Indonesia.
- At a regional level, **MERCOSUR** is the sixth largest **global vehicles manufacturer.**

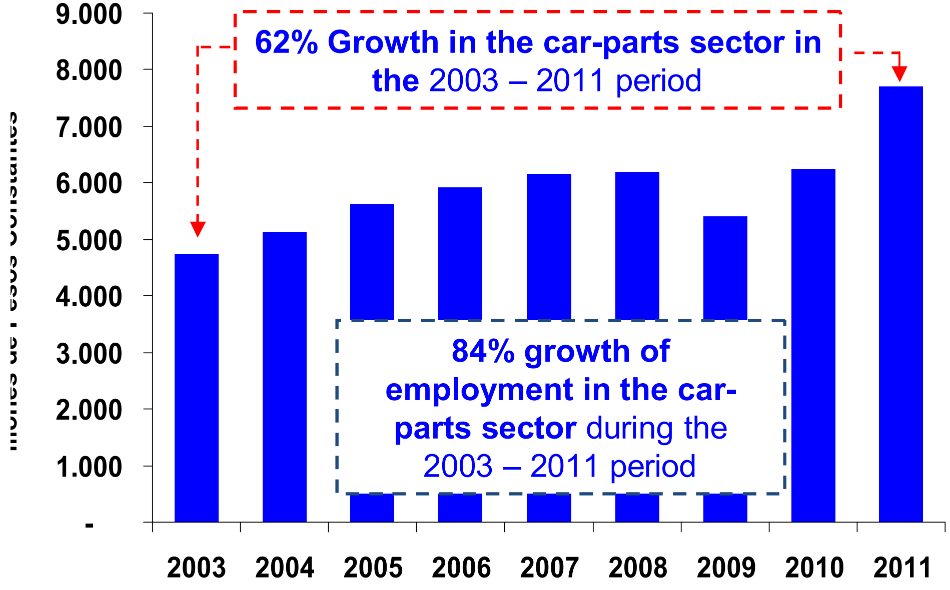
Vehicles foreign trade

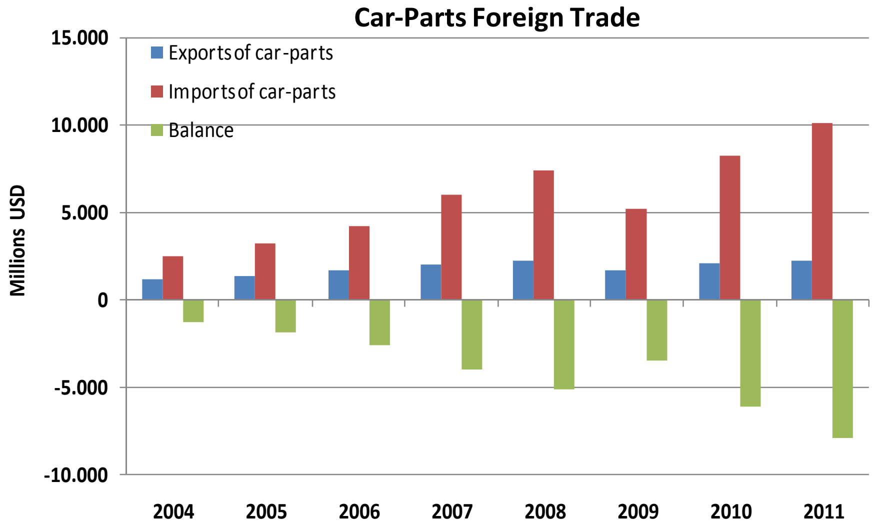
In spite of the international crisis, the surplus in the vehicles trading is sustained.





Car-parts: Manufacturing and Trade





The government has supported this investment process with soft loans

Car-parts	Investments financed by the National Public Financing Program "Bicentenario" (Millions of AR$)
Tires and Rims	576,2
Brakes, clutches and dampers	155,3
Chassis for trucks and buses	124,0
Moulding	111,1
Forging and stamping parts	79,8
Refrigeration and air conditioning systems	61,2
Batteries	50,3
Engines valves	43,7
Cast of aluminium parts	32,5
Fenders, floor panels and brackets	31,1
Bodies	31,1
Engine parts (hoses; air, oil or fuel filters)	13,6
Starter and alternator engines	7,6
Total	**1287,6**

Government Actions – Car Industry

- **Integration Meetings** (engine, trasmission, etc.) and autoparts manufacturers' development in order to deal with sistemistas.
- Development of the **comparison formula** of **competitiveness/costs** to assign autoparts at a regional level.
- Analysis of **integration/competitiveness** of inputs of widespread use.
- Investment **Financing**: Bicentenario ($1,963.8 MM in 42 companies) and FonaPyme ($9 MM in 12 companies).
- Strengthening of Labs net (RELIAU).
- Agreements between balance of trade of automotive terminals and suppliers of auto systems (**equilibrio de balanza comercial de terminales y autopartistas sistemistas)**, promoting the exports of related autoparts to be integrated to global supply nets.
- **Development** of electronic industry with special potential for the sector (Lithium batteries and Programa de Microelectrónica del Bicentenario).
- **National Plan of Fleet Renewal (trucks and coaches)**
- **Plan of Buses Renewal for AMBA (city of Bs As and surroundings)**.
- **Programme for the Shtrengthening of the National AutoParts Sector: Reimbursement to local autoparts purchase.**

Quantitative Objectives of the Industrial Strategic Plan 20 20

El Plan Estratégico Industrial 20 20 The Industrial Strategic Plan 20 20 estimates a growth of the Car/autoparts value chain and states the following quantitave objectives:

- **Production = 1.9 MM of vehicles (60% supply of national car-parts).**
- **Employment = 230,000 workers: Mainly, autoparts manufacturers and car dealers.**
- **Foreign trade of the chain in 2020:**

	Autoparts	Automotive Terminals	Total
Exports	USD 16,400 MM	USD 25,100 MM	**USD 41,500 MM**
Trade Balance	USD 640 MM	USD 7,600 MM	**USD 8,240 MM**
Imports	USD 15,760 MM	USD 17,500 MM	**USD 33,260 MM**

Challenges and future actions:
Public – Private Articulation (Value Chain)

1. Development of exclusive **globales platforms**.
2. **More local integration of** autoparts
3. **Good practices** code to encourage trust and investment in car-parts.
4. Strongly increase investment in terminals and car-parts manufacturers.
5. Increase the **application of resources for research and development by the automotive terminals and global auto systems**.
6. More training for the human resources and and employment increase in the sector.
7. **Establishing relations with Brazil**. From a commercial agreement to a common policy based on:
   - ✓ **Increase of the regional content of parts and pieces.**
   - ✓ **Obligation to carry out processes in the region and/or include specific autopart groups/systems of regional origen.**
   - ✓ **Fixing common technical standards regarding energetic efficiency.**
   - ✓ **Joint development of suppliers for the region.**
   - ✓ **Development of the electric/electronic segment**
   - ✓ **Decrease of the extrazone deficit of the region.**
8. **Mexico**. **Renegotiating the agreement balancing the deal** MS-MX with deficit reduction and proposal for an increase in the trade.
9. Markets opening. Development of regional markets (Colombia, Ecuador, Venezuela, etc.) and **extraregional markets** (Angola, etc.).

Argentina and Brazil common challenge the consolidation of the auto-parts Industry

- Mercosur is the sixth largest vehicles manufacturer and the third market worldwide ➔ Argentina and Brazil joint production will surpass the level of 4.5 million vehicles next year
- The Region has an important and consolidated auto-parts industry, but there´s much more to be done in this area
- Both, Argentina and Brazil, have deficit in the auto-parts trade with the rest of the World
  - ➔ *Deficit: USD 24.000 millions (2011)*
  - ➔ *Imports: USD 37.000 millions (2011)*
- In this sense, both goverments are working together in the definition of the regional trade policiy for the period 2014-2019 with an special emphasis in promoting the regional production of auto-parts and the substitution of imports from Extrazone
- This is an excellent opportunity for the auto-parts manufacturers which are interested in investing and producing in the Region.
- But is also a call to the international auto-parts industry in order to establish in the Region

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Thank you very much

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