

Analysis of Argentinean Fastener Market in 2019-2023

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Argentina's Economic Overview

Argentina, a country rich in natural resources with a diverse industrial base, has experienced economic fluctuations in recent years. Despite these fluctuations, the country presents potential for the fastener market due to its ongoing infrastructure projects and various industrial sectors. Argentina's economy has been characterized by its volatility, with periods of growth interspersed with economic downturns. The country has grappled with high inflation rates, currency devaluation, and political uncertainties. While these factors have impacted overall economic performance, certain sectors continue to show resilience and growth potential.

GDP and Economic Growth

The population of the country stands at 45.8 million, with an economy reflected in a Gross Domestic Product (GDP) based on Purchasing Power Parity (PPP) of US\$1.2 trillion in 2022. The economy experienced a notable growth rate of 5% in 2022, contributing to a five-year average growth rate of 0.2%. On a per capita basis, the GDP is approximately US\$26,484. Their GDP growth rate was about 3% in 2023.

High inflation rates have been a persistent challenge for Argentina. This economic instability affects consumer spending, investment decisions, and business operations. Inflation, measured by the Consumer Price Index (CPI), was exceptionally high at 100% in 2023, indicating significant economic pressure on consumers. Despite these challenges, the country attracted Foreign Direct Investment (FDI) inflows amounting to US\$15.1 billion. Public debt remains substantial,

accounting for 84.7% of the GDP. The labor market faces challenges, with an unemployment rate of 10.9%.

Argentina's economic activity has faced a deep recession in early 2024 due to measures addressing macroeconomic imbalances. However, recovery is anticipated in the latter half of the year. Key points influencing the PMI include:

- **Fiscal Surplus:** Argentina achieved a primary fiscal surplus of 1.1% of GDP in early 2024, aiming for a sustainable fiscal consolidation.
- **Inflation:** Inflation has decelerated more rapidly than expected, with projections suggesting a year-end rate of 140% for 2024, down from previous highs.
- **GDP Contraction and Recovery:** The GDP is expected to contract by 4% in 2024.

Key Industries Driving Fastener Demand

Argentina's diverse industrial landscape creates opportunities for the fastener market. Several key sectors contribute significantly to fastener demand:

1. **Construction:** The construction sector is a major consumer of fasteners in Argentina. Residential, commercial, and infrastructure projects drive demand for a wide range of fasteners, including anchors, bolts, screws, and nails. Government initiatives to stimulate the construction industry, such as housing programs and infrastructure development, can positively impact fastener demand. The construction industry in Argentina is set to decline by 8.6% in real terms in 2024 and 1.9% in 2025, owing to high inflation, construction material costs, and interest rates, coupled with falling building permits. According to the National Institute of Statistics and Census of Argentina (INDEC), the total area authorized for building permits by 176 municipalities fell by 7.8% year on year (YoY), in 2023, preceded by an annual decline of 9.3% in 2022.
2. **Automotive:** Argentina's automotive industry, while facing challenges, remains an important consumer of fasteners. Both original equipment manufacturers (OEMs) and the aftermarket contribute to the demand for various fasteners used in vehicle assembly and maintenance. In 2024, the passenger cars market is anticipated to generate a revenue of US\$27.7 billion. This market is expected to experience an annual growth rate (CAGR) of 1.42% from 2024 to 2028, reaching a projected market volume of US\$29.3 billion by 2028. SUVs will be the largest segment within this market, with a projected market volume of US\$6.9 billion in 2024. Unit sales for passenger cars are expected to reach 758.20 thousand vehicles by 2028. The volume-



weighted average price for passenger cars is forecasted to be US\$44.06 thousand in 2024. Volkswagen is projected to capture one of the highest market shares in the selected region, with a vehicle unit sales share of 18.7% and a value market share of 19.5% in 2024. On an international scale, the most revenue in the passenger cars market will be generated in the United States, amounting to US\$558 billion in 2024.

3. Agriculture: As a major agricultural producer, Argentina relies on machinery and equipment for farming and harvesting. The demand for fasteners used in agricultural implements and infrastructure is influenced by factors such as crop yields, commodity prices, and government policies supporting the agricultural sector. **The Argentina agricultural machinery market size is estimated at US\$ 1.33 billion in 2024, and is expected to reach US\$ 1.77 billion by 2029, growing at a CAGR of 5.80% during the forecast period (2024-2029).**

4. Oil and Gas & Renewable Energy: Argentina possesses significant oil and gas reserves, and the energy sector's activities create demand for fasteners used in exploration, production, and transportation infrastructure.

On the other hands, **Argentina has been investing in renewable energy sources, such as wind and solar power. The growth of this sector can create opportunities for fastener manufacturers supplying components for wind turbines, solar panels, and related infrastructure.**

- Argentina aims to increase the share of wind and solar to 20% of electricity production in 2025 and reduce GHG emissions by 21% in 2030 compared to its 2007 emission peak.
- According to its Long-Term Strategy, the country aims to reach net zero emissions by 2050.
- Four companies represent 1/3 of the installed power capacity.
- YPF is the largest producer of oil.
- The share of natural gas in the power mix varies greatly with the level of hydropower (47% in 2023).
- The share of wind has increased by 10 points since 2010.
- The country holds South America's 3rd largest gas reserves.

5. Transportation Infrastructure: **Investments in roads, railways, and airports can create significant demand for fasteners used in construction and related activities.**

- Airports: Seven airports across the country received maintenance and some upgrades in 2022. Additional airports will seek different forms of modernization, including the expansion of the busiest domestic airport, Aeroparque Jorge Newbery in Buenos Aires, which is run by the private operator, Aeropuertos Argentina 2000. Runway lighting systems, new or refurbished buildings, and passenger tracking systems will be required.
- Roads: There are 18,000 miles of paved roads in Argentina. Many roads have been neglected, especially in more rural areas. Road construction and maintenance

are mainly developed using local labor and materials. There are opportunities for porous lights and guardrails.

- Railways: There are 12,000 miles of rails in Argentina, half of which existed in the past due to the lack upkeep and profitability.

Overlook of the Fasteners Industry of Argentina

The fastener industry in Argentina, as reflected by global trade data from 2019 to 2023, shows significant fluctuations and trends that are critical for understanding its performance and future outlook.

Thousand USD	2019	2020	2021	2022	2023
World Importers	7,784	8,103	9,232	8,603	7,405
Growth		4%	14%	-7%	-14%
World Exporters	164,473	123,821	211,168	239,528	253,476
Growth		-25%	71%	13%	6%
Total Trade	172,257	131,924	220,400	248,131	260,881

World Importers

The number of world importers increased from US\$7,784,000 in 2019 to a peak of US\$9,232,000 in 2021, showing a growth of 18.61% over these two years. However, **this number declined to US\$7,405,000 by 2023, a decrease of 19.82% from the peak in 2021.**

World Exporters

The world exporters figures show a significant drop from US\$164,473,000 in 2019 to US\$123,821,000 in 2020, a decrease of 24.72%. However, it rebounded sharply in 2021 to US\$211,168,000 showing a growth of 70.53% from the 2020 low. **The upward trend continued with figures reaching US\$239,528,000 in 2022 and US\$253,476,000 in 2023.**

Last Word

The future of Argentina's economy and industry appears promising, with a projected rebound of 6% in 2025. This anticipated recovery is expected to be fueled by increased investments and robust private consumption. Despite current challenges such as high unemployment and inflation, these positive forecasts indicate potential for economic revitalization and growth. Strategic investments and a focus on boosting private consumption will be crucial in driving this recovery, paving the way for a more stable and prosperous economic future for Argentina. ■

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