

AutoData

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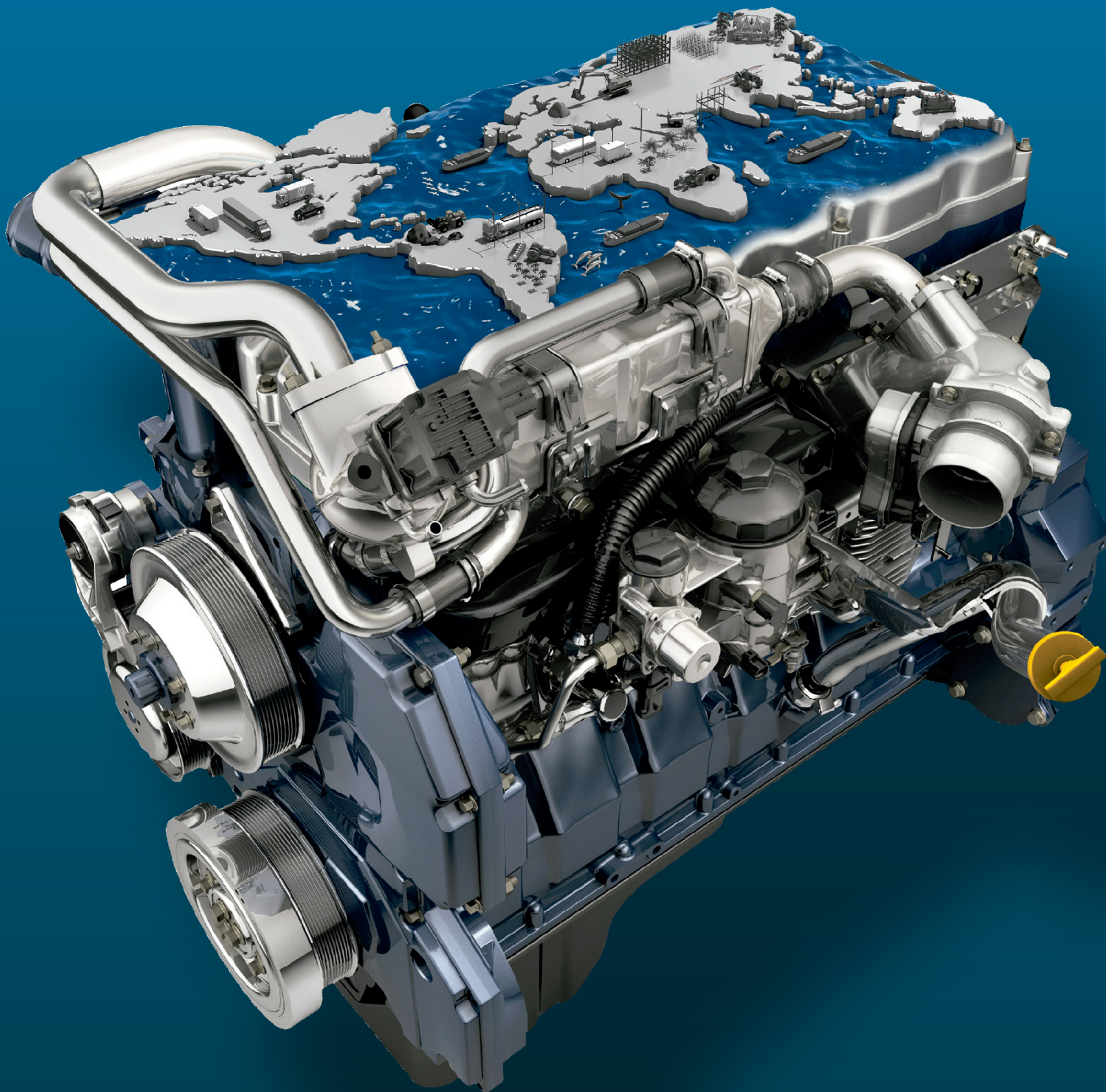
Record exports in May

May was the best month for export in the history of the automotive industry with respect to volume: 73,426 units, including light vehicles, trucks and buses – representing a 51.1% increase when compared May2016. The increased shipments boosted the growth of exports between January and May, when 307,600 units were shipped abroad from Brazil – its best first five-month performance ever. ...

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Record exports in May

Mônica Cardoso | monicacardoso@autodata.com.br

May was the best month for export in the history of the automotive industry with respect to volume: 73,426 units, including light vehicles, trucks and buses – representing a 51.1% increase when compared May2016. The increased shipments boosted the growth of exports between January and May, when 307,600 units were shipped abroad from Brazil – its best first five-month performance ever.

In terms of value, export revenues in May made it the second best month in history, totaling US 1.470 billion, behind October 2011, when it reached US\$ 1.482 million. From January to May, exports totaled US\$ 6.040 billion, representing a 52.7% increase compared to the same period last year, which totaled US\$ 3.960 billion. This is the second highest value in history, behind only the same period in 2013, when export revenues totaled US\$ 6.394 billion.

The growth in exports exceeded the expectations of the automotive industry, according to Antônio Megale, president of Anfavea.

Exports of vehicles to Latin America

Jan-May 2017

Source: Anfavea

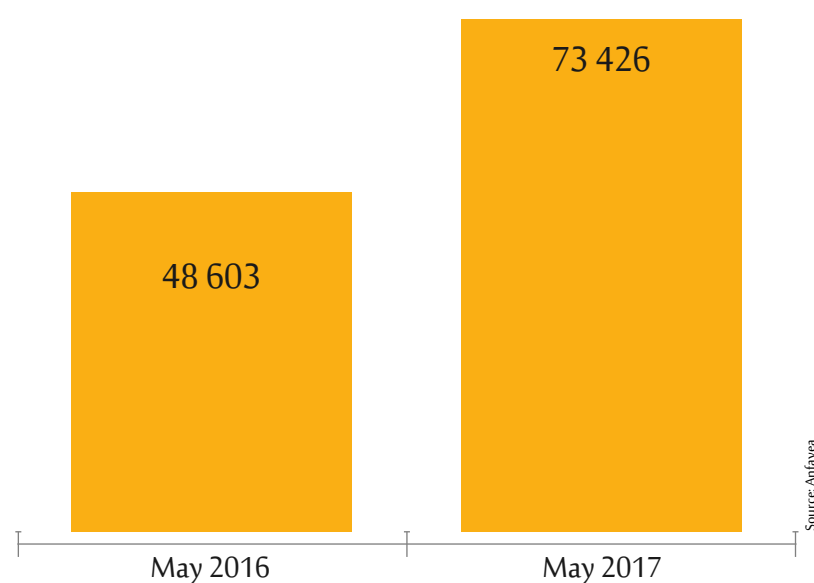
Country	January Export Increase (%)	Volume of Vehicles Shipped Abroad (thousand units)
Argentina	42	213
Chile	218	16
Colombia	163	10
Mexico	23	39
Peru	250	6
Uruguay	179	14

“We will exceed the estimated export shipment of 558,000 units for this year. We may even exceed the level of 700,000 units, reached in 2005, which was the best year for exports. We’re on our way to record vehicle exports.”

Several factors, however, can interfere in this estimate, such as the exchange rate variation, the political crisis and the closing of the trade agreement with Colombia, which depends only on the signature of that country’s authority.

According to Megale, Latin American countries are experiencing good economic scenarios, with higher GDP, which contributes to the increase in exports. Argentina

Exports of Light Vehicles (thousand units)



continues being the main trading partner for Brazil: shipments to that country have decreased in percentage terms, but increased in volume. With Focus - With the high idle capacity rates at the plants, which is around 50% at the light vehicle producers and 80% for truck and bus manufacturers, companies are targeting exports to increase their competitiveness, according to Antônio Jorge Martins, Coordinator of the automotive chain at FGV, Fundação Getúlio Vargas;

“When the domestic market was at full speed, companies abandoned exports. Today, they have no other choice but to resume them, a strategy that demands certain time. Businesses have learned that foreign markets serve as a support to production. BMW, owner of brand new plant, for example, exported to the United States market.”

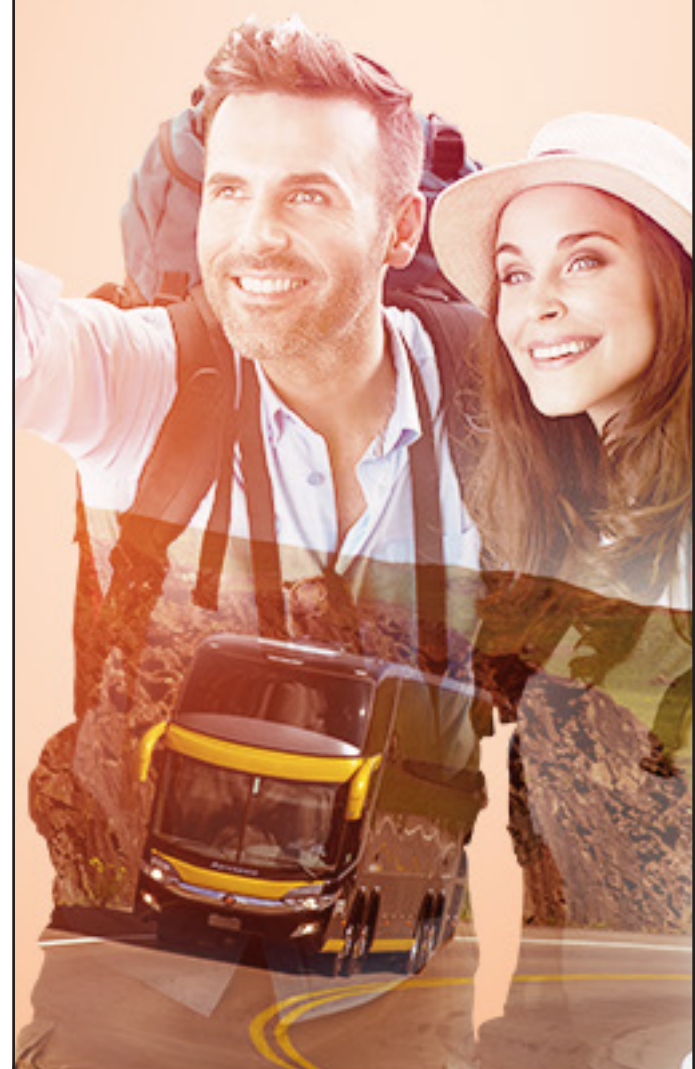
All vehicle segments increased their exports in May 2017 in comparison to the same month of last year – 70,187 passenger and light commercial vehicles, representing an increase of 52.2%. Export of trucks reached 2,377 units, an increase of 28% when compared to the same month in 2016. Bus shipments totaled 862 units, an increase of 35.7%.

Agricultural machinery exports grew by 72.7%, reaching 1,321 units. [WE](#)

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Production increases with a focus on second semester sales

Ana Paula Machado | anamachado@autodata.com.br

Vehicle production continues accelerated: from January to May, production output totaled 1.037 million units, an increase of 23.4% when compared to the same period last year. In May, 237.1 thousand vehicles were produced in Brazil, an increase of 33.8% when compared to the same month last year. The figures were divulged on Tuesday, 6, by Anfavea, the national association of vehicle manufacturers.

Antônio Megale, president of the association, said that year-to-date production volume is below the ten-year average, which stands at 1.246 million units. However, according to him,

if the monthly rhythm is maintained, manufacturers should exceed this year's forecast of an 11.9% growth rate over 2016:

"The monthly production above 200,000 units is an interesting volume. We're getting ready for the second semester, which, historically, is better in sales and exports."

At the end of last month, vehicle inventory stood at 214,400 units, including 140.9 thousand units at the dealers, and 73.5 thousand units at the manufacturers. This volume corresponds to 33 days of sales. This means, according to Megale, that everything what was produced last month was sold.

Despite the positive scenario, the president of Anfavea noted that the association is alert to the political scenario and is awaiting definitions: "We're in a waiting mood. We hope that everything will be resolved quickly so the country can return to stability. We need a minimum of predictability to move forward in sales and production."

Employment – Megale remembered that despite improved production pace, idle capacity is still high. In the car and light commercial vehicles, it is around 50%, while at the commercial vehicles manufacturers, that ratio jumps to 80%.

As a result, according to Megale, the employment level remains stable. Last month, the industry's workforce closed at 121,400 employees, with a slight increase of 0.4% compared to April. Of this total, approximately 10,300 employees are in some kind of flexible employment arrangement. "At least we haven't dropped. We are not hiring because we are using the idle capacity at our plants."

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New Ecosport only in August

Márcio Stéfani, from Buenos Aires, Argentina | marcio@autodata.com.br

Loyal to the style of previously showing the new features it will place in the market without revealing too much of the car itself, Ford took advantage of the 8th International Auto Show, which will open its doors to the public next weekend in Buenos Aires, Argentina, to make the first public appearance of the new version of the Ecosport, with its arrival in the Latin American market already announced for the beginning of August. The car, which has a few innovations in terms of design, will arrive with several important technological attractions, such as the new engine options, 2.0 175-hp, and a brand new 3-cylinder 1.5 137-hp.

In an event held on Wednesday evening, 7, which brought together the specialized press from Brazil and Argentina, Lyle Watters, president of Ford South America, recalled that the Ecosport was the first vehicle of the compact sport utility segment released in the continent and highlighted that this new version will have as a main objective make it a reference again to all of South America

and, why not say, for several other world markets where it will be sold from now on.

“The Ecosport is an important vehicle in Ford’s portfolio. It was designed in South America and was born as an innovation that became global,” he said, adding that the model is currently present in Europe and Asia and, it will soon arrive in the United States. According to Watters, this new version of the Ecosport has undergone a major update with the segment’s latest technology in terms of safety, comfort, performance, and connectivity: “It was an intense engineering work performed in Brazil, together with the United States, and with the same passion that made the car an icon in South America.”

In terms of design, there is no big news in the new Ecosport. The front grid, aligned with the headlights, which have also been redesigned, provides an image of a car that is a little bit more aggressive. According to Antônio Baltar, who is the new director of sales and marketing at Ford, the main attractions of the new car are in its interior, with everything being rethought to offer consumers a superior standard of comfort and elegance.

The dashboard is totally new, and its highlight is the floating 8-inch touch-sensitive screen, connected with the multimedia SYNC 3 system, which is compatible with Apple Car Play and Android Car. Another important new feature is the option of automatic transmission for the stronger engine versions.

Trust - The presentation of the Ecosport happens in delicate moment of Brazilian politics, which can have strong influences on the future, not only for the automotive sector but for the entire country. Lyle Watters, however, took the opportunity to point out that Ford is still betting on the continuity of the current positive moment that Brazil is undergoing and commented that he still expects growth for this year: “We had an important growth in the first months of the year and, for now, we will not review our plans.”

Rogelio Golfarb, vice-president of government relations for Ford, said that despite the delicate moment, it is important to note that the economic and political foundations of Brazil are strong: “The economic reforms are being pushed ahead, Congress is discussing and voting, justice is acting independently and even the press is working with total freedom. It is important that this process continues so that we can return to the path of development.”

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Timing right for IT professionals at the vehicle manufacturers

Bruno de Oliveira | brunooliveira@autodata.com.br

The development of connected vehicles and advanced manufacturing will require the automotive industry to invest US\$ 80 billion in technology by 2020. Today, that figure is US\$ 15 billion, according to a survey published on Monday, 5, by the Frost & Sullivan consulting firm. This represents the sector's definite move into the digital environment, and the position of Chief Technology Officer, or CIO, should gain decision-making power where there was no room for the function previously.

According to Yeswant Abhimanyu, urban mobility research manager at Frost, the automotive industry is working on projects that not only involve the most modern products, but also projects that focus on itself. In a universe where it will be possible to connect production lines to the internet and cars that



will send maintenance information to the dealers, for example, the manufacturers must be prepared to store and, especially, administer a data volume that they are not accustomed to:

“I would even say that many are not prepared to face this scenario that should be upon us soon. An interesting starting point is to have a Chief Technology Officer. This function can help companies make decisions in an environment that is unknown by senior corporate decision-makers.”

He also said that experts on information technology within the manufacturers have spent years playing a role in the maintenance of infrastructure, such as purchase of equipment, repairs and systems installations. In the future, says the analyst, companies will need a professional who will be a part of the business, that is, who will actively participate in decisions involving strategic planning:

“The CIO will gain importance because their specialty is synergetic with the industry’s digital convergence direction. Departments will be created where there are none, and those that already exist will be provided budgets, such as engineering and finance.”

The insertion of this new job function is gradually happening at manufacturers all over the world, with greater intensity in plants in Europe and the United States because of mergers and acquisitions by major technology companies in the automotive sector. In Brazil, according to Dorival Alcalde, from Advance consulting, the organizational structure of the latest plants already has the figure of the CTO, and others are considering hiring or investing in training at headquarters where the CIO’s already exist:

“The manufacturers in Brazil have been sending technology professionals for training at headquarters. This is a way of speeding up the training process because these professionals need to specialize in businesses linked to their technical expertise.”

In Brazil, FCA informed it already has a CIO, André Souza. At Volkswagen, the CIO at headquarters is Martin Hofmann, who is responsible for the IT area of the entire group. In the truck segment, MAN informed that the area is linked to its finance department, which is run by Paulo Barbosa. BMW informed it does not have a CIO.

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