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With Little Rock'n Roll, BNDES is no longer the same

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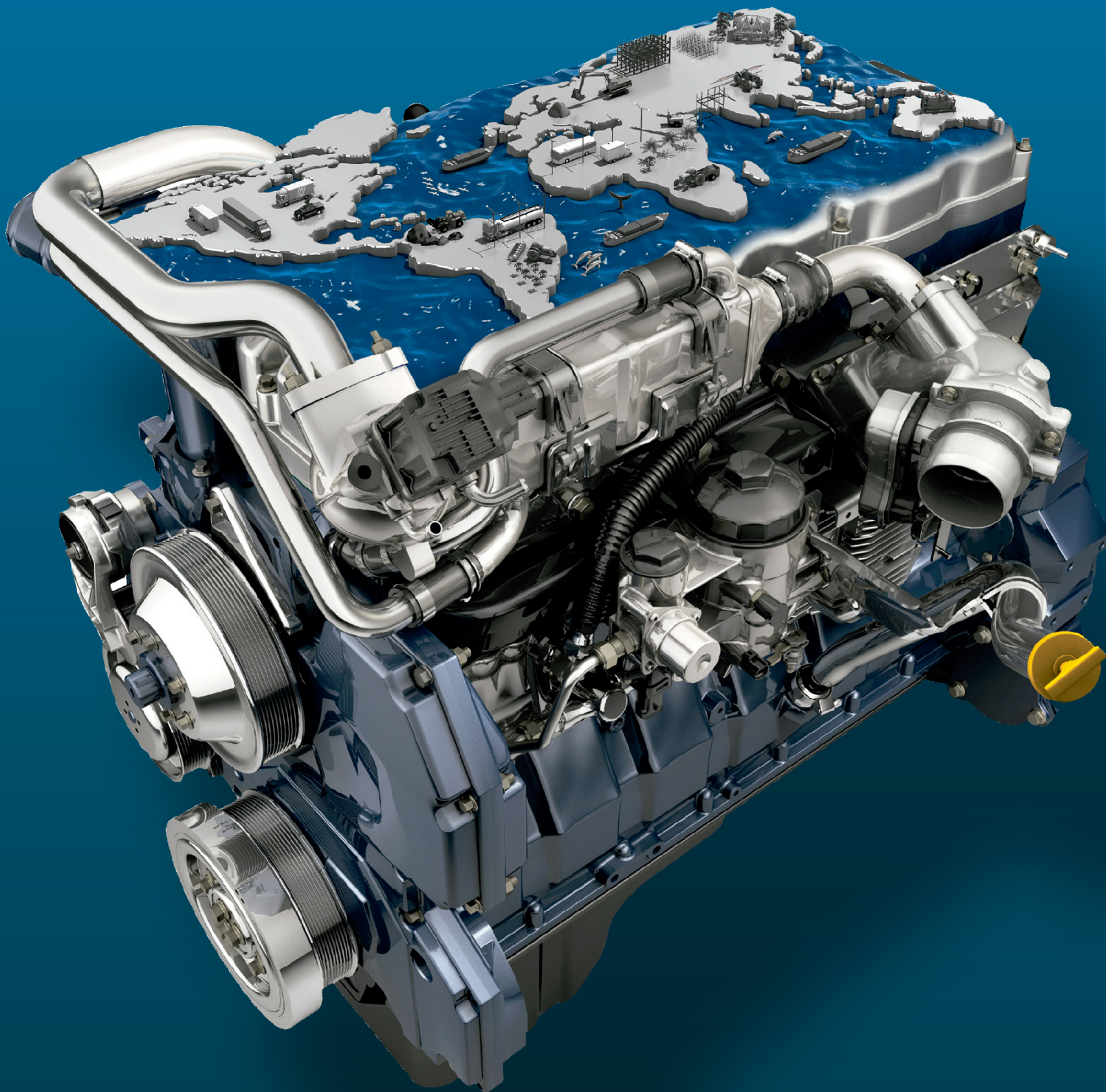
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With Little Rock'n Roll, BNDES is no longer the same

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According to the President of Anfavea, Antônio Megale, the industry always benefited from the offer of very subsidized interest-rate conditions, "and now, they're rethinking that vision. There is a new guideline in the federal government. This new policy focuses more on sustainability. However, when we address the truck segment, BNDES' participation is essential. There is a discussion about the existence of a future without the BNDES. We believe that, in the near future, this will not happen. We need the BNDES."

Ramos argued that the BNDES should not be the only source of financing: "It was bad for the BNDES, and for the truck segment, we become monopolistic. We must function as an alternative source."

He said the bank's current focus is on areas with "broader impact on society," such as technology and sustainability, for example: "We can be an important participant in the development of new technologies. The environmental issue is dear to us."

Alcides Braga, President of Anfir, the Brazilian Association of Roadway Equipment Manufacturers, said it is no secret that the industry used to live from BNDES: "I have been in this industry for 37

years, and for the past 35, we always had the BNDES as a dynamo.”

According to Braga, the bank cannot, “from one hour to the next,” say that is no longer an important actor: “The industry is not ready for that. Yes, there is a dependency. And that issue must be faced.”

For Braga, the BNDES should work on development, and not just be a bank:

“That’s its natural function, and it has the resources for such. The BNDES has to give 100% credit to those with no money to invest, at least during this period of recovery.”

Braga said that Anfir has never supported the “goodness package” traditionally offered by the bank, but argued that this new posture can strangle the sector even further: “It’s not time to think about green truck or focus in industry 4.0. There is a bloodbath on the market!”

Braga was referring to the numbers shown minutes before by Sérgio Zonta, Vice President of Fenabrave. He reported that over 2000 dealers closed their doors in recent years, including 200 truck dealers. The number of layoffs at the resellers, according to the executive, is more than 127,000 people:

“We believe in the need for a thorough redesign of the financing channels. If we look objectively, we have depended completely on the BNDES for a long time. And that consolidated into a single financing channel. In the past, we had leasing, DCC, and consortium, which over time, disappeared.”

Carlos Alberto Sisto, Vice President of Anef, the Brazilian Association of Financial Companies belonging to the vehicle manufacturers, complained that the BNDES took its foot off the accelerator too much in recent months: “I have been in Brazil for the past three years, and I cannot see life without the BNDES. The BNDES has lowered the value of financing and the interest rate does not appear to drop. This is generating anguish in our customers at a time when the market is already retracted. The impression it gives is that they took away the sex and drugs, and only left a little bit of rock ‘n roll.”

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Truck sector experiencing a drama, but talks about recovery

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Presidents and executives of the major truck manufacturers in Brazil didn't spare complaints during Paths to Recovery seminar organized by Anfavea, the Brazilian Association of Automotive Vehicle Manufacturers. The event took place on Tuesday, 13, in São Paulo. "The situation is dramatic," said Antônio Megale, President of Anfavea. "The industry is capable of doing a lot more. Our idle capacity is above 80%. "Until May, the prospect of a 10% recovery in 2017 had not been confirmed. In January, the fall in sales compared to the same month last year was 33%. During the first five months of the year, the drop was reduced to a 19.4% decrease when compared to the same period last year. Megale, however, showed optimism for the second semester. He believes the record grain harvest should boost sales in the coming months. In addition, the association leader believes the GDP and infrastructure works across the country should register growth.

Despite the numbers, when asked for a forecast for four years from now, the leaders showed optimism. All, despite concern about the political crisis, estimated a market between 100 and 120 thousand units in 2021. The number represents an increase of over 100% in relation to the volume sold last year, when slightly more than 50,000 trucks were licensed. For this recovery to occur, everyone emphasized the need for a predictable economic policy and exports incentives. The executives believe that between 30% and 50% of production represents a healthy export ratio for the companies.

João Pimentel, Director-General of Ford Trucks, said that the sector will not sustain itself below 100,000 units. Philipp Schiemer, President of Mercedes-Benz, also believes that in such a recovery, but only if a fleet renewal program is implemented by the federal government. "While we are talking about Euro 6 and electric models, there are more than 200,000 trucks that are more than 30 years old. This means more emissions, less safety, and a frozen market."

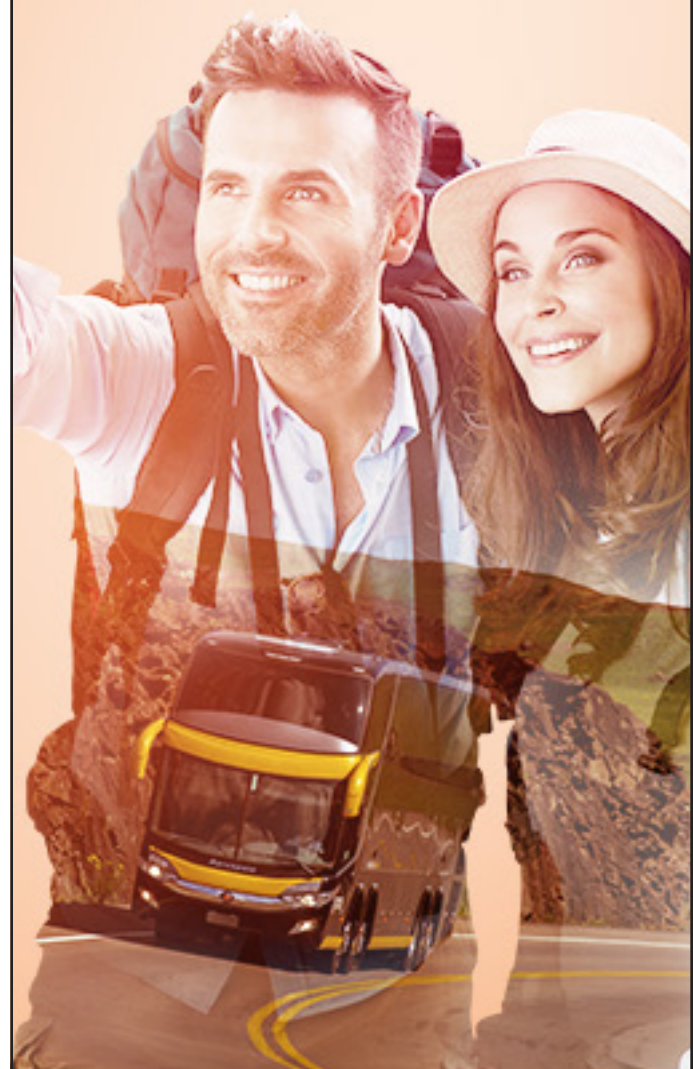
Fabiano Todeschini, President of Volvo Bus Latin America, predicts production could reach 120,000 units in 2021. Ricardo Alouche, Director of MAN Latin America, believe that it is no exaggeration to think of 170,000 units in the medium term. Marco Borba, from Iveco, also believes the country can overcome the 2012 record of 173,000 units in sales. "The market is well below potential." The mark of 100,000 trucks should be achieved in four years, according to Borba. According to him, the current economic crisis owes much to the political crisis. "It's not the first, but this is already lasting four years, with the market shrinking year over year. It seems more enduring than the others we have experienced."

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OICA promoted its first-time ever meeting in Brazil

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For the first time, Brazil received a meeting sponsored by OICA, the International Organization of Motor Vehicle Manufacturers. The meeting, promoted by Anfavea, the National Association of Automotive Vehicle Manufacturers, held on May 30 and 31, brought together industry association executives from eleven countries: South Africa, Germany, Australia, Belgium, Brazil, France, India, Japan, Russia, Sweden and Turkey.

The agenda of the meeting was the WP 29, Working Party 29, a kind of United Nations working group that represents an attempt to discuss global harmonization and development of technical regulations for vehicles, such as safety items and emission of pollutants. Today, 62 countries adhere to the WP 29. Brazil is not part of that agreement and follows regulations from the ABNT, Brazilian Association of Technical Standards, based on Contran regulations, the National Traffic Council, for issues related to safety, and Conama, the Brazilian Council for the Environment, for environmental aspects.

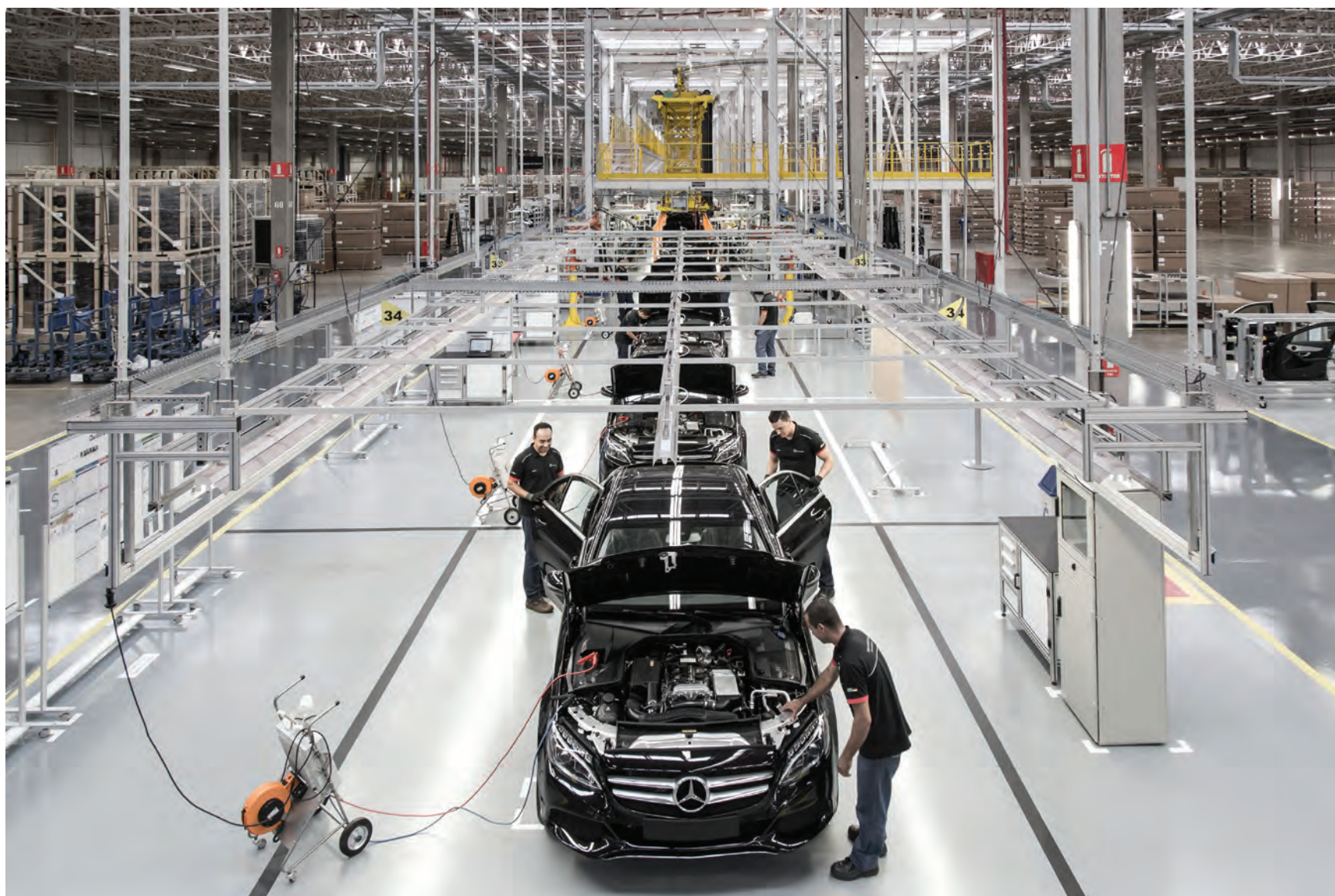
According to Antônio Megale, President of Anfavea, governments are the ones that adhere to the WP 29 agreements: "At the moment, Brazil is an observer, to obtain a deeper understanding of the impacts of becoming a member. We can't stay out of this."

According to Edson Orikassa, President of AEA, the Brazilian Automotive Engineering Association, if the rules of the WP 29 were followed, vehicles manufactured in



Antônio Megale

Simão Salomão



MBB

Brazil would be safer and less polluting, and able to enter markets that follow these standards: “It must be remembered, however, that the country has high costs related to export, and there would be no guarantee that shipments would increase if adhered. Imports can also grow from the moment that Brazil decided to be a part of this agreement.”

Orikassa also said that vehicles would continue to have certain basic items adapted to the Brazilian reality, the so-called tropicalization. He stated that the cars from Audi, BMW and Mercedes-Benz produced in Brazil already meet the WP 29 standards: “Those who do not follow these rules, however, would have to adapt, which could increase price, especially for older versions. The solution is to adopt gradually the 180 WP 29 regulations, since there is no deadline. The Japan, for example, the WP 29 for about 20 years and their companies do not adopt all measures”.

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