

# AutoData

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## Toyota inaugurates research center in Brazil

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# Toyota inaugurates research center in Brazil

Marcio Stefani | [marcio@autodata.com.br](mailto:marcio@autodata.com.br)

**T**oyota continues to invest firmly in Brazil. On the cold afternoon of Monday, 22, the vehicle manufacturer followed with its project to revitalize its plant located in São Bernardo do Campo, in the state of São Paulo, inaugurating its first applied research center in Brazil. The center is the result of an initial investment valued at R\$ 46 million. One hundred employees have been assigned to the center at this stage.

During a second phase, which does not have a date to be completed, the center should receive an additional R\$ 19 million in investments, totaling R\$ 65 million. The recently-inaugurated structure is the vehicle manufacturer's fourth research center in operation in the world outside Japan. The first three were established in the United States, Europe, and Thailand.

The new location will house all research and development activities related to new products and development of suppliers. Some portions of departments such as engineering, design, purchasing, vehicle regulation and quality have been shifted to the center, allowing greater synergy between these areas for future projects.

The center will be the base for development of the brand's products in Brazil. Initially, the activities should include improvements of the models in the domestic market, emissions testing, analysis of raw materials, and development of accessories, among other attributions. The center's first job, incidentally, has already been conducted, with the project of the design of the Etios Premium, which was launched recently.

Steve St. Angelo, president of Toyota for Latin America and the Caribbean, received an ovation from all of Toyota's collaborators present at the inauguration ceremony. He stated that the beginning of the operation of this new research center means the consolidation of the significance of Latin America as a region for business for the Japanese brand.

According to the executive, Toyota sales continue to grow practically throughout the entire region. In Brazil, for example, the company plans to sell 180,000 units in 2016, which, if achieved, would represent a growth of 2%, also resulting in a 9% share of the domestic market. In Argentina, the company's second biggest market in Latin America, the company estimates sales of 80,000 units, representing a growth of 1% when compared to 2015, which would result in a market share of 11% in that country.

St. Angelo also highlighted the company's growth in exports of vehicles produced in Brazil. "We are beginning our sales in new markets, such as Peru. We should grow 21% in exports this year, representing shipments of 40,000 units of vehicles produced in Brazil for other Latin American markets," he estimated. This volume would represent sales of 360,000 Toyota vehicles in the region, representing a growth of 1.5% when compared to last year.

The inauguration ceremony of the new Toyota research center was attended by the chairman of Toyota Motor Corporation, Takeshi Uchiyamada, who came from Japan especially for the event. In addition, the event was also attended by the vice governor of the state of São Paulo, Márcio França; the director of the Ministry of Development, Industry, and Foreign Trade, Margarete Gandini; the mayor of the city of São Bernardo do Campo, Luiz Marinho; and, the president of the ABC Metalworkers Union, Rafael Marques.

Margarete Gandini, director of the MDIC, during her speech, highlighted the significance of this type of initiative on the future development of the local automobile industry, given the current challenge of consolidation we are facing due to the current crisis and the need of initiating a new phase of insertion in an industry that, today, is increasingly globalized.

"We have a very big challenge to face in the coming year, not only in the automotive industry, but throughout the entire industrial activity, which relates to the continuation of the upgrade and the search for increased competitiveness. In the automotive sector, a good portion of the local industry is already globalized, but we need to pay attention to the lower links in the chain, the so-called Tier 2 and 3, which will certainly face significant difficulties in the future," she stated. **WE**



# Fiat stops production for 10 days

George Guimarães | [gguimaraes@autodata.com.br](mailto:gguimaraes@autodata.com.br)

**F**iat Chrysler Automóveis will grant paid leave for 10 days to approximately 4000 employees at its plant in Betim, MG. The leave period will begin on Wednesday, 24. According to the company, in a press release of only two lines, the initiative “is to adjust production to market demand.”

Contacted by us, FCA did not wish to inform how many vehicles will not be produced at Fiat’s first plant in Brazil as a result of the initiative. The plant celebrated its 40th anniversary on July 9. Throughout 2016, production has been halted a number of times, either as a result of poor sales performance of its vehicles, or because of the lack of components, such as in May, when Keiper, Tower and Mardel, companies belonging to Grupo Prevent, interrupted deliveries.

The plant in the state of Minas Gerais is the biggest vehicle manufacturing facility in Latin America, and one of the biggest in the world. The declared annual capacity of the unit is 800,000 vehicles.



It employs approximately 16,000 workers in the assembly lines and an additional 3000 staff in administrative areas.

It produces a dozen Fiat models, from the recently-launched Mobi, the Uno, Palio, the Dobló utility, to the Strada pickup, its best-selling model in the domestic market nowadays. The Toro pickup, another of its highlights, is produced at the company's plant in Goiana, PE, which was inaugurated last year and is also the base of production for the Jeep Renegade.

Due to the drastic drop in sales of three models, the company ended production of the Linea, Idea, and Bravo during the first semester of this year. FCA, however, has not confirmed, to date, the removal of these models from the assembly line. The company alleges the plant is undergoing adjustments and upgrading and that production of the three models will continue in Betim.

The company has been implementing an R\$ 7 billion investment plan that began in 2010 in order to upgrade its assembly lines, and for the development and production of new models. In September, it plans to present its new 1.0-liter 3-cylinder engine. For the São Paulo International Automobile Show, in November, the company plans to present a new hatchback, known by its code, X6H, which can simultaneously retire the Palio and Punto.

Fiat, the leader of the Brazilian market for the past 14 years, should not repeat this feat in 2016. With a total of 172.4 thousand automobiles and light commercial vehicles license during the first seven months of the year, according to Fenabrave, the company held a 15.3% share of the domestic market, behind General Motors, with 16.6%. Among the leading vehicle manufacturers, the company lost the most sales when compared to last year: a negative performance of 37% when compared to the first seven months of 2016.

The scenario increases in difficulty when one takes into account only the automobile segment. During the first seven months, 108.9 thousand of its passenger vehicles were licensed, representing a drop of 44.8% when compared to the same period last year. The brand fell to the fourth position in the ranking, behind General Motors, Volkswagen, and Hyundai, which has its entire sales concentrated on only one model, the locally-produced HB20.

# Cars priced up to R\$ 40 thousand account for only 6% of the market

Alzira Rodrigues | [alzira@autodata.com.br](mailto:alzira@autodata.com.br)

A study conducted by Fenabrave shows a reversal in the vehicles market according to price segment. In 2014, that is, two years and seven months ago, models priced up to R\$ 40,000 accounted for 59% of the passenger and light commercial vehicles segment. Today, this ratio stands at only 6%.

On the other hand, automobiles priced between R\$ 40,000 and R\$ 50,000, saw their share increase from 19% to 40%, while those vehicles priced between R\$ 50,000 and R\$ 60,000, increased from 10% to 23%. The share of vehicles priced above R\$ 60,000 also increased - from 12% to 31%.

According to the president of Fenabrave, Alarico Assumpção Jr., the figures reflect a lack of credit in the market that principally impacts the consumer that has access to the vehicles priced up to R\$ 40 thousand. In addition, according to him, various models priced below this value - such as the

Fiat Mille, Volkswagen Gol Generation 4, the previous version of the Ford Ka and Chevrolet Celta are no longer produced, restricting the offer at the so-called entry-level segment.

According to him, less credit restriction could enable higher sales of less expensive cars. However, he recognizes that sales of these vehicles should rarely return to the previous level of almost 60% of the market.

The study does not contemplate the model type since it is based on price. It is true that



very few compact vehicles produced in the country today are priced below R\$ 40,000. Few lines, such as the Volkswagen Golf and the Chevrolet Onyx, have versions priced slightly below this level.

Among those produced in higher volume, only the Fiat Mobi concentrates the bulk of its offer priced between R\$ 30,000 and R\$ 40,000. The Mobi was launched this year and reached sales of 3.6 thousand units in July, well below the leaders of the month, the Onyx, with 11.6 thousand units, and the HB20, with 9.7 thousand units.

As a result of the credit restriction, the segments that grew the most this year are those with higher-priced products. For example, that is the case with the SUV's, which, during the first semester year, registered sales of 144,000 units, representing an increase of 7.8% when compared to the 133,560 units licensed during the same period last year.

Regarding the market, as a whole, the president of Fenabrave said that sales have stabilized during the past months, a behavior that has been repeating itself also in August. He believes the market has reached its minimum level and that the current expectation is for some type of recovery in the coming year. The association estimates two million and thirty thousand passenger and light commercial vehicles should be licensed this year, representing a drop of 18% when compared to last year.

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Image/Honda

# Honda sells 2000 Civic before launch

Alzira Rodrigues | [alzira@autodata.com.br](mailto:alzira@autodata.com.br)

Despite the fact that the official launch at the Honda dealers is expected to happen only on Thursday, 25, 2000 units of the Civic Generation 10 have already been sold. The vehicle arrives with the mission of placing the model in the fight for the leadership of the medium sedans segment in the country. Pre-sales were open on July 30. The consumer place a down payment of 10% of the value of the car, therefore guaranteeing priority on the retrieval of the product once it arrives at the brand's dealers.

The pre-sales numbers were divulged by the vice president of Honda South America, Roberto Akiyama, in a press conference for the test-drive of the product on Monday, 22: "Those interested in the model could make use of the technology that allowed a virtual test, in 360°, to get to know the new generation of the Civic."

Also present at the event, Issao Mizogushi, president of Honda South America, said 2016 has been a challenging year for Brazil, and Honda. However, he stated the company is also thinking in the



long term and, despite the current instability, has maintained long-term growth expectation. “And we will be prepared when the recovery comes.”

Although ready, the inauguration of the plant in Itirapina has been postponed, and, according to Mizogushi, the beginning of operation has still not been scheduled.

With an annual capacity of 120,000 vehicles, the inauguration would justify itself, according to the executive, if the current demand for products of the brand indicate an increase of 60,000 units: “I do not have a crystal ball, and it is difficult to know when this will happen. We need to have political and economic stability for the market to recover.” In any event, he added that in order for production in Itirapina to begin, at least six months would be needed for the hiring and training of labor.

Radical change - Aesthetically, the new Civic is completely different from the ninth generation. The change, according to the vehicle manufacturer, was radial: “It is lower and wider, and possesses a sportier profile.” The structure of the versions of the models has also changed, and now offers options according to the consumer profile, no longer through the type of finishing and price.

According to the vice president of Honda, the new Civic is complete, starting with the EX entry version, priced at R\$ 98.4 thousand. There are also the Sport and the Touring, more sophisticated which is priced at R\$ 124.9 thousand.

Every version leaves the plant equipped with digital air-conditioning, electronic parking brake with brake-hold function, automatic pilot, and rear camera. The EXL and the Touring are equipped with a new touch-screen multimedia display, and navigation, among others, compatible with the Apple CarPlay and Android interfaces.

The EX, EXL, and Sport versions are equipped with a 2.0-liter Flex One 155 hp engine, when equipped with ethanol, and the Touring comes equipped with a 1.5-liter turbo gasoline engine, with 173 hp.

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