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Volkswagen launches the T-Cross

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São Paulo - Volkswagen's big bet on the South American market in the coming years was finally revealed at events that took place simultaneously in Amsterdam, Holland, São Paulo, Brazil and Shanghai, China. Europeans, Latin Americans and Asians met T-Cross.

Smaller than Tiguan, already in the domestic market, T-Cross is the second of five SUVs that the company promises to launch in the Brazilian market until 2020. This is not an exclusive planning for the region, although it is justified by the numbers of the segment in Brazil- increase of 26% compared to 8% of the average of other models from January to September over the same period last year: Jürgen Stackmann, who is part of the VW board responsible for sales, marketing and aftermarket, believes that SUVs will account for 40% of global VW sales in the future.

“This year, VW car sales increased 2.9% until September around the world. Our SUVs advanced 43.2%”, he said. “The Tiguan is the best-selling Volkswagen in the world”.

The expectation is that sales of T-Cross grow and become the second in the ranking. That is why it has undergone some alterations in each region: the model that has already been produced in pre-series in São José dos Pinhais, PR, for example, is 10 mm higher than the European version and is 88 mm longer on its wheelbase. The SUV is 4 thousand 199 mm long and 1 thousand 568 mm high, with 2 thousand 651 mm on the wheelbase.

“We will also offer air-conditioning and USB inputs in the rear seats, besides a sunroof only for the Brazilian consumers”, said Pablo Di Si, president of VW for Brazil and South America. “It’s not something that came to mind because we have identified these needs in clinics made with Brazilian consumers”.

All engines of the model sold in Brazil will be TSI, with turbocharger. The 250 TSI Total Flex generates up to 150 hp with gasoline or ethanol and will be offered in the versions with six-speed Tiptronic automatic transmission. Another engine, the 200 TSI Total Flex, reaches 128 hp with ethanol and 116 hp with gasoline, and will operate jointly with manual or automatic transmission.

Di Si also affirmed that the offer of infotainment items will be bigger than the other rivals. An 8-inch touchscreen system will bring sound, navigation and artificial intelligence. “Only T-Cross will have IBM Watson”.

The model is assembled on the modular platform MQB, the same of Polo and Virtus. It brings a good amount of safety and driving assistance items, such as ramp assistant, parking assistant, automatic braking system and fatigue detector. The versions will be revealed at São Paulo Auto Show, but prices will be revealed only next year - the expectation is that the SUV will hit the market effectively in April.

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VW São José dos Pinhais to reopen second shift

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São Paulo - The Volkswagen factory in São José dos Pinhais, PR, will start operating with two production shifts again starting in the second quarter of next year, when the compact T-Cross SUV line will run full steam. According to President Pablo Di Si, there will not be no hirings: the company will reintegrate about five hundred workers in layoff today.

Since mid last year, the company has temporarily suspended the employment contract of five hundred employees. This group is replaced by another from time to time. With



the production of the T-Cross, these departures will no longer be necessary and the 2,5 thousand workers of the unit (where Volkswagen Fox and Golf and Audi models are produced) will begin to work simultaneously.

“We will reopen the second shift with five hundred employees in the second trimester. Not to mention the jobs that T-Cross is generating along the entire chain because 75% of the model’s parts are from Brazilian suppliers.”

To produce the SUV in the São José dos Pinhais unit, Volkswagen invested R\$ 2 billion in the SUV’s development and preparation. A new area of 5,5 thousand m² was built to house the assembly line of the model, whose platform is the global and modular MQB. According to Di Si, 150 tools and more than 270 robots were purchased for its production.

VW’s expectation is high with the T-Cross: putting the model in the Top 3 of the segment is in the plans, which today is one of the fastest growing segment in the Brazilian market - it was 26% from January to September, compared to an average growth of 8% in other segments, according to President Di Si: “The Brazilian market is expected to grow 10% in 2019. We will grow a little more and we will gain participation, because we will compete harder in the SUVs”.

In addition to the Brazilian market, the T-Cross produced in Paraná will be sold throughout Latin America and Mexico. Exports, according to Di Si, are expected to start from two to three months after the launch in the Brazilian market, which is scheduled for April.

In all, the company plans to launch five SUVs in Brazil until 2020. Before T-Cross, the company has already presented Tiguan Allspace. Di Si said VW will introduce Tarek by the end of next year, with proportions similar Jeep Compass, and will be produced in General Pacheco, Argentina.

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Operation Caoa Chery gains strength in Jacareí

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Jacareí, SP - Two hundred newly hired workers began assembling the SUVs Tiggo 2 and the sedans Arrizo 5 at the Caoa Chery factory in Jacareí, SP. At least 150 more are expected to be hired at the turn of 2018 to 2019, according to the CEO Márcio Alfonso: "It depends on the market pace after the elections. If we follow this growth route we will hire more".

Four years after its inauguration, AutoData's report returned to the Jacareí unit, on August 22. In August 2014, for the second time - the first time was still just a land, at the foundation stone ceremony, in July 2011 - the lines were empty. Now, controlled by others after Chery's acquisition of Caoa last year, employees and cars occupy the sheds that still seem oversized for the operation.

There are six hundred workers who make the body frame, which arrives already stamped from China, the painting and the final assembly, in addition to the engine assembly. The noisy hammering sound from workers on the body shop lines is notable, “to refine the bodywork adjustment”.

Made by common steel and more noble materials, with metal alloys of higher resistance, the body has about 4,5 thousand solder points, part made by robots, part by human labor. Caoa Chery guarantees, however, that quality is a constant concern, so much that several tests of subsets disassembly are performed every day. And, in every six months, a model is destroyed to check if all the dots are within the required standard.

After assembly, the body goes to the painting process and, from there, to the final assembly. Many items of the QQ, Tiggo 2 and Arrizo 5, the three models that occupy Jacaré lines, are still imported: “We are in the process of nationalizing parts and components. We want to double the number of parts purchased here in Brazil, reaching 520, and have at least sixty suppliers. We have 28 today”.

More companies entered the base with the Arrizo 2 already: according to Alfonso, Michelin, Aptiv, Continental, Coplac, Colorfull, Eqmax and Pancron are new partners. There is the desire to expand purchases even more in Brazil, specially for the CVT transmission, imported from China today, from Aisin.

Powertrain deserves a special place, although only for the assembly. Blocks, heads, crankshafts and other items are imported from China, dismantled, in the case of the QQ and Tiggo 2 – for Arrizo, the parts already arrive assembled and the operation basically adds the necessary items for the flex fuel, such as the gallery, wire harness and others, such as the junction with the transmission.

Under Caoa’s direction, Chery continues with ambitious plans for the Brazilian market, but keeps its feet firmly on the ground. Four years ago the Chinese company, still without the partnership, was talking about producing 100 thousand to 120 thousand units in 2018 - the volume will be around 10% of that goal. For the coming year, Caoa is talking about selling 34 thousand units, which would give just over 1% of local sales. It seems little but enough volume to leave the brand as one of the twelve or thirteen with the best sales numbers in the Brazilian ranking of automobiles and light commercial vehicles.

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Rota 2030 advances in the National Congress of Brazil

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São Paulo - At 44 minutes of the second half, the Provisional Measure 843/2018 was finally approved by joint committee of the National Congress of Brazil, moving away - at least for now - the risk of Rota 2030 not moving forward. The discussions of parliamentarians from Bahia and Pernambuco in search of a consensus regarding the Brazilian Northeast Regime advanced at dawn and, on Wednesday morning, the text was finished pleasing FCA and Ford.

The AutoData Agency ascertained that there was great pressure from vehicle manufacturers not linked to the regional regime issue for the companies, especially FCA, give in and not endanger Rota 2030. The president of the Chamber of Deputies, Rodrigo Maia, sent a letter to the presidency of the committee alerting that there would be no time to vote on texts in plenary without the report's approval by, no later than, Thursday, 25th.

As the deadline approached, FCA, which played hard, accepted some requests from the government and closed an agreement for the extension until 2025, guaranteeing its investments in Goiana.

The whole Rota 2030 - It was a little after 10 o'clock in the morning when the parliamentarians opened the meeting of the joint committee, twice postponed in the last weeks in a friendly atmosphere. There was an understanding: the extension of the Northeast Regime until 2025 would be included in the text of MP 843, with a reduction of 40% in the



Photo: Disclosure.

tax waiver and some modifications suggested by the Ministry of Finance. But the report still was not ready. The commission's chairman, Senator Eduardo Amorim, suspended the session for two hours for the text to be completed.

At the beginning of the afternoon, the rapporteur Alfredo Kaefer finally presented his report: he maintained the whole text of Rota 2030 and added two amendments extending (until 2025) the incentives for the North, Northeast and Central West regions of Brazil. The vehicle factories benefiting from the regime are Caoa Montadora, in Anápolis, GO, FCA, in Goiana, PE, Ford, in Camaçari, BA and HPE, in Catalão, GO - and, perhaps in the future, JAC, which has plans to produce vehicles in Itumbiara, GO.

Other amendments were presented, including the so-called "jabutis", term used for items that are strange regarding the original topic of the PM added to the text. One of them includes the furniture, footwear retailing and travel goods sectors in the payroll exemption.

Present at the meeting of the joint committee, the president of Anfavea, Antônio Megale, said that topics that can help the sector were also included, as a new version of Reintegra and Refis, the refinancing of tax debts, for companies of any size.

About Rota 2030, Megale affirmed: "We have taken a big step to Rota 2030 become law. We are confident, now even more, that we will succeed". After the approval by the joint committee, the text goes to the plenary of the Chamber of Deputies, where Megale expects it to be on schedule next week or the week after that, at the latest - the PM has been processed urgently. Megale does not believe in difficulties for approval:

"As we have seen in the committee's discussions, the situation and the opposition as well understand that it is a program that only brings positive things to Brazil".

When approved by the Chamber, the now Law Project will proceed to the Federal Senate plenary and, finally, to the presidential sanction. The expectation is that the President of Brazil announces Rota 2030 properly approved at Salão do Automóvel de São Paulo (São Paulo Auto Show) opening on November 8.

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Northeast Regime to be extended until 2025

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Photo: Disclosure

São Paulo - After a long battle behind the scenes in Brasília, DF, the companies of the automotive sector installed in the Northeast Region of Brazil were able to include in the text of Rota 2030, which passed through the screening of a joint committee of the Congress on Wednesday, 24, amendment that called for extension of the regional agreement for another five years after 2020, when the current regime expires.

The amendment number 81, authored by Senator Armando Monteiro, of Pernambuco, was considered - since July, when the president of Brazil signed the provisional measure of the new industrial policy -, a critical point to transform (or not) the PM into law. This is because they would be linked to the extension of FCA's future investment agreement in Goiana, PE, of the Ford unit in Camaçari, BA, and Baterias Moura, in Belo Jardim, PE. The rapporteur, Alfredo Kaefer, from Paraná, suggested the amendment to be partially included: according to the congressman, companies will be entitled to federal tax credit, not only IPI (tax over industrialized products), in relation to sales from January 1st, 2021 and December 31st, 2025, since they present projects that contemplate new investments and research for the development of new products. There has also been a tax waiver reduction by the government.

Companies should announce investments in the coming months due to the predictability scenario in the sector due to the inclusion of the amendment. As for FCA, the company must formalize investment in the region announced in Italy (in June) for the production of new Fiat and Jeep models. Baterias Moura announced expansion of its factory's capacity installed in Pernambuco in August. Ford, so far, has not shown the market new plans to invest in Bahia.



Industry and government also hope that the inclusion of the Regime in Rota 2030 can pave the ground to the installation of other companies of the automotive sector in the region. The text contemplates the operation of companies that maintain factories in the Center-West region of Brazil, such as the case of Caoa Montadora, which produces in Anápolis, GO, Hyundai vehicles and HPE that manufacturers Mitsubishi vehicles in Catalão, GO. JAC, which plans factory in Itumbiara, GO, would also benefit from the tax benefits provided by the extension of the regional regime until 2025.

In the morning, the meeting of the joint committee was suspended so that leaders could reach an agreement regarding the extension of benefits to Northeastern states. In the afternoon, the joint committee approved the report under a consensus environment by the parliamentarians, a condition that was sought by the government and industry, as AutoData had been anticipating since last week.

Kaefer, the rapporteur, appreciated the friendly climate that marked the meeting on Wednesday: “We have, by agreement, built our report to comply with the base of the main provisory measure, including some modifications. We have maintained fiscal incentives in the Northeast, extending something to the Center-West region. The State of Ceará is also included in this incentive. We have no embarrassment for having contemplated this in the report because they are extremely beneficial to those regions”.

The Senate leader, Fernando Bezerra Coelho, of Pernambuco, said that the writing of the text would maintain incentives, but with a lower tax waiver charge: “This agreement does not affect the reduction of tax waiver. We are here inaugurating a new automotive regime in the Northeast with much lower tax waiver, around 40% less”.

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