

# AutoData

## NEWS AGENCY WEEKLY EDITION

**Edition**  
**848**

Weekly Brazilian automotive industry news | 9.17 to 9.22.2018 Year XII

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## Volkswagen plans to expand capacity in Brazil

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# Volkswagen plans to expand capacity in Brazil

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Photo: Disclosure

São Paulo - Volkswagen's South America president, Pablo Di Si, affirmed that he is re-evaluating the company's production capacity in Brazil. According to him, the current lines will not be able to meet all the demand generated by the vehicles attack announced by the company - twenty new models until 2020.

"We will have a new vehicle that will require more capacity", the president told journalists on Thursday afternoon, 20, before the Jetta sedan new generation launch in São Paulo, the eleventh of the twenty vehicles promised. This new car mentioned by Di Si is the brand's new compact model, whose production was discussed with Volkswagen's CEO Herbert

Diess, a month ago, and that it would demand high volume.

This year, the company estimates to produce around 450 thousand vehicles in Brazil, all factories together, representing a 10% increase over the same period last year. It could be more: "If there was no crisis in Argentina, we could reach a 15% growth. We need to reprogram the factories production."

Volkswagen has three vehicle factories in Brazil: São Bernardo do Campo, SP, with capacity to produce 232 thousand units/year, São José dos Pinhais, PR, where lines can deliver 160 thousand vehicles/year, and Taubaté, SP, whose capacity reaches 325 thousand cars/year. There is also the production of engines in São Carlos, SP. This year, according to Di Si, 800 thousand units will be delivered, adding the Brazilian local market and export, twice the volume produced in 2017.

The production place of the new compact, which is part of the next investment cycle, has not yet been decided. "We hit the ceiling in São Bernardo and we have a good occupation in Taubaté today. We have capacity in São José dos Pinhais, but that will be occupied

next year with the T-Cross launch."

The SUV is Volkswagen's big bet to achieve the leadership of the Brazilian market, a desire that the president does not hide from anyone. Di Si presented the numbers for September, the month in which, he admits, the market began to feel a reduction in the flow of people in the resales, which he considered natural because of the coming elections.

This month, VW returned to the vice-leadership in the Brazilian market with 16.4% of sales, 1.9 percentage point behind the leader, General Motors, which registers 18.3%, and 3.7 points above Fiat, which returned to the third place.

Electrification in Brazil - Although considering the distant possibility of producing hybrid or electric models in the region's VW factories, Di Si revealed that next year the company will import a hybrid model from Europe.

"We have a line of hybrids and electrics in Europe and to put them on the Brazilian market is not difficult. We will bring them in 2019 already", he affirmed without revealing which model it will be. But he gave a hint: "It's important for our image, so it will be an iconic model."

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# Toyota to announce investment in next weeks

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**S**ão Paulo - Toyota and MDIC signed, on Friday, 14, in Japan, a memorandum of understanding referring to investment linked to Rota 2030, the new industrial policy for the Brazilian automotive sector in Brasília, DF. The company avoided details but, according to Ricardo Bastos, its director of governmental affairs, the contribution is confirmed for this year, inside the investment cycle planned for Brazil:

“It will be announced in the coming weeks. We are aligning values and dates with the government”.

The document signed last week has (as its main point) the company’s intentions to

accelerate local development of new propulsion technologies, mainly hybrid flex with the use of sugarcane ethanol. This is one of the pillars of the electromobility policy and the decree on hybrids and electrics attached to Rota 2030.



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The investment was already discussed by the automaker with the government before the signing of Rota 2030, held in July. The last investments made by the manufacturer were directed to the engine factory in Porto Feliz, SP, and the Sorocaba unit to receive production of the Yaris model, totaling R\$ 1.6 billion. **WE**

# Mercedes-Benz to hire in Juiz de Fora

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**H**annover, Germany – Encouraged by the good performance of the Brazilian truck market Mercedes-Benz started hiring 150 workers for its factory in Juiz de Fora, MG, where it produces the heavy truck Actros. With this, production capacity will jump from 22 units/day to 28 units/day - with four more trucks a day, according to President Philipp Schiemer, it will be necessary to open a second shift in the unit.

“We are monitoring the volume daily. If we have to, we will hire more people and open the second shift”, said the executive in Hannover, Germany, where the IAA 2018 takes place, still uncertain about the future because of the upcoming presidential elections. “We know that in 2019 the market will grow again, but we can’t foresee how much it will be.”

These 150 signings will be added to the other 180 from the beginning of the year. With them, the factory in Juiz de Fora will employ around 1.1 thousand workers.

From January to August, the Brazilian truck market totaled 46 thousand units, a 50% increase over the same period last year. The heavy goods segment, in which Actros competes, increased 92% in the period, to 20.7 thousand trucks.

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Photo: André Borges/Fotos Públicas.

# Weaker pace in the first half of September

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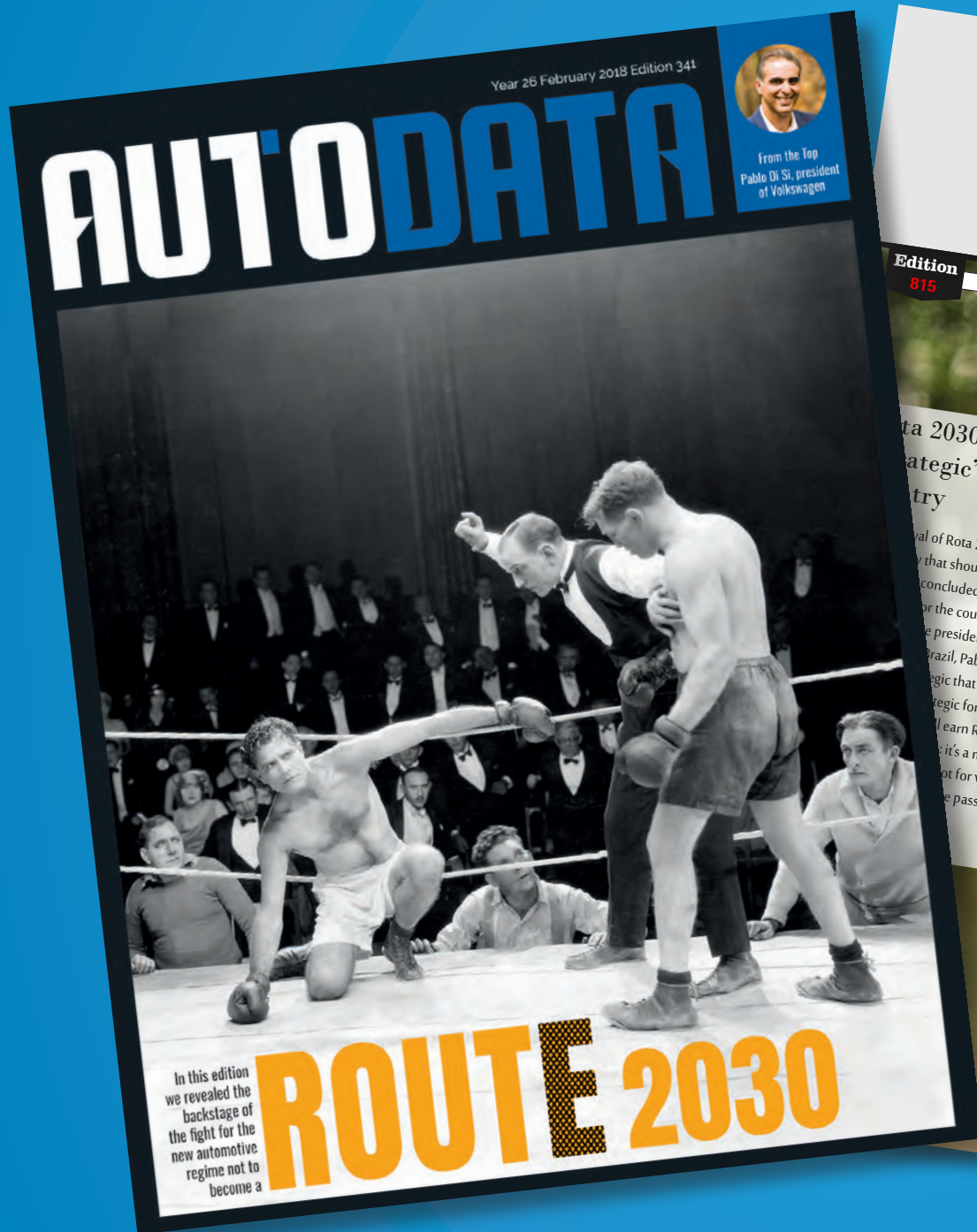
**S**ão Paulo - Vehicle sales in the first half of September reached 112 thousand 904 units, according to Renavam data obtained exclusively by AutoData. The volume is lower than in the first half of August, when the dealers sold 114.9 thousand units.

The market expects smaller sales this month due to less working days in September compared to August. Last month, there were 23 working days and this month there will be 19.

The sales average in the ten business days of the first half was, therefore, 11.2 thousand units per day. The industry's expectation is that, in September, the volume to be sold reaches about 210 thousand vehicles. The commercial projection is below the one obtained in August, the best month of the year in terms of sales, 248 thousand 623 units. In October, however, the market expects to reverse the hypothetical drop in September – this is why Anfavea expects to revise its projections next month.

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# VWCO's electric technologies arrive at Brazil

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**H**annover - At its thirty years of existence, the Brazilian Volkswagen Trucks and Buses is gaining strength and importance in the international context and is landing in Germany, at the IAA 2018, for its ninth consecutive participation to share (for the first time in an equal way) space in the pavilion of the recently announced Traton Group with their partners Scania and MAN registering their new era in the development of transport vehicles and their importance in emerging markets.

The first surprise happened on Tuesday night, 18, when Traton was released to the international press as being formed by three brands: Scania with a vocation for sustainability,



MAN for technology and Volkswagen Trucks and Buses for the tailor made. Roberto Cortes, CEO of VWCO was also presented as a member Traton executive board at the occasion.

On Thursday, 20, day of the IAA opening to the public, it was the time of the Brazilian vehicles and technologies presentation to the international press. Following the trend of electrification, one of the exponents was the e-Delivery, an electric light truck that has already been launched in Brazil and has already received orders from Ambev. At the fair, (for the first time) the truck was shown with components developed by the Traton Group itself in its powertrain.

In the same line of diversification, the company showed the Volksbus e-Flex for the first time, with an innovative new system of flexible architecture that can be applied to any VWCO vehicle. This bus can run as a battery electric vehicle, such as a hybrid electric vehicle, as a plug-in hybrid electric or as an electric vehicle with extended autonomy. Performance remains unchanged regardless of the power selected. The generator set is propelled by a VW 1.4 TSI flex engine, currently used in the VW Golf.

Technologies e-Delivery and Volksbus e-Flex as well are expected to be available in the Brazilian market until December 2019 with a six-month interval from one launch to another.

Another attraction that also highlights the synergy of the group's brands is the new Constellation 33.440, which combines the robustness of the chassis and MAN engine to the already consecrated Constellation family. The model is present at the fair next to the Delivery Express, the lightest vehicle in the Volkswagen family, launched in September last year and consumed R\$ 1 billion in its development.

"This is a historic moment for Volkswagen Trucks and Buses", affirmed a proud Roberto Cortes. "We continue to be leaders in the markets that we operate in Latin America and Africa, and we are increasingly paving our future path with the technologies that will be important to win the market".

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# Premium segment pulls hybrids and electric vehicles in Brazil

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**S**ão Paulo - The offer and sales growth of electric and hybrid vehicles in the Brazilian market is being pulled by premium vehicle manufacturers. Executives of these brands consider the phenomenon natural due to its high production and final costs, which make it impossible to offer an electrified model at popular prices in Brazil - at least for now.

According to Johannes Roscheck, president of Audi in Brazil, this growth, in Brazil, could only be organized by premium brands: "I believe there will be a small

market volume for electric and hybrid vehicles in the coming years in Brazil, which will drive the growth of this segment and it will be quite interesting for premium brands to show their global technologies".

Leandro Teixeira, Volvo Cars' marketing director, believes that this happens because premium companies have the technology available, which facilitates the sales of models in the Brazilian market. Another factor contributes: the models fit the price range of the others offered by the segment companies.

"Even so, I hope that high-volume brands will also advance in this segment to make the technology available to more people since this type of vehicle will be the future of global mobility."

Frederic Drouin, president of Jaguar Land Rover in Brazil, also said he believes in the growth of hybrids and electric cars in the premium market. He promises, by the way, launches for next year: “We will be launching the Jaguar I-Pace, our electric SUV that is already a global success and we will also have hybrid versions of Land Rover models. These new technologies will help us grow in 2019 in Brazil.”

More novelties - On Tuesday, 18, Audi will launch its first totally electric SUV, the Etron - which will be able to arrive in Brazil in the coming months, according to its president: “We are negotiating with the headquarters the coming of the model to Brazil because its global production has already begun”.

In the coming years the company will electrify models such as A6, A7 and A8, until reach 50% of the range with electric or hybrid versions. These new vehicles will also be able to come to Brazil.

Volvo Cars also bets on a growth regarding this type of vehicle and already markets a hybrid version of the XC90 in Brazil. The portfolio will grow until the end of the year, according to Teixeira: “Sales of the hybrids XC60 and S90 will begin in October, but pre-sale is already being done by our dealers. In the future, a hybrid version of the XC40 will come to Brazil, just like all upcoming launches”.

This planning is part of the global goal of selling 1 million electric vehicles until 2025, offering an electrified version for each launch from 2019.

BMW was the first premium brand to focus on the growth of the electric and hybrid vehicles in Brazil, with the launch of the i3 in 2013 and, shortly after, with the i8, a hybrid sports car. This year, to boost the segment, it developed the first electric road lane in Brazil, linking São Paulo to Rio de Janeiro, RJ, in partnership with EDP, a company of the electric sector.

Mercedes-Benz still does not have any electric models in Brazil but already sells this type of vehicle in other markets and studies its coming here. With the creation of Rota 2030, the company will be able to deepen its studies according to the information related to taxes, powers and models. **WE**



# More companies reduce production in Argentina

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**S**ão Paulo - More factories of companies located in Argentina have announced measures to reduce the pace of their production lines after General Motors closed one of the shifts of its Santa Fé unit. According to a report published by La Nación newspaper on Monday, 17, Fiat, Iveco, Renault and Volkswagen will promote reduction in vehicle production.

After producing nearly half a million vehicles in the first half of the year, vehicle manufacturers are preparing for something around 300 thousand units for the second half. The reduction in domestic demand, due to the country's economic situation, and exports, stimulated by an increase in the tax cost, are some factors that help to understand the reduced pace.

According to La Nación, 1.8 thousand employees will be at home from September 24 to 28 at Renault, in Cordoba. Fiat, in the same city, will close its doors for seven days, keeping 2,3 thousand workers off duty. Iveco, the leader in truck sales in the country, has its POS open and studies new measures.

At Volkswagen, which produces Amarok and transmissions in Córdoba, the factory will not operate on Mondays until the end of December, with the possibility of renewing the measure in 2019.

Earlier this month, the president of Adefa, which in Argentina corresponds to NADA, Luis Fernando Peláez Gamboa, indicated that the trend was for a reduction in local production: "Given the export profile of our industry we understand that these new measures will have an effect for activity and in our medium-term outlook as well".

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