

# AutoData

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### After 45 years, fire extinguishers in passenger and light commercial vehicles have become no longer obligatory

After 45 years, Brazil has finally abolished the obligation of the use of fire extinguishers for automotive vehicles...

[More on pg. 3](#)

### Hyundai projects Brazilian market growth again in 2016

The declining trend of the Brazilian light vehicles market should revert itself already next year. According...

[More on pg. 5](#)

### Foton Aumark negotiates leasing of production line in Brazil

With the delay of the construction of the plant in Guaíba, in the state of Rio Grande do Sul, due to delays in BNDES financing...

[More on pg. 6](#)

### Ford and Volkswagen decide to join the PPE

Volkswagen followed Mercedes-Benz and will be the second vehicle manufacturer to join the PPE, Employment Protection Program...

[More on pg. 8](#)



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# After 45 years, fire extinguishers in passenger and light commercial vehicles have become no longer obligatory

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**A**fter 45 years, Brazil has finally abolished the obligation of the use of fire extinguishers for automotive vehicles. The measure will go into effect immediately. The country was one of the few in the world to adopt such demand, which was determined in 1969, and went into effect two years later.

The federal Ministry of the Cities, to which the

National Transit Council, Contran, is subordinated, implied that the decision is intended as a way of getting back at fire extinguisher manufacturers, which have not been able to supply enough type-ABC extinguishers to the market - which, in turn, caused a number of delays for implementing the exclusive use of this type of device, an initiative of Contran itself.



Image/Archive

The use of fire ABC extinguishers was determined in 2008 and detailed norms were established in 2005. Its use was supposed to begin five years later, that is, in 2010. However, this date was postponed a number of times up to, finally, January 1, 2015. Given the lack of product at the stores, the Ministry of the Cities postponed the measure for three consecutive periods of 90 days. The last 90-day period was scheduled to end October 1.

In a press release, the president of Contran, and the director of the National Transit Department, Denatran, Alberto Angerami, stated, "The manufacturers (of the fire extinguishers) said they needed another 3 to 4 years in order to meet demand (for the ABC-type of product). However, this justification was already being given by the industries 11 years ago."

In a number of cities throughout the country, the ABC-type fire extinguishers were being priced above R\$ 100.

The president of Contran added, "We held meetings with the representatives of fire extinguisher manufacturers, fire fighting authorities, and from the automobile industry, which resulted in the decision to make the use of the fire extinguisher optional."

The Ministry also mentioned data from the AEA in which only 24 accidents, within a total of 800 accidents that resulted in fire - from a total universe of 2 million accidents registered by insurance companies - required the use of fire extinguishers.

"Studies and research conducted by Denatran concluded that the technological innovations introduced into vehicles have resulted in increased safety against fires. Among them, the automatic shutdown of the fuel line in case of collision, the placing of the fuel tank outside the passenger area, flammability of materials and finishings, among others." In addition, in crash tests conducted in Europe, which were followed by Denatran technicians, proved that not only the fire extinguisher, but its support as well, caused fractures in passengers and drivers," stated the Ministry of the Cities.

Now, passenger and light commercial vehicles may carry the fire extinguisher as an optional item. However, the equipment continues obligatory in vehicles used commercially for transportation of passengers, as well as trucks, semi-trucks, micro-buses and buses, in addition to vehicles used to transport flammable products, liquid and gaseous.

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# Hyundai projects Brazilian market growth again in 2016

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**T**he declining trend of the Brazilian light vehicles market should revert itself already next year. According to Won-Hong Cho, global director vice president of Hyundai Motor, sales in the country should drop to 2.5 million vehicles this year, and move up to 2.7 million vehicles in 2016.

The return to more than 3 million units in sales, which took place last year, should only occur in 2020, reaching 3.2 million units.

"We are sure that the growth of the Brazilian market will return. There is a high potential given the relatively low number of vehicles per capita in the country. The industry will recover itself already in 2016."

The so-called B segment of vehicles will continue dominating local sales, but will lose space to the sport utility vehicles. Cho believes that sales in this segment should drop from 60% last year to 53% in 2020. During the same period, SUVs should experience a growth from 9% to 16% of the market, according to the executive's calculations. The vice president implied that Hyundai plans to produce models in this segment here in the coming years:

"Hyundai is paying a lot of attention to these market moves."

The company's eye on the future goes beyond the borders of the local market, where, last year, it doubled the volume of sales registered in 2012 - from 108,000 to 232,000 units. Hyundai divided the automobile development areas into four segments: high-volume,

premium, green, and high-performance.

On Tuesday, 15, the company presented its high-performance N brand, dedicated exclusively to this type of consumer, who loves sports cars and, naturally, possesses the resources to acquire them.

However, the company obviously has its strength in sales in the high-volume segment of vehicles. For these, among them, the HB20 produced in Piracicaba, state of São Paulo, Hyundai plans to make comfort, safety, and entertainment technologies popular. These features have an increased presence in the premium models.

"To the 21st century consumer, having an automobile is not sufficient. He wants quality, reliability, and is searching for a brand that offers good products. The essence of Hyundai is to spread premium values to the daily lives of people. This is how we became known in Brazil."

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Won-Hong Cho

Image/Fenabrave

# Foton Aumark negotiates leasing of production line in Brazil

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With the delay of the construction of the plant in Guaíba, in the state of Rio Grande do Sul, due to delays in BNDES financing, according to Foton Aumark, the company opened negotiations to try to find a solution to avoid postponing the beginning of production of its trucks in Brazil.

Within the next 45 days, the company should

announce a partnership with another manufacturer that is already established in the country, so that its models can be assembled in the latter's production unit beginning February of next year.

Without the agreement, in advanced conversations with two possible partners, production would be delayed at least seven months, according to

Bernardo Hamacek, CEO of Foton Aumark Brazil. “We believe the BNDES financing should come through in October, that is, seven months after what we had initially planned. From then on, we would begin the installation of machinery, but we would only be able to inaugurate the plant in November 2016.”

Since the increase in the value of the exchange rate of the US dollar practically made it unviable to import more models from China, despite still being capable of importing within the Inovar-Auto program quota that exempts the charge of the 30 additional percentage points on the IPI tariff, the solution has been to bring forward production of the models at a partner.

According to Hamacek, the operation should not be complicated since Foton has a limited vertically integrated production. “We receive almost all of the parts and components disassembled and use the line to effectively assemble the truck.”

The CEO added the negotiations currently involve two companies, without mentioning names - however, he admitted that one of them is from the state of Rio Grande do Sul. This would be the ideal partner since the fiscal benefits offered by the state would be maintained: “However, we will close with the one that demonstrates it is prepared to begin sooner.”

The truck projects did not suffer any delays. Hamacek said that the 10-ton model will be the first to go into production - if the agreement is struck with the partner - in 2016, with 70% of the components produced in the country. Many suppliers have already been defined: engines will be supplied by Cummins, axles by Dana, transmissions by ZF, brakes by Knorr-Bremse, wheels by Maxion, shifts by Saks, tires by Pirelli, fuel tanks by Bepo, batteries by Heliar, among others.



The cabins will be imported from China.

In May, Foton Aumark's best selling truck in Brazil, the 3.5-ton model, should go into production. The CEO stated that the truck achieved a 5% market share in the segment last month, which, according to him, is proof that the brand is being recognized in the market. Due to its success, the model may even go into production earlier.

This year, the company plans to sell 1.1 thousand trucks when compared to 600 units sold last year. For 2016, the company expects to register a growth of 20%, above Hamacek's Brazilian market forecast of a 10%-15% recovery when compared to this year's numbers. 40% below last year.

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# Ford and Volkswagen decide to join the PPE

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Volkswagen followed Mercedes-Benz and will be the second vehicle manufacturer to join the PPE, Employment Protection Program. In a general assembly that took place on Wednesday afternoon, 17, workers at the Anchieta unit approved the agreement that calls for a reduction of 20% in the number of hours worked per week during a period of six months, which can be extended to another six-month period, and a 10% drop in salaries - this 10% difference would be financed

by the Workers Compensation Fund, known as FAT, according to the rules of the PPE.

The information was divulged by the ABC Metalworkers Union, which also negotiated the program at the Mercedes-Benz unit in the region.

The negotiation did not take into account the salary reduction from vacation and the 13th month salary, which is not covered in the original program.

In exchange, says the union, "The agreement



Image/Archive



signed in January of this year has been reaffirmed, guaranteeing job stability up to 2019.” At the time, the vehicle manufacturer announced the dismissal of 800 workers, later reverting its decision based on the approval of the agreement with the metalworkers.

With the PPE, 850 of the 2.6 thousand workers in layoff should return to the plant on November 1, and the remainder, in January 2016. All of them will be automatically included in the program as soon as they are re-integrated into the unit. However, according to the union, 11.5 thousand workers will join the overall wage and work week reduction, practically the entire workforce at the plant.

“Only those who work in areas where it is not possible to reduce the number of hours due to safety issues, such as maintenance, will not be included in the agreement,” added the union.

According to the press release, “It was expected that the agreement (signed in January) could have been reviewed in case production did not reach a minimum

volume of 250,000 vehicles per year.” Santana added, “Production has been dropping and we should close the year below the levels that were forecast in January’s agreement. Now, we have the mechanism that will handle this scenario.”

Four producers of automotive parts in the ABCD region have also joined the PPE.

**Ford** - Another vehicle manufacturer in the ABCD region in the state of São Paulo has also reached an agreement with its workers to join the PPE, Employment Protection Program. On Friday morning, 18, all of the workers at Ford’s Taboão plant, in São Bernardo do Campo, approved the company’s conditions, following the examples from its neighboring colleagues at Mercedes-Benz and Volkswagen.

As a result, 203 workers that had been dismissed approximately 2 weeks ago were rehired and reintegrated into the vehicle manufacturer’s production lines where the New Fiesta hatchback and the brand’s trucks are produced. The strike, which had been going on for nine days, was also terminated.

The PPE is programmed to last six months at the plant, with the possibility of an additional six-month period extension. Profit-sharing, INPC readjustment and previously agreed upon bonuses were maintained, as well as the layoff of 150 workers. In 2016, even with the PPE, another 150 workers will be placed in layoff.

The president of the union - and a Ford employee - Rafael Marques, celebrated the agreement in a press release: “The biggest contribution of the workers is to preserve jobs in order to regain the economy and make Brazil grow again.

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# MAN presents its anti-crisis package

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**M**AN Latin America presented on Wednesday, 16, its 2016 line of trucks, ahead of Fenatran, the commercial vehicles segment tradeshow, which is scheduled for November in São Paulo and in which the company will not participate.

However, more than a new portfolio of models, the vehicle manufacturer delivered news to the market that can be considered an anti-crisis package: in summary, the vehicle manufacturer will offer a new financing plan modeled on an operational leasing, without down payment, for the TGX line, while the VW family of trucks received an offer of a new and less expensive entry-level version, called Trend. The so-called vocational versions, such as the model used for transportation of money, sugarcane, cement, and trash compactors, also gained additional backing.

According to Roberto Cortes, president and CEO, the new line is composed of “19 trucks that meet the current moment” - a moment in which new trucks sales have dropped 43.5% during the first eight months of the year when compared to the same period last year, and, in which the heavy truck segment accumulates an impressive drop of 61% according to Anfavea data.

According to the executive, “This is one more crisis and, as all of the others, it will pass. I have already been through 17 of them: this is the 18th. In all of them, the sensation was one that it was worse than we had already previously undergone, something that now repeats itself. Our answer is to promote innovative



Roberto Cortes

initiatives and adapt ourselves in face of the current market, something we managed to do in only nine months and are now presenting.”

One of the biggest attractions is the so-called operational leasing, which, according to Ricardo Alouche, Sales, Marketing, and After Sales vice president, “works as a kind of rent, even though that is not the correct term.” In practice, the customer receives





Ricardo Alouche

Image/MAN

a brand-new truck with all expenses included, such as the IPVA, licensing, registration, and monitoring and preventive maintenance services, paying a fixed installment, without down payment, during the contract duration, which can be for periods of 36, 48, or 60 months. At the end of the period, the customer can choose to simply return the truck or acquire it for the

current market price at the time. The big difference when compared to the traditional leasing plans is that there is no “balloon installment” at the end of the plan.

According to Cortes, “The vehicle manufacturer and the VW bank will take on all of the risk, such as the one from the resale and possible variations in maintenance costs, even within an inflationary scenario, since the installment remains the same throughout the plan.” Alouche added, “The only concerns of the fleet owner will be tires and insurance. The rest remains entirely included in the package.”

The vehicle manufacturer believes this pilot project should enable the sale of 400 trucks of the TGX line through this financing option, within a period ranging between six and eight months. If the results are positive, it should extend the offer to the remaining portfolio of VW trucks.

The MAN anti-crisis package is complete with the arrival of the Trend versions, which can be applied throughout the entire portfolio of MAN and VW trucks - some from factory, others through specific purchase orders. Alouche added that this is a “more stripped-down and simplified (method), that meets some of the specifications of customers who do not need certain comfort and convenience items that were being offered from factory in the entry-level versions up to then, the Advantech.” The drop in price, however, can reach anywhere between 3% and 8%. **WE**