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In announcement of a third shift FCA federal agent extends automotive regime

Without the definition of a specific industrial policy, the country risks losing investments in the automotive industry, even those already announced.

The assessment is by the Anfavea's president, Antonio Megale, who participated on Monday, 5, of the AutoData Seminar Megatrends of the Automotive Sector - The Challenges of 2018 With or Without the 2030 Route, held in São Paulo, Capital.

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Completing 65 years, Volkswagen presents new generation of Tiguan

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In announcement of a third shift FCA federal agent extends automotive regime

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The FCA factory in Goiana, PE, starts operating in three shifts, advancing to reach its maximum capacity of 250 thousand vehicles. The announcement of this new phase was made by the company's CEO, the Italian Sergio Marchionne, alongside Stefan Ketter, president of FCA in Latin America

and one of the leaders who developed this modern automotive project in the northeast. The event also served as a platform for the federal agent, who surprised everyone by announcing that he will extend the North, Northeast and Midwest automotive regime for another five years.



Allex Chies

Followed by the ministers of Finance, Education, MDIC, several politicians from the state of Pernambuco, and the main executives of the FCA, the president of the Republic did not even comply with the initial formalities and, in his quirky and unfriendly tone, said: "First I bring the good news that I will extend the Northeast automotive regime for another five years."

And nothing more was said after that sentence. Neither the representatives of the federal and state governments have been able to give details about the announcement, nor when this extension document will be signed.

The automotive regime is not only for the northeast, but for the north and center-west regions - not mentioned by the federal agent. This regime is in force until 2020 and among the various benefits and tax credits gives an IPI discount equivalent to the collection of PIS and Cofins - which practically zeroes the collection of the Industrialized Products Tax. Besides FCA in Pernambuco, Ford's factories in Bahia, Troller in Ceará, HPE in Catalão, GO, and CAO A Montadora, in Anápolis, GO, should also enjoy these benefits until 2025.

Third shift - In 2017, running in two shifts, the Goiana plant produced 179 thousand

vehicles, with 12 thousand 100 employees of the FCA itself, the systemists installed inside the industrial condominium and outsourced workers.

The start of the third shift will open another 1 thousand 500 jobs - to be filled in the next few months - totaling 13 thousand 600 people working in the complex. There will be 4 thousand 850 employees of the Jeep plant, 5 thousand 660 in the suppliers' plant and another 3 thousand 100 subcontractors.

In addition to the performance of the Jeep Compass, which last year led the segment of SUVs in Brazil with 50 thousand units traded, the contribution of Renegade in the same segment and Toro among pickup trucks in the domestic market, another 35 thousand units of these vehicles produced in Pernambuco were exported.

"The decision to expand the production comes from the significant sales results and also from the great work done by all our employees since the start of the operation in Goiana," said Stefan Ketter.

The acceleration of production to the maximum capacity of 250 thousand units must occur during the next twelve months.[WE](#)

Completing 65 years, Volkswagen presents new generation of Tiguan

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Alex Chies

On the day of its 65th anniversary in operation in Brazil, Volkswagen presented for the first time in the country, on Friday, the 23rd, the first of a package of five SUVs that will be launched in the country by 2020. The new generation of Tiguan, which is manufactured in Mexico, will arrive in the stores in April. With the model the company wants to strengthen its participation in the segment that has been growing in sales volume in the national market in recent years.

Although the manufacturer has planned to compete in the segment of SUVs, a niche in which it

arrived with some delay in comparison with other automakers, what really is expected is that the scheduled launches until 2020 will boost the company's sales performance in Brazil. This market, which represented 8.9% of sales in 2012, reached 22% last year.

After years of hegemony of the Gol model in the market, the company was losing the protagonism for competitors who bet on new platforms and proposals of design and motorization, for example. Staying away from the largest manufacturer in terms of sales volumes bothered the enterprise, which is now seeking to recover from the market with a wider range.

Not surprisingly, Pablo Di Si, president of the company responsible for the Latin American and Caribbean regions, began his speech on Tuesday saying that "Volkswagen is back," using recent market data as an argument to support the claim. According to the executive, the company currently holds a market share of 15% this year, thanks to sales of the hatch Polo model, responsible for bringing back the third shift at the plant in São Bernardo do Campo, SP.

The return of the shift, incidentally, is celebrated in the municipality for also allowing the return of employees who were on a lay-off regime.

With the beginning of manufacturing the other launch, the Virtus sedan, the company can bring the production volume to the maximum capacity of the factory: the unit can produce 1.1 thousand vehicles / day, and currently produces 1 thousand 366 units / day. Di Si said that the maximum capacity will be achieved in the coming months: "The end of the year is a deadline for us to be working at full capacity."

The executive argued that the capacity that still needs to be filled will be met by the demands of exports for the two models recently launched by VW. Polo is already exported to Argentina, the same destination where Virtus will continue in the first half. The executive also said he expects to export around 180 thousand vehicles in 2018, up 10.5% from the 163 thousand units sold to the exterior last year.

On the other hand, the domestic market should also make the company reach 1.1 thousand units per day. The company's sales in the Brazilian market rose 43% in the third month of the year, according to Di Si. The automaker's forecast for 2018 is 10% to 15% expansion. WE

Antônio Filosa replaces Ketter in the presidency of FCA

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It was a surprise to almost everyone who was at the press conference with FCA CEO Sergio Marchionne in Goiana, PE, on Friday, 23: the reason for the visit by the company's chief executive was to announce the start of the third shift of the factory on behalf of sales success of Jeep Compass, Renegade and Fiat Toro. But the AutoData Agency's question about Marchionne's succession - which retires in 2019 - revealed the main news of the day: Stefan Ketter is leaving the direction of FCA in Latin America and Antônio Filosa, responsible for operations in Argentina, takes the position of COO, Chief Operating Office, in the practical chairman of FCA for Latin America.

"I'm glad we're developing new internal leaderships. That was one of my missions. I work with a list for my succession and this process extends to all levels of the company. Antônio Filosa is an example of the brilliant work that Stefan Ketter has done here in the region and now assumes the operation in Latin America," said Marchionne.

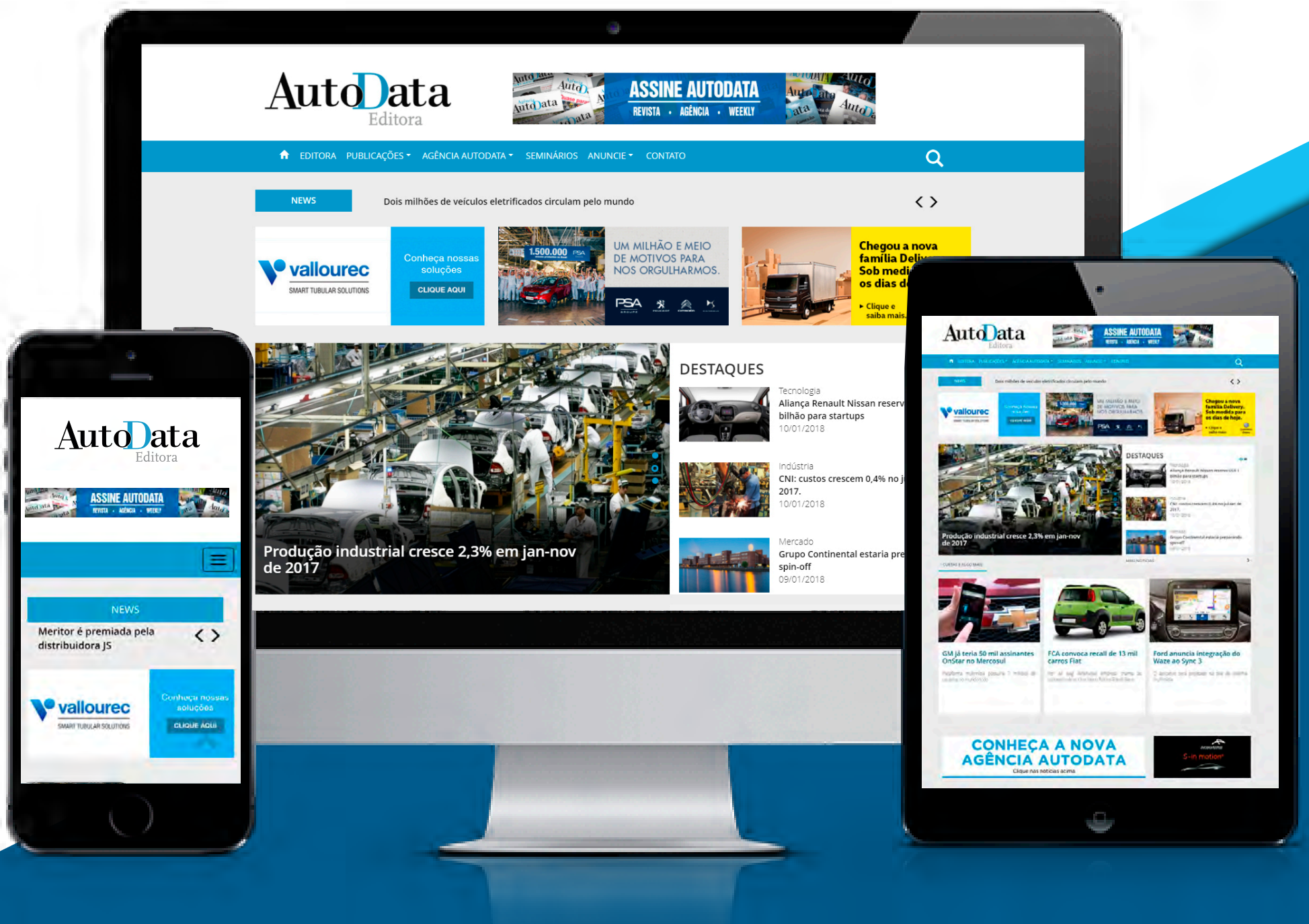
Ketter has so far accumulated the presidency for Latin America with the global manufacturing vice presidency. He returns to Europe to continue that work, besides occupying more emphasis on the executive board.

In an official release distributed in Europe and the United States, Marchionne commented on the transition: "Stefan has completed an exceptional job leading the Latin America region. He oversaw the industrialization of Jeep in Pernambuco and led the commercial efforts that resulted in Jeep's leadership in SUVs last year. He has rejuvenated and developed teams in Latin America seeking profitability in the region during the challenging conditions of the domestic market. Antônio Filosa represents a natural choice for us to move forward."

Filosa has 18 years of experience with FCA and for one year and eight months he has been in charge of the operation in Argentina, as well as the leadership of the Alfa Romeo and Maserati brands in the region. **WE**

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Cummins projects the production of 85 thousand trucks

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After the resumption of the automotive industry in the second half of last year, companies such as Cummins have come to believe that this year will be the continuation of the good moment, as its president, Luis Pasquotto, stated: “Even with a bad first half performance the second semester of last year was good and I believe we will continue to grow this year.”

Regarding the future of truck production in Brazil, which reached approximately 220 thousand units in 2011, Pasquotto said that Cummins projection for this year is 85 thousand units produced,



Allex Chies

regardless of what will be sold internally and what will be exported:

“For the medium-term future I believe that this market can reach 120 thousand, 130 thousand trucks in the next decade, growing from 5% to 10% as of this year.”

About the Cummins engine production in Brazil, the projection is 40 thousand units in 2018, with a possibility of overcoming, a rise around 30% compared to the previous year, when 32 thousand units went out of its lines: “We are optimistic about the current market, but far from the company’s peak production achieved in 2012, with 112 thousand engines manufactured.”

To support the expected growth in the year Cummins has already begun to hire - seventy new employees in the last six months and a new group that is in the process of admission: “The expectation is to hire more during the year, but everything will depend on the behavior of the market”.

According to Pasquotto, the last three years of crisis were the worst in the country, and in order to overcome this period and at the same time prepare for a resumption of growth, internal measures were taken focused on the mismatch of production processes: “We use this time to clean the house and be ready for the market to retake at the right time.”

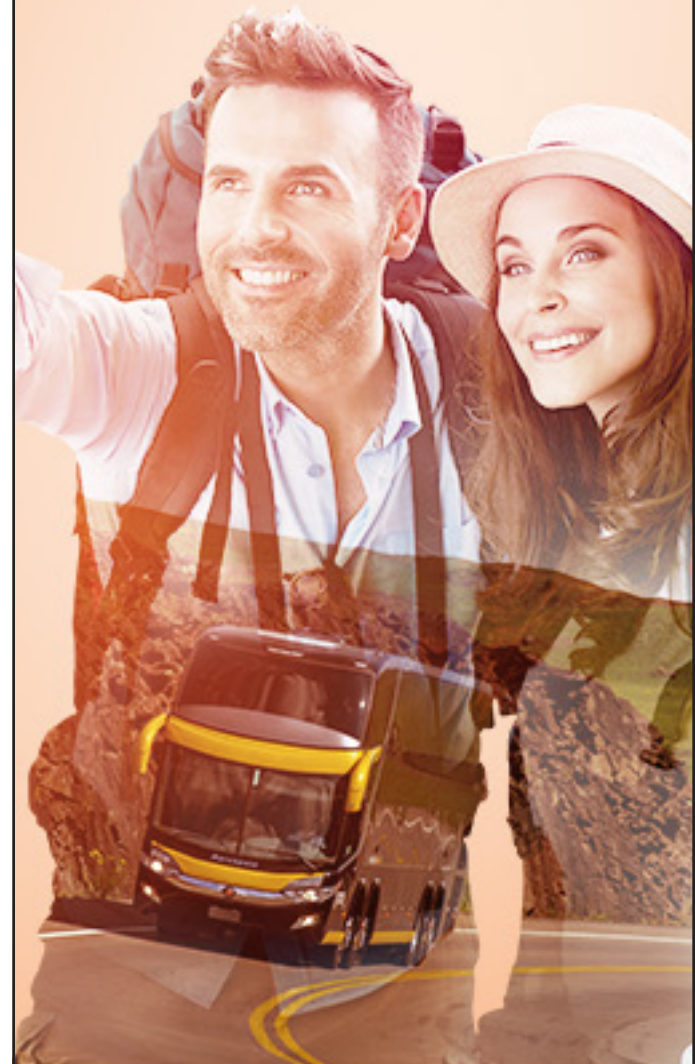
Global Sales – Cummins only reports its data and projections globally and the expectation for this year is sales growing from 4% to 8% in value compared to the US\$ 20.2 billion achieved last year, its record value.

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Industry uses 64% of its capacity in February

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CNI reported on Thursday, 22, that the average percentage of UCI, Installed Capacity Utilization, UCI fell from 65% in January to 64% in February. According to data from the Industrial Survey in comparison with the same month last year there was a 1% increase. The indices of the Industrial Survey range from zero to 100 points and, when they

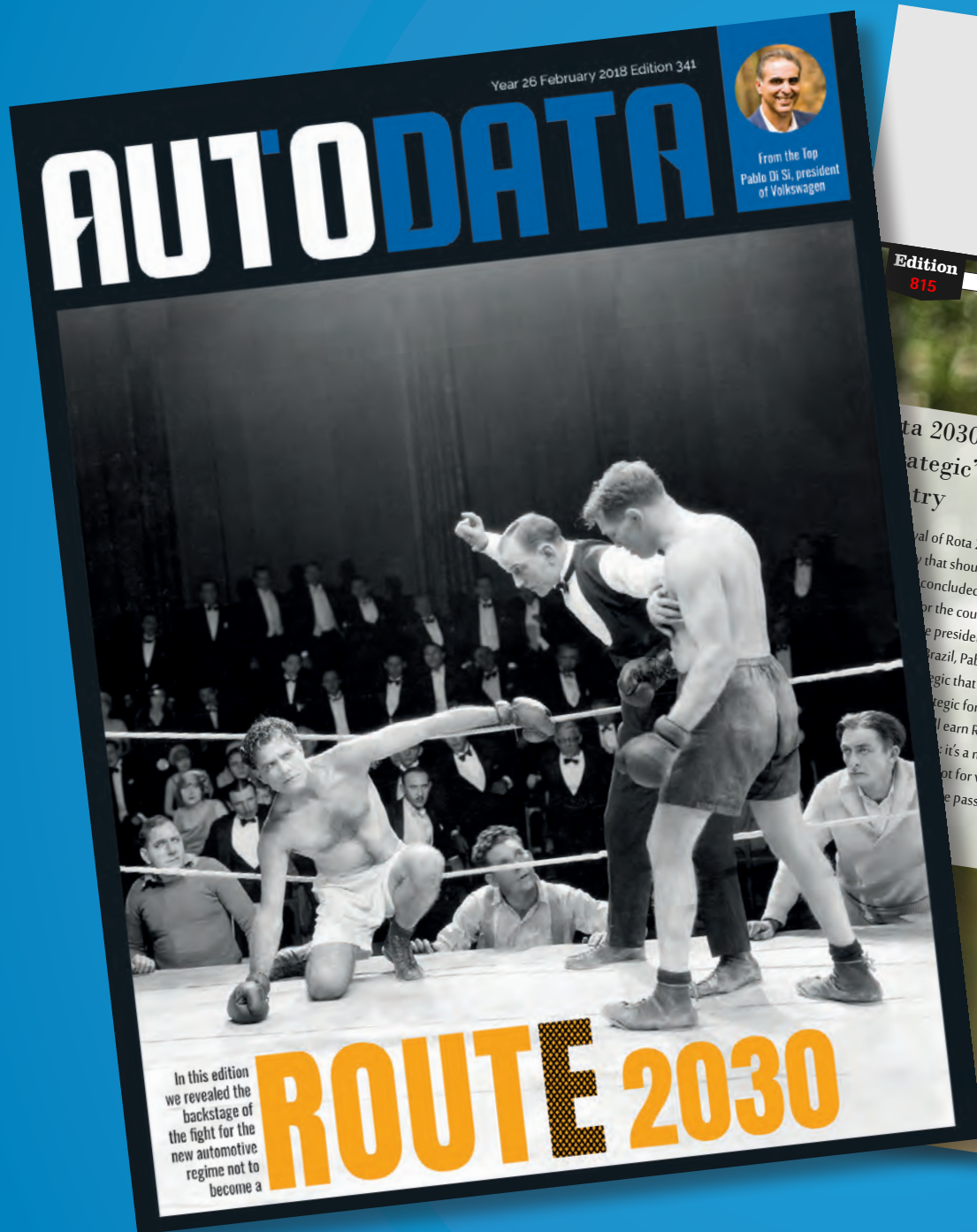
are above 50, show that the industry expects growth for the next six months.

The industry is optimistic about the demand, exports and prospects for raw material purchases. In March the demand expectation index reached 59 points - expansion in relation to February, which registered 58.3 points.

The exported quantity indicator was stable at 55.3 points, compared to 55.4 points in the previous month, close to the index of purchases of raw materials by the industry, which reached 56.7 points in March.

Jobs – The number of employees in the industry remained stable in February, with the employment evolution index registering 49.6%, standing on the dividing line of 50 points. Marcelo Azevedo, CNI economist, believes that the maintenance of employment, after a long period of retreat, is already an important indication that the resumption of the industry is on its way.

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Partnership PSA-Habib comes to an end. The focus now is on JAC.

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The SHC Group will stop selling PSA vehicles in the country. The information was confirmed by the manufacturer on Monday, 20. The deal in which the automaker allowed the company of Sergio Habib to commercialize its vehicles here was broken, a commercial operation that lasted twenty-eight years.

Twelve Citroën and two Peugeot stores will be incorporated into the JAC Motors network, an enterprise controlled by the Habib company that goes through an expansion plan that emerged in the announcement of the installation of assembly lines in Itumbiara, GO, where Chinese vehicles will be manufactured.

PSA has informed through a press release that there is a process to close commercial operations and that the company is currently analyzing the places where the SHC Group was selling the company's vehicles. He also said that there is no intention to reduce the size of the network after the disruption, taking into account "the recovery of the Brazilian market".

Sources consulted by AutoData said that Habib's company decided to quit the business because of the low average ticket presented in Citroën sales in recent years and the negative performance of sales in the country. With this scenario, the businessman would have turned his spotlight on business involving JAC.

Citroën's car sales have been falling since 2012. According to Anfavea data, that year 72 thousand 474 cars were sold in the country, a volume that last year hit 22 thousand 223 units. Given this scenario, Habib chose to give up a falling business to focus on the Chinese bet.

In 2016, the share of PSA's sales in the PSA numbers was lower than that of Peugeot - keeping Citroën ahead of the sister in terms of sales was one of the proud of SHC, which claimed to be the only market in the world where it happened.

In December, AutoData anticipated an announcement of the factory installation plant in Goiás, an investment of R\$ 120 million.

The execution of the project is now taking shape in the backstage of the state government, where the process of elaboration of the technical plants, the release of environmental licenses and the stipulation of the tax exemptions that will be granted are in the final stages, informed the State Development Secretariat.

The partnership between SHC and Citroën began in 1990, during the economic opening that the country was going through. Habib became the official importer of the company's vehicles at the time. In 1998, PSA decided to install a factory here, and then the entrepreneur acted as president of the company in the country, a position he held until 2008.

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Toyota Prius is the first flex hybrid made in Brazil

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Toyota continues to invest in the development of clean technologies and the novelty of the time is the Prius hybrid flex, presented on Monday, 19, at the headquarters of Investe SP. The first tests began almost three years ago, with a Prius unit assigned to the Polytechnic School of the University of São Paulo for the study of engineers.

The first official test began on the same Monday, and will be exercised on the route from Sao Paulo to Brasília, approximately 1 thousand kilometers, expected to arrive until Thursday, 22. The drivers are professional. The Prius hybrid flex will be followed by other Toyota cars - Etios, Corolla, Hilux and SW4, all flex model with the new technology theme vinyls.

Steve St. Angelo, Toyota's CEO for Latin America and the Caribbean, said that this is the perfect



Disclosure

marriage because it unites the electric motor with the cleanest fuel in the world: “We have to highlight Brazilian engineering, which in partnership with the Japanese , achieved this perfect union “

He also said that “our headquarter sees this product as a major breakthrough for the energy efficiency goals we have for 2050, and that this will be the start of Brazil’s next 60 years.” St. Angelo said he believes the Prius hybrid flex will be a revolution in the industry, as it happened twenty years ago, with the arrival of the first hybrids on the market.

Regarding the sale and production of this model in Brazil St. Angelo noted that the country may be the first country to dispose of this car, depending on the incentives for the segment, and that the company intends to produce it in the region. During the event Antônio Megale, president of Anfavea, said the expectation is that the reduction in the IPI from 25% to 7% for hybrids will occur and that this discussion with the government occurs independent of Rota 2030.

To get the car ready to be produced, Ricardo Bastos, Toyota’s public relations and government director, said more tests would be needed throughout the year: “For this year it is impossible to finish all the tests we should do, but for next year we come on, everything should be all set.”

He also did not confirm which will be the first model of the company in Brazil to receive the flex hybrid technology, because the Prius is being used as a base because it already uses the technology, but until now fueled only with gasoline: “Toyota’s plan is have a hybrid flex version for each model, but we did not define which will be the first and not when it will happen.”

Bastos noted that the amount invested in the development of the new technology will be announced in the future, since part of it happens in Brazil and another part in Japan: “The advantage of Brazil is that it allows field tests without transporting the fuel inside the vehicle, infrastructure available throughout the country.”

During the event, the company also highlighted the investments made in the last three years, of R\$ 2.2 billion, destined to the construction of the technology development center, to the expansion of the Sorocaba plant, SP, to Yaris production in the second half of this year, and the unit that produces engines, in Porto Feliz, SP.

WE


Decision of Rota 2030 in April? Maybe.

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It will be in April the next meeting of Antonio Megale, president of Anfavea, with the President of the Republic to discuss the approval of the automotive program that should succeed Inovar-Auto, Rota 2030: “I can not reveal the exact day, but it will be in the next month and I hope the president finally signs Rota 2030.”

Megale said during the event held in São Paulo on Monday afternoon, 19, again, that the lack of predictability creates impasses in the automotive sector, as companies are waiting to know how to advance their investments.



The issue of incentives in the area of P&D follows as an obstacle: “We need this definition independent if it will or will not happen, we need to know. We believe that incentives are very important for P&D advances in the region. What is unreasonable is to stay with several open points since the beginning of the year, as the automakers can begin to review their investments in this area in Brazil and that is our concern. Companies are waiting to know where they are going, with or without Rota 2030.”

To simplify the P&D issue, the sector intends that approximately 30% of the value invested by the companies in this area return in the form of incentives for the development of new technologies in the region - but this will only happen when the investment cycle announced by the company ends.

Toyota opinion – For Ricardo Bastos, Toyota’s director of public relations and government affairs, P&D incentives are also very important because without them future investments by companies in the country can be affected:

“If there are no incentives, we will not be able to compete with the parent companies for investments, which mostly give incentives for investments in this area. With that the local development of new technologies can delay.”

The executive recalled that during Inovar-Auto, which granted incentives to the automakers that invested in P&D, Toyota built its technology center in São Bernardo do Campo, SP, with some of these incentives. The new unit allows the homologation of a new supplier in 30% of the time that was previously required.

“Even with the barriers, I believe that the approval can happen later this year, because if we have energy efficiency and safety targets, we need to know as soon as possible to make the necessary progress.”

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