

# AutoData

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## One level above

Jeep's newest product, the Compass, is proof that, despite many comings and goings during the past decade, the Brazilian automotive industry has reached a level that has been rarely imagined for a slight period of time. In addition to making its global debut in the Brazilian market, it is, by far, the vehicle that has the most abundant safety technologies of any vehicle produced in the country...

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# One level above

George Guimarães, from Goiana, PE | [gguimaraes@autodata.com.br](mailto:gguimaraes@autodata.com.br)

Jeep's newest product, the Compass, is proof that, despite many comings and goings during the past decade, the Brazilian automotive industry has reached a level that has been rarely imagined for a slight period of time. In addition to making its global debut in the Brazilian market, it is, by far, the vehicle that has the most abundant safety technologies of any vehicle produced in the country.

Although certainly almost everything that equips the vehicle is still imported, the model offers, among other features, a lane change alert system, sensors that eliminate blind spots, adaptive speed control, and collision alert with automatic braking. That is not small stuff for a sector that, until recently, discussed the viability of automated transmissions.

List price starts at R\$ 100,000 and ranges above R\$150,000. The sporty Compass will fill a gap in the brand's portfolio between the locally produced Renegade and the imported Cherokee. So much technology and design that leaves nothing to its competitors, it represents a tough

competition against the Audi Q3, Hyundai ix35, and the BMW X1, for example. And also for the top versions of its Renegade brother, which are priced at over R\$ 120,000. "The line is complete now," prides himself, Sérgio Ferreira, director-General of the Jeep brand for Latin America.

Brazil, according to him, has enormous potential still in the segment of sport-utility vehicles. While, in Europe, the segment accounts for already 25% of total vehicle sales, here this ratio stands at 12%. "In Mexico, where the market is similar to ours, it accounts for 14-15% of the total," added the executive, who expects to sell around 2000 units per month of the new model, 70% of them equipped with a flex engine.

The director-general added that the SUV will have an important role in exports from the plant in Goiana, in the state of Pernambuco. Currently, only 10% of the production at the unit is shipped to Argentina and Colombia. With the Compass and the Fiat Toro, this ratio is expected to increase to 20% very soon. Approximately 8000 units of the sport-utility should be shipped abroad in 2017. "We will be the leading SUV brand in Brazil and, already in 2017, we will also be the leading brand in Latin America," stated Jeep's director.

The Compass is the first locally produced vehicle to be equipped with ACC, Adaptive Cruise Control, LDW, Lane Departure Warning system, and FCW, Forward Collision Warning. Added to the immense list of comfort resources and other safety items that are common among locally produced vehicles, it exceeds some imported vehicles that are priced at higher levels.

The safety package, from factory, includes ESC, Electronic Stability Control, ERM, Electronic Roll Mitigation, TPMS, Tire Pressure Monitoring System, and the HSA, Hill Start Assistant. The vehicle is also equipped with braking system and DST, Dynamic Steering Torque, which induces the driver to steer correctly when adherence is lost.

The offering at the dealers will be numerous and diversified. The model has versions equipped with the new 2.0 Tigershark 166 horsepower bi-fuel engine with automatic 6-speed and 4 x 2 traction, and others with the already known turbo diesel 2.0 Multijet II which develops 170 hp - already present in the Renegade and the Fiat Toro - and integrated with the automatic 9-speed transmission and 4 x 4 traction. The configurations: Sport, Longitude, and Limited, equipped with the 2.0 Tigershark and Longitude and Trailhawk, with the 2.0 Multijet II.

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# More production with caution

George Guimarães, from Goiana, PE | [gguimaraes@autodata.com.br](mailto:gguimaraes@autodata.com.br)

Jeep presented on Monday, 26, in Pernambuco, its second locally-produced model. Despite not being the first to be produced at the plant in Goiana, the Brazilian-made Compass sport-utility, which is bigger than the pioneer Renegade, will have another important role in its curriculum: it is a global product launch that, after arriving in the Brazilian market, will go into production at other FCA units starting next year.

Not for any other reason, the event of the introduction of Renegade's bigger brother - which also derives from the same platform used in the Fiat Toro - that took place in Cabo de Santo Agostinho, south of the capital city of Recife, deserved, in addition to the South American press, the presence of Sergio Marchionne, global FCA CEO, who was the mentor of the Goiana plant project, the first joint Fiat/Chrysler manufacturing unit.

Marchionne, in practice, was a mere spectator of the presentation led by Stefan Ketter, the executive responsible for the operation in Latin America. Previously, however, in an interview to only nine press representatives from Brazil and Argentina, he made a point of demonstrating tranquility regarding the Brazilian economic scenario and the future of FCA's operation: "One needs to be patient with Brazil," he stated, after avoiding revealing any other investment in the country and emphasizing that the "plant in Goiana was the biggest investment of the group in the past decade."

FCA's CEO, however, also regretted the economic retreat and projected a longer period for recovery: "Brazil lost a decade of growth."

Marchionne did not appear very concerned with Fiat's significant dive in sales in Brazil during the past two years. He believes this is natural for a brand with old product portfolios, a problem that started being solved this year with the presentation of the Toro pickup and the Mobi sub-compact.

He believes the brand will recover some market share already in 2017. "But FCA, not only Fiat," he emphasized. While Fiat lost four percentage points between January and August of this year, Jeep, the company's other division here, already has a market share of approximately 2.5%. In 18 months, it rose from the 24th to the 10th position in the ranking of best-selling brands in the domestic market.

The Compass, which will be arriving at approximately 200 Jeep dealers in November, is only a portion of the stuffing of the sandwich - the new portfolio of FCA in South America - that Stefan Ketter stated should be concluded by 2018, after the launch of the medium-sized pickup and the compact Fiat Mobi - the bread slices. At the plant in Betim, in the state of Minas Gerais, and Córdoba, in Argentina, the company is already managing to give birth to other products that should renew the Fiat product line, such as the Palio, Punto, Grand Siena, and the Linea.

The beginning of the production of the Compass established a new record in the Brazilian industry: new models within only 18 months in a recently inaugurated plant. Since April of last year, production at the facility in the state of Pernambuco has already reached 135,000 vehicles. The plant is working on two work shifts at the rhythm of 600 vehicles per day, that is, approximately 40 vehicles per hour. "Production of the Toro is saturated. Every day we are

searching for ways of overcoming this limitation,” revealed Ketter, who, however, discarded the adoption of a third shift, at least until the end of this year.

The so-called Jeep Automotive Pole employs approximately 10,000 workers, including 3000 professionals who work at the vehicle manufacturer, 4.5 thousand staff at 16 suppliers located nearby - at the Supplier Park - and the remainder employed by service providers. Until December, 400 additional workers should be hired by the vehicle manufacturer and its suppliers in order to sustain production of the third model, which has already created 100 job positions during the past months at the vehicle manufacturer, alone.

The three vehicles produced in Goiana, according to FCA, already detain an 80% local content ratio. Approximately 40% of these components arrive from the suppliers installed in the complex, which offer just-in-time deliveries in the right sequence.

Next year, FCA should begin construction of a second part of suppliers located no more than 20 minutes from the plant. The idea is to acquire additional components from around the plant, reducing the dependence - and the risks and logistical costs - of suppliers especially established in São Paulo.

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# Auto-parts revenues drop 2.6%

AutoData Newsdeck | [redacaoad@autodata.com.br](mailto:redacaoad@autodata.com.br)

**B**etween January and July of this year, the nominal net revenue registered by the 64 member companies of Sindipeças, a group that accounts for 32.1% of the revenues registered by the Brazilian automotive parts industry, registered a 2.62% drop when compared to the same period last year. The information was available in the association's regular study, divulged last week.

During the period, OEM sales suffered a drop of 6.07%, while sales to the aftermarket and intra-sector registered increases of 3.22% and 13.42%, respectively. Still according to the study, exports in local currency, reais, dropped 0.15%. However, when converted to US dollars, export revenues registered a drop of 17.3%.

Sales to the vehicle manufacturers in July accounted for 62.2% of total revenues, followed by the aftermarket, with 17.5%, exports, 16.8%, and intra-sector, 3.5%.

Employment in the sector registered a drop of 15.54% between January and July of this year, which drove the idle capacity increase of 14.17 percentage points.

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## Alujet is now Neo Rodas

André Barros | [andreb@autodata.com.br](mailto:andreb@autodata.com.br)

One of the major suppliers of aluminum wheels to the Brazilian industry has changed hands: the Alujet plant in Valinhos, in the state of São Paulo, now belongs to Neo Rodas, a group formed by entrepreneurs from the city of Curitiba, in the state of Paraná. It was acquired from Grupo Sifco, which is now in bankruptcy protection.

Alujet was one of the Isolated Productive Units negotiated by Grupo Sifco within this process. For R\$18.2 million, Alexandre Abage, from Grupo ABG, and Carlos Santiago, from Grupo Handel, acquired the assets - plant, equipment, contracts, certificates, etc. - belonging to Alujet. The 250 workers, as well as the directors and management of the company were maintained

under the company's new denomination: Neo Rodas. The new company has a healthy financial condition and no debt.

"We signed a term committing ourselves to maintain 85% of the workforce," explained Alexandre Abage, president of Neo Rodas, who was also responsible for cleaning the house. "During the next six months, we plan to invest R\$ 10,000,000 on new equipment to upgrade the operation."

Although Alujet has among its portfolio the traditional Binno brand of wheels, very well known in Brazil, it has been working only to supply vehicle manufacturers such as BYD, Fiat Chrysler, General Motors, Hyundai-CAOA, Mitsubishi, and Volkswagen, in Brazil and Argentina.

"We do not plan to work with the aftermarket again. Our focus will be to expand supply to other vehicle manufacturers in Brazil," stated Abage, who sees potential in the market. "Some customers were unable to close deals with Alujet because of the bankruptcy protection. They are our targets."

According to the entrepreneur, between 40-45% of every model sold in Brazil leave the plant equipped with aluminum wheels. This represents a market of almost 4,000,000 units, and Neo Rodas accounts for only 600,000 units - the third biggest supplier of the product in Brazil, behind Maxion Wheels and Mangels, which is also under bankruptcy protection. Since the production capacity at the plant in Vinhedo is 1.2 million wheels/year, the new company can, without any significant investments, double its share the Brazilian market. WE