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PSA to produce utility vehicles Mercosul

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Simão Salomão

PSA to produce utility vehicles Mercosul

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The first utility vehicle produced by PSA should be launched at the end of next year, Gomes

informed on Wednesday, 9, during a preview meeting of the São Paulo Auto Show, which opens its doors to the public on Thursday, 10, at the São Paulo Expo. The model, as well as the others in the new line, will have different names for the Peugeot and Citroen. "It will be the same utility vehicle, but it will have different names and a few specific details for each of the two brands."

Still according to the executive, the company will maintain a partnership with Fiat at the plant in Sete Lagoas, in the state of Minas Gerais, where the Peugeot Boxer and the Citroen Jumper are produced, as well as the Fiat Ducato. According to Gomes, these models have loyal customer bases in Brazil and, for this reason, will continue being produced at the complex while there is demand.

Gomes preferred not to reveal any additional details about the new utility vehicles, stating only that they will be positioned in the segment below 3.5 tons. The executive made a positive balance of the company's performance in the Mercosul this year, guaranteeing that the group of brands, together, registered sales growth and, more importantly, PSA is operating profitably in the region for the second year in the row.

The group expects to sell approximately 185,000 units this year in South America, representing a growth of around 20% when compared to 2015. In the Brazilian market, Peugeot has registered a positive performance, while Citroen is experiencing the same market decline ratio. Together, PSA should expand its market share from 2.3% to 2.6%.

For 2017, Gomes projects a growth of 5% in sales in the market as a whole, while he expects a 10% growth in the number of PSA vehicles licensed. "We renewed our product lines, which should favor our brands. We have the new Peugeot 208, which arrived in the market in the middle of this year, equipped with the three-cylinder PureTech engine, the new 3008, which we are exhibiting at the Auto Show, and we plan to launch the new Citroen C4 Picasso during the first quarter of next year, which is also being exhibited at this event."

Gomes added the company has managed to grow in other countries in the region, such as in Chile, for example, which is supplied from its European operations. Regarding the Brazilian market, he says he believes the recovery should be slow and gradual, without any major jumps in the coming years. "I believe that the next 3 years should be better than past 3."

WE

Industry expects record production this month

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Based on information from its members, Anfavea is estimating record production volume in November, with an output of more than 200,000 vehicles. In October, there was a slight growth of 2.3% when compared to September, representing a volume of 174.2 thousand units. This year, production has totaled 1.74 million vehicles, representing a drop of 17.7% when compared to the 2.1 million vehicles produced during the first 10 months of 2015.

The numbers were divulged on Monday, 7, by the President of Anfavea, Antonio Megale, who preferred not to review the current production forecast for this year, which stands at 2,296,000 units. He admitted the estimate should be difficult to reach - output would need to reach 270,000 units per month during the last 2 months of the year - but highlighted that the expectations for November and December are favorable.

A factor that impacted the industry's total output during the second half of the year was Volkswagen's decision to suspend contracts with a supply group, with which it was having problems, consequently paralyzing its lines for more than a month. The company's production rhythm should be in full swing only this month.

So far, the best production volume this year occurred in August, with output totaling 190,600 units, dropping thereafter to 178.7 thousand units in August and 170.3 thousand units in September. October, with 174.2 thousand units, was not yet affected by "production problems at two of our members", according to the President of Anfavea.

Local sales - Similar to production, the domestic market had its peak in August, with vehicle registrations totaling 183.9 thousand units. Sales dropped to 160,000 units in September and totaled 159,000 units last month, a small fall of 0.6% in relation to the previous month and a drop

of 17.2% in comparison with October 2015. With one less working day last month, Megale believes the market is stable, with average daily sales in the range of 8000 units.

“We have positive indicators with regard to a resumption of consumer confidence. We believe we will have a recovery this year. If the automakers are programming producing more, it is because they believe in bigger sales,” commented the President of Anfavea. If there is doubt concerning compliance with Anfavea’s production volume projections, Megale remained confident about the prospect of the domestic market surpassing 2 million units.

Inventory, according to Anfavea, remained stable at the plants and dealers, totaling 209,200 vehicles in October, when compared to the 212,500 units held in inventory in September. The level of employment suffered a small 0.8% drop in comparison with the previous month, dropping to 123,700 employees at the base. During the past twelve months, 9100 jobs were closed, but everything indicates that the cuts now will be more punctual. There are currently 7900 workers away from service, on lay-off or PPE, at the middle of the year, this volume was four times bigger.

Megale commented again on the discussions with the Government about an industrial policy for the sector, saying that one of the priorities is the strengthening of national engineering, one of the points in favor of the Inovar-Auto. Anfavea also wants the program to be extended for, at least, ten years, and the definition of legislations to be met during the period:

“The time of maturation of the project of a new car ranges from three to four years and, therefore, it is essential for us to have pre-defined rules so we can determine investments with our headquarters.”

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General Motors can already begin to celebrate

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With only 50 days of sales left to the end of the year, based on the figures divulged by Fenabreve, the podium of the best-selling brands in the domestic market should have General Motors at the top in 2016. The company, which during the first 10 months of year closed with sales of 275.8 thousand vehicles, representing a market share of 17.1%, closed ahead again in October, in a still more evident manner: 29.7 thousand vehicles licensed, accounting for 19.2% of sales.

Fiat registered sales of 24.4 thousand passenger and light commercial vehicles last month, equivalent to a market share of 16.8%. Year to date, it closed with 248.4 thousand units sold, a 15.4% market share. The difference of more than 27,000 vehicles - more than one month of sales - already enables the assurance that, for the 2nd time in more than 91 years of presence in Brazil, General Motors should be the leader of the domestic market.

The first and only opportunity GM had to stand at the highest position in the podium was in 2004, when it celebrated its 80th anniversary in the country. That year, Chevrolet products detained a 24.6% share of sales, against Fiat's 23.6% market share.

Now, however, the American vehicle manufacturer will have an additional reason to celebrate. Unlike 12 years ago, when the Celta was only the third best-selling car in the country, the Onix should close the year also as the sales leader. Sales of the model during the first 10 months of the year totaled 119.2 thousand units, 22,000 units ahead of second-ranked Hyundai HB20.

While General Motors and Fiat run little risks of losing or inverting their positions, the same can't be said regarding third-ranked Volkswagen after Hyundai has closed in behind it during the past 2 months.

The interruption in the supply of components that forced VW to stop its production at its plants

partially in August and September, still strongly affected the brands performance in October. The number of vehicles licensed divulged by Fenabreve indicate that VW's more than 500 dealers had a lot of work to get close to their targets.

The German company saw only 2.6 thousand of its passenger and light commercial vehicles licensed in October, representing only 6.9% of the domestic market, placing it in the 7th position of the best selling brands. Year-to-date, however, it continues in the 3rd position: 189.3 thousand vehicles, representing a share of 11.7%. However, the difference to 4th-ranked Hyundai dropped from 2.9% in August, prior to the production halt, to 1.7%.

The lack of its major products was the determining factor for this approach. The Gol, the brand's bestselling car for decades in Brazil, closed the first 10 months of the year with 44.9 thousand units licensed, and in the 9th position in the passenger vehicles segment.

In October, a true picture of momentary difficulties: with only 1.9 thousand units, the hatchback closed in the 25th position of the ranking - and the brand's best-selling car in October, the Up, registered 2.7 thousand license registrations, closing in the 14th position.

In any event, with production accelerating in October and November, when it should produce somewhere 100,000 units, according to David Powels, the company's president, Volkswagen expects to reestablish the flow of business to the dealers and, in the least, ensure the 3rd position in 2016, especially because it will hardly have the conditions, and time, to threaten the second-ranked competitor, since the gap is significant.

Hyundai, however, can still fuel a small - almost inexistent - hope of stealing Volkswagen's position, something that was rarely imagined less than one year ago. In 2015, for example, the brand closed in the 5th position, with an 8.3% market share, 6.2 percentage points behind Volkswagen, 3rd-ranked in the year, and 2 points below Ford, which closed in the 4th position.

The American vehicle manufacturer, by the way, could play a major role in the ranking this year and drop 2 positions. Between January and October, with sales of 146.7 thousand vehicles in the domestic market, Ford closed with a share of 9.1%, only in the 6th position. In addition to being overcome by Hyundai, it also closed behind Toyota, which licensed 147.9 thousand vehicles during the period and moved from the 7th position at the end of 2015, to the 5th position this year. **WE**

Two new locally produced Hyundai models

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Hyundai

Hyundai, the fourth best-selling brand in Brazil, and with the biggest growth in the past three years, still seems not satisfied with its current 10% domestic market share. This is reflected by the fact that it is featuring, at the São Paulo Auto Show, which runs until August 20, two new domestic products placed in the fastest growing SUV segment. The first, the New Tucson, should go on sale later this month. The second, the compact Creta, will be released in January.

The New Tucson is already being assembled at the facility owned by its partner, CAO, in Anápolis, in the state of Goiás, where the current version of the model will continue being assembled, as well as the iX35 and two other SUVs. The new model, which will be equipped with 1.6-liter turbo 177 hp gasoline engine, and a seven-speed automatic transmission, should be priced starting at R\$ 139,000 - almost twice the value of an entry-level Tucson - enters as a step in the portfolio, between the two other SUVs.

Mauro Correia, Vice President of CAO, did not reveal the investments made to produce the

new model. However, he says the plant in the state of Goiás underwent significant improvements in the New Tucson's exclusives assembly line. "The plant's production capacity remains at 86,000 units. In reality, we eliminated some bottlenecks to enable the production of the new model," says the executive, who claims new robots were incorporated in Anápolis.

While the New Tucson increases the amount of the brand's more expensive products, the Creta promises to create difficulties to competitors such as the Nissan Kicks, Ford EcoSport and Renault Duster. The model derives from the Elantra platform, and should go into production at Hyundai Brazil's plant in Piracicaba, SP, with 1.6-liter 130 hp and 2.0-liter 166 hp engines, with automatic and manual transmissions.

The automaker still has not revealed the new SUVs market potential and production volume, which will initially be available only in the domestic market. Rodolfo Stopa, product manager, however, does not rule out its export in a second moment, similar to what happened with the only other product manufactured in Piracicaba, the HB20.

Hyundai did not reveal the prices of the new SUV, but says all versions should have high local content ratios. The automaker says the model comes equipped with ramp ignition control device, tire pressure monitoring system, stop and go system, six air bags, stability control, electric steering, and even a driver's seat with internal ventilation, as well as directional headlights, among others.

Concept - In addition to the two new national products Hyundai is displaying at its booth at the show in Sao Paulo, the company is exhibiting the new Elantra and a concept vehicle that suggests that the automaker can move forward in other segments in the not-so-distant future. The Creta STC is nothing more than a pickup truck in the Fiat Toro range, the leading model in the market. The option for such a utility vehicle would practically represent additional sales to the vehicle manufacturer that is present in 200 countries and produces in only eight of them.

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