

# AutoData

## NEWS AGENCY WEEKLY EDITION

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### Argentina's situation worries Schiemer

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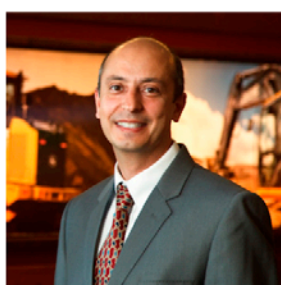
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# Argentina's situation worries Schiemer

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**T**he president of Mercedes-Benz Brazil and CEO for Latin America, Philipp Schiemer, said on Tuesday, 15, that the moment of the Argentine economy is delicate. During the inauguration of his new test field for commercial vehicles, in Itapemópolis, SP, he showed concern about the situation where the neighboring country passes.

Even because of this - and because the negotiations are still under way - the president said that the



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workers' strike at the São Bernardo do Campo plant in São Paulo was "premature". Since Monday, 14, metallurgists have been not working in search of wage increase and PLR, Profit Sharing and Results.

Schiemer said that exports accounted for 40% of the production of the M-Benz plant in ABCD in São Paulo last year, a share that is expected to fall to 30% this year, mainly due to the situation of the Argentine economy. Domestic sales are expected to grow about 30% this year, according to its projections.

For the president of the company workers should take into account the moment of the Brazilian market, which, despite being positive, is a result of a recovery in sales, and the Argentine, although not negative, inspires concern. Schiemer acknowledges that the company has a high administrative cost in São Bernardo, but denies that there are plans to dismiss workers at this moment.

Whoever reported that the company intends to lay off workers in the administrative sector in São Bernardo was the Metalworkers' Union of ABC. As the AutoData Agency anticipated, there was no agreement at the meeting held in the morning and the strike lasted for all Tuesday, 15.

The metallurgists argue that during the crisis where the wages and PLRs were frozen and now, with a 50% increase in sales in the four-month period, wage and profit sharing would be fair. As M-Benz does not want to raise values, the strike continues.

New assembly was scheduled for Wednesday, 16.

Collaborated Caio Bednarski

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# M-Benz inaugurated test field

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**M**ercedes-Benz inaugurated on Monday, May 15, in Iracemápolis, São Paulo, the one considered the largest, and most advanced, testing ground for commercial vehicles in South America. The space, which was built near the automobile factory, is the result of investment of R\$ 90 million and it houses, in a land of 1.3 million square meters, specialized technological infrastructure and sixteen asphalt, concrete and land tracks with extension of 12 kilometers, where the most diverse are realized durability and strength tests.

The new test field is the third of this type installed in the world and places Brazil as one of

the main research and development centers for global products of the Mercedes-Benz brand. The other two centers are located in Germany and the United States.

“This modern testing ground expands our capacity of simulations and tests”, said Phillip Schiemer, president of the company for Brazil and CEO for Latin America. “It accelerates and makes our technological product development both in Brazil and in our market of export.”

Schiemer has demonstrated the efficiency that will be made possible by the new field with a comparison: every 17 thousand kilometers

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driven by the vehicles on their tracks will be equivalent to almost 1 million kilometers done on streets and roads.

“It’s an enormous amount of time and efficiency that will allow the development of customized solutions for our customers and will make us more competitive, especially in the international market.”

During the inauguration ceremony he also made it clear that the new field was made feasible mainly due to the incentives provided by the Inovar-Auto Program, a federal automotive program that ended in December:

“Without this help we would hardly have approved the investment with our headquarters”, said the president, showing concern about the future and especially about the discussions that are taking place around Rota 2030, which should be the program which will succeed Inovar-Auto. “As it is being released today, with the new investments having to be compensated based on the Lei do Bem (Law of Goods), it will be very difficult to approve new investments, because we do not know when we will return to have profits in the country.”

The 1.3 million square meters of this new field of evidence equals the area of 150 soccer fields. And because it was built on land that once housed a large sugar cane plantation,

the earthworks needed for the work moved 1.5 million cubic meters of land. As Luiz Carlos Moraes, communications director of the company, explained, “and still using the analogy with football, this land would fill a modern arena up to its coverage.”

The test field demanded eighteen months to be completed, it has sixteen test tracks, of which fourteen aimed at the verification of structural durability, one for tests of acoustic and thermal comfort and one of earth. Throughout the area dedicated to the durability tests, 844 concrete slabs, each one measuring 5 meters in length, with many measures of width and weight, from 15 to 18 tons, were installed. These plates are part of the track and are identical to those installed in the fields of Germany and the United States.

The entire field is interconnected by modern connectivity technology that will allow global connection to the other tracks in the world. Engineers will be able to monitor, in real time, all vehicles that being tested in any of the test fields, verifying all data and information being evaluated by the development teams..

The field also has support structure with rooms, mechanic’s workshop, computers and IT network. And, as it is installed next to the car factory, it will share safety features, medical care, food and other services.

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# GM promises extensive renovation until 2022

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General Motors has announced twenty new products and ten new versions and special series of Chevrolet models in Mercosur by 2022. Leader in sales in the Brazilian market for three years - and with the best-selling car in the country, Onix since 2015 -, the company has an investment plan of R\$ 13 billion by 2020.

In a statement, GM Mercosur president Carlos Zarlenga said the new products will surprise the market by offering unseen content and technologies: "This is the biggest renewal of Chevrolet in the history of the brand in the region, reinforcing our commitment to put the customer in the center of everything we do."

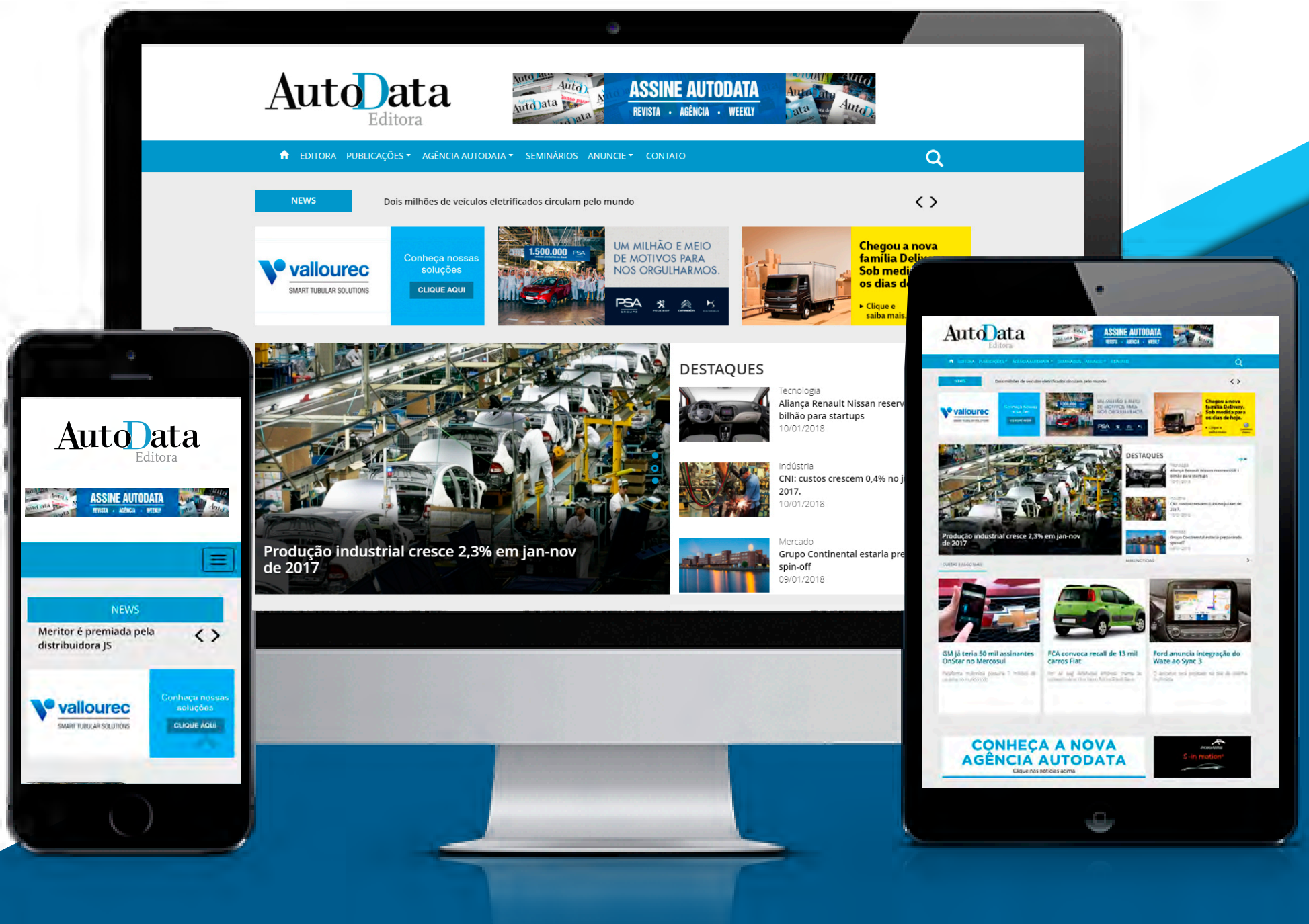
From January to April sales of Chevrolet models grew 15.8% over the first four months of last year, totaling 125.8 thousand units sold. The pace of growth was below the market average, which grew 20.4% in the same period. In any case, Onix continues to be the best selling model in the country, with 58 thousand 400 units up to April - in second place, Hyundai HB20, registered 33 thousand 600 licenses in the same period.

In addition to Onix Chevrolet has in its portfolio Prisma, Cobalt, Spin, Cruze, Montana, S10 and Trailblazer produced in Mercosur. The market expectation is that the whole line will be renewed by the automaker. [WE](#)



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# Dubai fair netted US\$ 1.2 Million to auto parts

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**T**he Brazilian auto parts manufacturers that participated in Automechanika Dubai in early May held 785 business meetings with buyers from 23 countries. These trades amounted to US\$ 1.2 million, according to information provided by Sindipeças, an entity that represents auto parts manufacturers, for the AutoData News Agency.

Companies from Germany, Saudi Arabia, the United Arab Emirates, Egypt, the United States and Turkey participated in business meetings at the Brazilian Pavilion. The expectation is that US\$ 5.3 million will be traded in the next twelve months.

The national manufacturers that formed the Brazilian pavilion at Automrchanika Dubai were ABR, Moura Accumulators, Autimpex, Brakes Controil, Duoline, Fras-le, Batatais Casting, Fremax, Italspeed, Master Power, MZK Bearings, Ori Truck, Riosulense, Reserplastic, Ric Components ,

Schadek Automotive, Shana, King Support, Suspensys, Tecnomotor, Urba-Brosol, Vipal Rubbers, Zen and Zinni & Güell.

Paulo Gomes, commercial director for Fras-le's spare parts and auto parts market, said the company already has business in the region and most of the volume exported is to countries like Egypt, Iran, Turkey and the United Arab Emirates, knowing that the last one works as a re-exporter for the other regions of the Middle East and North Africa:

"Our presence at the event was aimed at consolidating the brand in that market and turning our booth into a visiting room for our customers and interested companies. It is a first contact that overall, it generates subsequent business throughout the year."

Zen has participated in the show in Dubai for five years and intends to be in the next edition because the region is very important to the company - approximately 5% of its revenue comes from business in Africa and the Middle East. Acácio Freitas, his strategic marketing supervisor, recalled that the company's participation in the fair was intended to make easier important business and strengthen customer relationships.

The auto parts manufacturers were taken to Automechanika Dubai as part of a coordinated action by the Brazil Auto Parts - Trusted Partners project, a partnership between Sindipeças and Apex-Brasil, the Brazilian Agency for the Promotion of Exporters and Investments..

In 2017, when 22 Brazilian companies participated in the fair, 864 commercial contacts were made in the Brazilian pavilion, which yielded approximately US\$ 5 million in business in one year. According to Sindipeças some were completed in Automechanika itself.

**Balance** — Total exports of auto parts in the first quarter of the year totaled US\$ 1.9 billion, 20.5% more than in the same period of last year. Imports grew 12.5%, reaching US\$ 3.5 billion, according to data released by Sindipeças.

Last year, total Brazilian shipments of auto parts totaled US\$ 7.4 billion. The entity expects to grow 11.5% this year, adding up to US\$ 8.3 billion in exports. **WE**



# Gerdau will operate in three shifts in Mogi again

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**T**he resumption of vehicle sales in the domestic market stimulated throughout the automotive chain and inserted the country, again, in the investment map. The growth also generated an increase in demand for raw materials in auto parts companies. In the case of steelmaker Gerdau, so much innovation made it decide to reopen the plant in Mogi das Cruzes, SP, in March - in June, Mogi will start working in three shifts.

The return of demand will make Gerdau fill its idle capacity, according to Fladimir Gauto, its director of specialty steel operations. For him the new models bring new metallic compounds in the parts and there is process of replacing materials in vehicles already launched:

“The wave of smaller engine construction, the well-known downsizing process, has started the more recurring use of special steels in the composition of vehicle parts. Another example is the search for efficiency, as some companies started to apply metal alloys in search of weight reduction.”

The company, while avoiding the details, claims to participate, at this time, in new vehicle designs of automakers and new projects of systemic companies. The goal is to develop more resistant parts by extending some kind of special steel. On Thursday, 17, the company announced its new more resistant steel family focused on the needs of vehicle manufacturers.

The new range has four lines of materials whose properties vary by application - lighter bearing construction, high resistance in overall parts, high component machining performance and a specific version for spring and suspension assembly. The company does not operate in the production of special steels with application in the structural part of vehicles.

The return of the third shift in Mogi das Cruzes, which operates today in two, is expected in June,

which will involve hiring more employees, according to Mauro Franco, director of marketing and planning of special steels in Brazil: “Many of them have been and will be rehired as they worked on the unit before we closed its operation in 2015.”

Aside from this unit, the company maintains special steel production in Pindamonhangaba, SP, and in Charqueadas, RS. In addition to the nominal capacities of each plant, Gerdau has the capacity to produce 1.8 million tons of special steels per year - today it operates with 60% of this capacity.

In the same way that it occurred in the vehicle manufacturers, Gerdau found in the exports the opportunities to keep the production going to compensate the slowdown in the domestic market. Fladimir Gauto said that from 25% to 30% of the amount of steel benefited today is destined to customers outside the country. Germany, United States, Italy and Mexico are some of the foreign markets served by Gerdau’s three Brazilian special steel units.

The company has a favorable moment in exports because of the recent dollar appreciation, which raised the price of materials. On the other hand, said Franco, the national production of special steel demands imported inputs, a fact that raised the cost per ton produced:

“There is price pressure in the competition with Asian companies, for example, something that has intensified this year from the clashes involving the United States and China. Now comes the exchange question. That’s why we believe in the potential of the Brazilian domestic market, where we are leaders in some segments.”

The company announced the maintenance of the investment projection of R\$ 1.2 billion in its global operation in early May, which represents 37% more than the amount contributed last year. The company will use the assets in which it evaluates there is greater possibility of profitability - one of them is special steels, which will receive 15.4% of the investment.

For Franco, the scenario can be seen as an indicator that the company sees long-term opportunities within the automotive sector: “Much still depends on the definition of Rota 2030, but the Brazilian market, which has the potential to produce 5 million vehicles, is considered strategic.”

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# Justice keeps Caoa's contract with Hyundai

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Caoa won in court, on Friday, 11, the maintaining of the contract that allows the distribution of Hyundai vehicles in Brazil. The judge of the 2nd Business Court of São Paulo issued a favorable decision to the company in the lawsuit in which Caoa questioned Hyundai Motor Company's positioning of distraction from the contract that the companies have since 2008. With the decision Caoa continues as HMC distributor for more ten years. There is appeal possibility in the Court of Justice of São Paulo.

The lawsuit filed by the company of Carlos Alberto de Oliveira Andrade is in progress in court since April 24. The decision was motivated after Hyundai communicated to Caoa, through series of letters, alleged penalties committed by the company that could cause misuse at the end of the first decade of the contract, expired on April 30. On the 12th of the same month, HMC sent Caoa a notification of "non-renewal and request for negotiation of a new contractual relationship for HMC vehicles".

It is contained in the suit, which was not handled in legal confidentiality and was obtained by AutoData, which Hyundai notified not to extend the contract automatically for another ten years. This possibility is celebrated in the document provided since the company did not disregard some items. Hyundai claimed in a letter attached to the suit that Caoa would be selling new Chery vehicles [with whom it has maintained partnership since January] in its dealerships. It also argues about the disclosure of data, considered confidential by the South Koreans, in an interview published in AutoData magazine in April.

The story, heard by the report, Caoa's defense affirmed that Hyundai's claims in the case were "inconsistent" and that the correspondence sent warning the company of the dissolution, it "did not bring any justification that validated the end of the agreement." Sergio Bermudes, a lawyer for Caoa, said: "There are clauses in the contract that establish automatic disregard in case of



noncompliance. That was not the case, the company strictly followed the contractual terms. Aside from that, the claim of selling Chery vehicles is unfounded.”

According to the petition sent to Court in April: “The correspondence was intended to mutilate a highly favorable contractual relationship with Hyundai, which owes to Caoa the expansion of its business, the diffusion of its brand and its substantial profits, which reached enormous figures. During the first ten years of the contractual term, Hyundai, then unknown, came to occupy a prominent place in the Brazilian market”.

In the process, there are images that were attached by Hyundai to the letters sent to Caoa. In the photos, new vehicles from the Chinese brand were displayed in new Caoa stores in São Paulo, in the neighborhoods of Vila Guilherme, Tatuapé, Belém, and in Greater São Paulo, in Guarulhos.

The dispatch granted by the judge Eduardo Palma Pelegrinelli on Friday, 11, followed along the defense of the Caoa defense: “In a preliminary and probability examination, I grant urgency, to determine the extension of the distribution agreement between the parts”.

Searched by the newsroom, Hyundai said the Brazilian subsidiary is not allowed to comment on lawsuits that are still in progress.

Caoa has a license to import vehicles from HMC in Brazil since 2008. It currently sells the i30, Sonata, Elantra, Azera and Santa Fe models. The company also has a production contract regarding the factory in Anápolis, GO, of Tucson, ix35 and the HD 80 truck. Hyundai, in turn, produces in Brazil, in factory in Piracicaba, SP, the HB20 and SUV Creta models. The Caoa network has 59 Hyundai-branded stores.

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