

# AutoData

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### July has the highest number of sales in the year

São Paulo - Vehicles' sales in July reached the highest volume of the year, with 217 thousand 526 units registered in the twenty-two working days of the month, one more than in April, when the dealers' chain had registered the best performance of the year until then, 217.3 thousand. The figures are from Renavam, released by Fenabrave on Wednesday, 1st.

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### Argentina has new automaker

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Bruno de Oliveira | [bruno@autodata.com.br](mailto:bruno@autodata.com.br)

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The result for the month was slightly below market expectations, which was a sales volume close to 220 thousand units with the end of the World Cup and more working days than the previous months.

With the result, 7.5% more vehicles were sold in July than in June, when the sector registered 202 thousand units. In comparison with the commercial performance of July last year, when 184 thousand 800 vehicles were sold, the growth was of 17.3%.

The average daily sales reached the end of July a little below the 10 thousand units, 9 thousand 887 registrations per day, rhythm that had also been seen in June. According to a source heard by AutoData on Tuesday, 31, the last day of the month, the sales effort of the dealers' chain managed to take 15 thousand vehicles out of its salons.

According to the source, the purchasing of 45% of the 217,5 thousand vehicles was made directly.

**Segments:** According to Fenabrave data, 208 thousand 551 car units were registered, 6.9% higher than in June and 16.6% more than the sales of July in 2017.

The truck market maintained the strong growth pace. In July, the segment accounted for 6 thousand 666 units sold, 16.3% above June and 47.4% more than last year.

Bus sales reached 1 thousand 190 units, which represents 92.4% more compared to June and 56% above June of 2017.

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# Scania renews trucks' line in South America

Bruno de Oliveira | [bruno@autodata.com.br](mailto:bruno@autodata.com.br)

**S**ão Bernardo do Campo - Scania presented on Thursday, 2, the new line of trucks that will replace the current PGR, two years after the global launch realized in Europe. The vehicles production is a result of R\$ 2,6 billion announced in investments until 2020, an amount that the company uses to prepare the national production of new truck cabins and engines that compose the new line and starts to integrate the company's offer in February.

Until now, bringing the production to Brazil consumed R\$ 1,5 billion of the total announced

for the 2016-2020 cycle. The expenditures reached R\$ 400 million. Painting and cabin welding areas and new equipment in the São Bernardo do Campo factory, SP. In Tucuman, Argentina, Scania invested in modernizing the machinery to produce the components of the transmission box which integrates the new vehicles.

The remainder of what has been invested so far has been used to the development of the trucks. According to Christopher Podgorski, president of the company, apart from the



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application in the production structure construction, most of what has been consumed so far by the new vehicles' generation is due to the validation tests and adaptations of the original project to the demands and requirements of Brazil and the Latin American market - where they will also be exported:

"The vehicles are mature for the European market, which demands less of the trucks in terms of wear out. The market in our region is made up of tougher applications, and that made us make structural modifications to chassis, suspensions, so the whole vehicle was more robust."

To validate the vehicle, as automotive engineers usually refer to the testing process for new vehicles, Scania has submitted the trucks to a million-kilometer drive. In the tests parameters like durability and precision of the set mechanic adapted to the climatic and road conditions of Latin America were verified. The tests are still happening and can reach, at the end of the process, two million kilometers traveled.

The NGR, as it was called the new generation of cabins, is made up of four versions - one more than the previous one. The S-cab, part of the Scania portfolio now, is the top-of-the-line version for having premium features such as more

interior space, flat floor, curtain side airbag and more. The number of cabins in the new generation increased from seven to nineteen, including the P, G and R versions. The engines jumped from three to four versions and eleven power ranges.

According to Podgorski, the new generation is built with different equipment and components than the previous one. "We had to build new tooling for supply chain companies based on new parts," he said.

The chain, said Podgorski, now has fourteen companies that did not previously serve Scania and, through negotiations conducted by the parent company in Sweden, started to work for the company also in Brazil. One of them is Klippan, which will supply bedding systems. The company, which is also headquartered in Sweden, has been operating in Brazil since 2000 and has a factory in Taubaté, SP.

The production of the new vehicles in Brazil will be carried out with the current staff of the company, which has today around 3.5 thousand in two work days. The company's increasingly exporter profile and the new range were not enough for the company to start increasing the number of jobs. Of everything that is manufactured today at ABC Paulista - 80 vehicles/day - 70% is aimed at the foreign market.

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# Argentina has new automaker

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



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Cordoba, Argentina - The Argentine automotive industry won on Monday, 30, a new automaker. They began to leave the assembly lines of Nissan in Cordoba, the Frontier pickup trucks that will supply the Argentinean and Brazilian markets from the coming months.

The line was installed in a building inside the Renault factory, now a unit of the Alliance Renault Nissan Mitsubishi. US\$ 600 million has been invested for the renovation of the building and installation of the assembly line, which has the capacity to deliver 70 thousand

units per year. Of these, 30 thousand will be Frontier models and 60% will be exported to Brazil.

Frontier is the first pickup truck to be assembled in Cordoba and the first Nissan model produced in Argentina. In the coming months, Renault Alaskan will enter the line and in 2018, it will be the turn of Mercedes-Benz X-Class - Daimler participated in the investment, in the first partnership with the Alliance R-N-M.

“Three years ago we decided to invest in Argentina”, said Nissan World’s president Hiroto Saikawa. “I thank Renault Argentina for the collaboration”.

The factory of Santa Isabel was inaugurated in 1955 and, four years later, acquired by Renault. The French brand produces Sandero, Sandero Stepway, Logan and Kangoo in the plant. The paint and welding lines will participate in Nissan’s production.

According to the executive, the inauguration of the line meets two points of the Nissan 2022 plan, which established guidelines for the global automaker’s plan for the next six years: attack the global truck segment and brand growth in Latin America.

“Now our goal is to make Nissan more famous in Argentina, because we have come to stay for many years”.

The ceremony was held on Monday morning, 30, in the refurbished building to receive the line, with the presence of the president of Argentina, Mauricio Macri, as well as Saikawa and Jose Luis Valls, Nissan’s chairmans in Latin America.

With the Argentinean production of Frontier, 1 thousand direct jobs and another 2 thousand indirect jobs were generated. In a few months the Brazilian market will no longer receive the 12th generation of the pickup truck from Mexico, from where it was imported, to be supplied by the Argentinean model, which will allow, among other things, a greater offer of versions, which will be announced by the end of the year.

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# Nissan has started its new investment cycle

AutoData Newsroom | [redacao@autodata.com.br](mailto:redacao@autodata.com.br)

Cordoba, Argentina – While the company finishes the negotiations of its next investment cycle with the headquarters in Japan, the Brazilian Nissan has made an advance and already invests US\$ 40 million in the factory in Resende, RJ, and another amount in the development of small changes in March and Versa models produced here.

This second value was not revealed by the president Marco Silva, who gave interviews to Brazilian journalists in Cordoba, Argentina, after the inauguration of the Frontier line at the unit. “We anticipated it because the previous cycle came to an end and we could not stand still. We are discussing a plan from 2018 to 2023”.

Silva’s expectation is to hit the hammer in the next four to five months. Although he did not say what the total value he seeks with the Japanese executives, the executive has advanced some projects that Nissan will apply in the coming years. The new investment cycle will include a new generation of March and Versa models, which, according to him, should be developed more to the Brazilian and Argentine markets - this, after the facelift, approved already.

“Our thinking now is Brazil and Argentina together, so the development will be for the two markets. The intention is something for the emerging markets. ”

The US\$ 40 million released by the headquarters was necessary to adjust Resende’s production. As the success of Kicks exceeded the company’s expectations, it was necessary to apply a value in adapting the lines so more SUVs can be produced. Now Silva plans the next steps: create a third shift and achieve capacity to produce 200 thousand vehicles per year or invest in small changes and reach 160 thousand units annually.



“This year we should produce 100 thousand to 110 thousand, in two shifts, around 25% more than last year. About 20% will be exported”.

Exports ended up solving two problems generated by the lower demand of the Brazilian market and the rise of the dollar. According to Silva, sending models to other markets ensured the production pace in Resende and generated the natural hedge of the US currency, since many components are still imported.

This is another factor that has returned to the table of the president of Nissan Brazil: the nationalization of parts and components. Projects that had been suspended due to lack of competitiveness were resumed. The executive’s intention is to expand local production.

Electric vehicles - Silva confirmed the Leaf’s import from the first or second quarter of next year. The model will be exhibited at the International Auto Show in São Paulo in November. According to the executive, all electrical issues were resolved with the approval of the import tax reduction for these vehicles, which came with Rota 2030 in early July. Now it only depends on the strategies of the companies.

“There is a demand for electric cars in Brazil and the infrastructure will exist. It is the question of the egg and the chicken: the electric will demand the infrastructure or the infrastructure will bring these models.

The model should be imported from England, according to the president. There will be, however, fight with other markets because the demand for Leaf is greater than the production of the three factories. Silva dismissed, however, local production. “There will not be enough scale to justify yet.”

Nissan also wants to expand its SUV offer, the fastest growing segment in the Brazilian market. The executive said there are models in the company’s global portfolio that can be sold in Brazil but he is still studying which can be imported.

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# Rota 2030's regulation advances in the government

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



**S**ão Paulo - The decree that will bring most of the regulations that still remain for Rota 2030, the program that directs the rules for the automotive industry for the coming years, came out of Mdic, Ministry of Industry, Foreign Trade and Services, ten days ago and is now under review by members of the Ministry of Treasury. Igor Calvet, the secretary of development and industrial competitiveness of Mdic, expects that it will be released until next week.

He did not give details of the decree's content, but anticipated that it will bring the equations that will define energy efficiency goals, as will be done the inspection of the compliance regarding these goals and research and development items, vehicle security and even the qualification to Rota 2030. Calvet also assured that the targets should not be as audacious as those of Inovar Auto - but should be very close to those required by the European Union.

There are, however, other stages of the process. By the part of the Mdic, the minister Marcos Jorge assured that the questions that will bring regulations will be all published until the end of the year. The members of the ministry also do not believe that the Congress could compromise the approval of the Provisional Measure, which must be voted on in the Chamber of Deputies and in the Federal Senate until mid-November.

“The Congress is committed to reviewing the PM so it can be voted until November. It has the autonomy to make improvements in the text, but we are careful that there are no changes that can generate negative impact in another point “.

The Joint Committee that will analyze the text has already been named and should present itself in the coming days to choose the president and the rapporteur. At the same time, some parliamentarians are working to include sensitive points in the text - and some are even interesting to the industry, such as the renewal of the Special Automotive Regime that benefits manufacturers in the Northeast, North and Central-West.

**Almost there** - The minister revealed that the government expects to close the Mercosur bilateral trade agreement with the European Union at the next meeting of representatives of the two blocs, scheduled for September in Montevideo, Uruguay. Marcos Jorge participated in the last talks in Brussels, Belgium, and reported that there have been advances in several important points - including in the automotive sector.

According to him technical teams will exchange information next August to advance in the items in which still need to reach a consensus - Marcos Jorge has shown that on Mercosur's part much has been solved, leaving only agreement on the European side. “There is very little left. If there is political will at the next meeting in Montevideo, we can reach the conclusion [of the agreement]”.

The holder of the Mdic also assured that, on the part of the industry, especially the automotive, there is no obstacle. Rota 2030, according to him, will prepare the industry for competition with its European counterparts and there is a strong willingness of the Brazilian companies to conquer new markets within the European Union.

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# Government promises plan for electric vehicles this year

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



São Paulo - The government hopes to start this year the National Electromobility Plan, a name given to the policy for the electric vehicles segment in Brazil that is being discussed by GT7, the group created to design the program for the sector. According to Igor Calvet, secretary of development and industrial competitiveness of MDIC, Ministry of Industry, Foreign Trade and Services, the expectation is that it be announced in November, in parallel to the approval of the Provisional Measure establishing Rota 2030 - that the ministry and all the industry also expect for November.

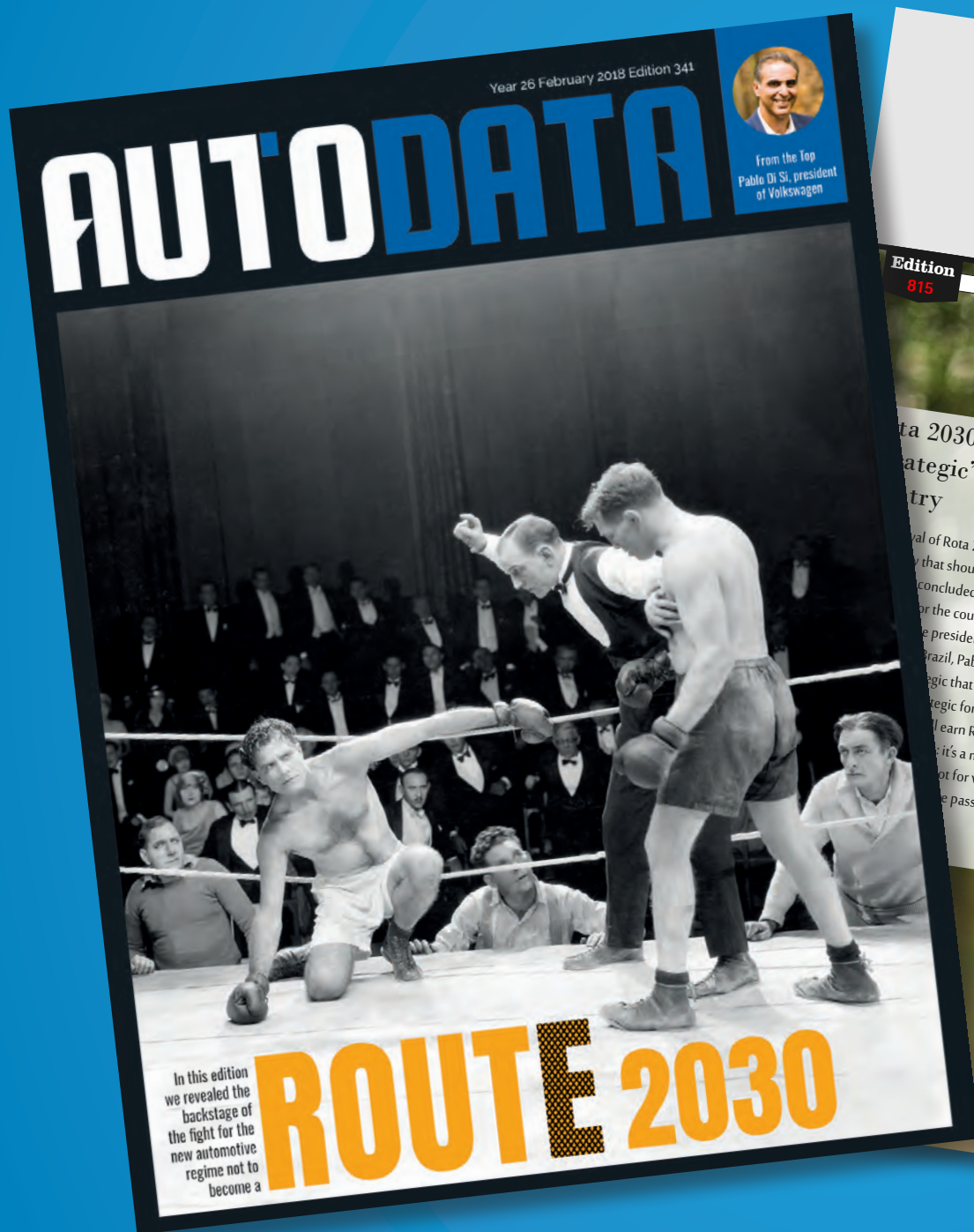
As anticipated by AutoData the rules were really out of Rota 2030, since there were particular issues of the electric sector itself to be resolved. The federal government also wishes to put into practice a policy that involves the União (Union), the states and municipalities.

Calvet told in a press conference during Simea, promoted by the AEA, Automotive Engineering Association, on Wednesday, August 1st, that a good part of the plan will come from conclusions drawn from Promob-e, a project that MDIC performs in partnership with the German Ministry of Economic Cooperation for Development since last year.

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# Price of steel has increased more than vehicles

Bruno de Oliveira | [bruno@autodata.com.br](mailto:bruno@autodata.com.br)



**S**ão Paulo – The plants that produce steel in Brazil already consider the possibility of buying the input produced in China if the dollar, currency used on the international quotation of this raw-material, devaluates. The scenario is seen by the auto industry, one of the biggest consumers of steel, as an opportunity to release the pressures that they have suffered due to vehicles' final price.

According to Gilberto Heinzemann, president of Zen, auto parts manufacturer, a favorable environment is where the industry has its operations at the same place where steel is located. But the tensions involving the USA and China, and structural problems of Brazil, may result in more expensive steel, which will cause the search for this product abroad.

“The appreciated dollar is the last barrier before it happens. The industry cannot see itself stuck in a reality with few supply options. Events such as the discussions involving the United States and China reflect on the input’s price in the domestic market and make our operation more expensive. We do not discard alternatives to the local suppliers”.

According to Marco Polo de Mello Lopes, executive president of Brazil Steel Institute, there is an overcapacity of 550 million of tons in the world, which 280 has China as its origin. The volume has the potential to be directed to the country which has the more open market: “Imports has had smaller quantities because of the depreciated real, but there may be a Chinese steel invasion if the currency changes. The scenario is really undefined.”

A new price readjustment is expected for the second half. The rise fostered by the plants may reach up to 12,5% in products like rolled steel, widely applied on vehicles’ production.

Data by FGV, Getúlio Vargas Foundation, shows that steel price on wholesale has increased more than the vehicles’ price in the last eleven months. The IPA, or General Price Indexes, of the hot strip coiling reached 134,2 in June, and the IPA of automobiles was of 128,6. From September of 2010 to December of 2016 the steel’s IPA was lower than the vehicles’ IPA – from August of 2017, however, the coil’s index has become higher.

IPA’s purpose is to measure the evolving price pace performed on the wholesale market level, intercompany transactions, in other words, on market operations that precede retail sales. [WE](#)