

AutoData

NEWS AGENCY WEEKLY EDITION

EXTRA

Edition
836

Weekly Brazilian automotive industry news | 7.6.2018 Year XII



Rota 2030 comes out

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Rota 2030 comes out

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São Paulo - Finally, the government announced, in the beginning of the evening, on Thursday the 5th, the Rota 2030: a program that guides the steps of the Brazilian automotive industry for the next years.

After almost a year of expectation and at least seven months of delay - Inovar Auto, the last Brazilian automotive program, no longer in force since December 31 of last year - industry representatives had a meeting with the President of Brazil in the Planalto Palace to sign a Provisional Measure, a presidential

decree and a law project for the automotive sector.

The PM, which will be published in the edition of Friday, 6, on the Diário Oficial da União, the DOU, (Federal Government Official Press), addresses the Rota 2030 Mobility and Logistics and brings rules for energy efficiency, vehicle safety and research and development. The presidential decree, in turn, reduces the rates of IPI (taxes) for hybrid and electric vehicles by a reference table. Finally, the law project - which will still be passed by the National Congress - meets a demand from

premium automakers to use Inovar Auto's presumed IPI credit.

For Antonio Megale, president of Anfavea, it was a historic day for the Brazilian automotive industry. "Rota 2030 is a landmark for the national automotive industry, which represents 22% of the industrial GDP of Brazil and has been fulfilling its role in the economic recovery, generating jobs and encouraging industrial production."

The executive highlighted the predictability and legal certainty that the program grants to the sector, since it defines the rule for the next fifteen years - or three vehicle development cycles. Megale and José Luiz Gandini, president of Abeifa, said that these definitions are fundamental to companies' investment planning.

Megale also highlighted the support that the program provides for research and development, especially at the moment that the global industry invests in connectivity, electrification and Industry 4.0, among other items.

"With Rota 2030, the country will be strengthened for several reasons. The vehicles offered on the market will be more and more efficient, safer and more sustainable,

reducing CO2 emissions and improving the environment and life quality of the society. Brazil gains by maintaining an even stronger auto industry, able to compete in the world market due to investments in R&D. And the industry will have more predictability and legal security, allowing adequate planning to continue investing in Brazil."

Repercussion – Gandini, president of Abeifa, was present at the announcement of the new automotive program and said Rota 2030 enables companies, including importers, to plan their investments better. For Mauro Correia, president of Caoa Manufacturer, the government's attitude was positive. "We know now what is expected from Brazil in terms of industrial policy. Now the companies can plan focusing on the long-term".

Although it brings a horizon for the automakers, Rota 2030 was not satisfactory as industrial policy. An industry source told AutoData that in order to grow and develop the industry, the program should have addressed other issues. "Rota 2030 brings a series of regulations to the sector, but as industrial policy it was very weak."

Bruno de Oliveira and Caio Bednarski collaborated

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Not everything in Rota 2030 is mandatory

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São Paulo - Automakers and importers that wish to produce or sell cars in the Brazilian market will need to adapt for Rota 2030. The mechanism is similar to Inovar Auto, but not all companies are obligated to promote research and development in Brazil.

Those companies that adapt to the program will need to meet the mandatory requirements set by the government. These are, basically, targets for energy efficiency and

vehicle safety - those who overcome these objectives will benefit from the reduction of IPI in the vehicles sold.

The final text will be published in the edition of Friday, 6, of the Diário Oficial da União, the DOU, (Federal Government Official Press), but Anfavea brought forward, in note, some of the measures. In the case of energy efficiency, all companies will be obliged to adhere to the Brazilian Vehicle Labeling Program and to



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maintain the targets reached by Inovar-Auto, in addition to raising vehicle energy efficiency by 11% by 2022.

In safety, the Contran (Brazilian transit council) will establish standard equipment requirements resolutions, as was done with the ABS and the airbag in the past. The details, however, have not yet been defined - but the Ministry of Industry, Foreign Trade and Services, MDIC, has published a note that driving-assisting technologies should be incorporated into vehicles by 2027.

The ministry warned that noncompliance with these requirements may cancel the license, including with retroactive effects, suspension of license or a fine of up to 2% in the balance sheet calculated one month before the infraction.

The benefit issue is clearer in R&D rules, which are optional. Not every company qualified for Rota 2030 will need to apply for R&D.

According to Anfavea, part of the investment in R&D could generate a discount on IRPF corporate income tax, and CSLL, social contribution on net income, which the automakers and suppliers of auto parts and

systems pay to the government. According to the MDIC, the credit will be up to R\$ 1.5 billion - but to reach this value, the sector will need to contribute with at least R\$ 5 billion per year.

There are investments considered strategic and that may generate an additional discount to these taxes. According to Anfavea, they are: Industry 4.0 connectivity, new technologies of propulsion, vehicle autonomy and its auto parts, nanotechnology, unique researchers, big data, systems of analysis and predictive (data analytics) and artificial intelligence, among others.

The Rota 2030 also brings a third measure, focused specifically on the auto parts industry. Companies that import parts without equivalent production in Brazil will have the ex-tariff rate, now 2%, reduced to zero. With this, no longer punishing the imports of parts that are not produced by the Brazilian industry and gives a deeper breath in the fight against the cost of the sector.

But there is a counterpart: these companies must invest these 2% in R&D of the ex-tariffs through partnerships with institutions of science and technology, universities, independent organizations, among others. [WE](#)



Scale will set tax aliquots for hybrids and electric

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São Paulo - In the group of the Provisional Measures that make Rota 2030, signed by the government on Thursday, 5, a decree was also signed to establish lower rates of IPI, the Tax on Industrialized Products, for hybrid and electric vehicles.

According to Antônio Megale, president of Anfavea, the decree stipulates the creation of a scale that will indicate the IPI for the models of the category taking into consideration weight of the vehicle and the energy efficiency of its motorization:

“Depending on the combination of the two variables, there will be specific aliquots that can vary from 7% to 20%”. The representative of the association, however, did not have access to the

contents of the IPI scale in the document. The current aliquot is 25%.

Another source linked to the sector confirmed to AutoData that the manufacturers have not been able to verify the table and the values of rates established by the decree yet

The document signed by the president and industry representatives on Thursday comes into force from the moment it is published in the Official Federal Press, which will happen, according to the MDIC, on Friday, 6.

The inducement to hybrid and electric vehicles will benefit automakers that bet on a technology that, until then, is incipient in the national market. BMW, Ford, Jaguar, Nissan and Toyota already market vehicles – imported vehicles - that have electric powertrain.

The expectation of the industry is that, with the decree signed, more investments in technology can be made in Brazil and, this way, mass produce the type of vehicle in the national market.

Anfavea's latest survey showed that 1 thousand 562 units of hybrid and electric vehicles were sold in the country by May, which means a tiny market share of 0.2%. In 2017, 3 thousand 296 units were sold here.

The decree, in practice, represents the beginning of the route of these vehicles in the country. Although IPI rates are established, there are other issues still under discussion about the electrification universe in the local mobility.

One of the topics under discussion is the regulation of the electric vehicle use, a question that involves other sectors besides the automotive. MDIC stated, in June, that the new guidelines will be incorporated into the text of Rota 2030 as soon as they are signed, which still is not scheduled to happen.

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Program also supports premium automakers

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São Paulo - At the announcement ceremony of Rota 2030, on Thursday, 5, the federal government signed a law project that will be sent to the National Congress that allows the use of presumed IPI credit balance. The proposal will guarantee the refund of the tax paid by the companies and that could not be used during the Inovar-Auto program, which preceded Rota 2030 and was closed on December 31 of last year.

During Inovar-Auto, the qualified companies in the investment project category, basically the premium automakers, had to collect an additional IPI of 30 percentage points on imported vehicles. The program regulation provided that these amounts would be delivered back to the companies by the Federal Government after the beginning of the manufacturing in Brazil through presumed IPI credit.

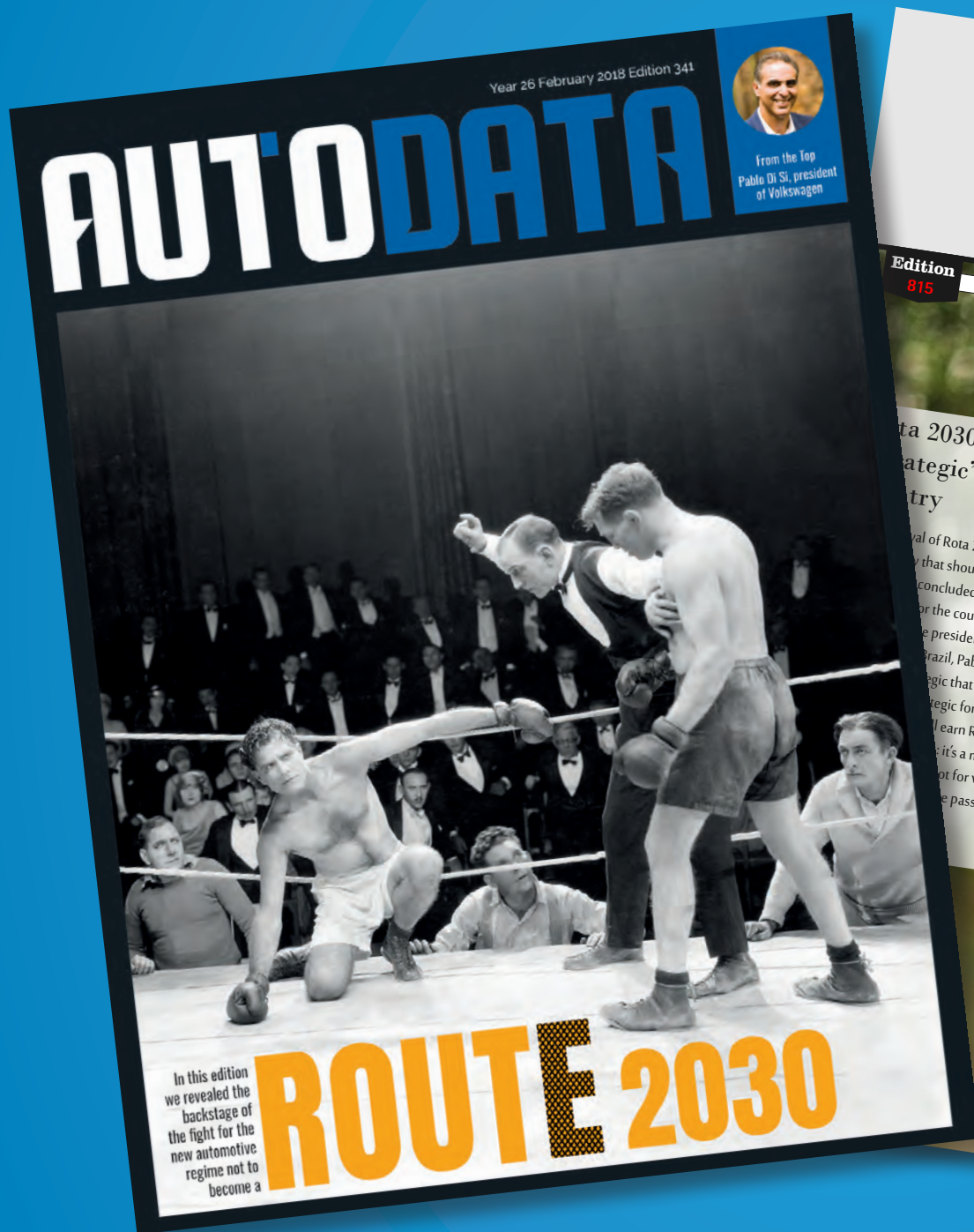
There was no time for full reimbursement to occur before the end of the program at the end of last year. With this project, a lawsuit of the companies, the automakers will have access to these values with Rota 2030.



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The companies interested in the approval of this bill are: Audi, which started producing the A3 and Q3 again in São José dos Pinhais, PR, after the announcement of Inovar-Auto, BMW, which produces in Araquari, SC, the models 3, X1, X3 and X4, Jaguar Land Rover, which has built its factory in Itatiaia, RJ, and produces the Discovery Sport and Range Rover Evoque and Mercedes-Benz, which has a factory in Iracemápolis, SP, and produces the Class C and the GLA. **WE**

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