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Weekly Brazilian automotive industry news | 4.23 to 4.28.2018 Year XII

Seminário AutoData
TENDÊNCIAS DE NEGÓCIOS
MERCOSUL AUTOMOTIVO



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MDIC wants focus on R&D investment

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The automotive sector is already celebrating the return of positive production and sales statistics. It is a recovery moment. And knowing exactly what the new trends are projected across all segments and being able to plan for the new market demands in this second half will be vitally important to business from now on.

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CHECK BELOW WHO ARE THE EXECUTIVES(*) INVITED AND MAKE YOUR REGISTRATION FOR THIS IMPORTANT SEMINAR OF AUTODATA:



Antonio Megale
President of Anfavea



George Rugitsky
Counselor of Sindipeças



Roberto Cortes
President of MAN



Marco Silva
President of Nissan



Ana Theresa Borsari
General Manager of Peugeot/Citroen



Miguel Fonseca
Vice - President of Toyota



Gustavo Luis Schmidt
Vice - President of VW



Antônio Baltar Jr.
Director of Ford



João Pimentel
Director of Ford Trucks



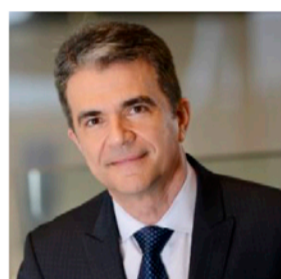
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Vice - President of M-B



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Director of Volvo



Luiz Marcelo Daniel
President of Volvo CE



Paulo Beraldi
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MDIC wants focus on R&D investment

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The next days, or weeks, hold some expectations on the definitions of the long-awaited Rota 2030. The MDIC wants the program to be a coordinated effort of the sector, said Igor Calvet, secretary of development and industrial competitiveness during the AutoData Seminar Mercosul Business Trends, on Monday, 23, in São Paulo: “It is a commitment of the government with the country”.

According to the secretary, the productive capacity of the country, close to 5 million, can promote change in favor of competitiveness:

“The perception of what happens in the world, of new trends, is fundamental for those who, like me, need to make effective decisions. Clearly, we observe productive capacity and large idle capacity. Now we are resuming growth and we need to behave benevolently in the market with good, competitive practices. Any worthy policy needs to address two assumptions: being connected to the world’s major trends

and promoting structural change in our economy”.

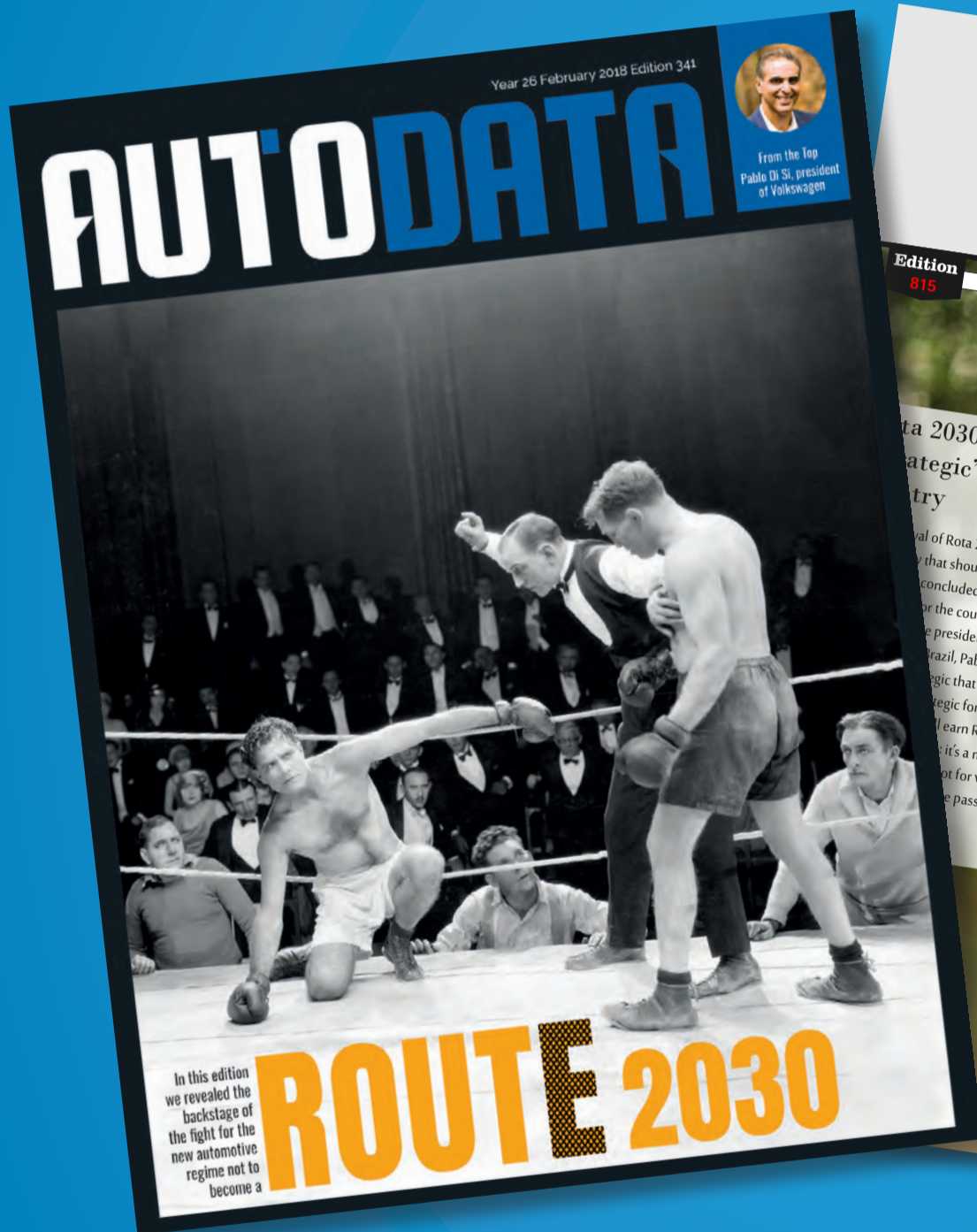
And the R&D investments are essential: “From the structural point of view, we need to change the level of our R&D. Or we’ll stay where we are”.

For this benefit to be granted, around R\$ 5 billion in R&D, Calvet says the government is changing the logic of “make a commitment and then you get something”. Part of this strategy is to increase exports: “We will only be competitive when we have the conditions and market opening. In general, countries do not want it to be a free market”.

Still, integration with Argentina is necessary - but not sufficient. For him models like the Flex agreement can’t be restrictive so it doesn’t generate imbalances.

And by this year the Ministry expects to sign a regulatory convergence agreement to regulate security and Brazil-Argentina emissions. **WE**

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Technology convergence is fundamental to expand

Lucia Camargo Nunes | redacao@autodata.com.br

With representative industrial park and a market that may become the fourth or fifth in the world, joining the automotive industries in the Mercosul bloc can bring many benefits, but it also faces its challenges. Antonio Megale, president of Anfavea, drew attention to this observation: “Convergence is important to face the difficulties”. He opened the presentations of the AutoData Seminar on New Opportunities of Mercosul, held on Monday, April 23, at Hotel Transamérica, in São Paulo.

Megale set out a number of figures, the results of 2017, to give this order of magnitude and set the stage: China recorded sales of 29 million vehicles, the North American bloc, which gathers the United States, Mexico and Canada, had 21 million licensing, the European Union at the 18 million mark and Asia, adding Japan and South Korea, which sell 7 million vehicles - with production of 13 million, showing significant export capacity.



Christian Castanho

In this macro scenario Mercosul enters with a market of 3.2 million and production of 3.1 million vehicles. In 2013 production reached 4.3 million and licensing at 4.6 million, which shows that there is potential to grow. Intra-zone exports are 74% and the other 26% 13% go to Colombia and Mexico.

Brazil and Argentina have 76 factories, 58.1 million of the current fleet and 3% of world production.

“It is a region ready to move forward in production, improve productivity and competitiveness.”

Today Brazil has bilateral agreements with Argentina, Colombia, Peru, Uruguay, Paraguay and Mexico - the last one, although it is in North America, is a great partner: “In our view the tendency of opening up to markets, if it is very fast, will bring difficulties, but if it is in the medium and long term will also lead to difficulties”.

With the Brazilian automotive industry expected to grow about 12% this year, it can not neglect research and development investments and take advantage of its biofuel potential. This package includes the discussion of the Rota 2030 program: “We hope that the program will be approved soon to bring greater predictability to investments and also legal certainty. It is necessary to increase competitiveness with new technologies, also to work on other issues such as labor, logistics and tax. In this way we seek more markets and increase our exports”.

Mercosul also needs advances. According to the executive, what Brazil and Argentina are discussing is the harmonization of technical standards for safety and emissions and the standardization of fuels: “We need to move forward in this technical convergence, for example, safety is easier, emissions are a bit more complex. It is important that there is recognition of the type-approval authorities”.

For Megale to advance in global competition it is necessary to solve, in a definitive way, the competitiveness in Mercosul.

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Argentina wants to produce 1 million and awaits market unification

Caio Bednarski | caio@autodata.com.br



Argentina is close to reaching the goal of 1 million cars sold per year, according to Daniel Herrero, vice president of Adefa, an association that represents the manufacturers in the country: "Our projection is to market 980 thousand units this year, approximately 80 thousand units more than in the previous year, a volume that will let us very close to 1 million units sold".

In a speech at the AutoData Seminar Mercosul Business Trends, he recalled that "the recovery in vehicle sales in Argentina was driven by the resumption of the economy, which was in crisis, and the improvement in the supply of credit to consumers. It should also be noted that growth seen in recent years is sustainable and should be maintained over the next few years".

To overcome the crisis and re-grow the Argentine market would have been inspired by the example of similar market countries and that have overcome similar crisis moment, it is the case of Spain, which in 2012 went through strong crisis but managed to recover its industry.

The most important million that the Argentine industry wants to achieve, however, is that of units produced, expected until 2023, with year-on-year output growth averaging 3%. The Million Plan, as it is called, was created in 2017 as an incentive for the recovery of local industry:

“With the creation of the plan Argentina needed US\$ 5 billion investment to modernize the industry and, until now, more than US\$ 4 billion have already been directed by the automakers for investments in the period”.

Herrero also said that Volkswagen will soon announce a new contribution to the region. When the target is reached the country will have to export 35% of its production to markets outside Mercosul to balance its accounts. The amount raised will be for the modernization of current production lines, the arrival of industry 4.0 in factories, unified production platforms and the arrival of new business platforms for the region.

Market Unification – Daniel Herrero, who is also executive of Toyota Argentina, believes in the absolute need to unify the Brazilian and Argentine automotive sectors as a way to prepare for free trade with the anxiously awaited European Union.

“Tax reforms need to be executed in both countries so that industries are more competitive and prepared to compete with the European market and also to export to that market. Today, we have a lot of internal problems of competitiveness in both markets and we need this to change in the next few years”.

According to Herrero, the Argentine government is already studying ways to solve the tax and competitive problems of its industry and believes that, in the future, with the resolution of these problems and the unification of the productive processes of the countries, the production of vehicles in Latin America will be able to compete with the market and could reach 7 million units.

Exports – In recent years, Brazil has exported much more to Argentina than it imported, and has therefore exceeded the limits of the free trade agreement of the countries, but according to Herrero, this problem is specific and will be balanced in the coming years:

“With the recovery of our market the demand for Brazilian vehicles grew and, in the same period, Brazil was in crisis and the import of vehicles was down. With this there was an imbalance that must disappear in the coming years, with the resumption of the Brazilian economy”.

WE

Brazil-Argentina partnership opens doors to other markets

Lucia Camargo Nunes | redacao@autodata.com.br

The best way to show how much Brazil and Argentina are united in the convergence proposal is to have a unique product. And this is what General Motors promises to launch later this year: a Mercosul car. In his presentation at the AutoData Seminar Mercosul Business Trends, Carlos Zarlenga, President of General Motors Mercosul, showed his belief in mutual recognition actions and the harmonization of emissions, security and vehicles.

Although the Flex Brasil-Argentina quota agreement goes by 2020, Zarlenga expects some other program to move up to 2025: "We need to take this area of uncertainty out and we have a great opportunity to talk about it now. We can not invest blindly"

About technology, the president of GM showed the company's advances and focus on electrification, with a program that seeks zero emission, zero accident and zero congestion: "We will have the

launch of a stand-alone car in 2019. The electrification and the stand-alone car are irreversible".

For him, the automotive unification of Brazil and Argentina is, firstly, a mutual recognition and then to become global: "If it is already so difficult to integrate the two countries that have been partners since the 80s, imagine doing this outside the region. So, the first step is to show how it works in our block".

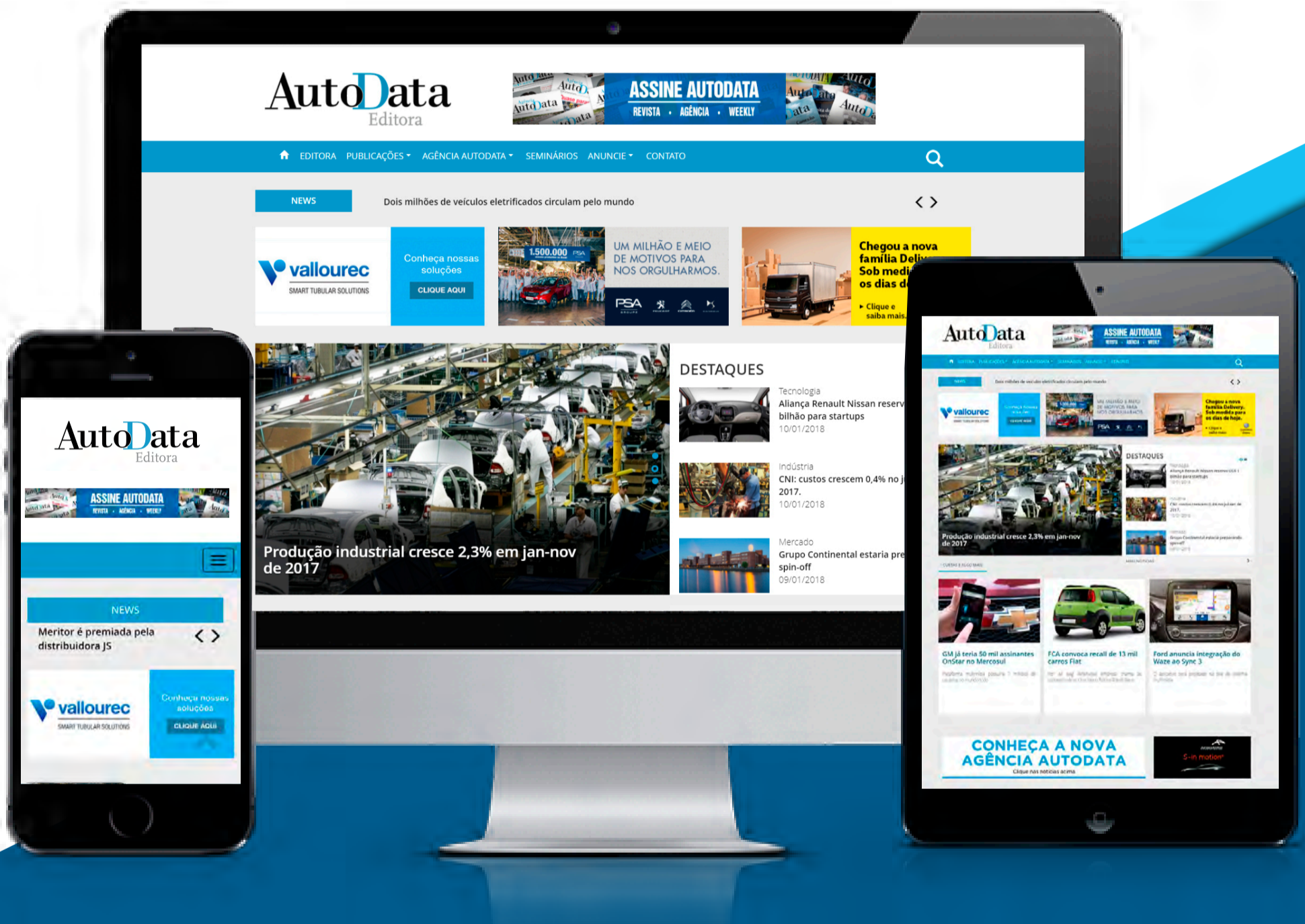
The idea of having an only car in Mercosul has the advantage of being sold wherever you want in both countries, reducing the number of parts, engineering and production costs - to reduce complexity. And it adds to development and financial and operational advantages: "This will lead to more volume, more scale, which leads to more efficiency".

For GM, who was "a pioneer in this partnership Brazil-Argentina, this is the best way: that makes sense".

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VW optimistic with anticipation of agreement with Argentina

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The governments of Argentina and Brazil are expected to anticipate, in the second half of the year, the bases for the new export and import agreement that involves their automotive sectors, said Pablo Di Si, president of Volkswagen for South America, during the AutoData Business Trends, held on Monday, 23.

The current regime, stipulated to run from 2015 to 2020, establishes that the calculation that controls the amount of dollars that Brazil can export to Argentina, called flex, is 1.5. That is: for each US\$ 1 imported from factories installed in the neighboring country, Brazilians can export US\$ 1,5.

The Brazilian government is interested in raising the flex and extending the term of validity of the

agreement. Di Si said that VW sees as favorable to automakers the possibility of anticipating the new rules of the game: "If it is to improve the transit of vehicles from one country to another the new agreement can be anticipated. But what cannot happen is to restrict the commercial flow of countries".

The executive believes that the new flex should range from 1.5 to 2, with the possibility of a gradual increase each year. Di Si said that if he were to depend on it, flex would increase every year until reaching 2 by 2030, for example: "I support gradual values over the years, as in Europe, with a reduction over the years".

EUROPEAN UNION - The president of VW also said that Brazil and Argentina need to join forces to solve problems in infrastructure "before we reach an agreement with the European Union". The executive refers mainly to the logistics bottlenecks common to both countries:

"We need to eliminate inefficiencies by 2030 in order to match our structures with those of Europe. The situation of the ports here is something to worry about, it takes a long time to release the vehicles on both sides. Imagine if we closed the deal and we could not deliver the production".

Di Si has scheduled an excursion through the country's ports to analyze the conditions of the outflow of vehicles to international markets: "I need to know the structure of Brazil, especially the ports of Santos and Paranaguá, so I can make the best decisions and work on improvements".

The executive made a similar move in Argentina when, in 2017, he visited the port of Zárate, Buenos Aires, with the same objective: "We need another port in Argentina urgently".

WE

FCA to readjust Argo production keeping na eye on Argentina


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The increased demand for Fiat Argo in the Argentine market should cause changes in its production mix at the FCA plant in Betim, MG. According to Antonio Filosa, president of the company for Latin America, there is a growing demand for the model in that market to the point that the company studies to increase the volume of exports there.

According to him “the sales performance of the model in Argentina has been very good and we have studied alternatives to increase production in Betim in order to keep up with the demand of exports to the trading partner”. Filosa was one of the participants of the AutoData Mercosul Business Trends Seminar, held in São Paulo on Monday, 23.



Christian Castanho



He avoided the details about the volume produced of the model and how capacity expansion will take place. Launched in September in Argentina, it registered 1 thousand 166 sales from September to December, closing the year as the twenty-fifth best-selling model in the country, according to data from Acara, the association that brings together Argentine dealers.

In the quarter, however, the demand growth that Filosa referred to is visible: 4 thousand 462 units of Argo were sold until March, raising the model to the best-selling thirteenth position.

Filosa recalled that the company seeks to expand its participation in the markets of South America, and for that it works its commercial activity in a multibrand way. In practice it means that the company should offer in the region FCA models besides the Fiat, in the case Jeep and RAM.

Until the end of March, the company owned 17% of the vehicle market in Brazil, 13.5% in Argentina and 2.9% in the sum of its share of the other countries in the Latin American region. He stated that FCA's goal is to regain market share leadership in Brazil and become one of the three largest in Argentina.

The expansion is considered the key by the company and should be the focus of its next investment cycle, which will be announced in June. In the previous cycle, which lasted from 2012 to 2017, US\$ 7.5 billion was invested in the region.

To dedicate itself to the smaller markets of Latin America the company decided to create a specific commercial area for its Hispanic extraction. Commercial office will be inaugurated in Chile in the coming months, revealed Filosa: "It will be there because it is our third largest market in terms of volume".

WE

MAN highlights its status as an exporter

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Exports are important in all segments, but when the topic is trucks and buses there are particularities. Its foreign sales reached the peak of 2005 to 2008, with an average of 55 thousand units. Today the industry operates with 35% idleness and exports have been growing since 2015, with 49 thousand units last year.

Marcos Forgioni, vice president of international sales and marketing at MAN, said that “exporting is as difficult as selling in the domestic market, but it has its peculiarities”. He participated in the AutoData Seminar on New Opportunities of Mercosur, on Monday, 23, in São Paulo.

For example, Brazil has 1.7 million kilometers of roads, but only 11% are paved: “Our products are focused on developing countries and, therefore, we have a strong presence in Latin America and Africa”.

Its volume markets are Argentina, with 39% of the total, Mexico, 28.4%, and South Africa, 17%.

Volkswagen has built sales and after-sales networks in the countries it exports to, and in some of them there is even CKD and SKD production: “You have to do an analysis of each market to find out what you are going to buy”.

Each country, moreover, has its rules of safety and emissions, which requires adequacy. There are still logistics challenges, as he mentioned: Volkswagen products travel more than 4 thousand kilometers to travel from Resende, RJ, to Ecuador.

For Forgioni there is no formula to boost exports “but with an installed capacity of 100 thousand units, MAN needs to export more”.

But for this he stressed two points: “We must reduce the Brazil-cost with investments in roads, logistics, ports and stop exporting taxes, because competitiveness, outside, does not allow this. And to have a pure development bank, to give focus to that market”.

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Integration is an obvious path, Sindipeças believes

Caio Bednarski | caio@autodata.com.br



Dan Ioschpe, president of Sindipeças, an entity that represents the national auto parts industry, believes that the integration of the automotive sector in Mercosul must take place before the moment of increased competitiveness arrives, according to his speech at the AutoData Seminar, the New Opportunities Business Trends of Mercosur, held on Monday, 23.

“Both will have to happen at the same time, because in the past the sector tried to seek more competitiveness and then think about integration and this did not happen. We are betting on our ability to improve our competitiveness during integration”.

In the search for the integration of the sector since 1994, the president of Sindipeças has observed

some factors that hinder this negotiation, such as high interest rates, tax and legal insecurity, logistics and bureaucracy in all business areas in Brazil.

With the free trade agreement with the European Union, integration must gain force, but it should not be approved before the political agreement with the EU is signed: “We will have to explain to the representatives of the European Union the whole question of the sector automotive and Mercosul. I believe that we will sign the agreement with the European Union in this semester and, by the end of 2019, we will be able to complete the integration of the automotive sector in Mercosul, as it is one of the main sectors interested in the free trade agreement”.

The president also believes in harmonizing the rules of the Brazilian and Argentine automotive sector: “This has to happen as soon as possible, because there are processes that can be unified and that will raise the level of the two industries”.

Brazilian market – Dan Ioschpe also noted the recovery of the auto parts sector in Brazil, which recorded growth figures since the second quarter of last year - “The rise was driven by two factors: increased exports and, consequently, exports, and intern market. With this, the idle capacity of auto parts is falling more and more”.

For this year Sindipeças projects a growth of 13% in production and considers that the expectation is conservative, with possibility of revision in the coming months, depending on how the market behaves.

With regard to the economy its projection is of 3% increase for the GDP.

WE

The factory of the future is already in the cloud

Leandro Alves | leandroalves@autodata.com.br

FROM HANNOVER, GERMANY - IoT, or internet of things, digital factory, 4.0 industry. In Brazil some initiatives using technologies and solutions based on these innovative concepts are already on the factory floor, such as in Volkswagen Anchieta and in the Mercedes-Benz unit, both in São Bernardo do Campo, SP. But nothing we have here compares with what's coming and was presented this week at Hannover Messe, the world's largest industrial technology fair.

There are 26 pavilions and more than 5 thousand exhibitors from 75 countries offering a clearer and more effective vision of the application of technologies and solutions that promise to



Disclosure

revolutionize the automotive industry: aerospace, naval, energy, food and beverage, chemical industry and even football fields are undergoing a deep transformation with a focus on total efficiency, the relevant cost reduction from the first development projects to the final product, in the prediction of failures and online correction of the manufacture.

It really is complex to see such a transformation, but perhaps the lawn of the Allianz Arena stadium of the Bayer club in Munich, Germany, can serve as an example for understanding how the industry is rapidly moving. Through sensors throughout the stadium, including on the lawn, various conditions are analyzed, such as temperature, air humidity, nutrients that may be missing or too much in the ground and even possible shadows of the structure that impair quality in some points of the green carpet of the Allianz Arena.

These data are sent to a cloud platform, stored and processed to quickly return a diagnosis of what treatment should be given to every inch of the football field. With all this information the lawn care manager knows if there is a risk of fungi that commonly attack the grass of the stadium and can program the exact amount of nutrients or water that should be applied daily to maintain the maximum quality of the carpet by which they parade great stars of German and world football.

This is the case presented by Siemens in Hannover to show its MindSphere platform, a cloud environment capable of storing, controlling and generating data for companies scanned for almost all activities that are not yet 100% connected today. It is a safe and collaborative environment that also enables the integration of solutions created by several companies, startups and partners working in this new and promising segment of the technology industry.

“This is the industry 4.0. We have been developing technologies, equipment and software for all industrial activities for only five years now”, said Klaus Helmrich of Siemens AG’s board of directors during the fair. “This process will now be accelerated with MindSphere version 3.0 and we are ready to offer an innovative solution. That’s why our motto at Hannover Messe is: Digital Enterprise, implement now”.

In the automotive sector the MindSphere platform is being used in all stages of development, setting up the factory for a new product and during its manufacture. Companies like Daimler, Volkswagen, Nissan and Volvo already work in the cloud to make these processes more efficient.

According to the experience accumulated by Siemens which is also called a digital twin [use of custom software, large processing capacity and network collaboration within the cloud], the time to market a new product was reduced by 50% . With the development being done digitally it is possible to quickly configure the structure of vehicles to use combustion or electric motors, for example.

In 98% of the processes in the production chain [that in countries like Germany are very automated] the programming for a new product can be quickly simulated and updated in the machines of the factory from an office. And according to Siemens, through constant analysis and data generation in MindSphere, it is predicted that 99% of the possible errors that may have the possibility of occurring in any connected assembly line.

About the objectives of the Siemens strategy for MindSphere Helmrich a future-oriented reflection that may be the present for many companies was suggested: "It is a holistic representation of the value chain for all industries. This is the leap we are proposing".

Brazil - As the entire process of industrial transformation always depends on the demand created by the customers' needs in the automotive case - the automakers and their suppliers - the use of digital twins in the production chain can run up against the high costs involved for their integration total.

Of course these technologies will be adopted firstly in Europe, the United States and China. Chinese representatives formed the largest delegation in Hannover Messe, which expects more than 200 thousand visitors.

But the digitization process has already begun in Brazil and the trend is to increase the interest of companies for greater efficiency, cost reduction and other benefits that these technologies offer, according to José Borges Frias Júnior, director of strategy and business excellence at Siemens: "There are several steps that can be applied in industries. These investments can be divided by the projects selected by the clients".

Sindipeças reviews projection and expects revenue of R\$ 89.4 billion

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Sindipeças revised its projections for the year, mainly after the good performance of the automotive sector in the first trimester. In this sense it follows other entities that have also reviewed their projections. Published on the entity's website on Tuesday, 24, these new projections lead to a turnover of R\$ 89.4 billion in the year, up 8.3% compared to the previous one. Compared to last year, projected revenue is 14.3% higher.

Dan Ioschpe, president of Sindipeças, said that the resumption of the sector was initially driven by the growth of exports and, soon after, by the greater demand of the domestic market, during the AutoData Seminar, held on Monday, 23: "The recovery of the sector is active and we are optimistic, but the semester elections can bring negative impacts".

The new projection of the entity expects investment of R\$ 2 billion 470 million over the course of the year, while that of March projected the value of R\$ 2 billion 190 million. The automakers will also demand a larger volume of parts and, therefore, the industry believes that these sales will represent 61.7% of the total, against 61% last year.

To keep up with the market demand, the auto parts sector estimates that it will end the year by employing 174 thousand 500 people, compared to 172 thousand 800 of its previous projection in March. At the end of last year the sector had 164 thousand 600 employees. Along with the growth of revenues in Brazil, the entity expects that the amount collected from exports will also increase, reaching R\$ 8 billion 260 million, an increase of 11.5% over the amount recorded last year. **WE**

Aptiv: regional OEM market and export to 25 countries.

Bruno de Oliveira | bruno@autodata.com.br



As a result of the spin-off process of Delphi, Aptiv began its operation independently in the country in January and is working on the structure to meet the demands of Latin America. The company serves the local OEM market supplying electronic components and, according to Paulo Santos, who has been the company's vice president for South America since the beginning of April, it is focused on operation in the region and exports to 25 countries.

Abroad, the company has stood out for its performance in the development of technologies aimed at autonomous vehicles, a reality that the executive considers still far from the reality of the Brazilian market. On the other hand, it points out business opportunities involving connectivity and safety:

"The Brazilian market is in a moment of recovery, and it is when we can get the best opportunities

to win new business. In terms of technology, Brazil is farther from autonomous management than other better developed countries, but we have drivers who are looking for sustainable economy, connectivity and active safety in their vehicles”.

In this sense, Aptiv is focused not only on the demands of the domestic market, but also abroad, above all the countries of South America: “At the moment, our operations are focused on the region, but we take advantage of the opportunities. Today, we export products from the region to partners in more than 25 countries in all regions of the world”.

Although in Brazil the development of autonomous vehicles is less recurrent compared to the reality experienced in the United States, Europe and Asia, Santos said that there are some components linked to the first stage of active safety available here, which is also part of the autonomous car systems: “It is already available to customers in Brazil. These technologies to improve vehicle safety and user experience have already been applied on Brazilian platforms with Aptiv partners”.

After the division of Delphi, the company operates in Brazil with a structure composed of six factories: Espírito Santo do Pinhal, Jambreiro and Jundiaí, in São Paulo. Conception of the Diamonds, Count and Paraísopolis, in Minas Gerais.

The executive avoided details of the number of employees in the country and if there was expansion of production capacity to serve the regional markets, but indicated that there is the possibility of agreement with the pace of customer sales: “We have expanded our units in terms of technology and capacity of production according to the demand of our customers”.

Aptiv has around 147 thousand employees around the world in 45 countries and, apart from the production units it maintains in Brazil, has a factory installed in Buenos Aires, Argentina, and an administrative headquarters in São Caetano do Sul, São Paulo.

Delphi finalized the division of its powertrain segment at two independent publicly traded companies in December. With this, the Delphi PLC became the Aptiv PLC. The company that was created from the spin-off is called Delphi Technologies and follows independent of Aptiv. WE

Ford has new engine and transmission

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Ford announced on Wednesday, 25, the start of domestic production of the 1.5 Ti-VCT flex three-cylinder engine and 137-hp power with ethanol and the MX65 manual transmission in Taubaté, SP, where the company made the event launched and celebrated 50 years of the unit. The engine was imported from India and used in Ecosport: it will equip the Ka Freestyle from the second half.

The new transmission will also equip the Ka Freestyle, but it will not be used in the Ecosport, which with the new engine will continue to operate with the IB5 manual box, also produced in Taubaté.

According to the vice president Rogelio Golfarb the Ka model will be the reason for other news this year: "In the near future we will have Ka version equipped with automatic six-speed gearbox".

Golfarb recalled that in order to make the new national engine and gearbox the company made "strong investment" - but did not reveal its value. Also Lyle Watters, the president of Ford for South America, did not released the value:

"We have made significant investments in equipment, systems and improvements in production processes that are aligned with Industry 4.0. In the production line of the 1.5 engine, for example, we will have thirty new robots".

Golfarb also noted that the company has not yet adhered to the policy of increasing the number of its employees and does not consider the opening of new jobs: "We keep 1.3 thousand employees here. For the national production of the engine and the transmission we made some internal adjustments and we will continue with this same number of employees".



The factory's production capacity has gone from 430 thousand engines/year to 500 thousand. This is: Ford will produce 70 thousand units of the 1.5 engine each year. In the case of transmission, the productive capacity is the same and the MX65 will also have production of 70 thousand units/year.

From Taubaté motor and transmission are sent by truck to Camaçari, BA, where they initially equip the Ecosport and, in the future, the Ka model. From there, the models will be exported to all markets in South America, excluding Paraguay, and to some Central American countries: "We will export vehicles with the engines produced in Taubaté, but we will not have an exclusive export of engines to other markets".

Despite the arrival of the 1.5-liter three-cylinder engine, Ford claims that it will continue, at least in the coming months, to produce the Sigma 1.5 and 1.6 engines used in the Ka and Fiesta. In Camaçari, the production of the three-cylinder 1.0 engine and the assembly of Ecosport and Ka will be maintained.

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