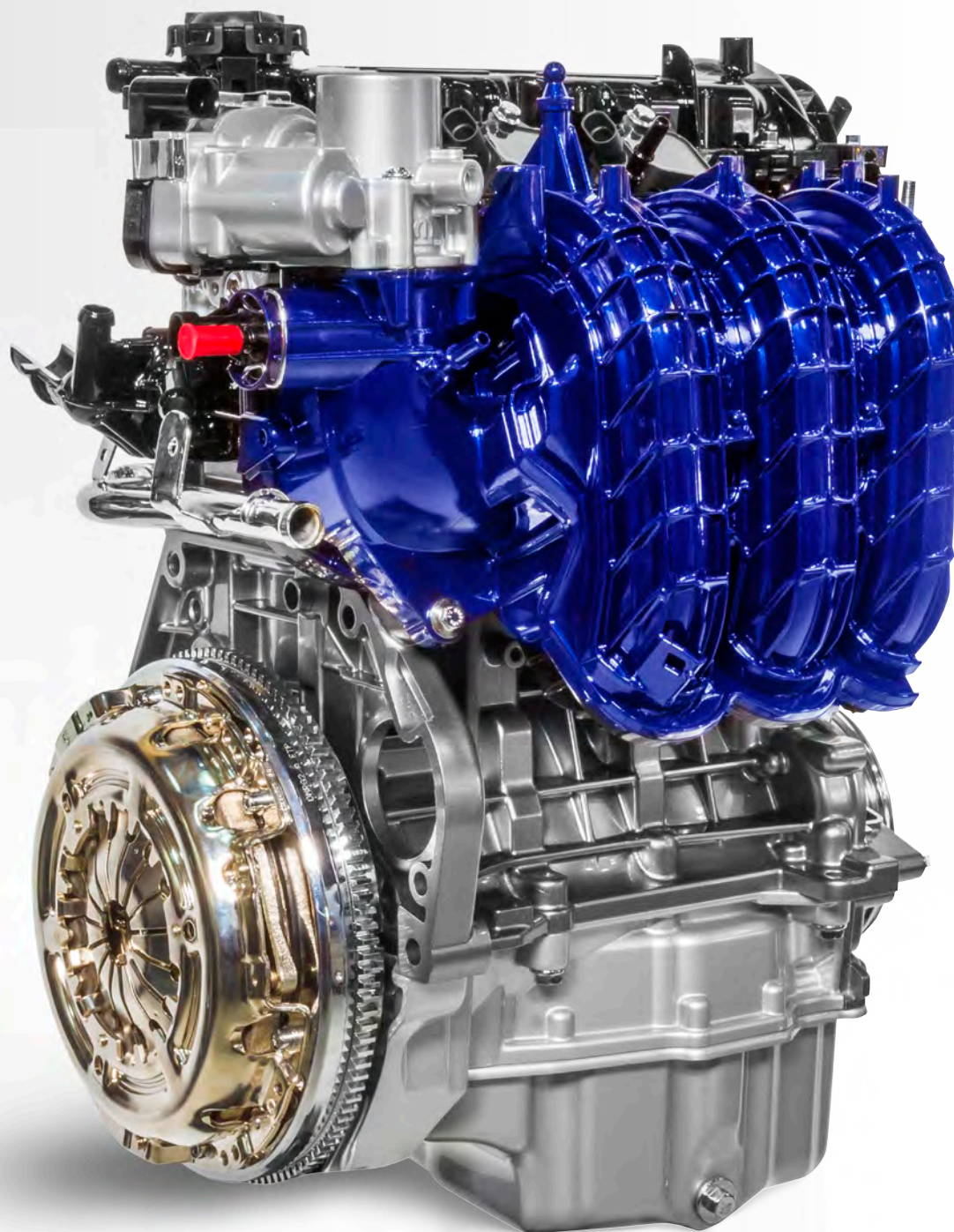


AutoData

NEWS AGENCY WEEKLY EDITION

Edition
761

Weekly Brazilian automotive industry news | 12.12 to 12.17.2016 Year XII



Share of 1.0-liter models increases again

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Share of 1.0-liter models increases again

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Despite small, demand for 1.0-liter models increased again in Brazil. The so-called popular car, which accounted for more than half of the car market in 2001, closed last year representing a 33.8% share of the market, while in September, this ratio closed at only 31.4%. The share increased to 34.7% in October, and reached 37.2% in November, the highest since January last year.

According to the president of Anfavea, Antonio Megale, the arrival of models equipped with 1.0-liter 3-cylinder engines contributed to the rise in demand and this should firm itself as the market moves forward. "This new technology replaces larger displacement models with the advantage in performance and economy. They are products that are being very well accepted in the market and are proof of the results in energy efficiency obtained from the Inovar-Auto program."



Fiat



Ford



VW

Several brands have invested in 1.0-liter 3-cylinder engines, starting in 2014, including Hyundai, Volkswagen, Ford, Nissan and, more recently, Fiat. The growing in the offering of these models - up!, new Ka, new March and Mobi, all with modern 3-cylinder engines — is now appearing to reflect on sales volume.

While the number of new vehicles licensed in the country increased 12% in November over October, from 131,400 to 147,400 units, sales of 1.0-liter models grew 20.2%, jumping from 45,600 to 54,800 units.

Year to date, 1.0-liter models account for 33.6% of the total, very close to the 33.8% share registered in 2015. Of the total of 1.5 million cars sold during the first eleven months of this year, 506,700 were models equipped with 1.0-liter engine, which have the benefit of lower IPI tariff, which, in theory, lowers the final price.

Surely, 1.0-liter models will hardly reach the ratios registered 15 years ago, especially because the profile of the Brazilian market has changed, and the SUV segment, which doesn't offer models equipped with this type of engine, has been increasing its share. However, as the president of Anfavea admits, the trend is for increased

demand for automobiles equipped with 1.0-liter engines from now on. The recovery of this segment, which has been losing ground but still accounts for more than one-third of the market, remains to be seen. This ratio is not insignificant.

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Fiat ends production of the Ducato in Sete Lagoas

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Fiat

Since Wednesday, 14, the Fiat Ducato is no longer being produced at Iveco's plant in Sete Lagoas, Minas Gerais. The unit produced enough volume to enable the transition for a change in the "industrial strategy", as defined by the commercial director of FCA, Sérgio Ferreira. In addition to the unit in the state, the utility vehicle's new generation is also produced in Mexico and Italy.

The commercial director of FCA declined to reveal more details, only adding that the model will not go out of line in the country and that, soon, the company will announce the changes.

The case, however, is that the platform of the Ducato also serves for the production of two other utility models from PSA, the Citroën Jumper and the Peugeot Boxer, both also produced at the Sete Lagoas plant. The production of the models is part of a long-standing agreement between the manufacturers, at a time when CNH Industrial did not yet exist, the group Iveco currently belongs to, which was previously called Fiat Industrial.

Contacted, PSA Peugeot Citroën did not confirm the end of the production of their vans in Sete Lagoas. CNH Industrial, however, the owner of the plant, confirms the end of production of three models at its plant. On the other hand, Carlos Gomes, President of PSA for Brazil and Latin America, in a recent interview during the São Paulo Auto Show, revealed the company plans to invest in the utility model line in the Mercosul, which is composed of three models to be released in 2017 and 2021, adding that the location where the line will be installed will only be divulged in March and that it will be in an existing complex in the region, that is, El Palmar, in Argentina, or Real Port, in the state of Rio de Janeiro.

According to Gomes, the first PSA-produced utility vehicle should be launched at the end of 2017. The model, as well as the rest of the line, will have different names according to the Peugeot and Citroën brands. "It will be the same utility vehicle, but with different styling and some specific details for each of the two brands."

An intriguing fact is that the executive also said that the partnership with Fiat in Sete Lagoas was preserved, because both the Jumper and the Boxer have a loyal following in Brazil and, therefore, would continue to be produced in the state of Minas Gerais complex as long as there is local demand.

According to Fenabrave, until November, just over 4,000 Fiat Ducatos were licensed, which accounted for a 14% share in the van segment, with the Renault Master as the leader, with a 30% share. Among the PSA models, only the Citroën Jumper appears in the segment's ranking, with 730 units sold between January and November, that is, a 3.7% share.

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New beginning

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On Monday, 19, the lay-off period for approximately 500 employees at the Chery plant in Jacareí in the state of São Paulo will end. However, production, which was virtually paralyzed in the past six months, should begin only January 2, when, according to Luis Curi, the company's vice president in Brazil, the Chinese automaker expects to launch a second phase in Brazil.

"It's almost a fresh start," said the executive, summarizing not only the resumption of production, but the many product launches and new strategies that will drive the company in 2017.

Curi said the plant, which is located on the edge of the Dutra Highway, in the Paraíba Valley, should produce something between 6,000 and 7,000 vehicles next year. If so, it should represent its best result since the official inauguration, in August 2014, after investments valued at US\$ 400 million. The annual installed capacity, however, is around 50,000 vehicles, still very far

from the automaker's reality, despite new products planned for the next two years. "Occupying this capacity is something for after 2020," says Curi, who believes the Brazilian market in 2017 will only register a slight increase when compared to 2016.

The lay-off period was used by the company to make adjustments in the assembly line. The adjustments were implemented to enable the production of at least two new models next year, and a third, the Tiggo 9, starting in 2018.

The first will be the Tiggo 2, which goes into production in February and will be at the dealers two months later. Introduced at the Auto Show, the model will be one of the cheapest compact SUVs in the country, ensures Cury.

Next, during the second semester, a bigger SUV should go into production, the Tiggo 7 SUV. At the same time, the company will import and offer two versions of the

Arizzo sedan, the 5 and 7, in August and September, both with local production feasibility studies.

The new models, says the vice president of Chery, will continue to share the assembly lines with the QQ and the Celer, although the automaker has chosen to shift its priority to SUVs, even in China. No wonder, the Chinese market should close this year with sales of 27 million vehicles, with SUVs accounting for 42% of the total.

The executive participated in a meeting with the company's dealers in South America last week and believes that the future Brazilian products should have spaces in multiple markets on the continent. Some of them are already in the process of approvals. Curi imagines that in the near future, between 10% and 15% of Chery's production volume in Brazil should be dedicated to neighboring countries.

The new vehicles produced in Jacareí already contemplate the automaker's vision of reducing the number of global platforms with which it plans to work with, in the next three years, around the world. It would not be any surprise, therefore, if production of the QQ or the Celer is terminated in the not-so-distant period. Especially because, as the

vice president of Chery admits it, customers of entry-level products such as the QQ virtually disappeared from the market, without abundant credit, three years ago.

The shrinking of the Brazilian market and the difficulty of selling a new brand at a time when the customers seek security for their investment – which makes you them choose established products – created at least one other victim, besides the production in Jacareí during the past two years: the dealer network.

Chery once had almost 80 points of sale. Today the distribution of its vehicles is made by only 37 points. Curi, however, says the company intends to strengthen this team, including through the adoption of new standards.

CAOA Group - All of these plans, however, may be reviewed if most of the behind-the-scenes information is confirmed and the automaker establishes some kind of partnership with CAO Group. Although the two companies still officially deny it, they are holding negotiations about forms of collaboration in the commercial field, with CAO accounting for sales. More recently, there has been talk of a deal involving even the production of Chery products in Brazil. **WE**



FCA: Worse part stays in 2016

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Despite the many uncertainties that pervade the political and economic environments of the country, the deep end of the automotive market will be in 2016 and, therefore, next year will not be worse than what has been seen in recent times. This is what Sérgio Ferreira, commercial director of FCA Automobiles, believes. Ferreira participated in a press conference Thursday morning, 15, at the company's headquarters in São Paulo. He estimated a "modest one-digit growth. It is a conservative scenario, but in it, FCA also grows, after all, it will be a year with full sales of the 2016 product launches, the Mobi, Toro and the Compass."

The commercial director's confidence in the company's performance is based on FCA is present in the fastest-growing segments - pickup trucks and SUVs - with new products, especially the latter, which is less sensitive to the crisis and whose share has been growing in the automotive market. According to the company figures, in 2010 the segment accounted for an 8.8% share of the market in 2014, jumping to 12.5% the following year, and should reach 14.9% at the end of this year. "Sales of SUVs have practically the same share as pickup trucks and, undoubtedly, the vocation is to participate with more than 20%, similar to international markets."

In his first year ahead of the commercial department at the manufacturer, Ferreira is celebrating the company's sales leadership in the Brazilian market, which should bother its rivals; after all, the highest place in the podium is only possible from the sum of the sales of all FCA brands. The director believes that, unlike manufacturers that hold other brands within the same group, they act as different companies, "with independent commercial areas. In all markets where FCA is present, the model is the same."

As a result, until Wednesday, 14, FCA registers sales of 343,100 units, which accounted for 18.3% of the market, ahead of General Motors, with 325,600 vehicles, and a 17.4% share, and Volkswagen, with sales of 215,800 units, and a share of 11.5%, Ferreira admits that in 2016 FCA sales should drop 1%, a small drop, especially when compared to the market's overall estimated drop of 20%. "Fiat is suffering because it is more active in the entry-level segment, which suffered the most from the crisis. The industry lost one decade. Until very recently, it was believed that the Brazilian market would be absorbing 4 million vehicles."

According to Ferreira, the strength of FCA in the Brazilian market is still in the hatchback segment, not only with models equipped with 1.0-liter engines, but also above that. According to the company, the segment, which continues to drop, accounts for about 40% of the market today, as it is more susceptible to the crisis. It is precisely in this field where the company registers its major losses. Despite the launch of the Mobi, in April, and the introduction of a new 3-cylinder 1.0-liter engine for the Uno and the Mobi, Fiat's market share continued to drop.

According to Fenabrave, the brand held a 15% share of the car segment during the first eleven months of 2015. During the same period this year, this share was 11.35%. The director admits that the sales of the Mobi did not meet expectations. The sales estimate called for sales of 6,000 units per month, but volume is around 4,000 units. "Nevertheless, we have a 3% share in the segment, as projected. We must also take into account that this segment has the greatest potential for growth next year. In case of a stronger recovery, the segment will grow again."

Ferreira said that 2017 will also be the year in which Fiat will reposition itself. The company is preparing at least two brand new product launches, including name, in addition to updates for existing products. "Next year, Fiat will recover market share," he concluded.

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