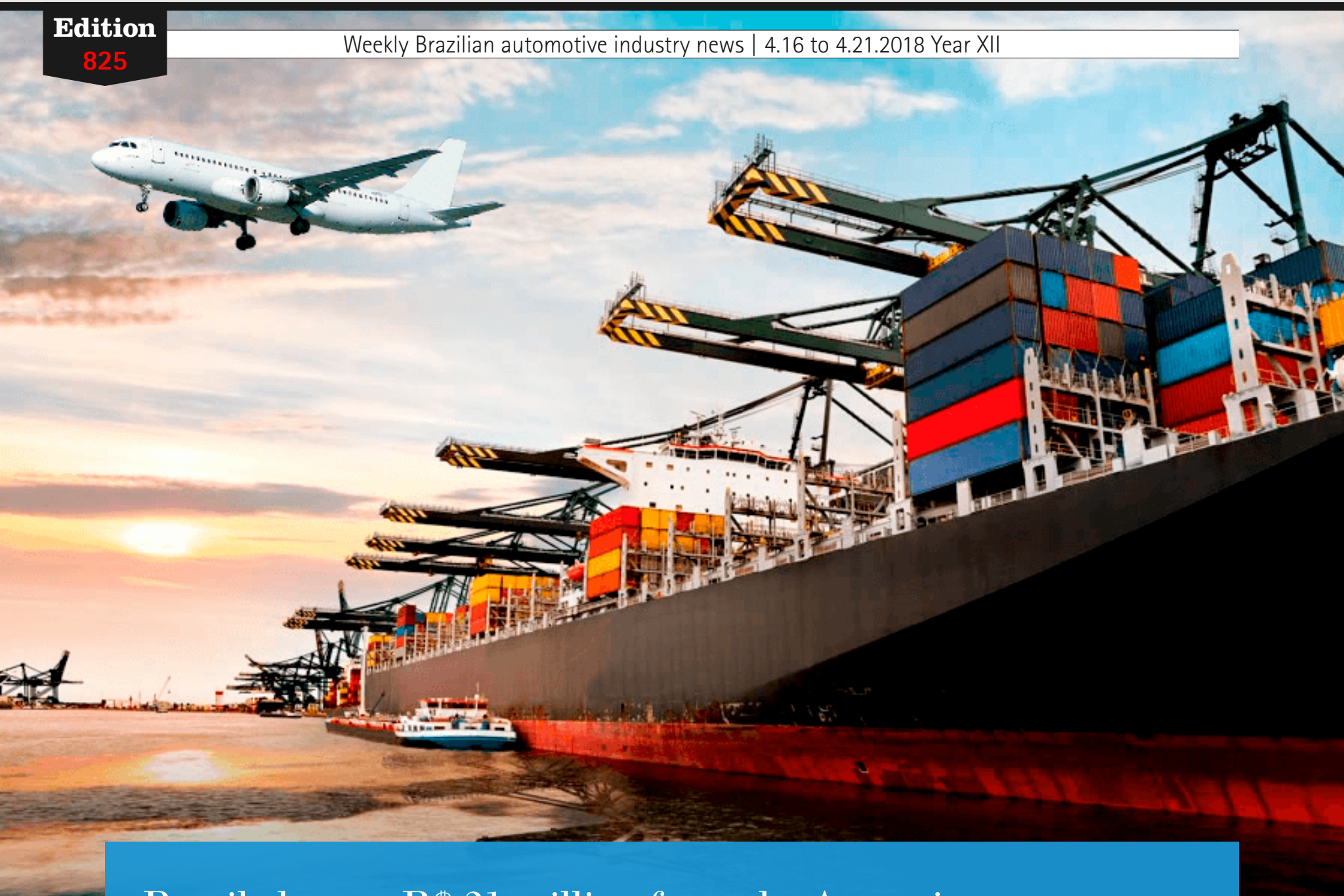


# AutoData

## NEWS AGENCY WEEKLY EDITION

**Edition**  
**825**

Weekly Brazilian automotive industry news | 4.16 to 4.21.2018 Year XII



### Brazil charges R\$ 21 million from the Argentine government

Brazil, represented by AGU, (General Advocacy of the Union), filed five lawsuits in Argentina, charging R\$ 21 million paid by the country to national exporting companies as SCE, Export Credit Insurance. In each of the actions, buying companies in Argentina did not pay for the products received, according to information released by Agência Brasil, which also states that new measures could be taken soon.

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**Itirapina will produce 90 units/day  
of Honda Fit in 2019**

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**VW Anchieta employees  
approve shared production**

[More on pg. 8](#)



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Counselor of Sindipeças



**Roberto Cortes**  
President of MAN



**Marco Silva**  
President of Nissan



**Ana Theresa Borsari**  
General Manager of Peugeot/Citroen



**Miguel Fonseca**  
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**Antônio Baltar Jr.**  
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**João Pimentel**  
Director of Ford Trucks



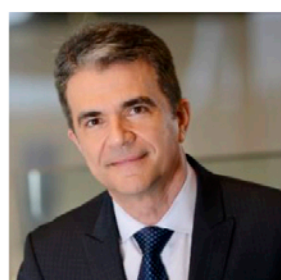
**Marco Borba**  
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**Roberto Leoncini**  
Vice - President of M-B



**Bernardo Fedalto**  
Director of Volvo



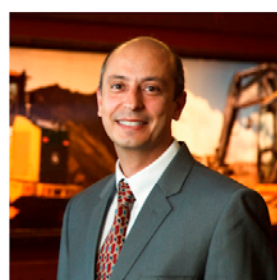
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**Paulo Beraldi**  
Director of Valtra/AGCO



**Roque Reis**  
Director of CNHi



**Roberto Marques**  
Director of John Deere



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**José Eduardo Luzzi**  
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# Brazil charges R\$ 21 million from the Argentine government

Caio Bednarski | [caio@autodata.com.br](mailto:caio@autodata.com.br)

**B**razil, represented by AGU, (General Advocacy of the Union), filed five lawsuits in Argentina, charging R\$ 21 million paid by the country to national exporting companies as SCE, Export Credit Insurance. In each of the actions, buying companies in Argentina did not pay for the products received, according to information released by Agência Brasil, which also states that new measures could be taken soon.

Some automotive companies, such as Marcopolo, Scania and Volvo, are involved in the case: all three have hired the SCE to have guaranteed payment in the event of buyer's default - which has happened. Exports of these companies involve buses and parts of vehicles.

According to Marcopolo, argentine company, buyer, did not make the payment and received from the Brazilian government. Now the Brazilian government is charging the Argentine government for the unfair business.

Scania said that the action is the responsibility of the AGU and the company is not part of the process. But it says that as part of its regular activities, it hires in various types of insurance, such as the SCE, to reduce credit risks.

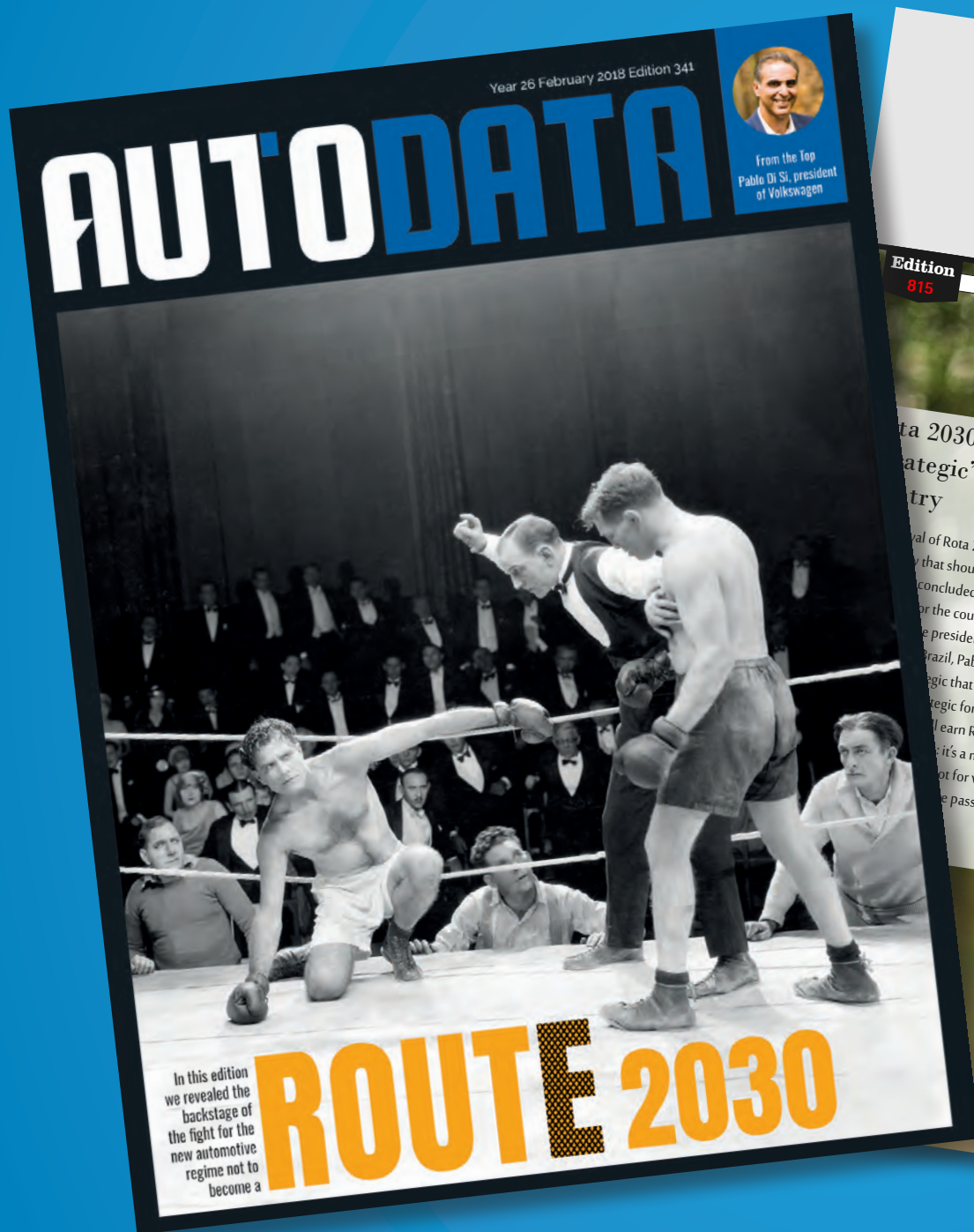
And Volvo has reported that in the recent years it has not made any export assured by the SCE and that it has not been notified of the ongoing process. It declared, also, to ignore the value that the Brazilian government is charging in court.

**SCE** - The SCE program is managed by the Secretariat of International Affairs of the Ministry of Finance, to "support and encourage national exports".

The program foresees the possibility of Brazil collecting credits from defaulted foreign companies. **WE**



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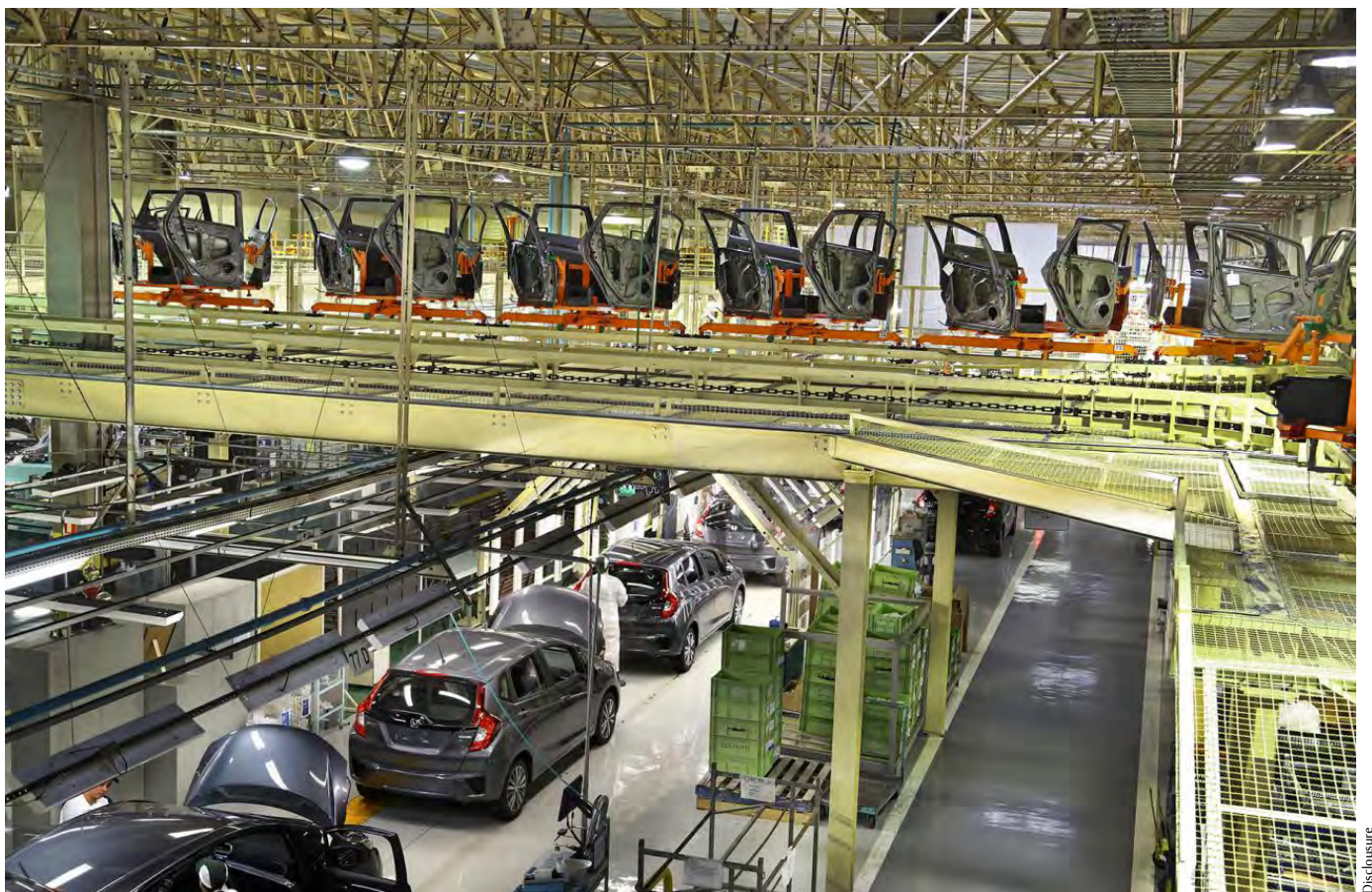
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# AUTODATA



# Itirapina will produce 90 units/day of Honda Fit in 2019

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



**H**onda's first production phase at the plant in Itirapina, SP, where it will take the lines installed today in Sumaré, will contemplate the production of ninety units of the hatch Fit model from January next year. The company, which announced a the change in early April, will still set the production schedule for the other models, City, Civic and HR-V.

According to Paulo Takeuchi, executive director of the company's institutional relationships in South America, all major equipment is already installed in the unit: "To start mass production, it will only be necessary to install specific equipment for Fit, resumption of testing, training and transfer of personnel".

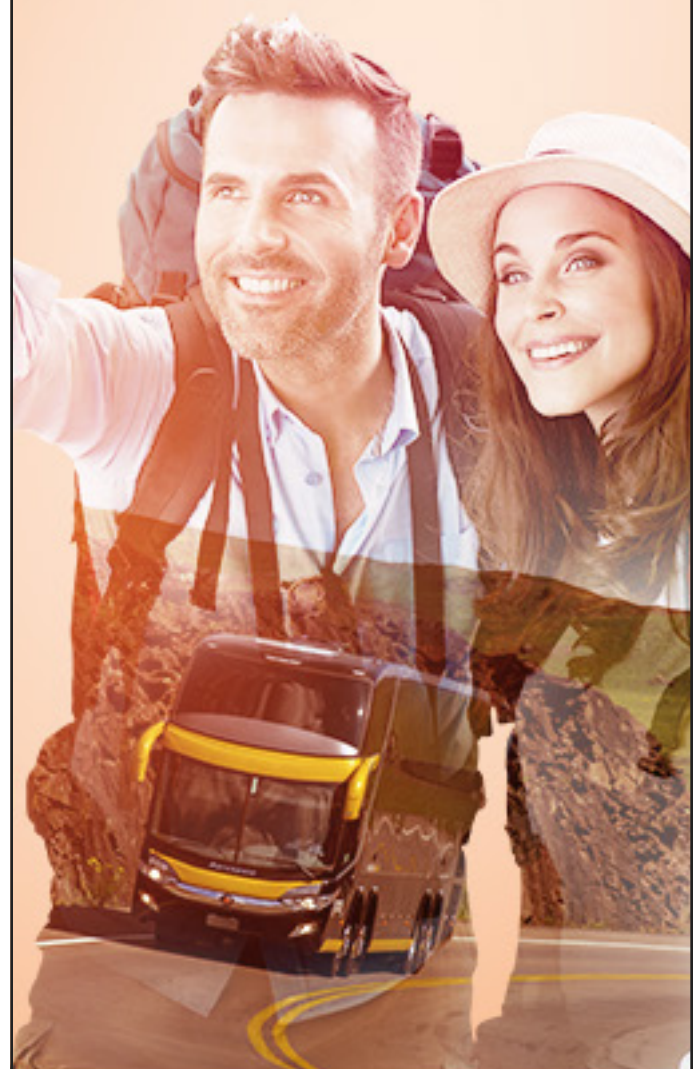
The company is expected to bring to Itirapina the two thousand employees who work today in



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Sumaré: "Our intention is not to lose any professional and, for that, we create good conditions for them to be transferred." However, the company recognized that there may be difficulties in transferring staff: There may be some cases with greater difficulty, but we will talk with each one to better understand the individual reality.

Honda has been producing vehicles at the Sumaré unit since 1997, when it began with the Civic model with a daily volume of twenty units. Fit's production came later in 2003. In 2005 the factory received US\$ 100 million to increase production capacity. In 2009, it started producing the hatch City and, in 2015, the HR-V SUV.

The production in Itirapina, according to the company, has the structure to produce all the national models. The plant's nominal capacity is 120 thousand units/year, a volume considered sufficient to absorb the volume produced by the company today in Sumaré and the 5% growth projected for this year, Takeuchi said.

In Sumaré, after the complete change of production lines, it will be the company's engine and component production, automotive development, strategy and business management center.

The company's planning aims to make the units work in a complementary way "to provide greater flexibility in the production process". One of the areas that will remain in Sumaré, the Power Train, has received recent investment to strengthen the export of engines to Argentina and Mexico.

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# VW Anchieta employees approve shared production

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



**A**t a meeting held on Tuesday, 17, employees of the Volkswagen plant in São Bernardo do Campo, SP, approved the sharing of production with other units of the company in case of excess demand from 2020, when it will be produced in ABC, SP, a compact utility model.

Today the lines produce three models - Polo, Virtus and the Saveiro pickup - at a rate of 1 thousand 366 vehicles/day, a volume very close to the factory's nominal capacity, 1 thousand 991 vehicles, according to the ABC Metallurgists Union of a statement: "Sharing will only occur if our production here at Anchieta's plant reaches its maximum capacity".

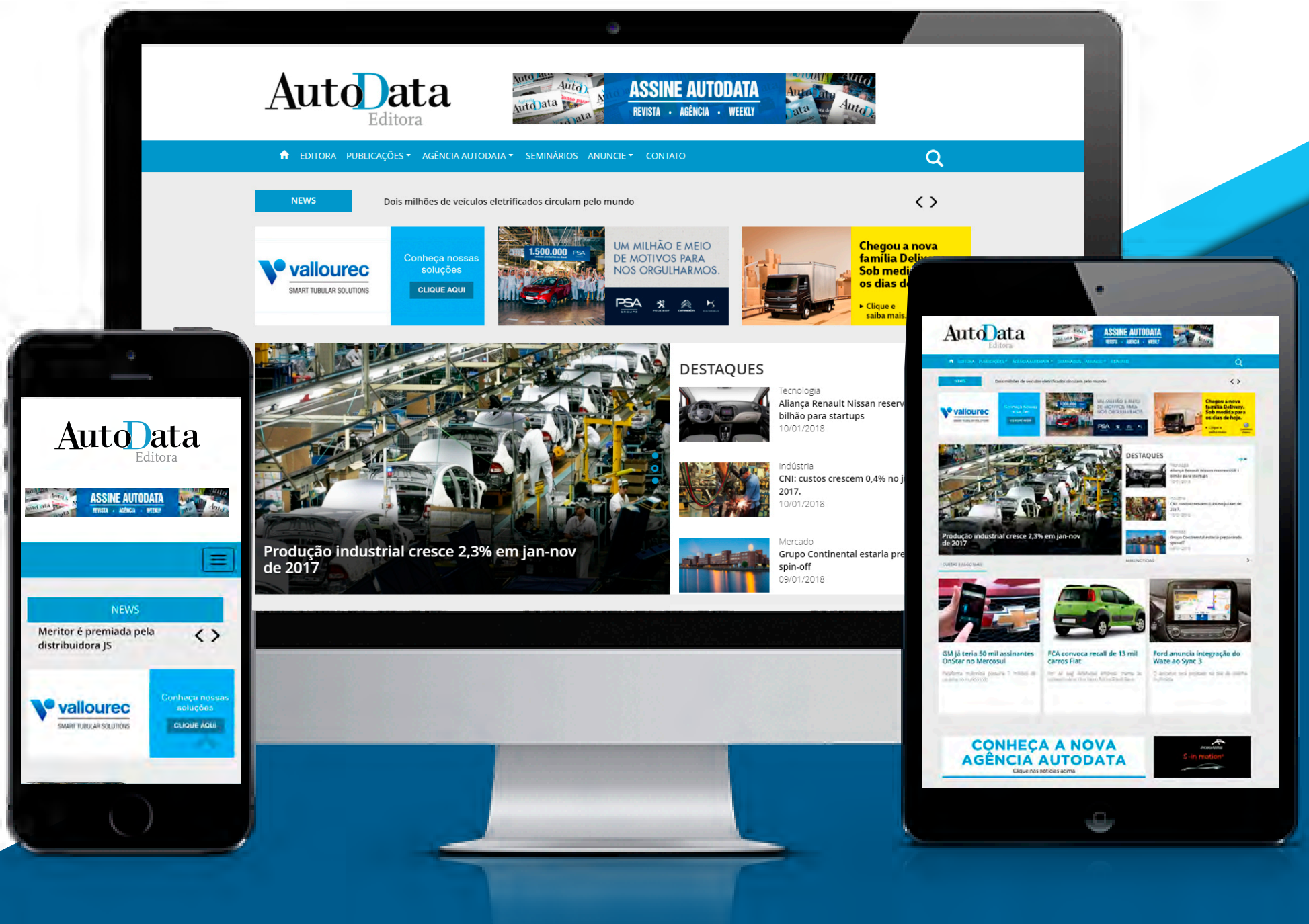
By a note, Volkswagen reported that the new model negotiated on Tuesday with the union and employees to be produced in the unit "will be manufactured from the MQB strategy, as well as Polo and Virtus". The company also stated in the document that the new model "is among the twenty new vehicles expected by 2020".

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# MWM expects growth of 40%

Caio Bednarski | [caio@autodata.com.br](mailto:caio@autodata.com.br)

**M**WM celebrates 65 years in Brazil this month with 4.3 million engines produced and ambitious plans for the year, according to its director Thomas Puschel: engines will be launched for 30 new applications, which will be available, for exportation. More: it is expected that, with the recovery of the market, its growth in the year is 40%, reaching the production of 35 thousand engines.

“Our focus on exports and new applications in Argentina will also be responsible for the growth we expect. This projection reinforces the important moment that MWM is experiencing.”



Disclosure



Part of the production expected this year will be shipped to 45 countries and used by more than 200 customers: “The countries we export the most are Mexico, Argentina, Spain, Egypt, South Korea and South Africa. The United States also imports blocks and heads”.

Even with 40% growth projected for the year, production volume will still stay below MWM’s capacity in Brazil, which is 110 thousand units per year, and Puschel noted that it is expected that the largest market resumption will be taken to decrease this idle capacity:

“We are visiting some customers and confirming the volumes that will be ordered throughout the year so that we can be sure how much we will need to produce and based on these volumes we realize that the recovery is warm. Today we have 1 thousand 300 employees and with this number we will be able to support the expected growth. But if the resumption of the market gains strength, which is what we expect, we will hire more people”.

#### Focus on the replacement market

Of its 4.3 million engines produced in Brazil, MWM believes that 2.1 million are still circulating here and, as a result, the company has a very strong focus on the replacement market: “With the large number of MWM engines that circulating in Brazil we have prepared a network for this market with 530 service points. We are one of the largest auto parts network in the Brazilian market and this strengthens our brand a lot”.

MWM projects a growth of 10% to 12% for its parts segment.

#### Projections for the market

In the production of trucks, this year, the company expects growth close to 13%, reaching 94 thousand units in comparison with last year. For the bus, the expected projection is 26 thousand units, up 26% on the same basis of comparison.

And for the production of tractors the expected growth is 7%, reaching 46,9 thousand units. **WE**

# The steps of Chery Caoa after Rota 2030

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



Caoa Chery awaits definition of the new industrial policy, Rota 2030 to continue its planning for the year with the integration of the Brazilian operation of Chery, started in January. Raising the rate of nationalization of vehicles, which is one of the intentions, will be made after the “rules of the game” are known, as said on Wednesday, 18, Caoa Chery’s executive director of shared services Ivan Witt, talking about realization of the automotive regime.

With the integration of Chery, today the focus of the purchasing department, which is responsible - as well as the sectors of human resources and technology: this is why the area is called shared services – it is about putting the company fruit of society in a framework of profitability. In practice, he said that it basically means making the calculations regarding the import of parts or locating the production, in order to evaluate which option is the best to be adopted at this moment in which the company installs line for Tiggo 2 and organizes a network of dealers.

“The best equation will always be to buy material in the same place where the vehicle is produced, but we need to see the conditions created by Rota 2030 to know what we do here and what we bring from Asia. The exchange rate is a critical issue. The Chinese currency is appreciating, and we may have to do more things here”.

According to Witt, today, 68% of direct purchases, or productive, involve imported products. The other 32% are items produced here - but it reached 6% in 2014, which indicates a natural inclination of the company that the last slice gets better despite the scenario of uncertainty



before Rota 2030. The move can begin with the location of banks and other logistics components considered critical by the company:

“The seats and other large parts are harder to bring from Asia to Brazil, so it becomes convenient to nationalize the item”.

This already happens case with tires and glass in the case of Hyundai vehicles, according to the executive, and also in the 11% of Chery's Tiggo 2 domestic components: “Large parts have a business case, others we can not scale here in Brazil because we do not operate with large volumes, that is why we import a lot”.

The Asian origin of the autoparts is also a favorable factor for imports: “It is difficult to develop something local, competitively priced, when we have the headquarters installed in China and South Korea, where the industry is very cost-effective”.

**NETWORK** - The integration of Chery also involves the organization of its dealer network, which will only sell Chery vehicles, and independent management, as it happens in other Caoa stores. What the company wants, in this sense, is to bring to the universe of the partner the standards of quality and service of the Ford, Hyundai and Subaru networks that carry the Caoa flag, one of the main problems that the previous leaders of Chery had to solve when they were alone in the Brazilian market.

According to Rogério Gonzaga, Caoa's post-sales director, concepts such as personalized service, shorter resolution of the demands for repair and online scheduling will be applied in Chery stores “because it is more efficient to invest in customer satisfaction than in advertising campaigns”. The mentality, he said, is widespread in stores that sell vehicles originating in Japan. Gonzaga made a career at Toyota before working for Caoa.

The survey, which was based on data from JD Power, indicates that Caoa closed 2017 as the company with the highest customer approval rating, beating the leaders of previous years, Toyota and Honda. The service model, actually, should be exported to China, said Gonzaga: “This model was one of the attractions for Chery to associate with Caoa. Anning Chen, CEO of the company, has raised his interest in bringing professionals from China to Brazil to learn more about our after-sales model”.

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# MAN register record in exportations

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



**M**AN's sales performance in the first quarter will enter the company's history by recording the largest volume of exports, 2 thousand 885 units, for more than 30 countries - 20% more than the same period in 2008, year of the last record. March sales were also record high: 992 units.

In the segment of trucks, the most exported model was the extra-heavy ones, with 160% growth on shipments made in the quarter of 2017, just over five hundred units. According to Ricardo Alouche, vice president of sales for MAN, the result reflects the commercial effort that the company spent to seek new markets while there were difficulties in the domestic market:



“It was a natural move made by manufacturers in the period. In our case, with the extra-heavyweight, we were able to bring the right product to customers who needed robust vehicles in complex transportation applications such as mining in Chile, for example”.

Keeping an eye on the external market demand, MAN has tried to invest in the factory it maintains in Resende, RJ, in order to achieve productivity gains and, thus, to keep pace with the growth of export volume. According to Adílson Dezoto, vice president of production and logistics at MAN, they determined the modernization of the lines: “Except for exports... And they play a relevant role in the context of new technologies because they are bringing volume to the business structure”.

In September the company announced a contribution of R\$ 1 billion for the development of the new Truck Delivery line. Dezoto said that the company took advantage of the moment to modernize equipment and processes with a view to gaining productivity to meet exports: “We still operate with a high idle, around 65%, but exports have helped us occupy production”.

Last year, MAN drew up plans to be implemented in the coming years in order to double the volume of exports. Until December there were 9 thousand units: “The majority of the shipments went to Argentina, but there are other markets that we have come to see that have generated important results from a sales point of view, such as Africa and the Middle East”;

**BUSES** - In April, MAN celebrates 25 years of sales of Volksbus vehicles, the first to be manufactured in Resende. In the middle of the historical milestone, the company recorded another record in the quarter for its buses: the cumulative shipment of 956 units to markets in Latin America and Africa. The volume, traded in the first three months of the year, is more than twice the total registered in the same period of 2017, 455 units.

Among the most popular models of chassis are the Volksbus 17.230 OD and 17.260 OD, for urban passenger transport. Roberto Cortes, president and CEO of the company, stated that the volume achieved is part of the internationalization process that MAN is going through: “In the internationalization strategy, the Volksbus have a leading role. Thirty percent of shipments are bus chassis produced at the Resende factory”.

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