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[Lack of mobility] beware: Bosch is coming.

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The numbers from Bosch that are sustaining such strategic initiatives are equally big, given the size of the challenges. The company destines 9.5% of its annual revenues for research and development of products, services, and new technologies. Something around €7 billion.

A good portion of the efforts are concentrated on solutions to solve or diminish the urban chaos that is approaching - or is already a reality in many points of the planet. As stated by Rolf Bulander, chairman of the mobility unit at Robert Bosch:

“The large cities are suffering from traffic congestion, pollution, and lack of parking. Therefore, in the long-term, our priorities will be to avoid, coordinate, and improve the traffic flow.”

The central idea is to offer a variety of solutions for any person to move from point A to point B. Each day, we will continue to drive our vehicles less, according to Bosch. And, if this becomes a necessity, let it be done in a cleaner and more efficient form as possible. In addition, one of the priorities is to avoid the stress, to the maximum extent, that driving can cause on people.

Connected, autonomous, or electric vehicles, whether a truck or scooter, will all use products and services that Bosch has been

researching and developing: "Traffic will increase threefold in 2050. This is why we are rethinking mobility now."

Some initiatives are already literally on the streets, such as the 1.6 thousand electric scooters available in the sharing system in Paris, France, and in Berlin, here in Germany. However, this is an insignificant project when compared to the potential for these vehicles in Asia. Bosch calculates that, in China alone, 200 million two-wheeled vehicles are sold per year. This does not take into account India, another super-populous country that uses many motorcycles and similar vehicles. Bulander believes "the electric scooter segment may grow 100% for various years."

Despite the recently acquired consumption habits, principally by the Chinese, Bosch expects vehicle sharing, in the case of electric scooters, could offer a promising future there.

As a matter of fact, the Asian market appears to have great importance to the Bosch. Some investments are directed to the region, as well as specific products and services, in addition to an intelligent city project that is being developed at Tianjin, China.

Safety - The autonomous technology is another field in which Bosch has been

completely immersed. There are many solutions that can be applied individually, but, when combined, they promise to drastically reduce the large number of accidents: "There are 1.2 million fatal accidents per year in the world. Nine in 10 accidents are caused by human fault. Our research into accidents shows that we can significantly reduce these preoccupying numbers."

During an event held at the Bosch test track, some results of this concern were demonstrated in a Tesla Model S equipped with autonomous technology composed by many sensors, cameras, and advanced intelligent systems. The company showed how this technology can, in fact, make decisions under any urban or road traffic situations.

"The capacity to interpret situations in traffic will require a large capacity of processing," stated Bulander, adding that "we are advancing rapidly in this area to soon have an intelligent car on the streets."

However, the challenges are enormous. This is why the "soon" that Rolf Bulander was referring to should not be really so soon. Bosch is working in partnership with Mercedes-Benz to launch an autonomous car with this technology in 2022. **WE**

Toyota begins exports of the Corolla

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Toyota has planned for September the shipment of its Corolla model to Chile and Colombia, markets that are being supplied by units produced in the United States. The best-selling car in Brazil, in its category, which had its most recent version launched in March, is considered a fundamental part in the company's expansion strategy in the region. The goal is to increase exports by 6.4% this year.

According to its Executive Vice President, Miguel Fonseca, a commercial plan in both markets was implemented in April: "shipments should begin in the second semester, in September, and are the

result of the sales area's efforts to strengthen the quality of the vehicle produced here. Bilateral trade agreements played a favorable role also."

In April, Brazil and Colombia validated a free trade agreement in the automotive sector, which should go into effect in January 2018 and place Colombia, because of its market size, as one of the country's main commercial partners in automobiles, behind Argentina and Mexico. According to Anfavea, 11,000 vehicles have been shipped to Colombia during the first semester of the year.

Toyota expects that the new shipments of the Corolla will enable its exports to increase from 43.5 thousand to 46.5 thousand units this year. In Colombia, Toyota closed the semester in the eighth position in sales volume, with 4028 units, an increase of 18% when compared to the first semester of 2016.

The company's entry-model in the region is the Etios, which is shipped to six countries: Argentina, Costa Rica, Honduras, Paraguay, Peru, and Uruguay. Shipments up to April totaled 15,681 vehicles, representing an increase of 16% when compared to the 13,473 units shipped during the same period in 2016. From this total, the Etios accounted for 10,441 units, representing a 29% increase when compared to the 8046 units shipped during the first four months of last year. In 2016, production at the company's Indaiatuba and Sorocaba plants totaled 43,500 units, when compared to 39,800 units in 2015. From this total, the Etios represented the biggest volume, 25,000 units.

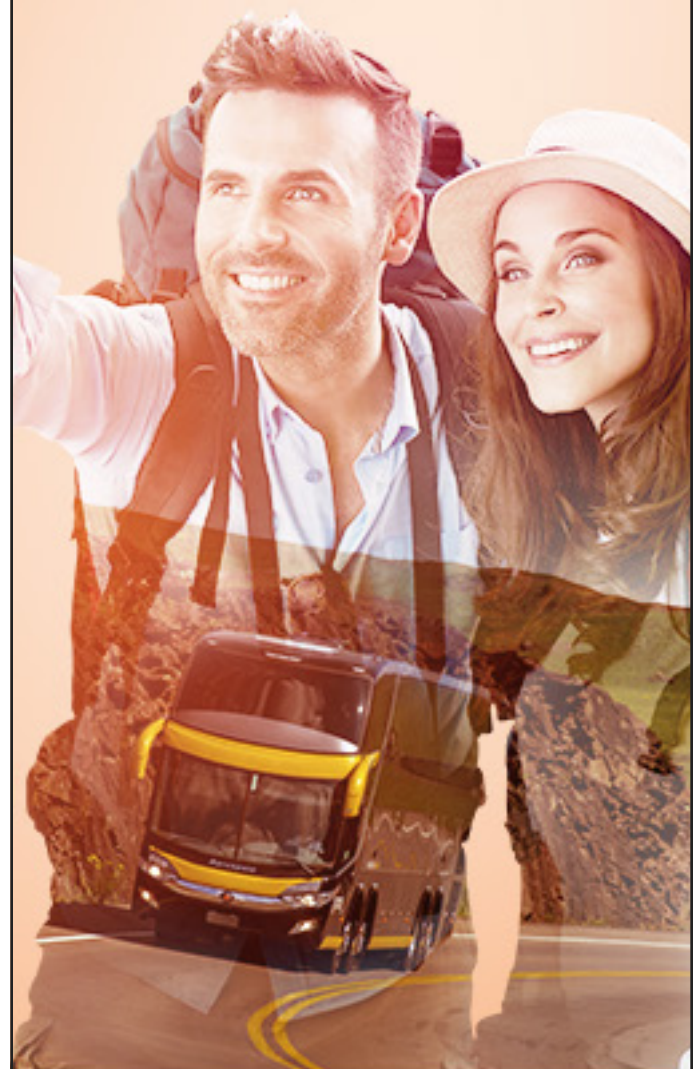
Anfavea reviewed its export estimates for the year. The association now believes there will be an increase of 35.6%, which would represent shipments of 705 thousand units to other countries. The previous projection called for a growth of 7.2%. Between January and June, shipments abroad totaled 72,828 vehicles.

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VW plans to implement five-day workweek in Taubaté, in August.

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Volkswagen's plant in Taubaté, in the state of São Paulo, should implement the five-day work week starting in August. The company will suspend the 25% reduction in the workweek and wages. The Safety Employment Program, PSE, was implemented in May and should and in October. The return to normal operation was brought forward due to the good performance of the models produced at the unit, and the transfer of the assembly of the Gol. Volkswagen has approximately 4000 employees in Taubaté.

David Powels, VW's president for Brazil and CEO for South America, said that production at the unit should increase as the market improves this year:

“Looking at the results in May and June, the expectation for the year increased from one to two percentage points when compared to the forecast we had developed back in January. We expect the market to grow between 4% and 5% in 2017. In 2018, we estimate an increase ranging from 5% to 8%. During this year, we will reduce our idle capacity, but we are not sure of the precise percentage rate.”

The Taubaté unit will only produce the Gol, up!, and the Voyage models.

The Gol is VW's most exported model. Between January and June, approximately 42 thousand units were shipped abroad, registering an increase of 98% when compared to the same period in 2016. The Voyage is its second most exported model, with more than 14 thousand units, while the up! is the fourth model in the list. According to the company's press release, “the unit in Taubaté, with the Gol, up!, and the Voyage, will be even more relevant and stronger within our strategy.”

PSE in other units - According to VW, its plants in São Bernardo do Campo and São Carlos, both in the state of São Paulo, as well as the one in São José dos Pinhais, in the state of Paraná, will continue subscribing to the PSE until another decision appears.

In São Bernardo do Campo, the company will produce two new models derived from the MQB platforms: the Polo, which should arrive in the market during the last quarter of the year, and the Virtus, which is scheduled for the first semester of 2018. The company's third best-exported model, the Saveiro, will continue being produced at this unit. The unit in Paraná will continue to produce the Golf: “As a result, we will manage to have additional productivity at our units, with increased logistics focus and higher efficiency.”

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Financing increases 7.4% during the first semester

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Vehicle financing increased 7.4% during the first semester of the year, representing 2,425,796 units, cars, motorcycles, and trucks. The numbers were gathered by B3, the company that resulted from the amalgamation of BMF&Bovespa and Cetip. From this total, the number of new vehicles finance was 845,217 units, representing a drop of 3.9% when compared to the 879,133 units financed during the same period in 2016.

Used vehicles experienced an increase of 14.6%, from 1,379,522 units to 1,580,579 units.

Direct consumer credit, known as CDC, was the only category that showed an increase in the first semester, in addition to continue being the most utilized financing mode by consumers, with 2,003,569 units negotiated, an increase of 11.6% when compared to the same period last year. Sales through the consortium mode totaled 366,637 units, representing a 7.1% drop when compared to the first six months of 2016.

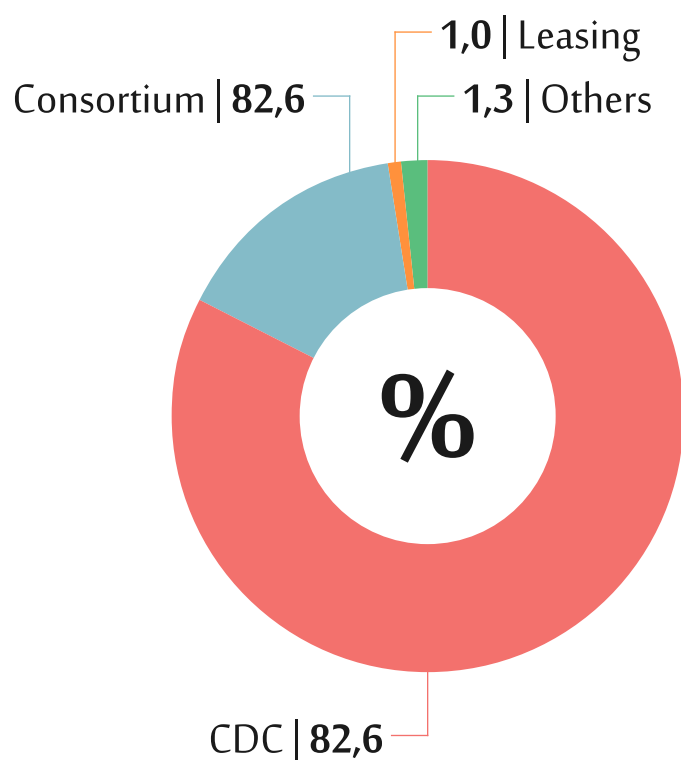
The study reflects the Experian Serasa Consumer Demand for Credit Indicator, which shows demand for credit increased 2.1% during the first semester of this year when compared to the same period in 2016.

Despite the increase in demand, banks are maintaining a cautious posture, approving only 40% of the proposals, according to Antônio Megale, president of Anfavea, during a press release last week: "The association is talking to the public banks in order to increase credit offering."

According to him, financing volume in June accounted for 49%, when compared to the usual 60% rate.

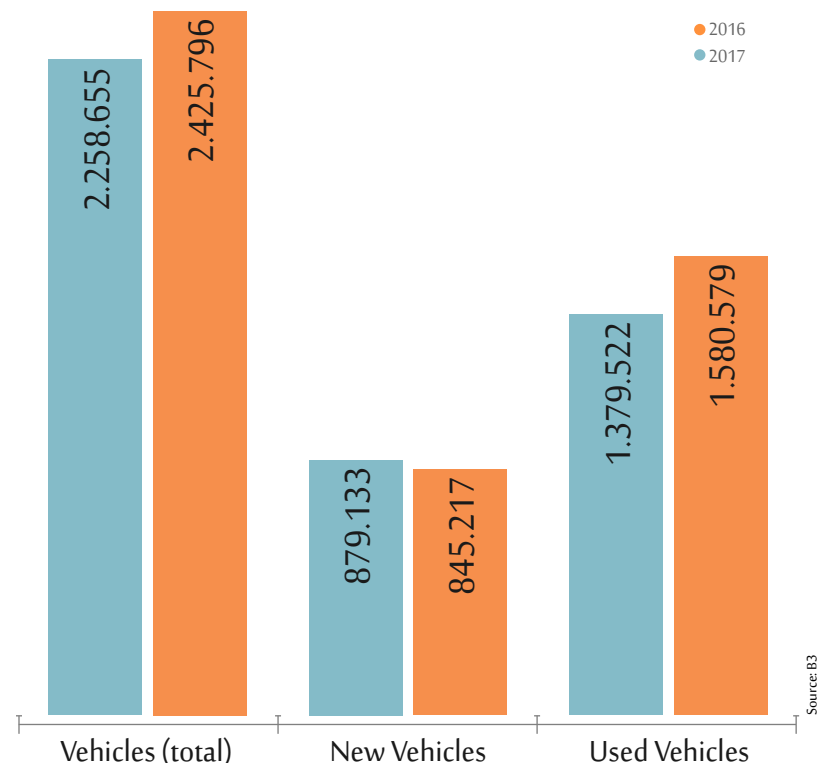
This more conservative attitude by the banks is explained by the high rate of default, which increased by 1.5 million persons during the first semester, according to data from the Credit Protection Service and the National Confederation of Store Managers. The estimate is that 59.8 million Brazilian consumers are in default with their loans.

Financing Modes



Vehicle Financing

(Volume 2016/2017)



However, this scenario can change in the coming months, according to Prof. Antônio Jorge Martins, coordinator of the automotive chain courses at Fundação Getúlio Vargas: “The banks are holding on to credit so that families can reduce their debt. Under the perspective of the increased reduction of the interest rate, it is probable that the declining trend in the rate of default should make banks increase credit offering.”

Confidence - Banks aren't the only ones who are concerned. The consumer confidence

ratio, which signals the population's spending and savings, dropped 1.9 percentage points from May to June, from 84.2% to 82.3%. The drop was caused by the political uncertainties, according to Viviane Seda, coordinator of the FGV IBRE consumer survey:

“The drop in confidence is linked to a lower impetus for purchases and a perspective of worsening of the expectations of family finances. This is related not only to the debt level, but also to the difficulty in the recovery of the job market, with a high unemployment rates.”

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