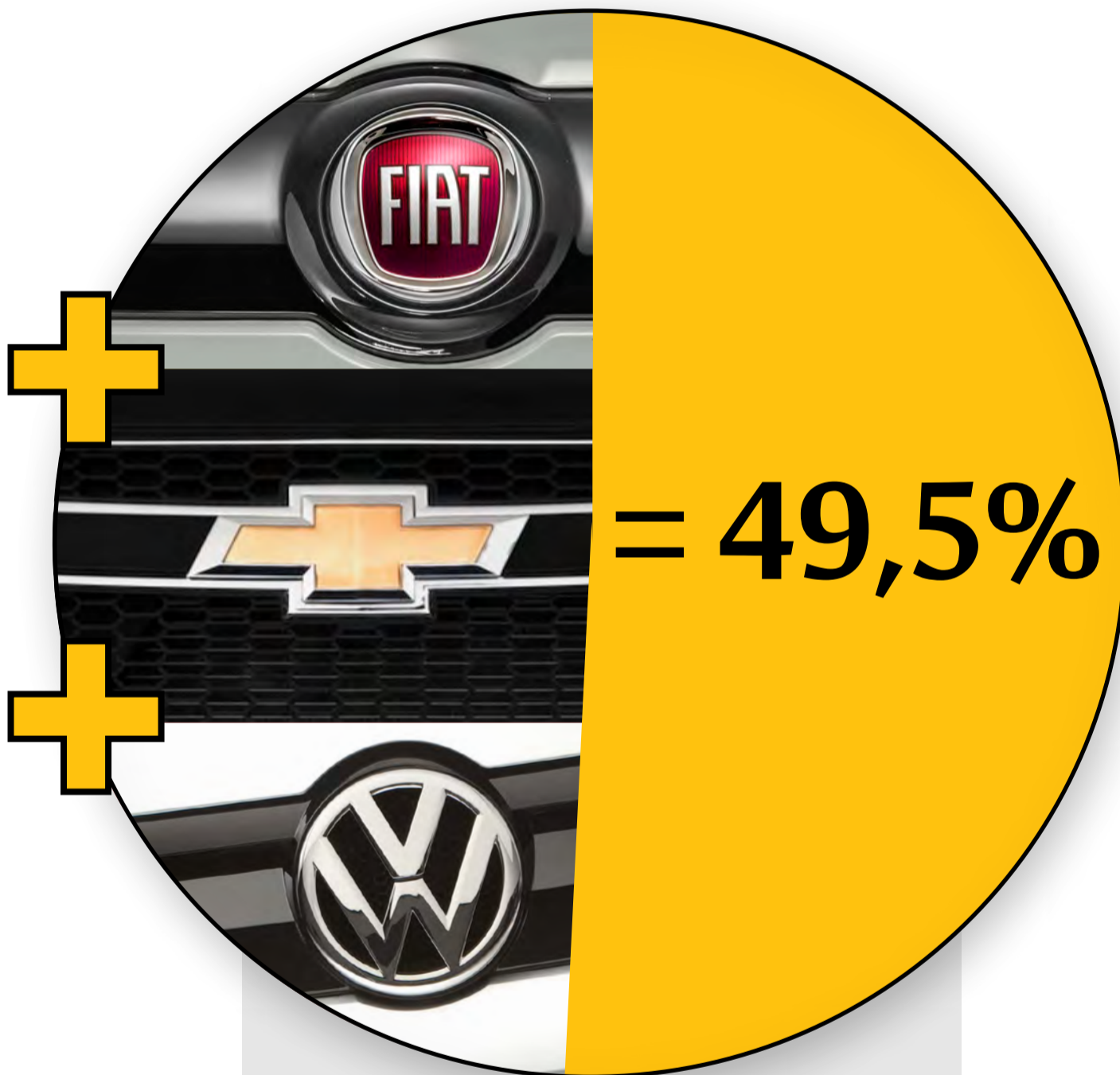


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Fiat, GM and VW: less than half the market.

André Barros | andreb@autodata.com.br



For the first time in the history of the Brazilian automotive industry, the three leading brands in the domestic market have seen their joint market share drop below 50% during the first seven months of the year. Fiat, Chevrolet, and Volkswagen registered, altogether, a market share of 49.5% in the number of passenger and light commercial vehicles licensed between January and July, according to figures released by Anfavea.

A total of 737.8 thousand vehicles from the three brands were licensed during the first seven months

of the year, 30.3% below what was sold during the same period in 2014 - that is, 320.1 thousand vehicles less than a year ago. At the end of July of last year, the leaders detained a joint domestic market share of 56.8%.

The market dropped 20% during the same period, shrinking by 373 thousand units when compared to the performance registered between January and July of last year. As a result, the three brands registered a joint domestic market share loss of 7.3 percentage points.

Passenger and Light Commercial Vehicles Ranking

Fiat, the leader, lost the most. Its sales dropped 31.5% during the first seven months of the year, totaling 274.8 thousand units, representing a market share of 18.4%. A year ago, this share was at 21.5%.

Chevrolet, from General Motors, saw its sales drop 28.7%, totaling 235 thousand units, but it held on to the second position with a 15.8% market share. At the end of July last year, it was also in the second position of the overall ranking, but its share at the time was 17.7%.

Volkswagen held on to the third position, despite a drop of 30.4% in sales. The vehicle manufacturer last year held on to a 17.6% market share, closing the period between January and July of this year with a 15.3% share of the market.

Fourth in the ranking, Ford was one of the players that stole market share from the leaders. Sales of the brand's models dropped 4.7% between January and July - below, therefore, the average market drop - and, as a result, saw its market share increase by 1.8

percentage points, from 9% to 10.8%.

Hyundai, fifth in the ranking, gained one percentage point in its passenger and light commercial vehicles market share, increasing from 7% to 8%. The number of vehicles licensed by the brand dropped 8.8%. Renault, sixth, registered a drop of 17.7%, closing the period with a 7.1% market share, representing an increase of 0.2 percentage points.

Seventh and eighth in the ranking, Toyota and Honda, registered opposite performances when compared to the market: sales increased 1.4% and 17.9%, respectively, representing market shares of 6.9% and 5.7%. A year ago, they registered market shares of 5.5% and 3.9%, respectively.

Nissan, ninth in the ranking, saw its sales drop 3.2%, closing with a 2.4% market share, representing a gain of 0.4 percentage points. Tenth in the ranking, Mitsubishi didn't appear in the list of the top 10 brands last year, which was occupied by Citroën. **WE**

Light Vehicles

Source: Anfavea

	Manufacturer	YTD/15	YTD/14	% Change	Market Share
	Total	1 491 676	1 865 107	-20,0%	
1º	Fiat	274 783	400 983	-31,5%	18,4%
2º	GM	234 982	329 433	-28,7%	15,8%
3º	Volkswagen	228 064	327 514	-30,4%	15,3%
4º	Ford	160 620	168 500	-4,7%	10,8%
5º	Hyundai	119 140	130 596	-8,8%	8,0%
6º	Renault	105 408	128 105	-17,7%	7,1%
7º	Toyota	103 277	101 840	1,4%	6,9%
8º	Honda	85 538	72 550	17,9%	5,7%
9º	Nissan	35 748	36 933	-3,2%	2,4%
10º	Mitsubishi	26 017	32 990	-21,1%	1,7%



Martin Fritsches

BMW should have a complete manufacturing facility up to the end of September

André Barros | andreb@autodata.com.br

September 30 has been scheduled to represent the beginning of the stamping and painting operations at BMW's plant in Araquari, in the state of Santa Catarina - exactly one year after the first Series 3 left the assembly line of the vehicle manufacturer's Brazilian unit. Slightly

before that day, the Mini Countryman, last of the five models in the list of vehicles to be produced by BMW Group in the country, should go into production.

Therefore, the company's project for its manufacturing plant in the country should be

completed rigorously within schedule. Series 1, Series 3, X1 and X3 are already being produced at the unit's assembly lines, which recently delivered its 10,000th model to the market. With the addition of the new production phases, the expectation is that the rhythm of the deliveries should increase.

"Production will keep up with the market. As it develops, we will adjust production," explained Martin Fritsches, sales director of BMW do Brasil.

This year, the brand should register sales of 16,000 vehicles, a small increase when compared to the 15,000 vehicles sold last year. Not all of them are produced in the country: the quota of 4.8 thousand imported units exempt from the addition of 30 percentage points on the IPI tax, determined by the Inovar-Auto program, is being used by BMW, which reached an average ticket of R\$ 200,000 in the domestic market.

"While the domestic vehicles market registered a drop of 20% between January and July, the premium segment registered an increase of 18%. We should grow 6%, below some competitors, but our entry-level model costs R\$ 117,000. We do not have vehicles below R\$ 100,000 in the portfolio."

According to Fritsches, BMW has conquered customers that used to prefer medium sedan to from Japanese, Korean, and European brands. The financing plans offered by the brand, with a lower down payment, reduced interest rates, and a balloon installment paid only at the end of the contract help attract these consumers - around 200 sales per month are conducted with the plans that offer the latter, revealed the executive.

The expansion of the dealer network, which should close the year with 52 stores, and its increased distribution channels throughout the country's territory, has also contributed. Fritsches believes many potential customers in the Center-West and Northeast gave up purchasing a BMW because of the difficulty in obtaining



after sales services, at many times distant from their residences.

The Bavarian-origin vehicle manufacturer is expanding its business also in the corporate sales segment, especially for companies that offer vehicles as a benefit to executives. "This year, we should sell 1000 units in this segment, which has been growing on a yearly basis. We are expanding our sales to diplomatic organs and, now with the plant in complete operation, we should sell vehicles to physically-challenged persons."

The search for new business will have an important initiative on Saturday, 15, and Sunday, 16: the Fazenda Capuava farm, located in Indaiatuba, state of São Paulo, will house the São Paulo phase of the BMW Ultimate Experience, an event that gathers current and potential customers. More than 800 persons are expected, with an estimated 600 test drives of the different models of the portfolio. According to the director, the idea is to turn this into an annual event.

In 2015, the meeting took place in Londrina, state of Paraná, and Belo Horizonte, state of Minas Gerais, and will later be organized in Recife, state of Pernambuco, Fortaleza, state of Ceará, Salvador, state of Bahia, Brasília, DF, Goiânia, state of Goiás, Rio de Janeiro, RJ, and Porto Alegre, state of Rio Grande do Sul.

WE

Government is studying an IPI increase for autoparts

Marcos Rozen | rozen@autodata.com.br

The federal government, particularly the Ministry of Finance, is studying an increase in the IPI tariff, Tax on Industrialized Products, which is currently charged on automotive parts from its manufacturers, not only those destined to the OEM market, but also to the aftermarket.

The information was exclusively revealed to AutoData news agency by an important sector source,

and was later confirmed by a nether source linked directly to the industry.

According to these sources, the study for the increase in the IPI tariff of autoparts was informed by the minister of Finance himself, Joaquim Levy, to leaders of the automotive sector associations such as Anfavea, Fenabrave, and Sindipeças, during meetings in Brasília, DF.



On Thursday, 6th, during a press release where he divulged the results of the automobile industry in São Paulo, Luiz Moan, president of Anfavea, revealed that the inter-ministerial group created at the end of April to discuss specific demands from the automotive sector has met frequently, at times, even weekly, to discuss the themes linked directly to the vehicle industry.

According to one of the sources, the federal government is trying to find ways to offset the delay in the approval of the fiscal reform measures and, consequently, of the balance in the public accounts. The increase in revenues, consequently, is being seen as one of the hypothesis to face this scenario and, in this package, the tax charged on autoparts was included in the list of possible tariff increases.

Currently, the IPI tariff varies according to the type of autoparts and their destination - vehicle manufacturers, systems suppliers, or aftermarket -, but, in their majority, range between 5% and 15%.



Both sources revealed significant concern with such possibility. One of them, which constantly participates in negotiations with the government, was quite confident that the current IPI scenario for automotive parts should be maintained. According to the source, and despite the proposal, there are areas in the government, especially within MDIC, that are alert and accessible to the current situation of the industry, particularly the difficult scenario experienced by autoparts manufacturers given the drop in vehicle production in the country. Therefore, there would be senior federal government leaders willing to prevent the possibility of the tariff readjustment because they understand a new cost increase would further pressure the volumes of production downward, causing the opposite effect to the one expected by the economic team. That is, revenues would drop even further instead of growing.

On the other hand, the source praised the initiative of the Ministry of Finance to begin a process to unify the PIS/Cofins, which is expected to take place in the coming weeks. According to the source, this initiative represents the beginning of a complete tax reform in the country, which should brutally reduce the bureaucracy that exists today.

The source added that the large vehicle manufacturers possess departments with hundreds of professionals dedicated exclusively to understanding and processing the tax revenues and that, despite the help of specialized consulting companies, cases in which fines are applied by the Federal Revenue Department because of different interpretations of values are not rare. A possible future unification of the taxes would significantly simplify the process, contributing, therefore, to reduce costs, believes the source.

WE

Abeiva asked MDIC for double the import quota

Marcos Rozen | rozen@autodata.com.br

In a meeting with the minister of MDIC, Armando Monteiro, a few weeks ago in Brasília, DF, Abeifa delivered its principal request for a revision of the current import quotas of the Inovar-Auto program. Defined in 2012, the rule allows a maximum quota of 4.8 thousand imported units per year, calculated on the average imported volume between 2009 and 2011. For the smaller companies, which don't achieve such a volume, such as Porsche, Ferrari, and others, the average is used. Whatever is imported above this volume is applied a 35% IPI tariff, in addition to the import tax.

The association's request was that the quota be doubled, that is: the maximum amount would increase to 9.6 thousand units per year. The information was revealed to AutoData news agency by the president of Abeifa, the Brazilian association of importers and manufacturers of automotive vehicles, Marcel Visconde.

According to him, "this change would not alter the current market scenario in any way, especially with respect to the share of vehicles imported by the association's members when compared to the total sales, which would remain around 3%". By July, the ratio stood at 3.7%, which includes local production by Jeep, BMW, Chery, and Suzuki, all members of Abeifa. "It's something that will not change the scenario in any significant way," emphasized Visconde.

Abeifa believes it is time for the Inovar-Auto program rules to be reviewed, since "its major message, of local production, has been met." According to the president of the association, an increase in the quotas would also help the country "avoid attrition with the WTO."

According to him, the proposal was well received at MDIC, albeit without any indication of acceptance. However, he is quite optimistic by what he considered to be "good will" of the government in at least listening to Abeifa's request.

Another issue discussed at the meeting was the continuity of the hybrid and electric vehicles program, which did not advance beyond the lower import tax for models without the plug-in system. Visconde added that "at the time, the hybrid scenario was different, and since then, has evolved well, allowing us to discuss the issue once again."

According to him, the adoption of measures of lower taxation on this type of vehicle would help Brazil insert itself in the global context, in addition to creating the critical market mass to enable the adaptation of the technology to the country's market.

Result - Sales of passenger and light commercial vehicles of Abeiva members totaled 55.3 thousand units during the first seven months of 2015, which represents a slight growth of 0.2% when compared to the same period in 2014.

However, this ratio was only achieved thanks to the increase in local production of some of its members, especially Jeep and BMW, in addition to Chery.

If only imported vehicles are taken into account, this total would be 38.2 thousand units, representing a drop of 29% when compared to the first seven months in 2014, when the association's members registered sales of 55.2 thousand units, all brought from abroad. At that time, none of its members produced locally.

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Vehicle production down 11.8% in Argentina

AutoData Newsdesk | redacaoad@autodata.com.br



Vehicle production in Argentina registered a drop of 11.8% according to figures released by Adefa, the local manufacturing industry association. Between January and July, vehicle production in the country totaled 315.5 thousand units, when compared to 357.7 thousand units produced during the same period last year. In July, production in Argentina totaled 45.2 thousand vehicles, a drop of 16.4% when compared to June, and a drop of 8.2% when compared to the same month in 2014. According to the association, 56.2 thousand vehicles were sold by the country's dealers in July, representing a drop of 8.2% when compared to June, and an increase of 3.7% when compared to the same month last year. Between January and July,

348.1 thousand vehicles were sold, representing a drop of 3.5% when compared to the same period last year. Exports, which totaled 21.8 thousand vehicles, registered a drop of 9.4% when compared to July 2014, and a drop of 22.7% when compared to June.

Between January and July, shipments totaled 154.1 thousand units, a drop of 21.1% when compared to the same period in 2014. Brazil acquired 51.3 thousand units less during the period - and, as the major customer of Argentinean models, brought down exports to the country. Approximately 78.3% of shipments from Argentina are destined to the Brazilian market. Mexico, second biggest customer, acquired 5% of the total vehicles shipped abroad by Argentina.

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Motorcycle production down 25.2% in July

AutoData Newsdesk | redacaoad@autodata.com.br

Production at the Manaus Free Trade Zone, in the capital city of the state of Amazonas, registered a drop of 25.2% in July when compared to the same month in 2014. Figures divulged by Abraciclo on Tuesday, 11, indicate production of 101.7 thousand motorcycles when compared to 136 thousand units produced a year ago. When compared to June, there was a drop of 13%.

During the first seven months of the year, motorcycle production totaled 800,000 units, a drop of 12%. During the first seven months of last year, production totaled 908.9 thousand units.

Wholesale sales totaled 752.7 thousand units during the first seven months of the year, a 9.3% drop when compared to the 829.7 thousand motorcycles sold to the dealers between January and July 2014. Last month, the industry registered sales of 93.7 thousand motorcycles, a drop of 17.1% when compared to the same month last year, and a drop of 7.3% when compared to June.

At the retail level, sales totaled 794.4 thousand units between January and July of this year, representing

a drop of 10.6%. In July, 107.7 thousand motorcycles were licensed, a drop of 11% when compared to the same month last year, and an increase of 6.6% when compared to June. The average daily sales volume, however, was lower: in June, which had 21 days of sales, it totaled 4814 units, dropping to 4684 units during the 23 work days of last month.

In a press release, the president of Abraciclo, Marcos Fermanian attributed the results to the collective vacations implemented at the plants and the uncertainties within the macro-economic context in the beginning of this semester, due to the increase in inflation, unemployment, and lower credit offering for the acquisition of vehicles. However, he tried to be optimistic:

“Despite of this, vehicle manufacturers remain confident and are launching new products. We believe that the Two Wheels Show, which will take place at the Anhembi Pavilion in São Paulo between October 7 and 12, will present various features that should attract consumers and possibly drive the motorcycle market.”

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