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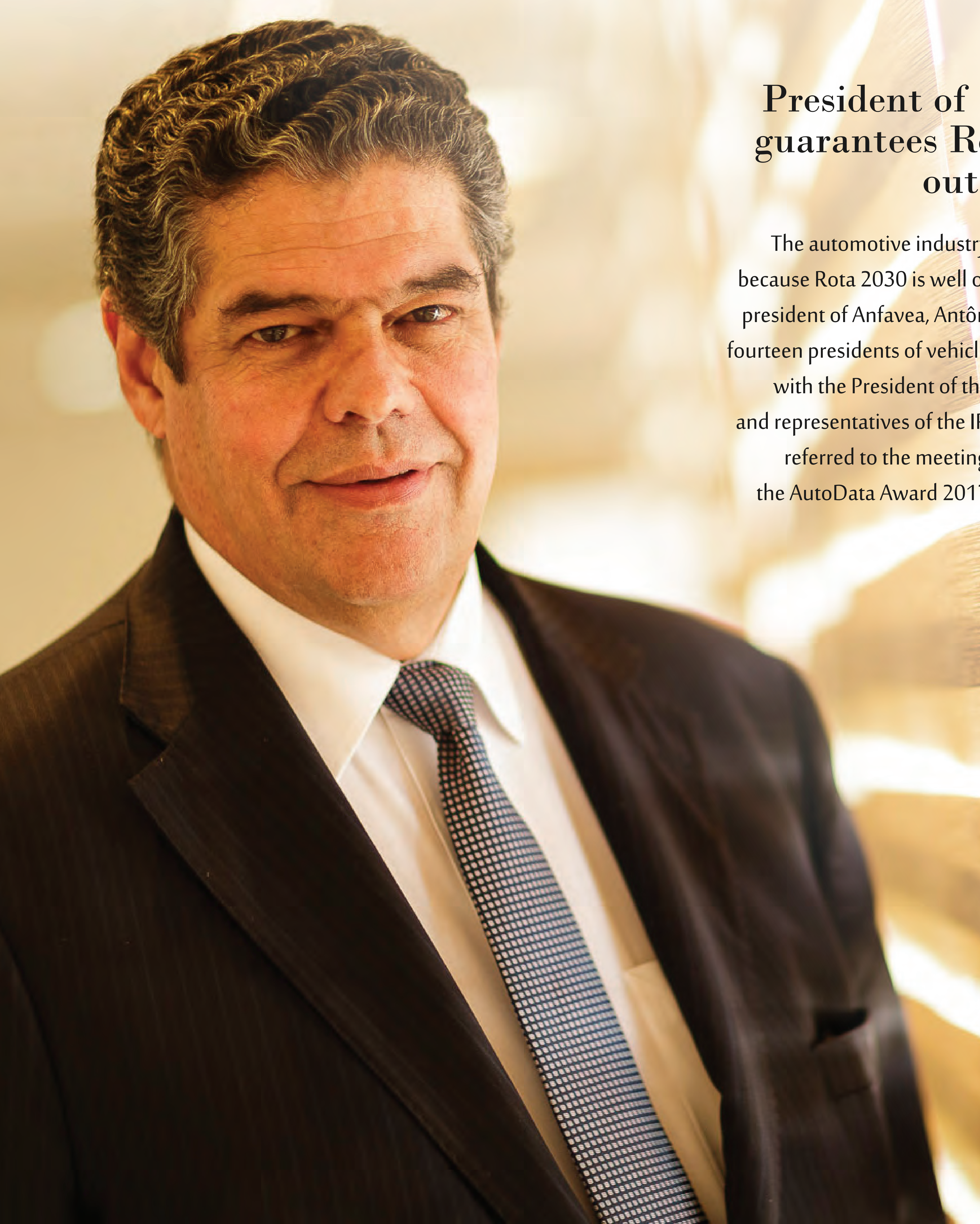

# President of the Republic guarantees Rota 2030 gets out of the paper

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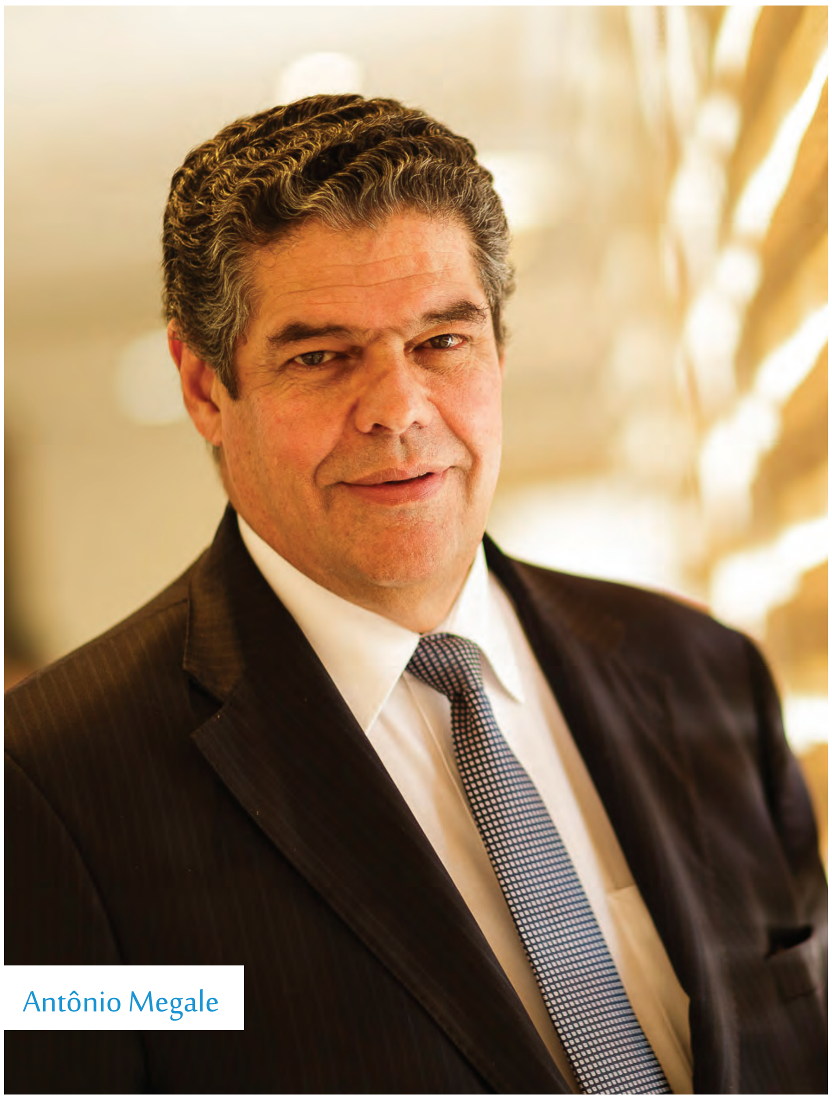

Antônio Megale

Christian Castanho

# President of the Republic guarantees Rota 2030 gets out of the paper

Gilmara Santos | gilmara@autodata.com.br

The automotive industry does not need to worry because Rota 2030 is well on its course, affirmed the president of Anfavea, Antônio Megale that met with fourteen presidents of vehicle automakers companies with the President of the Republic, congressmen and representatives of the IRS in Brasilia, DF. Megale referred to the meeting during the ceremony of the AutoData Award 2017 delivery on the night of Wednesday the 22nd.

"There's no reason to panic. I'm convinced that a new regulatory mark for the sector will come out. The president himself guaranteed it."

According to Megale the president did not make any comments about the possible conditioning of Rota 2030 to the closing of the commercial agreement with the European Union: "There is no conditioning with the automotive industry specially because the European Union issues involves the agribusiness sector. There is no connection with the automakers and at any point there was any mention to that in our treaties with the government".

Report published by Folha de São Paulo newspaper on Friday the 17th, said the federal government wanted to prioritize the commercial agreement of Mercosul with the EU and then would have decided “not to implement Rota 2030 until the agreement between the two blocks have been settled”.

**Tributary** – Despite the government guarantees the sector that there will be no conditioning based on the agreement with the EU the tributary question still remains under review: “The structure of the program is still not defined. What is being said today is that we will have an IPI, taxation over industrialized products, in the shape of Inovar-Auto with aliquots of 10 or 15 percentage points and the companies that comply will have to fulfill some obligations such as investments in innovation for example. But it’s worth to highlight that the automakers do not want fiscal exemption: what we want is higher predictability for the companies”.

By Inovar-Auto, that is valid until December the 31st, the manufactures need to reach specific goals in P&D investments, engineering spending, industrial technology and supplier’s capabilities besides the mandatory production of more economic vehicles and insurance to have the benefit of reducing 30 points of IPI. With the proposal of Rota 2030 this benefit would drop to 10 or 15 percentage points.

In time: the manufactures are still paying the IPI normally by cylinder capacity, which is 7% for vehicles up to 1.0, 11% of 1.0 up to 2.0 biofuels, 13% to 1.0 up to 2.0 by gas, 18% over 2.0 biofuel and 25% over the 2.0 by gas.

“We have to discuss the industry that we want. It is of great importance to invest in technology development to meet local needs, as it is for ethanol. We have to invest in research and adequate development for the flex car for example, because the rest of the world will not do that for us and if we don’t do it we risk the very use of ethanol.”

Megale affirmed that Inovar-Auto guaranteed an economy of R$ 7 billion in consumption of fuel because the companies are now investing more in technology: “Not to mention the extraordinary reduction of $CO_2$”. WE

# Polo and Virtus bring third shift of production to VW in SBC

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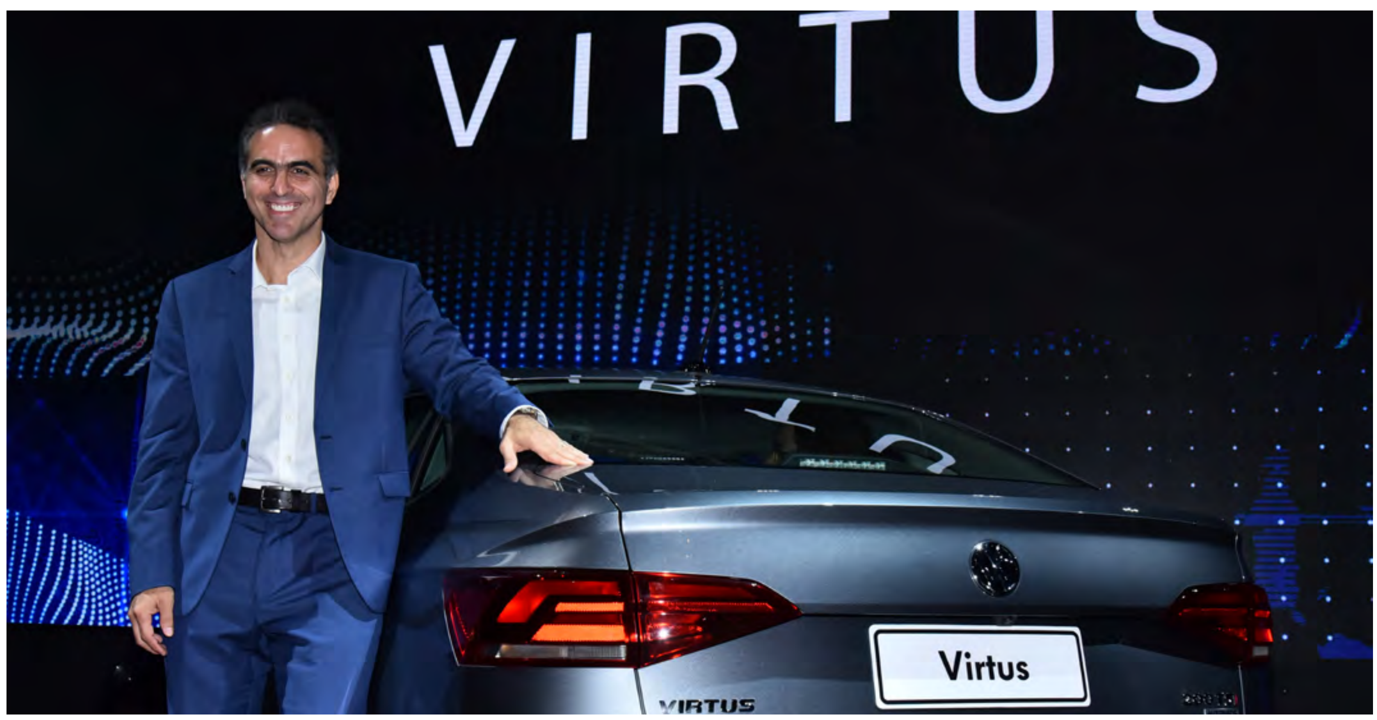


VW

Volkswagen confirmed this Thursday the 23rd the resuming of m production in three shifts on its factory in São Bernardo do Campo, SP, due to the production of Polo and Virtus models. The return of the third shift was promised during the announcement of the new models in August by the then president of the company, David Powels that was succeeded by Pablo Di Si in October.

According to the company the return of the three shifts was done gradually followed by the acceleration curve of production of the new Polo. In one first stage, in August, the factory went back to operating five days a week, which allowed them to stop using the PSE, a social security program.

The production of the VW new models is part of the investment of R$ 2,6 billion announced in August that was applied in development, production and launching. There were 214 tools of press shops built, 373 robots installed in the welding area and remodeling of the areas of planning, infrastructure, IT and logistics.

WE

# GM is chosen Company of the Year in the AutoData Award

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Christian Castanho

General Motors was chosen company of the year in the AutoData Award 2017 – choice made in the environment of the eleven that won in business categories.

The publisher of AutoData, Márcio Stéfani, reminded that the definition of the company of the year is made, always, by a specific committee: "This committee took under consideration several aspects and concluded that General Motors gathers all the characteristics to be the great awarded of the night".

Even faced with an adverse scenario of economic crisis the company was able to stand strong in leadership of the Brazilian market of passenger vehicles and light commercials throughout the past years. It invests more than R$ 1 billion in construction of its second factory of motors in Santa Catarina.

The president of GM for Mercosul, Carlos Zarlenga, received the honors of the night this Wednesday the 22nd. In the occasion was also celebrated the first 25 years of AutoData Publishing. WE

# Personality of the year Award has four winners

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The Brazilian automotive sector gathered on Wednesday night the 22nd to watch the delivery of AutoData Award 2017 on its most competitive edition, according observation by AutoData publisher Márcio Stéfani: "We reached a historical record of votes, with more than 7 thousand registered in the new website of AutoData agency".

One of the news of this edition is the choice of four personalities of the year replacing the former one: "In the year that we celebrate 25 year of AutoData, and faced with a fierce competition, we made the decision to choose four personalities of the year due to the whole work of these professionals". The four winners were:

Antônio Megale, president of Anfavea, for being the biggest conductor of the needs of the company faced by public opinion and the government. And also responsible for thinking of the sector long-term wise and acting in a decisive manner on Rota 2030 negotiation;

Besaliel Botelho, president of Robert Bosch, have been showing himself as an important leader in the auto parts sector. He has active participation and does not hesitate in having his own opinions and give voice to the sector;

Carlos Gomes. President of PSA, came in a moment where the group has doubts on the maintenance of its activities in Brazil. He did a restructure work and put the company back on track of competitiveness; and

Roberto Cortes, president of MAN, is the image of the commercial vehicles segment, which he can pull up with his courageous and positive attitude.

"The four are leaders and got to the election with an incontestable record of great legacy for the automotive sector. It is only fair that all of them were awarded."

WE

Christian Castanho

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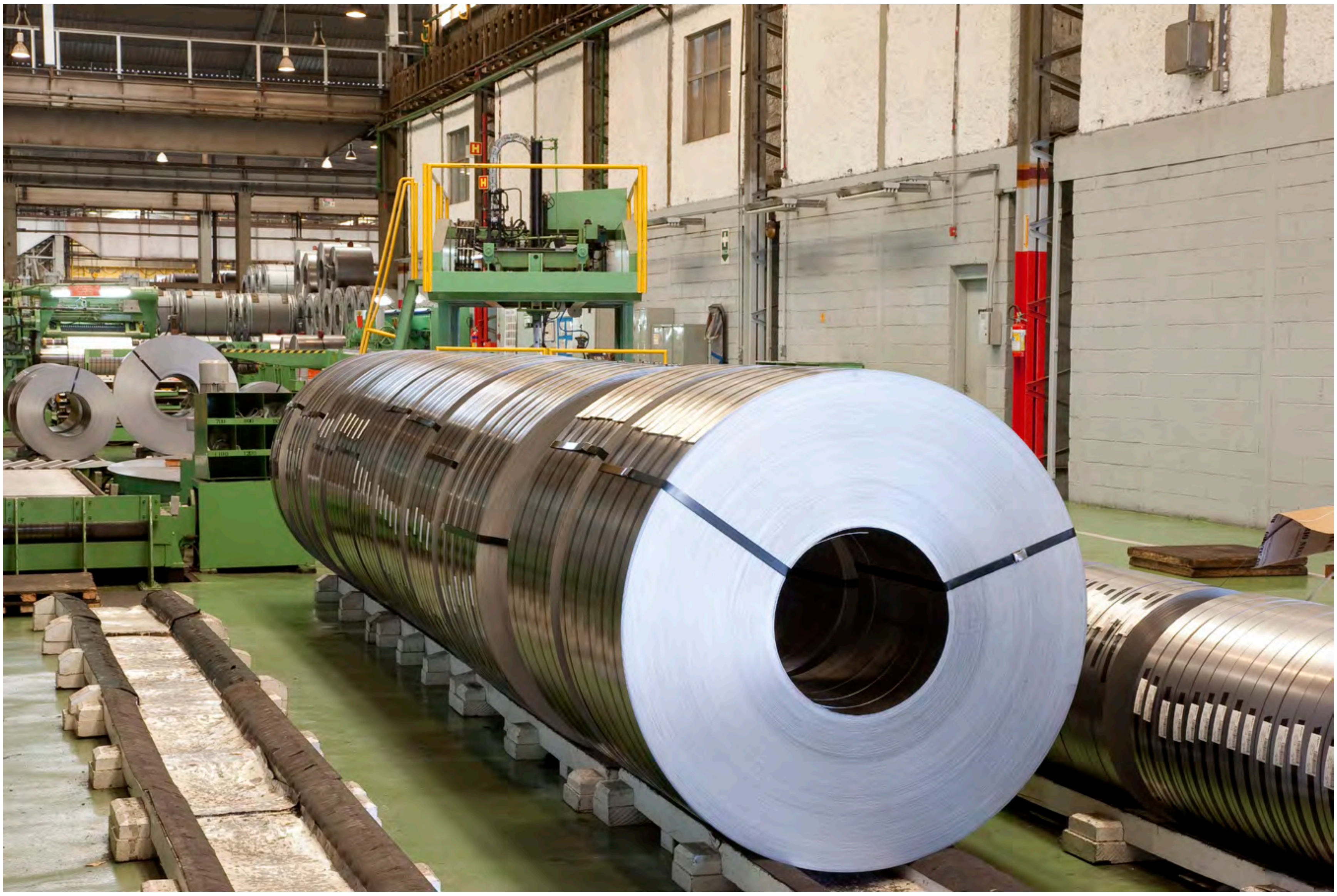
João Mantovani

Simão Salomão




# Steel production kept growth in October

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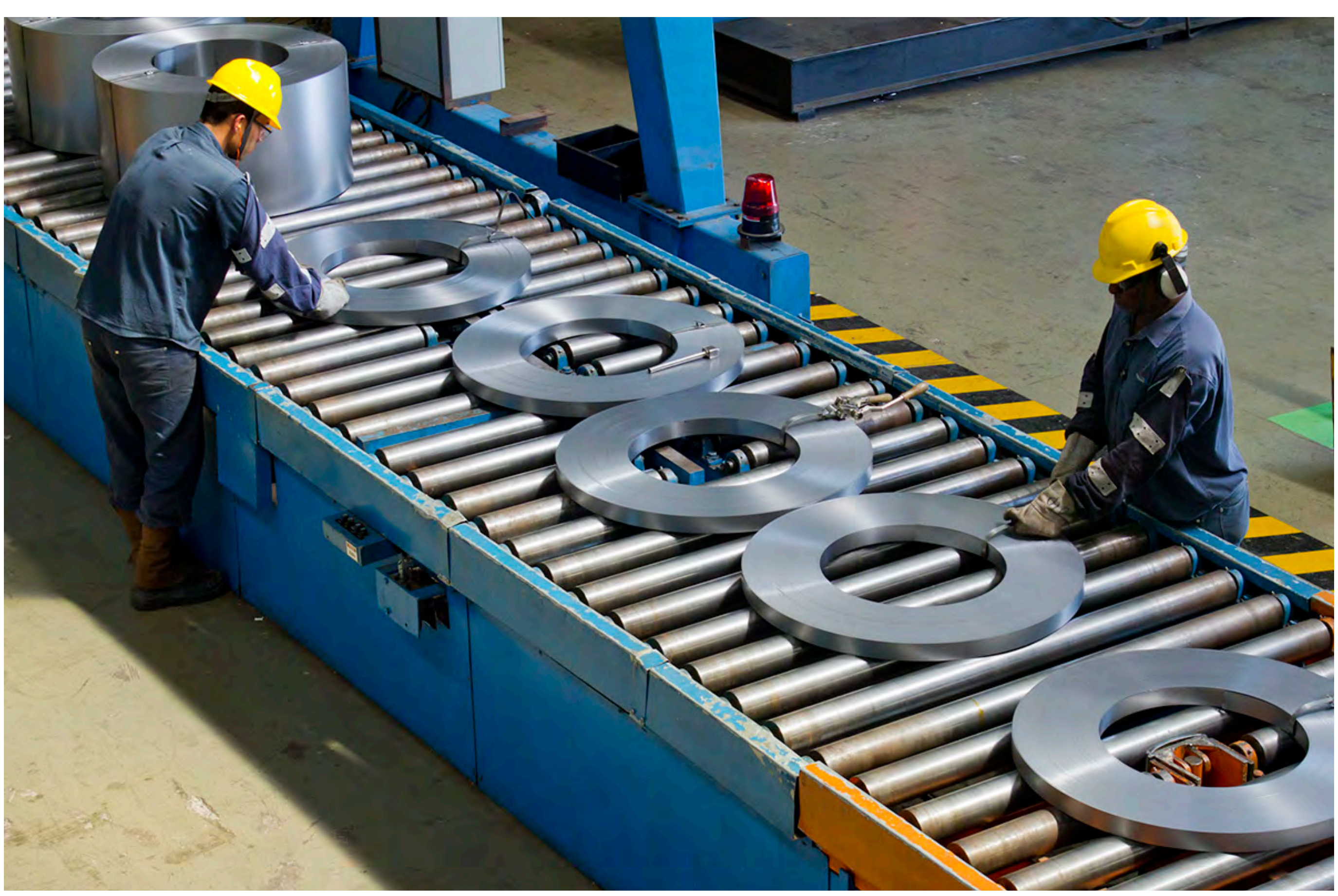
From January to October of this year 28 million 513 thousand raw steel came out of the over of the Brazilian industries, a production that surpasses in 8,5% the input volume benefited in the same period of last year, indicator that the industrial activity kept growing the material consumption. Despite the performance of some sectors of the economy the reactivation of the production from Companhia Siderúrgica do Pecém, CSP in the second semester of 2016 influenced in the production's increase.

According to Worldsteel, association of world producers of steel, the Brazilian production in the month of October was 3 million 45 thousand tons, a high of 3,9% compared to September's volume. The automotive sector helped pull steel consumption last month: 249,9 thousand vehicles were produced to meet the external as well as internal markets that have been recovering the pace of sales.

In the global context the steel production reached 145 million 254 thousand tons, a high of 5,9% compared to the production in September. In the overall of the year 1 billion 410 million and 527 thousand tons have come out of the oven, 5,6% more than the benefited volume in ten months of 2016. The global production reached in October kept power plants occupation in 73%.

China follows as the biggest world producer of steel: from January to October it produced 709,5 million tons, 6,1% more than the volume produced in the same period last year. Japan comes following right after with 87 million 239 thousand tons, a drop of 0,2% over the same period last year. There's a growth also registered in India, third biggest global producer, with 84 million 123 thousand tons, a 6,4% growth. Closing the group of the 5 biggest producers comes the United States with 68 million 364 thousand tons and South Korea with 59 million 148 thousand. WE



# Fiesta bets in connectivity to fight with Polo and Argo

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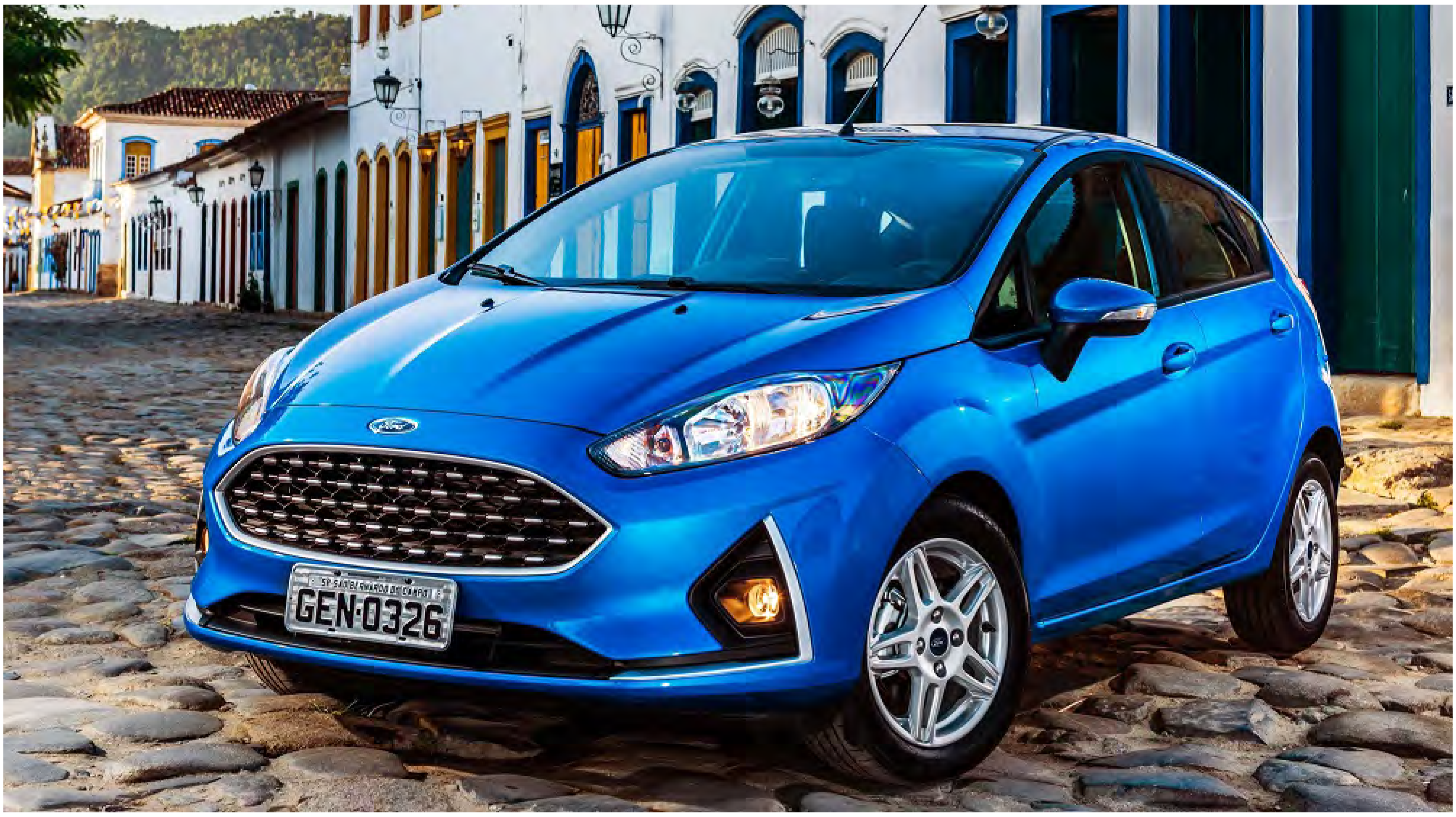


Ford

The segment of compact premium Hatches heated up with the arrival of new competitors such as the new Volkswagen Polo and Fiat Argo that gathered with models such as Citroen C3 and Peugeot 208. Faced with this new scenario Ford launched this Friday the 24th the Fiesta 2018, with major changes focused on visual and connectivity levels and prices from R$56 thousand to R$75 thousand and 190.

The visual changes in the Fiesta 2018 are: new frontal grid, new bumper and hood, headlights for daylight driving. In the back the highlights are on the backlights and bumper. Internally the multimedia system now has SYNC 3 technology that is used in top of the line models such as

Fusion and Ecosport. There were also some changes in dampers calibration and density of the cushion used in seats.

**Prices and Versions**

**New Fiesta 1.6 SE** – R$ 56 thousand 690
**New Fiesta 1.6 SE Style** – R$ 59 thousand 590
**New Fiesta 1.6 SE Plus Powershift** – R$ 62 thousand 390
**New Fiesta 1.6 SEL** – R$ 61 thousand 090
**New Fiesta 1.0 Ecoboost Style** – R$ 69 thousand 970
**New Fiesta 1.6 Titanium** – R$ 71 thousand 190
**New Fiesta 1.6 Titanium Plus** – R$ 75 thousand 190

If the interior and the visual changed, over the bumper the options are still the same, sigma motor 1.6 flex 125 horse power with gas, 128 horse power with ethanol and 1.0 ecoboost also with 125 horse power. The options for shift are also the same: manual with 5 gears and automatic with six gears and double clutches.

Different from the launch of the new Ecosport when Ford invested heavenly and renovated practically the entire interior of the SUV and changed a little bit of the visual, for Fiesta 2018 the spending was less and, according to sources linked to the company, that happened because the SUV sector is more heated and the automaker needed to invest more to continue to be competitive and be able to compete with models such as Honda HR-V and Hyundai Creta, while in the segment of premium compact hatches the company believes this change in Fiesta is enough to keep competitiveness and keep its space.

The company does not work with sales expectations but the marketing manager, Fernando Pfeiffer, commented about the subject: "If you ask me if I'm satisfied, I would say no, there's always room to grow and we want to keep gaining market with this model". Currently the average sales of Fiesta is 1,5 thousand units with 15 thousand 664 licensing from January to October, according to data released by Fenabrave.

**New 1.5 Dragon motor** – The 1.5 Dragon flex motor, that debuted in Brazil in Ecosport being imported from India, was considered to be used in Fiesta but Ford opted to follow the same options of powertrain.

But that can change since this new motor is in the process of homologation in Brazil and will start to be produced in less than six months at the factory in Taubaté, SP, along with sigma that will not cease production. With the nationalization of the motor and the information that the company had already thought about equipping Fiesta with this new feature, good news may come in 2018. WE

# Continental hopes for 3% growth in the tire market

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Continental

The signs of Brazilian economy recovery take the vehicle manufactures and suppliers to draw a positive scenario for business in 2018. Renato Sarzano, vice president of tires of Continental in South America, for example, joins the core of optimistic executives:

"The tire market is very linked to the PIB. That is: historically when the economy grows our market also does. We hope the tire segment grows 2,5% to 3% next year, just like the PIB".

He opened space for an expectation of elevation in tire sales for automakers, the OEM, based on the potential reaction of the new vehicles market. He pointed out the stability of the replacement market.

Sarzano surely believes in the growth of the automobile market in 2018. Without setting any numbers he highlights some segments: "The sales of SUVs and pickups are the ones that should grow more. I just don't believe in the growth of the segment of entry levels: that should stay as it is".

To reach those expectations he observes his point of view is based on a few factors: "The market is dammed up, a lot of companies need to buy and renew their fleets and that should heat up the sales. The low interest rates also help in promotions and consequently attracting new clients".

Rogério Sarzano also considers that a detachment of the economy from politics will happen, even with the elections next year, different than what occurred in 2014: "Election year brings a natural unpredictability but I think the market will be less affected compared to 2014 since the economy show signs of having its own life and the election will be less impactful. But the economic indicators need to be as good as today's".

Sarzano also spoke about his expectations of credit release and job creations: "If the PIB grows more people will go back to work and like that would be easier to obtain credit. If there's credit available and people with clear scores to get them the industry will move forward" WE

# CAOA-Chery defines its first steps

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The CAOA-Chery, company created by the alliance announced in the beginning of November, took the calmness after the closing of the most important business of the automotive sector of the year to present the details of the conjunct operation that will start in January 2018.

The offer of new models is not yet defined but it is known that two factories of the company in Anápolis, GO and Jacareí, SP will work different platforms in parallel with the current production. In Goiás will be kept the manufacturing of Hyundais among the new Chery products, even though it circles around the market the information that CAOA will cease to produce Korean cars. São Paulo should concentrate the production of compact vehicles of Chery.

The US$ 2 billion announced as total investment of the enterprise for the next five years will come out of distinct sources according to applications. According to the settled agreement between the companies, improvements in the Chery factory, such as adaptation to produce new models, will be funded by the pockets of the two partners, as for the services demanded by marketing and network expansion. The same criteria will not be utilized in the CAOA factory.

According to Mauro Correia, president of CAOA, the factories continue to operate independently. There will be operations integration but in a non-centralized fashion: "Each unit will continue with its director. The operation of each factory will be divided by platform". In one unit compact vehicles will be produced; in the other SUVs.

About the maintenance of the models QQ and Celer in Jacareí lines, the executive said that cycles of both models are being evaluated: "It is what we've been defining now. In the beginning the current production will be kept there. We will also have imported in the portfolio as well". Despite having all international portfolio of Chery for disposal it is not clear of CAOA-Chery will insist in sales of both models that are unable to boost commercially around here or if other new vehicles will be produced.

In the compact segment, where the company competes with the QQ, models of other manufactures launched recently start to consolidate, making the fight more intense. The QQ has its price as an advantage – it costs R$ 26 thousand and is the cheapest car in the country. Starting now it will count on the publicity and marketing machine of CAOA with a network of 180 dealerships.

Luis Curi, president of Chery, believes in a new beginning for both models based on the partnership. To him, the company faced difficulties to adapt to the national market: "In Brazil the automakers worked after a long time or counting on a local partner. The president of CAOA is known as a brand maker. That was exactly was Chery needed". The mentioned president, Carlos Alberto de Oliveira Andrade, is the biggest seller of Ford vehicles in Latin America and helped Renault and Hyundai create roots in Brazil to the point of headquarters factories being placed here.

The negotiations of partnership started in April of 2016 with Chery taking the initiative to knock on CAOA's door. There were no other competitors, affirm the executives. After evaluating the energy, it was noticeable that the business would be viable for representing the opportunity of having a broader network in the country, on the Chinese side, and access to products with new technologies, on the Brazilians side. However what really sealed the deal was the possibility of making the CAOA-Chery operation a base of exportation of vehicles in the Americas region.

According to Curi, "there is a clear orientation of the Chinese government to internationalize the companies which have corporate partnership". According to the executive, acting locally, with a factory, rising the chances of success, but it's necessary that the company is adapted to the market. "In our case it is a union of complementary forces. Chery needs to take off permanently in Brazil and in all Latin America."

CAOA also saw possibilities of setting China's flag with the closing of the business with Chery. To Mauro Correia, the Asian country is seen as the new global central of the automotive industry and its base of production is a focal point of all manufactures of the planet: "Doctor Carlos has always been a visionary, its is in his history. Hyundai is a brand he helped transform into this potency. And he saw the same in Chery. He knows that China shows itself as the new frontier of the automotive industry". WE

# Consortium sales for automobiles grows 14,7%

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AD

The consortium system celebrates the good performance in sales of new quotas this year, according to data released by Abac, Associação Brasileira de Administradoras de Consórcios. In the case of light vehicles the accumulated high is of 14,7% with 827,1 thousand quotas sold against 721,3 thousand in the same period last year. The commercialization of new quotas for motorcycles showed reduction of 3,9% from 666,3 thousand units in 2016 to 640,1 thousand units now.

The general overall of new quotas in the first nine months of the year reached 1 million and 750 thousand units, 9,4% more than the 1,6 million registered in the same period of 2016.

The commercialized credit generated by sales of new quotas amounted to R$ 73,5 billion from January to September a high of 29,3% related to the same period last year, R$ 56,8 billion.

For the association, in a statement, "the growth observed in the consortium system since May of last year allows us to reiterate that with a dose of optimism we should close 2017 with amplification of consortium business related to 2016 and with good perspectives for 2018 considering no significant occurrence in the political and economical happens in the next months".

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# GM will renew portfolio to gain more room in the Chilean market

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General Motors intends to renovate its portfolio of products in Chile with the objective of regaining the leadership in sales there, third most important market of South America, considering that the latest results were fairly positive. The affirmation is from the president of GM in South America, Fernando Aqudelo, released by the website Flash de Motor.

The GM portfolio revision sold in Chile will imply more attention to segments such as SUVs and pickups. Another bet from the company will be the creation of a pilot plan to launch electric vehicles that could reach neighbor markets.

During the AutoData Perspectives Congress 2018 the president for Mercosul, Carlos Zarlenga, had already said the company also intends to be the sales leader of electric cars in South America, just like it happens with the ones with internal combustion motors. According to information published in Tuesday the 21st by Flash de Motor, this project will start in Chilean operations:

"As current leaders in the Mercosul market it is natural that we are also leaders in the electrification of vehicles in the region. This is a challenge that General Motors accepts".

The company released that from 2014 to 2020 it intends to invest R$ 13 billion in South America like this: R$ 1,2 billion for the factory in São Caetano do Sul, SP, R$ 1,4 million to Gravataí, RS and R$ 1,9 million to Joinville, SC being the last dedicated to motor production. The total investment in national factories is R$ 4,5 billion until now.

Still under the expansion plan in the region Zarlenga spoke about the expectation of growth in the Argentinian market that in 2017 and 2018 will be in 900 thousand units climbing to 910 thousand in 2019, to 940 thousand in 2020 and 970 thousand in 2021. WE

# Volvo will supply 24 thousand cars for the first Uber fleet

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Volvo announced on Monday the 20th the supply agreement of 24 thousand vehicles for Uber, company of passage transportation that will form its first automobile fleet – today the services of the company are offered exclusively with cars of drivers registered in their database. The fleet will be composed by the model SUV XC90 and will circulate in US cities not yet released by the company. The deal between the companies has a three-year agreement.

This is also the biggest contract closed by the vehicle manufacturer. According to Jeff Miller, director of the automotive alliances area of Uber, weighted in favor of Volvo in the choosing process of supplier the fact that the manufacturer has the SPA platform in its vehicles where it is possible to have autonomous driving: "That was important because it was the most modern electrical design of the automotive industry which allowed us to integrate several of our systems inside of it perfectly".

The companies have been working together for the past three years developing the vehicles that will be utilized by Uber. Miller said that several modifications needed to be made in the direction and break systems of the final product: "These two elements in which we are making modification for the vehicle to operate as autonomous of level 4 contrary to level 2 or 3. We also have to incorporate sensors along side the vehicle".

This is not the first job as a group with the two companies. In August of 2016 they announced a deal of US$ 300 million for 100 units of XC90 for the launch of the first program of Uber training in Pittsburg, in the US.

The XC90s that Volvo will supply Uber will come from the factory of the manufacturer in Torslanda, Sweden. Hakan Samuelsson, CEO of Volvo, affirmed that Uber could also receive cars produced in the Volvo factory installed in Charleston, South Carolina. WE

# Digital services open paths of ABB in Brazil

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Traditional supplier of robots for the automotive industry, the ABB is moving around the market to position itself as the company in the services of automation – a big line that at least in the vehicle sector is evaluated is little explored. It's sort of a change in paradigm after 105 years completed in 2017 consolidating in old school robotics in processes such as welding and painting. The goal of the company for Latin America is to retain in five years a slice of up to 10% of the US$ 20 billion that estimates being the size of the global market of digital services. To reach that the path points to automakers partners that are experimenting technological evolutions in its lines.

The cycle of vehicle launches in Brazil and a wave of investments that have been announced for the factories here and in Argentina, for the next years, were factors that made the company adjust the radar of its services area for the region – in the third trimester the global revenue grew 11% compared to the result obtained in the same period of 2016, according to the company balance released in October. The expectation is that the offensive of its services over clients who already have a long relationship with would make this percentage rise in 2018.

That is because the companies would be inclined to absorb new technologies that improve production according to the global president Ulrich Spiesshofer: "We have inside our company the accumulated knowledge throughout all these years over the operation of several clients around the world. What we did was gather all that experience in digital platforms that could render improvements and savings to those companies that we already have a relationship with. The time has come for the sector to enter the digital wave".

The executive has been in Rio de Janeiro in the beginning of the month to present plans in the services area for the next years in an event that also celebrated the anniversary of the company. In the opportunity was launched the services packet ABB Ability, the bet of the company for several sector including the automotive one. It's about a group of services that involve monitoring of machines, simulation of lines of production, energy and connectivity management, just to mention the services directed to manufacturing, segment in which is inserted the automotive industry.

The introduction of this technology within the manufactures that act in Latin America could represent the standard jump the industry has been showing to search for to raise the competitiveness of local vehicles in other markets. About this topic, Spiesshofer said he bets on this kind of technology took the industry of some countries to occupy highlighted positions currently: "The advancement of robotics in South Korea, just to mention an example of an industry that grew rapidly, transformed it in a reference in vehicle manufacturing, among other products. The South Korean companies are today among the most advanced in terms of technology and job creation".

The Brazilian industry has a considerable low level in robotics. We estimate there is 1 robot for each ten thousand employees, as for Korea; for example, the proportion is 478 robots for ten thousand. Still 70% of the five thousand robots ABB in operation within automakers in Brazil form a volume that turns interesting the offer of digital services here.

Along with the strategy announced in August, of doubling the number of robots connected in the country, ABB should involve Ability and other services in negotiations with vehicles manufactures.

In the Americas the participation in robotics represented in the third trimester 34% of the revenue in the region, having the automotive area as one of the major vector of local growth. The sales of the division grew 4% compared to the same period of 2016, scenario that resulted in revenue elevation that grew 8% related to the trimester last year.

The commercial performance of the company could follow in growth route due to growth caused by awaited launches of the automobile sector: there will be eleven next year and with them investments in new lines of production will also come. Even if the investment agreements are usually closed by the headquarters, for ABB as well as the manufacturer, the Brazilian division of services of the company performs and important role in prospecting and suggesting new technologies to automakers that according to ABB are available to listen to what they have to say in terms of digital services. WE

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