

AutoData

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Strike leaves sector without Rota and without production

São Paulo - The Brazilian automotive sector has received two bad news in recent days. Earlier this week executives were anxiously awaiting approval of the new industrial policy, Rota 2030, an event that was eventually relegated from the government because of the truckers' strike. Aside from postponement, production of vehicles was stopped in at least nineteen automobile factories in the country on Thursday, 24. In the truck segment, production stopped in five units...

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CHECK BELOW WHO ARE THE EXECUTIVES INVITED AND MAKE YOUR REGISTRATION FOR THIS IMPORTANT SEMINAR OF AUTODATA:



Antonio Megale
President of Anfavea



George Rugitsky
Counselor of Sindipeças



Christopher Podgorski
President CEO of Scania



Marco Silva
President of Nissan



Ana Theresa Borsari*
General manager of Peugeot/Citroen



Miguel Fonseca*
Vice-president of Toyota



Gustavo Luis Schmidt*
Vice-president of VW



João Batista Ciacio
Marketing director of FCA



João Pimentel
Director of Ford Caminhões



Marco Borba
Vice-president of Iveco



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Trucks Commercial Manager of Volvo



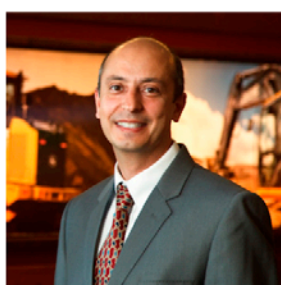
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President of Volvo CE



Osias Galantine
Director of Aethra



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Roberto Marques
Director of John Deere



Luis Pasquotto
President of Cummins



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Strike leaves sector without Rota and without production

Bruno de Oliveira | bruno@autodata.com.br

São Paulo - The Brazilian automotive sector has received two bad news in recent days. Earlier this week executives were anxiously awaiting approval of the new industrial policy, Rota 2030, an event that was eventually relegated from the government because of the truckers' strike. Aside from postponement, production of vehicles was stopped in at least nineteen automobile factories in the country on Thursday, 24. In the truck segment, production stopped in five units.

According to AutoData, with regional unions and the manufacturers, the lines will remain in operation until Monday, 28. The BMW plant in Araquari, SC, Hyundai installed in Piracicaba, SP,



Marcelo Pinto/AP/Alaia

where the HB20 and Creta models are produced, , and the Mercedes-Benz's truck and bus plant in São Bernardo do Campo, São Paulo, which started production on Thursday after a nine-day strike.

The sector still can not measure how many vehicles it stopped producing in the week due to the strike, since the lines were stopped gradually until the fourth day of protests. In April, when 266 thousand units were produced in the country, the average weekly production was 12.6 thousand vehicles in 21 working days, the same amount of working days in May.

The situation slows production that was increasing in order to supply the demands of the domestic market and exports and may affect the production projections drawn by the sector in January. Anfavea estimated production of 3 thousand 55 vehicles for the year, which would represent a volume 13.2% higher than the one seen in 2017. In the four months 965 thousand 865 vehicles were produced, an increase of 20.7% in comparison with the same period last year.

The damage to production, however, may extend to next week, as the resumption would not be immediate after the resolution of the crisis that affected the national economy in recent days. According to a source from the automotive sector heard by the report, it takes about two days, from a possible end of the strike, so that production in the lines of the manufacturers are normalized.

There is also another aggravation faced by the manufacturers at the moment, apart from the domestic supply. The strike of the truck drivers also hurt the flow of components produced by Brazilian auto parts to the units installed in Argentina, said the source heard by AutoData.

Government negotiations with the truck drivers continued during all day long, on Thursday, 24, with no resolution until early evening.

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Megale: protagonism will be with those who develop knowledge

André Barros | andrebarros@autodata.com.br



Antônio Cruz/Agência Brasil.

The Brazilian government really needs to support the investments of the Brazilian automotive industry in research and development rather than limiting it. This is the personal opinion of Anfavea's President Antônio Megale on the likely application of a certain well-adapted law envisaged in the preliminary text of Route 2030 - he said: "it should occur in the next few days or weeks" .

As reported in the press in recent weeks the preliminary text of the automotive program provides an incentive of R\$ 1.5 billion in investment in research and development per year by automakers and systemists. This amount would be deducted from taxes such as income tax and CSLL, social contribution on net income, as in the legislation known as Lei do Bem. However, since these taxes

only relate to profitable operations, the possibility has been created for companies to receive these taxes. resources in a longer term - it was spoken in fifteen years, but Megale did not confirm.

“The government annually grants R\$ 300 billion in subsidies for various sectors. The automotive industry will get 0.5% of that value”, said the president of Anfavea on Monday, 21, after a press conference on the 2018 Motor Show. “My opinion: the government needs to support investments in research and development, not create a financial ceiling. In the future the protagonism it will be with the one who has more knowledge. Limiting investment does not seem to be the best prediction.”

Megale also said that the text could still have some changes until its publication. According to him Rota 2030 will be analyzed by the legal areas of the ministries of Finance and Industry, Foreign Trade and Services - and there are differences that can still change on some details.

Another important change, however, will be for a second phase of Rota, scheduled for after 2022: the changes in IPI charges for automobiles. Currently they are directed to the engines - models 1 thousand cc of displacement have an aliquot, from 1 thousand cc to 2 thousand cc of other displacement, and so on. In the future, after an adaptation phase, the IPI should be directed to the energy efficiency of the model.

“Changing now would create difficulties because Inovar Auto was thought of with the current table. Nothing will be changed in the short term, there will be a transition.”

What really will change is the taxation on hybrid and electric vehicles - but this, according to Megale, is out of Rota 2030.

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BMW in waiting time for Rota 2030

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Disclosure

São Paulo - The BMW Group is waiting for the definition of Rota 2030, the automotive program that will succeed Inovar-Auto, to define its next steps in the country, according to President Helder Boavida: "We need Rota 2030 to be approved to define what we will do in the next years. We have several models that are on the radar to be produced locally, but it is necessary to know what the program will contemplate to be defined."

The Araquari plant, in SC, produces vehicles on three BMW platforms: for the Series 3, for the X1 sport utility vehicle and for the X3 and X4, also SUVs. In the case of Mini novelties may also arise if Rota 2030 brings changes to the IPI of electric and hybrid models, which is an expectation of Boavida:

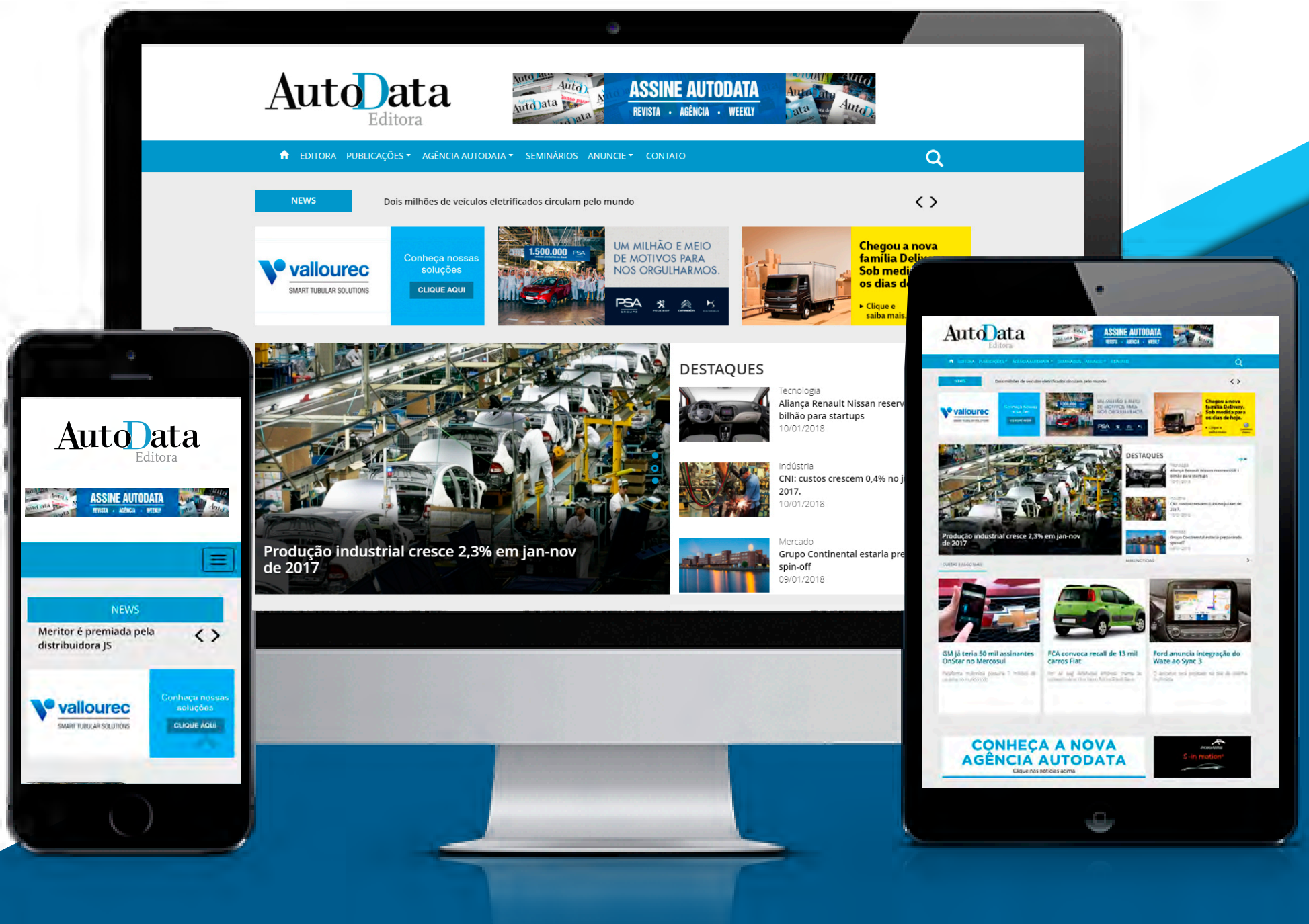
"A hybrid model of the Mini would be viable in Brazil in the short term, but for that to happen, we need the reduction, from 25% to 7% in the IPI of these models. If that happens, and when Rota 2030 is approved, we can bring one of our electrified models to Brazil."

While a hybrid version of Mini model does not appear in Brazil BMW prepares the launch of the new i3, an electric model, in June.

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Iveco confirms the good time for trucks

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Florianópolis - Iveco Latin America's vice president Marco Borba said on Tuesday, 22, in Florianópolis, SC, during the presentation event of the Daily City van, that the Brazilian truck market "has finally started growing again and is living very positive moment at the beginning of 2018":

"After suffering almost four years of continuous decline in our sales, we felt the beginning of the recovery at the end of the third quarter, last year, and this has continued in the first months of this year, with the first four months, closing with a volume above than we expected."

According to him, continuing the current pace, the truck sales of the segments above 3.5 tons that, last year, had already registered growth of 3% over the previous year, should be in the range of 80 thousand units in this 2018. This result, if obtained, will represent a 33% growth compared to the 2017 sales, which were 60.4 thousand trucks.

“Not long before we look at the Brazilian as a market that suffers from occasional problems. The Brazilian market is different”, Borba taught. “We are going through a difficult time, it is true, but since the end of last year we are already showing positive growth rates in both industry and retail and consumption. This year, we again have a good probability of GDP growth and we will have a new crop record of 230 million tons, and all this usually implies new truck sales.”

Still according to Marco Borba, this positive moment for Iveco in Brazil also extends to other countries in Latin America, with particular emphasis on Argentina: “The Argentine market is expected to be of 33 thousand units this year. We have a lot of tradition there for producing locally for almost fifty years and for leading the market above 16 tons.”

About the other Latin American markets, Iveco has also shown positive commercial performance, with the projection of exporting around 4 thousand trucks this year, a volume that, if achieved, it will be 76% higher than in 2017.

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Bosch grows in Latin America again

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Driven by the recovery of Brazilian vehicle production, Bosch closed last year with a 7% increase in its Latin American revenues, which totaled R\$ 6.1 billion. According to its president Besalio Botelho, the positive result reversed two years of decline in revenues: “We are growing in the region again.”

Brazil, responsible for 80% of Latin American

businesses, recorded R\$ 4.9 billion in sales. The mobility area, which includes the automotive business, is the most relevant within the Bosch Group, which also operates in the area of consumer goods, industrial technology, energy and building technology. As it represents 65% of the sales in the region, the resumption of the automotive industry in Brazil was fundamental for this resumption in growth.

“We started 2018 very well: we closed the first four months with a growth over 20%.”

According to the president of Bosch factories have gone through many adjustments in recent years. The workforce was reduced by 1,6 thousand people - today the company employs 8,3 thousand people in Brazil: “We have increased productivity, changed our portfolio and are looking for new businesses in other segments, such as agribusiness. But even in the recession we invest R\$ 100 million a year.”

In 2017 the investment was higher, R\$ 127 million, divided into three parts: modernization of lines and structure, portfolio development and industry 4.0. Another R\$ 162 million was invested in research and development - there are 400 professionals working in the area, of which 360 are focused on mobility.

Botelho affirmed that one of the few segments that showed a drop last year was the foreign sales, “which, because of the exchange rate, fell to 28% of sales. But it is a healthy index and that in 2018 is expected to grow, because we have competitiveness in the United States,

Europe and Asia”.

Diesel Challenge - In a more global scope the big challenge of Bosch is to prepare the diesel engines for the new emission standards in Europe, much more rigid. One solution has been introduced in recent weeks: a diesel-powered vehicle with emissions equivalent to one-tenth of today's propellants.

Botelho has designed that the diesel engine will still have its space in the industry, even with electric, hybrid and hydrogen cell solutions. According to him the discussion will leave the exhaust muffler to the whole chain of electricity production - in some countries with coal-fired power generation, the emissions of the electric, throughout the chain, could exceed the diesel engine.

Brazil, however, should have a separate role in this discussion, according to the president of Bosch. Although Botelho admits that the hybrids and electric will have a larger presence in the country, even more with the incentives that should come along with Rota 2030, ethanol, in his opinion, should gain a more relevant role in the eyes of the government.

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Agreement ends strike at SBC M-Benz

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São Paulo - Mercedes-Benz and the ABC Metalworkers' Union had an agreement and the morning shift workers ended the strike at the São Bernardo do Campo plant in São Paulo on Thursday, 24 September. The strike lasted nine days and was already on the agenda of Labor Justice, according to statements released by the company and the union.

The company proposal approved by the workers guarantees the salary replacement by the integral INPC, a real increase of 3% - 1.5% this year and 1.5% next year -, a wage allowance of R\$ 2,5 thousand foreseen for this year and the next and PLR payment in two installments in June and December.

The agreement, which is valid for two years, also provides for the renewal of social clauses and a correction in the value of the PLR in 2019 - replacement by the full INPC plus a 1.5% increase. Mercedes-Benz will

open a POS for monthly employees and will not reduce the working day and salary, as it was intended during the negotiations.

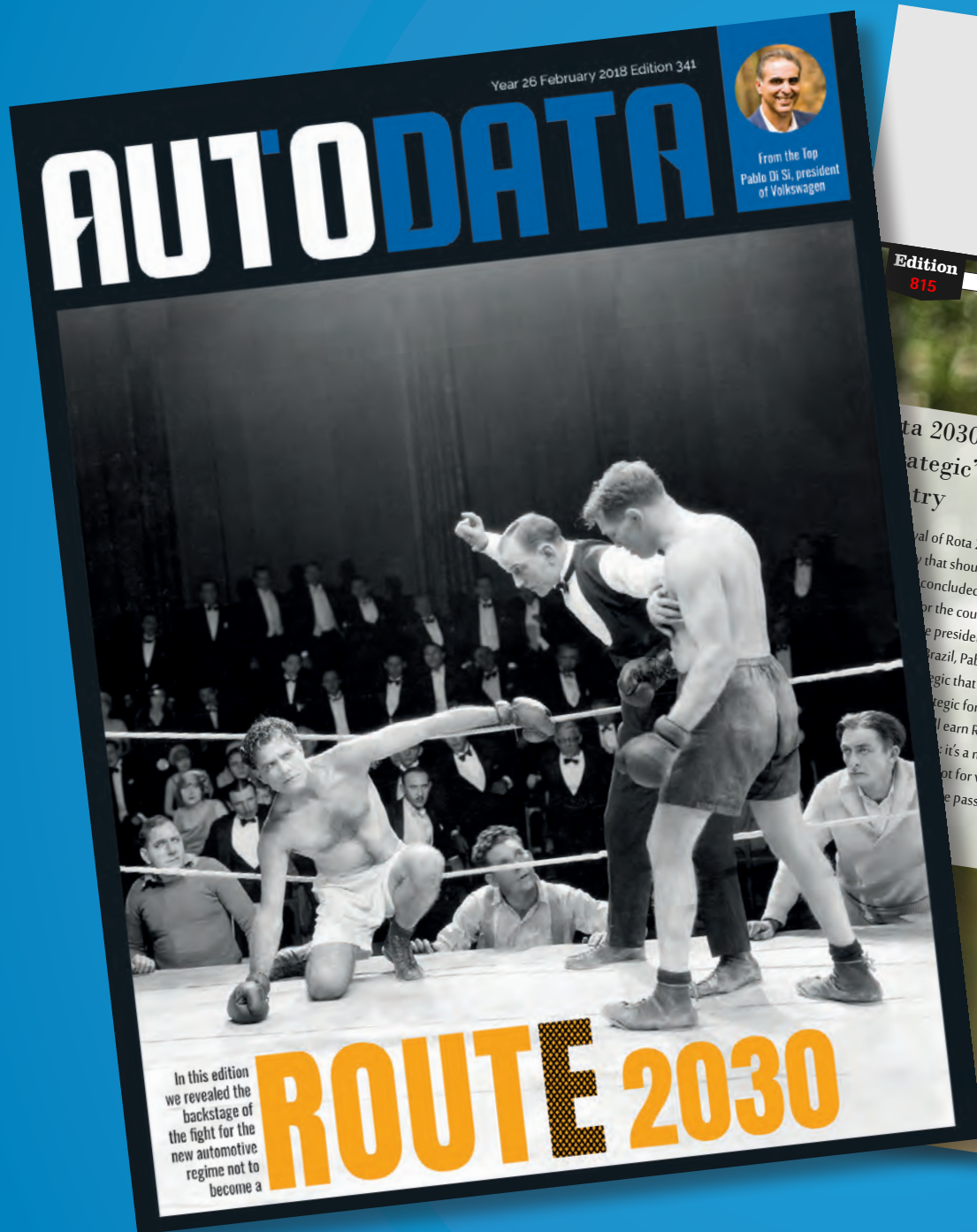
Aroaldo Oliveira, general secretary of the union, said that "the stoppage showed the company's management how united we were. Certainly, it allowed us to move forward with the proposal and guarantee an agreement that would address our demands." In its statement, Mercedes-Benz reinforced the importance of this agreement for the resumption of production at the unit.

With the approval of the proposal, the hearing at the TRT, Regional Labor Court, of São Paulo, scheduled for Friday, 25, was canceled. After the meeting that approved the agreement, the first shift employees returned to work.

The Mercedes-Benz unit in São Bernardo has 8 thousand workers.

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