

AUTODATA



From the Top
Dieter Becker,
of KPMG



THEY OWN BRAZIL

SUVs go so fast that they are one step away from representing the most sold segment in the country

FUTURE OF AUTO PARTS

What the companies that produce components intend to do without space in the future cars

CRISIS BRINGS MODERNITY

Carmakers update their factories seeking profitability and exports

SPECIAL AWARDS

Caoa, Honda, Mercedes-Benz and Toyota recognize and value their best suppliers

YELLOW MAY

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END OF CHAT

The most relevant and irrelevant headlines of the month, handpicked by our editors

Thinking outside the cockpit

By Leandro Alves,
Newsroom associate director

In this new phase of AutoData what we are trying to do is to think outside the box, or, putting it in a perspective closer to our reality, the cockpit. In free interpretation of this cliché it means that we feel in the obligation to develop content without being tied to traditional ideas, with the objective of offering you, noble reader, precious information that will contribute to the flow of your business.

If this is not a habit in your daily life, your team and your company, Dieter Becker, KPMG's chief executive for the automotive industry in the world, will amaze you. In an exclusive interview with AutoData during a brief visit to Brazil, he suggests a mentality change in the Brazilian vehicle industry: "If Brazil wants to be relevant, why follow the example of Europe, the United States? Why do not become a specialist in translating what the local market needs?"

Those who were not at the AutoData Mercosur Business Trends Seminar at the end of April will realize in this edition that there is a willingness to align the interests of the main automotive partners of the bloc, Brazil and Argentina - which can be interpreted as a mentality change in progress.

Finally, another important initiative, which came into light after an invitation to reflect on the specialized journalism by the editor Marcos Rozen in social media: comments from communication professionals from various media in this post sparked an important debate about traffic safety and led Anfavea to intensify its contribution to the campaign Yellow May in this 2018, synthesized in the slogan #NósSomosOTrânsito (#WeAreTheTransit).

We hope, then and gradually, that the mentality of people on the streets and roads of this country change too.



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Di Si and Zarlenga
join Filosa

Christian Castanho

FILOSA STARTS PLAYING

Antonio Filosa has not even become accustomed to being FCA's big boss in Latin America and has already been introduced to the game - or to the beasts - as a speaker during the AutoData Seminar Mercosur Automotive Business Trends, on Monday, April 23, in São Paulo (see page 48). More than that: he divided the flashes with his colleagues Carlos Zarlenga, of General Motors Mercosur, and Pablo Di Si, of Volkswagen. The interaction was, before and during, certainly harmonious, and each of them honored the presentation of the others. As observes the columnist José Roberto Nasser in *De Carro por Aí* (By Car Around There) the Neapolitan Filosa "likes cars, the new ones and old ones, and driving" - and rescues the memory: "Fiat only got out of the end of the market queue when it had a representative agent of product".

NATIONAL SPORT

For those who thought that would not see these things again: to name stupid people to take care of press and public relations areas, it will still become a national sport. We have already referred to this in edition 342. Now it is Honda's turn: it indicates a former general legal manager for the board of institutional relations, public relations, product regulation and... juridical. In the areas of motorcycles, cars and institutional there will be, as general manager of public relations, the former general manager of HR.

NATIONAL SPORT 2

It must be, as I wrote here in this **AutoData** Lenses of March of this year, "another of those domestic solutions in a way of crazy and dirty economics", with amateurism driven to the condition of driving and directing actions dedicated to journalists. It's worrying insensitivity, but all of these gentlemen, not just and only those of these companies mentioned, should know that, despite so much change, they will still have to bear journalists for many years.

THE HABIB BUSINESS

Sérgio Habib, president of SHC, Sérgio Habib Corporation - company that represents Jac Motors in Brazil - took advantage of the launch, and the spotlight on the T40 CVT, in event held in a very well maintained golf club in Itu, SP, to justify his departure from the business involving Citroën cars - he himself, who in the beginning was the name that, in a way, identified the brand around here. The figures showed that Citroën, among all other competitors, was the brand that lost the largest number of sales in 2016 and 2017.

THE HABIB BUSINESS 2

He took advantage of the good audience of journalists who came to Itu to turn to numbers again: to demonstrate that the names of the leading vehicles in the Brazilian automotive ranking change according to the criterion - not always the one that sells the most has the best revenue. What idea did he want to transmit?: that betting on dealerships of brands that sell the most is not always a good deal. He

provoked, who knows? - but did not want to confirm... - VW, which SHC also represents.

THE HABIB BUSINESS 3

He referred to deals that involve the premium market like the representative of Jaguar Land Rover stores. The problem is not the models, Habib said, but how each company works them here, their profitability, and the reflections of all this in the operation of the dealer: calculation errors involving these factors almost always lead to constriction of margins on sales. In other words, about the profit.

THE HABIB BUSINESS 4

In this sense Habib believes that the Volkswagen industrial park in the country is old and overtaxes production, he compared its factories and the processes of cost savings that have passed as a person subjected to stomach reduction surgery: "Cut, cut, cut, but when the person puts the swimsuit there is extra skin everywhere". (Contributed by Bruno de Oliveira)

"It's difficult to negotiate with a government that the president orders and nobody obeys".

From a very important person from the national automotive sector



AT OWN COSTS

Really heavy weight in the industry, who asks for a non identification for obvious reasons, has not so popular points of view - for his originality - regarding the uncertainties of Rota 2030. He made confidences to Leandro Alves, deputy director of editorial of AutoData: "The government does not have to invest in R&D: we make investments! The government has to take care of

improving tax conditions, the value of taxes, which is extremely costly". More: "The government has to take care of the infrastructure: how is it possible that the largest soy producer in the world waste 30% of the production on the roads?"



By Vicente Alessi, filho

Suggestions, criticisms, comments, offenses and the like for this column can be directed to the email vi@autodata.com.br

It is not the technology. It is the mentality.

Dieter Becker, from Germany, is currently the main global executive of KPMG in the automotive field. He accumulates 24 years of experience in the segment and has participated in several projects for companies in the industry assisted by the consultancy, whether automakers, systems analysts or suppliers. He assisted in several projects, evaluating from product strategies to mergers and acquisitions, through

marketing, human resources, finance and manufacturing.

His routine is basically on board airplanes: last month he was in Brazil for a week, where he held three meetings with executives of automotive companies and association leaders, in the morning, afternoon and night, every day. Then he returned to Germany, his base, from where he would go to Japan and then to the Middle East and the United States.

In this exclusive interview with **AutoData**, Becker he told its understandings about the future of the industry, and particularly the Brazilian one, in face of global challenges and contexts. His opinion will certainly cause a lot of astonishment and possibly denial. No wonder as himself says it: what stands out today in the automotive sector is not necessarily a technological challenge, but a change of mentality.

A few years ago Brazil was mentioned as a big star in the global automotive market and today that concept has fallen. How does the world see the current situation in Brazil?

If you look at the global market you will see that we are really looking for growth areas that are not only in China. So, the desire of companies is having one or two additional markets where we really could see growth. We do know that in Africa, we are not seeing any kind of progression so it is not going to be the place in the near future, and we know that the American US market is getting to the top. If the only growth is coming from Southeast Asia and China that's the big problem we see. When the economy here in Brazil dropped, it was really a shock, specially because the drop-down was dramatic to all of these global companies. We would love to see growth coming from Brazil

and Mercosur so we don't have only one growth unit globally.

So with this beginning of recovery that we live, does Brazil have a prominent role again globally speaking?

Uncertainty is something that people don't like. The big advantage of China is: you have a five-year plan and you know exactly what it is going to happen. So, what is the five-year plan for Brazil now? I am not talking about only Rota 2030 but it is more like the question: What is the strategy of Brazil to position itself in the global market? In 1997, my first year here, I really saw a good scenario in the commercial vehicles and small cars. That could be a huge growth if we can afford the infrastructure, if we have the industrial footprint, if we see high income levels. So what we think is: what is the future strategy which we can re-



cognize in Brazil? What is the strategy? It is a little bit uncertain to be honest at the moment because people see that growth and they are really happy but they don't see what is coming next. We have Rota 2030 but it has been postponed too many times.

Would an eventual approval of Rota 2030 be fundamental to the future of our industry, then?

We are looking much more into the ecosystems. The connection between automotive industry, logistics, insurance, banking financing, and even infrastructure. If you look at Europe, China, the US, they are starting to build that ecosystem. It is not only about mobility. In all of the talks I have this week here in Brazil I was just wondering that it would be good if there is an initiative which is cross sector showing that we are seeing those topics which are not only depending on the automotive industry. The topics you can read already in Rota 2030 because you are mentioning mobility but where is steel, logistics? Where is infrastructure and the public transport? That is what we seek globally.

A global study by KPMG has shown that new propulsion technologies will be a major industry focus in the next five years. Do you see a risk of Brazil being isolated, globally speaking, for not having a plan to produce these technologies in this period?

There is not only one answer. This is the global mixture. So we have to be really careful: the discussion here is if we have

“The right direction here is not for the electrics. You have ethanol and the idea of using it is great.”

that combustion engine mix in the future and if we have the fuel cells and all of that. What is the role that Brazil will take? What is the segment you are going to serve in this country, the cost you are aiming for and what is the combustion engine that fits into it? If people tell you that in 10 year 'you will have 70% total electric vehicles' you would say 'come on, that can't be true' because the cost of an electric vehicle is not what you should aim for. What does the real market need in Argentina, in Mercosur, in parts of Africa? What kind of technology do you really need? You are far advanced in the biofuels, which is really good.

So, you do not believe in the production of these new technologies here in any future scenario?

Certainly the segment most needed here be the mid-sized to the small segment because it has to be linked to the disposable income of people. Do you remember Tata Nano? The price was about 3,8 thousand euros and it failed because the personal disposable income average is 1,3 thousand euros in India. So it was really expensive for that market. You have to understand: are electric vehicles and fuel cells the right strategy here? Why don't you work on combustion engines for markets and combine them to hybrids on a technology that is not far away? The right direction here is not for the electrics. You have ethanol which is a biofuel and the idea of using it as an ecologic footprint is great. So why don't you say to the market 'hey, we could go for a bioecological footprint using it as a biofuel'. Why not promoting that instead of following an electric strategy which is really dependent on the infrastructure?

But the automotive industry always work from a global point of view...

Let's see it in another way: you need to have an attractive product for your market. And when I say this I do not mean just the user experience, you need to

“This concept of ‘there is a product, there is a car and I want to sell it and that’s it’, that’s totally over”

build a complete solution. What is the solution for a city like São Paulo, for a huge country like Brazil? Why do not create your own solutions? Why do not take advantage of the knowledge that you have of the market and take advantage of it and adapt? I believe that you are concentrating on the competition from the single point of view of the product, the pure vehicle. It is not the strategy I that would choose.

In any case, would not Brazil be at a disadvantage?

Aiming for a global strategy for Brazil it doesn't make any sense because the other organizations always think locally. There is a center of R&D, they are developing powertrains, the product, the ideas about autonomous driving, but these global ideas are not going to happen here. It has to be local and adapt for this to happen. If Brazil wants to be relevant, why should it follow the path of Europe, the United States? Why not to be the leader in technological adaptation for certain markets, becoming a specialist in translating what the market needs? You can understand the needs of your market and the neighbors much better than anyone else. For me it's not only Brazil, it is also the Mercosur, parts of Africa and even parts of Indonesia because you have the same weather conditions, you have the same environment, you have the same street conditions. This would be my approach and exactly what the companies installed here are looking for. They are saying ‘forget these global concepts, they are good ideas but for us they require adaptations’.

Insisting a little: in this reasoning, would not Brazil be behind the others when compared to the largest world markets? Our goal, after all, is to be one of them.

If you want to lead something that relates to these global strategies, honestly, it will not happen. Take a look at China: they realized that there is no way to compete with others in internal combustion vehicles or hybrids, so they went to the electric self-employed. They have huge cities, where they can build structure islands for this. This concept is not transferable to São Paulo. Why don't you lead the solutions where there is a parallel with the reality here, like Istanbul, for example? Why not to develop mobility solutions here in which you can be absolutely competitive? Why do I have to compete with the developed countries in Europe or the US? I wouldn't do that. Think about it, it is what the customers told us. Look for ecosystems similar to yours and lead the technologies and needs for them.

Is there any practical example that has already happened related to what you are saying?

I'm talking about looking at the circumstances of your market system. Take the example of Hyundai, which is very good: it came to Brazil, with a factory, and a localized product, the HB20. It was not a strategy to enter producing the entire line. They've studied the consumer here, the ecosystem here. HB20 is a local solution. For me it is very important that we move away from this exclusive thinking on the product and concentrate on the ecosystem. This is a huge opportunity for Brazil, because there is a unique ecosystem here. There may be several islands of ecosystems within Brazil.

But we do not want to be an island! We want to be part of the whole thing!

Everything is going to be islands. There is no autonomous driving solution globally. It is impossible. There is a huge differen-



“Don’t look only at the technology because you have to see what customer experience is happening here and put it in that metrics.”

ce between islands of autonomy and isolation. I’m saying that we don’t have a global solution for all of the markets. And if you don’t have one global solution then take care of the solution of customer experience and that may be applied and adapted to your similar markets.

A different solution for each market or region, would not this represent in practice a kind of de-globalization?

Again, look at China: what is the global solution that you see in China? There is no global solution. They want to lead electric car technology because they do not want to be dependent on oil. This is not a way to isolation, it is an opportunity.

Do you believe that a new mobility model by consumers, born from initiatives such as Uber, Cabify etc., will really change the industry?

I’m going to step down a little inside this analysis: the consumer has a budget, and the mobility needs to fit within it. The total cost of ownership of a vehicle is taken into account more and more. And the budget has more and more competitors: mobile phones, internet services, streaming, music... It does not increase, it is always the same, what increases is the competition for it. If the consumer understands that using Uber rather than having a car makes more sense within his budget, the customer will use it. I do not see this as a threat to the industry, it will be the fleet provider. If the number of vehicles sold decreases because of this format, the demand for service will increase. We have to look at the full life cycle of a car, not just for the moment of sale.

Anyway this represents a very large paradigm break...

There is no doubt that the industry needs to get rid of the old perspective of the product. If the demand for fleet services is going to increase, why not to think about remanufacturing cars, engines,

etc.? We are very focused on making and selling cars. If the trend is pointing to increased fleet use, just change your business model to meet those fleets and make money with it. This concept of 'there is a product, there is a car and I want to sell it' and that's it, that's totally over.

It's kind of fashionable in the domestic automotive industry to say that there is a risk of us becoming an Australia. Do you think this reasoning makes sense?

Australia has chosen a strategy of reducing industrial activity but at the same time strengthening those linked to raw materials, especially mining, as a way to increase the income of the population. Let me mention this; think about the battery composition and you are thinking about electric vehicles. Brazil is for the battery composition, the third place. You have different raw materials which can make you think not to produce an electric vehicle but for battery composition production, that could be an opportunity.

What is the global scenario for the suppliers in this future scenario that you mention?

Let's take Maxion as example: It is the global leader in its segment, wheels. It is very linked to the steel and aluminium industry. Everyone needs wheels, and they need to be produced where there is steel and aluminium. For the supplier industry, two things have to happen. The first thing is: what the traditional automotive supplier industry is and how it is going to be linked to that kind of environment and identify suppliers who have the resources and the good conditions. The second one: what is needed for that ecosystem and which of the suppliers have to be added? Add these suppliers because then you would have a leading role. But from the technology perspective, about autonomous driving systems, I am sorry but this is not going to happen.

The situations that you mention are very disruptive, and the automotive industry is extremely conservative. What is the reaction of the executives to your observations?

You are right that the industry seems to be very conservative, but they have not been proud of that. The digital industry requires much less investment than the automotive one and it dominated our world. So it went to frustration and substituted that proud of producing a product when you say 'oh, look how great I am'. The automotive industry realized that the digital industry has taken a lot of space and how it has failed from the productive point of view. Now it is trying to integrate with this new reality. Again it is time to go out from the exclusive point of view of the product, to link with the new world. That's the problem you have here in Brazil: the happy proud to produce all of that have been gone down into the frustration, they see limited budgets and the income is not increasing. They should see the opportunity that they can create solutions for fleets, for mobility, with customer experience. And if people see that we can have a positive development again but we are stuck in the product, I would forecast more frustration coming in the future. You have a technology change and you have a mentality change that you have to follow.

Are not the new technologies that just bring a change of mentality?

If you just use the technology change which is something that is really difficult so you will get stuck because you do not know what the mentality of the people is. The behavior is changing: we are consuming entertainment, music, cell phones, traveling, in different ways from those in the past. And that's the point. Nobody is following the mindset, it is not about technology. Don't look only at the technology because you have to see what customer experience is happening here and put it in that metrics. ■

It seems incredible but soon the SUVs are expected to represent the best-selling segment on the Brazilian market. And believe: there is very little left for this to happen.

Volkswagen has recently received a battalion of guests in its factory in São José dos Pinhais, PR - authorities, suppliers, press, etc. - to announce the production of its first national sports utility: T-Cross, assembled in the MQB platform, the same of Polo and Virtus produced in São Bernardo do Campo, in ABCD Paulista.

The SUVs, the most common way of sports utility generated by the acronym in English for Sport Utility Vehicle, dominate the list of the most recent and upcoming major national launches. The euphoria is justified by the performance of this segment in resellers: according to Fenabrave from January to March it responded by 109.8 thousand units sold, a 34.4% increase over the same period of 2017.

This result means that this year one in four cars sold in the Brazilian market is an SUV. It is already the second largest segment in the country, surpassed only by the compact hatches. It left even the sedans behind, which formerly attracted the attention of the Brazilian consumer.

Carlos Alberto Oliveira Andrade, the Caoa, attests it. He, who now also represents Chery in the country, was precisely one of the people responsible for popularizing the segment with the Hyundai Tucson and then the Ix35:

"Brazil is SUV, for sure. The sedans are losing market share and the SUV is the national preference. There is still room for

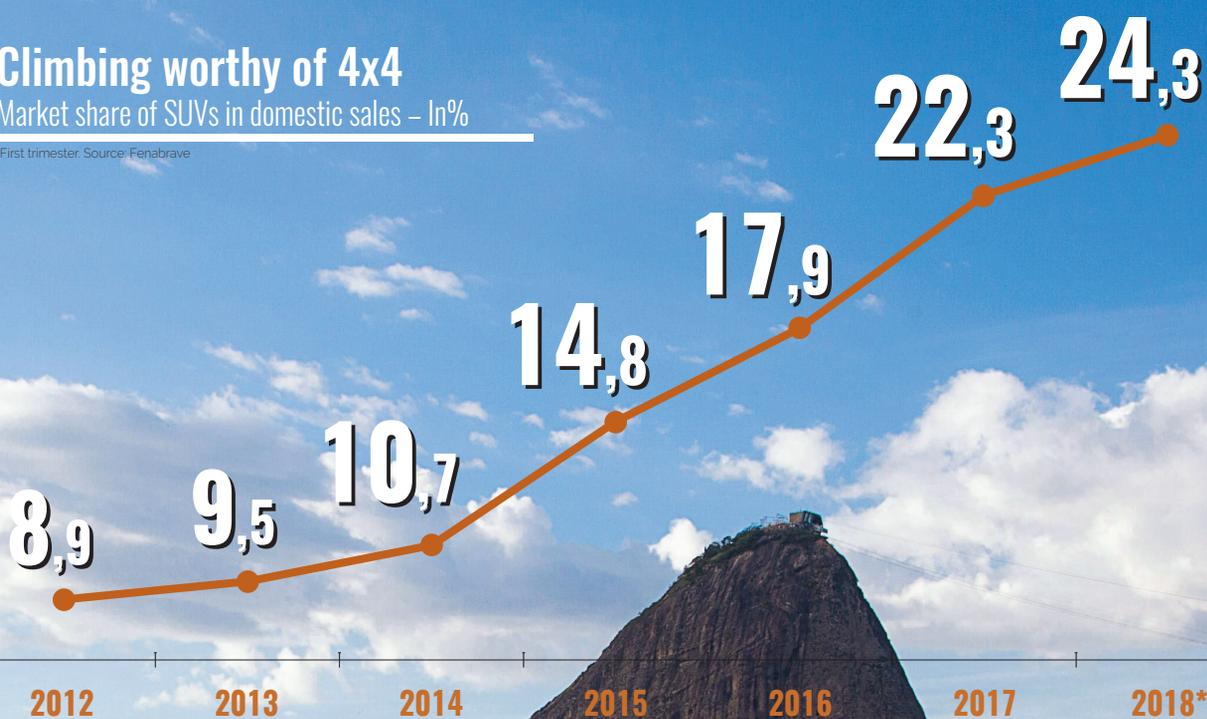
BRAZIL, THE COUNTRY OF SUVs



Climbing worthy of 4x4

Market share of SUVs in domestic sales – In%

*First trimester. Source: Fenabrave



Spin the wheel

The most sold SUVs in Brazil in the first quarter of 2018 – In units



1º Jeep Compass

12 978



2º Honda HR-V

12 832



3º Nissan Kicks

12 320



4º Hyundai Creta

9 615



5º Jeep Renegade

8 965

sedans and hatches, but we see the SUV market growing. And not only in Brazil, but in the whole world."

Jeep Compass, Nissan Kicks, Hyundai Creta, Honda WR-V and Renault Captur, among others, there were some of the news that the automakers presented to Brazilians in the last two years. They expanded the range of offers from a segment that for many years was dominated by the Ford EcoSport, which later had Renault Duster, Honda HR-V and Jeep Renegade as companions.

The scenario stimulates a certain dilemma: are Brazilians buying more SUVs because the range of innovations is now very wide or the range of innovations is now very wide because Brazilians are buying more SUVs?

THERE'S ROOM FOR MORE

Tania Silvestri, director of Jeep, estimates that "in Latin American markets, SUVs represent around 30% of sales and in the United States they reach 40%. We still see opportunities for growth in Brazil and the segment will continue heated". The brand, which is part of FCA, offers in Brazil the most complete portfolio of sports utility vehicles, its unique specialty: from the small Renegade to the big Grand Cherokee, through its latest launch, Compass, which quickly, and despite the high price, has become nothing less than the leader in SUV sales in Brazil.

For the executive the segment offer

everything the local consumer wants: interior space, comfort, high driving position and mechanical power. About the Jeep models, they emphasize that all were originally developed as SUVs, unlike some competitor vehicles, mounted on platforms that allow other variations, such as hatches or pickup trucks.

"We are the synonym of the category: it is common for someone to say that they have a 'jeep'. Our models deliver what they promise: they have chassis, transmission and SUV suspension".

Until March, Compass was the ninth best-selling model in the general ranking of the Brazilian market with around 13 thousand units. It is on the edge of the SUV segment with a tiny margin difference, followed by HR-V and Kicks and helps Jeep lead the segment by brand with approximately 20% share.

Silvestri believes that the Brazilian economic recovery will be an important factor to further increase demand for the segment's vehicles: "The SUV is aspirational. The desire to buy one of these models has much to do with consumer financial developments, which typically goes from a sedan or a hatch".

Sergio Marchionne, FCA's Worldwide President, agrees with the local director of Jeep. For no other reason he personally gave permission for the Goiana plant, where Renegade and Compass are produced, to produce almost 24 hours a day thanks to the unprecedented adoption of the third

shift. The extension of the schedule will allow the unit to reach the top of its installed capacity, 250 thousand vehicles per year – in the plant, is also produced the Fiat Toro pickup truck. Last year the unit produced 179 thousand units.

WAITING QUEUE

In the case of Nissan the assembly line of Resende, RJ, is no longer enough to meet demand for Kicks. The SUV, third in the segment ranking with 12 thousand 300 licenses from January to March, was the eighth best-selling car in the Brazilian ma-

Are Brazilians buying more SUVs because there are many innovations or there are many innovations because Brazilians are buying more SUVs?

ket in March, with more than 5 thousand units, shows Humberto Gomez, Nissan marketing director: "The waiting queue for a Kicks goes from sixty to ninety days, depending on the configuration".

The executive considers that the phenomenon is not exclusively Brazilian: the demand for models of this range grows in the main global markets. The combination of the sedan comfort with the utility versatility has won consumers globally, he said: "With an SUV you can drive well in the city and on paved roads as well as on off-road terrain".

He also emphasizes qualities such as superior internal space compared to hatches and more attractive design compared to sedans, in addition to greater practicality in the use of the trunk: "The consumer likes to have space to carry a bicycle or other sports equipment".

They are the same qualities highlighted by Marcos Martins de Oliveira, commercial general manager of Honda Automobiles: "SUVs are well accepted, among other



Disclosure/Ford

Moving to the top

First trimester: participation in market sales by segment.

Segment		2018	2017
Small hatch	▲	28,2%	27%
SUVs	▲	24,3%	20,8%
Entry-models	▼	18,7%	20,9%
Small sedan	▼	13,6%	14,7%
Medium sedan	▼	7,5%	8,3%
Compact sedan	▲	2,6%	2,4%
Monocab	▼	1,9%	2%
Grandcab	▼	1,1%	1,5%
Hatch médio	▼	0,7%	1,3%
Large sedan	▲	0,5%	0,4%
Medium SW	▲	0,4%	0,3%
Sport	■	0,1%	0,1%
Large SW	■	0%	0%

factors, for offering comfort, technology and safety. They are big cars, with plenty of internal space, good visibility and high suspension".

Like his colleague from Nissan he also argues that "it influences the taste of Brazilians for SUVs the high versatility of use on different occasions and types of terrain, whether paved roads or dirt roads".

Honda closely follows Jeep: HR-V was the second most sold model in the segment in the first quarter, almost tied with Compass - the difference, according to Fenabrave, was only 150 units. In the list by brand Honda also ranks second, with 16%.

"HR-V is already the sales leader of the Honda brand in Brazil, and we believe there is still room to grow".

THE SIZE OF THE MARKET

Six years ago, in 2012, the sales of SUVs did not even reach 10% of the Brazilian car market: just over 270 thousand of the 3.1 million marketed in the country.

Last year, sports utility vehicles accounted for 22.3% of local sales, or more than double that compared to 2012. The licenses for the segment in 2017 totaled 414.5 thousand units, up 37% compared to 2016, when Brazilians bought 302.5 thousand

SUVs. Thus, last year they reached the record for the segment, which until then had grown at a much lower rate - and was even reduced in volume from 2015 to 2016, although always gaining participation in the total amount.

From January to March 2018 the segment has already advanced another 35% compared to a much lower growth, 15%, in total sales of automobiles. Executives believe that this pace should continue until the end of the year but they do not understand that the expansion of the segment is coming to an end.

"The SUV market has potential to grow and I find it premature to put a deadline on this public interest", says Oliveira from Honda. "The success of the SUVs is a global phenomenon perceived a few years ago in several global regions, such as Europe and the United States. The CR-V, for example, is the best-selling sports utility on the US market in the last twenty years".

Such a demand by the CR-V there even limited the supply of the model, imported from Mexico, in Brazil: Honda will bring only five hundred units per year of the model, its top of the line in that segment.

Gomez, from Nissan, bets that many Brazilian consumers of hatches and small sedans will migrate to an SUV in the coming years: "I can not say how far this segment is going, but we have models like Kicks that are very efficient in fuel consumption and which offer a lot of technology".

The difficult is to trace a minimally accurate profile of the Brazilian SUV buyer. For Silvestri from Jeep, it's early to label the consumer, who migrates from almost every other segment. "Potentially, it is almost everyone: a man or woman over 35 years old, from classes A and B".

For Oliveira the very attributes of SUVs help pulverize the profile: "Modern and adventurous design can attract both young people and parents. About comfort and inner space are themes taken into consideration by men and women of almost

all ages. So it can be said that the SUV is a fairly democratic option in this analysis".

The Nissan director also points to good demand for Kicks by people with disabilities in the PCD range: "We started to explore this segment with the launch of a specific version of a lower taxation".

SUV'S ATTACK

Aware of the growth of the segment in the domestic market and aware that it arrived late to the party, Volkswagen prepares "the biggest sport utility vehicle's attack in its history", in its own words. In addition to the investment of R\$ 2 billion to develop and produce T-Cross in Paraná, including factory expansion, manufacturing modernization, certification and validation tests, local parts development and personnel qualification, other novelties in the range are on the clipboard of its engineers.

"There will be twenty launches by 2020, five of them totally new SUVs, such as T-Cross", confirmed Pablo Di Si, president and CEO of Volkswagen South America. In total, the company currently invests R\$ 7 billion in the country.

The first to reach the dealerships was the Tiguan Allspace, imported from Mexico and with the same T-Cross MQB platform. It offers options with five and seven seats, inaugurating this second option in the VW SUVs.

Another carmaker that bets heavily in SUVs is Chery, from Caoa, the one who brought Tucson to Brazil: the national Tiggo 2 is already in the Caoa-Chery dealerships and, if the executive's expectations are confirmed, it should close the year with 9 thousand units sold. In the launch of the model the CEO Márcio Alfonso bet that the price, lower than the rivals, can seduce those consumers who wants an SUV in their garage.

On the other hand the production of T-Cross and its arrival in the Brazilian market, in addition to exports to the main markets in South America, Central America and the

Caribbean, are scheduled for the first half of next year.

With the new team of SUVs that target the country, both domestic and imported will not be exactly a surprise if this range to become very soon the best-selling in the market: in percentage terms, following the Fenabrave criteria, the difference for first place in the first quarter was only 4 percentage points - a year ago this difference was a little over 6 points, in a way, entry-level models were still in second place by a mere 0.1 percent point advantage.

The difference of the SUVs for the small hatches in March, in an isolated way, was only 0.7 percentage point.

It's almost there

In March, in an isolated way, the difference of SUVs for small hatches was less than one percentage point



Disclosure/Jeep

GREASE OUT, CHIP IN

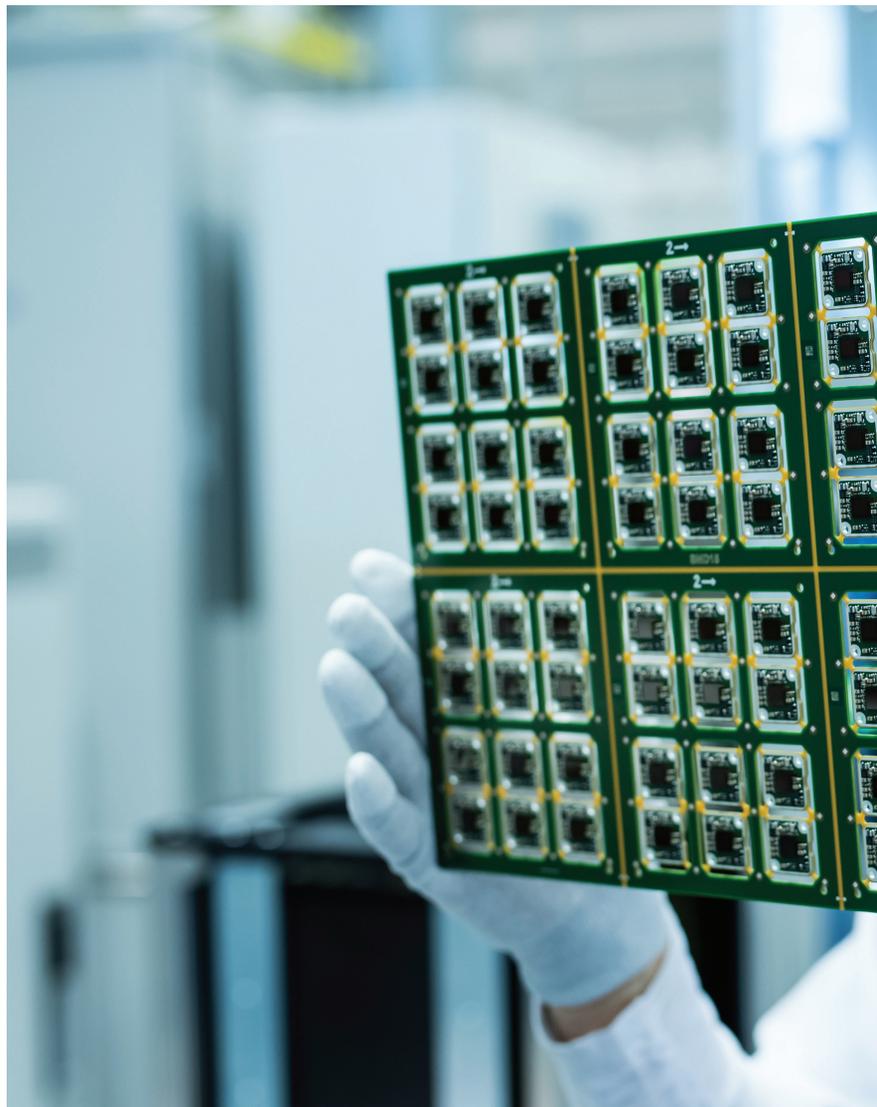
Auto parts manufacturers analyze if the technologies of the future will force extreme changes in their product lines

The changes that already happen because of the new technologies that are expected to become popular in the coming years will bring great changes to the automotive sector. Electric, hybrid and fuel cell engines, stand-alone cars, Industry 4.0 and many others will cause considerable changes not only to consumers, companies and vehicle assembly lines, but especially to the suppliers themselves.

This is the time to discuss this topic, which is treated with great importance within the companies of the segment. In the view of Dan Ioschpe, president of Sindipeças, Brazil will follow world trends because this is a global industry and the country will not be left out of any of them.

"Perhaps the adaptation time is longer compared to other countries, such as those of Europe and the United States. It will depend on each technology. Electric self-propelled cars, for example, should require a longer term, but Industry 4.0 is already becoming a reality in Brazil".

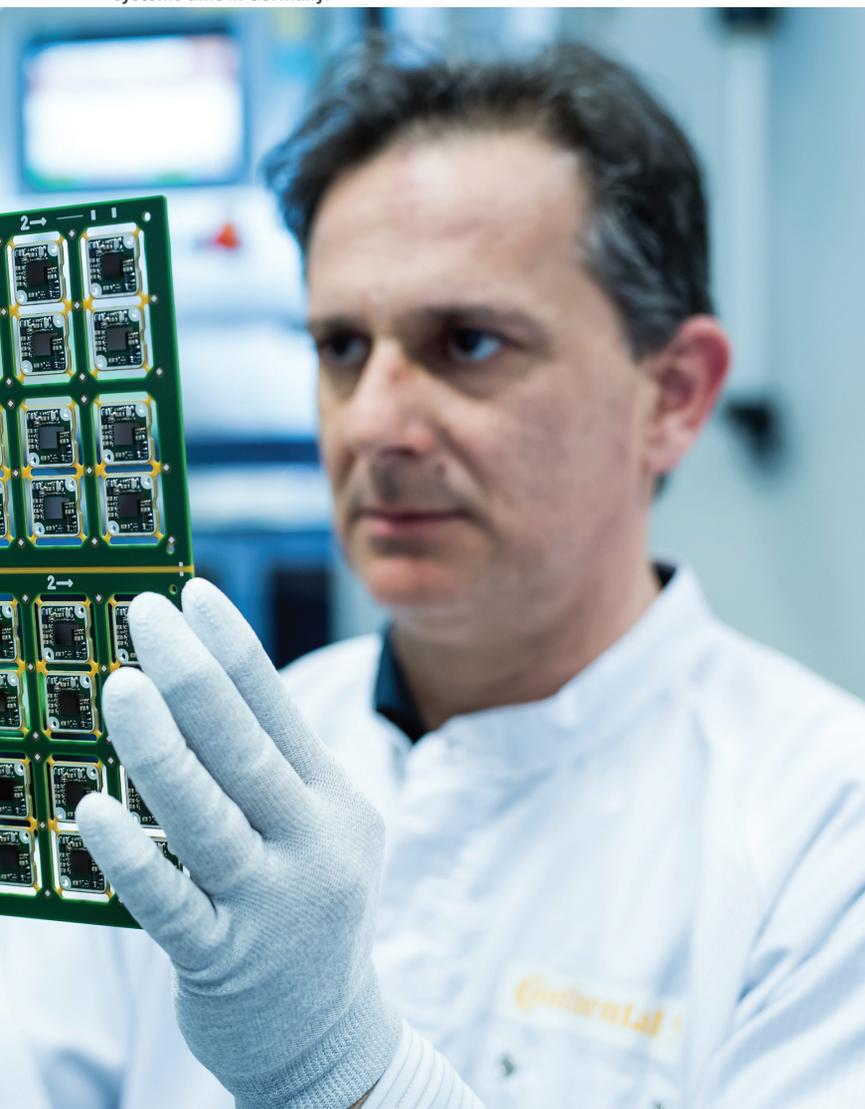
Some companies also believe that Brazil will stay out of global changes, such as Delphi. For Amaury Oliveira, executive director of aftermarket for South America, the field of change is very wide: "This new territory is very extensive and with great infrastructure challenges. Thus, we believe



that hybrid systems, even combined with ethanol engines, and vehicles with the first levels of autonomy will become reality at first, raising the standard of safety and on-board electronics. Further advances in autonomous technologies are expected to be faster in the agricultural sector”.

ZF sees the future of mobility in Brazil in a similar way to other markets, seeking to eliminate accidents and emissions. Michel Haddad, regional marketing manager at ZF says “this future will be fueled by advanced technologies that will enable three human capabilities to the vehicles: to see, to think and to act. I think there are still some obstacles so this can become reality in Brazil, which, on the other hand,

This photo was not taken in a computer factory but in one Continental systems unit in Germany.



Disclosure/Continental

is a place that receives very good new technologies. We need the minimum bases of industrial competitiveness and public infrastructure to be present, and that is the biggest challenge today”.

IT'S A LONG WAY

Continental's systems division believes that most part of new technologies, as expected, will first reach markets such as the United States and Europe and will take more time to become a reality in Brazil. In any case, it prepares its employees here for the changes, says Frédéric Sebbagh, president of the Brazilian operation.

“We are analyzing how all these changes will be put into practice in the country. Our engineers participate in projects abroad precisely so they can acquire the necessary knowledge to act in new segments when they become a reality in Brazil”.

It was thinking about that future that Delphi created Aptiv after the spin-off of the enterprise - the new company is responsible for the business in the area of safety and electronics, in particular with regard to active safety, autonomous vehicles and connected services, providing IT platforms, software and network architecture.

For Flávio Campos, director of new business planning for South America, one can define the novelty as “a technology company that is advancing in mobility through design, engineering and training, in search of molds of how the world will move tomorrow”.

ZF says it is getting ready and will be ready to provide new items of safety, efficiency and autonomous steering, in its understanding, in a pioneering way.

Dan Ioschpe, for Sindipeças, understands that it is the ideal moment to gain and absorb new knowledge instead of nurturing a certain kind of denial feeling:

“One of the tasks of our association with this process of transformation of the sector is to offer ways to bring more knowledge to the companies, so that they can observe with criteria the new trends. There will be lots of opportunities”.

NATIONALIZE WHEN?

Borgwarner understands that the novelties will first come imported to meet local demand. Nilton Santos, its engineering manager, says the nationalization will come from demand as the company anticipates major changes in its production lines.

The transformations that will come in the production lines of Aptiv in Brazil will also be significant and the international knowledge will be fundamental to follow the changes. The company already invests in advanced production technologies to keep its processes up to date with market demands, Campos says.

Delphi guarantees it is already being through gradual changes and believes that the adaptations to meet future demands will increase in the coming years, which will require more and more of the companies in the segment.

In the case of ZF, the changes will not only happen in production lines, as the company sought other companies in the market to acquire participation or even the total purchase in search of new systems and technologies, like those needed for environment monitoring sensors in urban mobility.

Companies, globally, are already investing heavily to meet new technologies, but in Brazil they are still waiting to understand

Hello. I am an auto part.
Nice to meet you.



Disclosure/ZF

the scenarios ahead - importation will certainly be the first door to be opened.

Certainly, the new times will require changes in the factories. For no other reason, ZF points out that it has applied more than € 2 billion in R&D last year alone - and intends to invest even more, says Hadad: "We believe in electric drive systems and the 'hybridisation' of technology transmissions, as well as vehicle safety systems and automated driving. New factories for the production of these types of components are already under study".

According to him, "in Brazil, these investments will be an even a greater challenge, since we still do not have a clear sectoral policy aligned with strategic objectives that allow the country to stand as only a growing consumer of new mobility solutions, or as one of the world's manufacturing hubs. This will depend on a resumption of competitiveness, drastically reduced in recent years due to the crisis".

Borgwarner also points out that if there is demand for local production of the new components in the future the company will make great investments, but everything will depend on the market and its policies.

In the case of Continental's division of systems, Sebbagh says that in the country, investments are not made in the production of new technologies yet, "but we are studying, for example, the local production of technology that will succeed the current ABS system and which will be mandatory in the future. It is one of our pillars of development".

NATURAL EVOLUTION

Although the process locally faces a lack of definition scenario, Delphi Technologies sees the future as a natural evolution of the industry, which almost ends up forcing the renewal of the line of products and factories.

According to Santos, BorgWarner believes that the main change over the components will be the extinction of combustion engine production as it is today, which will take many years to come: "Simpler changes are already happening. We have



Disclosure/APtIV

the case of the current alternators, 12V, which begin to lose space for those of 48V, and some parts of the manual 4x4 traction being replaced by electrical systems".

Hadad from ZF understands that deeper changes in its current line of components is something still in need for certainties, but sees electromobility as a strong possibility of a soft decrease in the use of traditional powertrain and chassis systems, although in a gradual way:

"Despite possible changes current products may assume new functions and features in the future. It is certain that automotive components will continue to exist, but will be gifted with intelligence and connectivity. In this sense, companies will have to readapt their knowledge and align them with the new realities".

For Sindipeças, the change in the components that are part of the cars is merely a reflection of the trend known in the industry for many years: "Take the case of the hand brake lever, which is now being replaced by an electronic system. New technologies naturally bring new components, and it's natural that some of them go through changes while others simply will no longer exist".

SOFTWARE AND HARDWARE

It is obvious that software and hardware will have more and more space in the

brains of the cars of the future, demanding more and more production, says Oliveira, of Delphi: "The demand will be for parts with high technology, lower weight, lower volume and greater efficiency. This is an aspect that we take into account for future developments".

Borgwarner understands that despite a probable evolution of advanced computer systems in vehicles, their movement will remain in charge of automotive components, which will work in conjunction with an electronic brain. ZF shares and understands that automotive components will continue to exist, even with greater intelligence and connectivity born from developments of other companies.

Sindipeças also sees the issue in a similar way, with companies that will develop the programming part dividing the structure of a vehicle with those that will produce automotive components in the same way that currently, although added with new technologies, are meeting the market demand without a transformation in the production profiles. On the other hand, and in the same way, new companies will be part of the table of the auto parts' manufacturers team, such as those specialized in software and hardware for computers and cell phones, which will start using their knowledge to supply automakers. ■

MODERNIZATION AS THE SALVATION

National automotive sector incorporates more modern production processes. The steps, even slow, indicate that the industry knows where to go.

To produce more at lower operating cost. This was, and continues to be, the scenario where the vehicle manufacturers installed in the country have been inserted in the last four years, when domestic sales were lower than in previous years. Although it seems a paradox, this scenario forced a transformation in the whole sector to resume the course. Exporting more, and to new markets, was one of the options to bring volume to factories while accelerating the coming of new families of vehicles was another option - in this case to renew the range and attract consumer attention again.

These factors were responsible not only for reversing the signs of decline that have figured in the performance of the automotive industry recently but also for bringing about deep changes in the processes that involve the manufacture of vehicles here. We no longer make cars, trucks and buses as before, something that reverberates and gains strength in the automakers and systems analysts.

In other words, in the wake of the difficulty, companies were forced to invest to save themselves.

The high demand seen in exports and the arrival of new vehicles, including part of global projects, have contributed to the insertion of production lines in the context



of Industry 4.0, the one in which connectivity and virtual reality go hand in hand with reductions cost savings, profitability gains, safer vehicles and better quality components, says José Rizzo, president of ABII, Brazilian Industrial Internet Association:

“They are requirements of the new reality in which the vehicle industry is, having in the modernization a possibility to gain new markets and overcome difficulties. More than that is the possibility of raising the Brazilian production level, although a permanent movement is much more needed”.

He, whose entity aggregates some of the companies that provide technology to automakers, believes that the focus on digital manufacturing is a way with no return.

Some good steps have already been taken.

REASONS AND REACTIONS

In 2015, soon after the outbreak of the negative market situation until December last year, FCA inaugurated a plant in Goiana, PE, at a cost of R\$ 2 billion. The project marked the entry of the Brazilian

The need for greater efficiency and the search of the external market have led our factories to remarkable evolutions

subsidiary from Fiat Chrysler Group into what was the most modern in terms of vehicle production: it must have been enough cutting-edge technology to produce new Fiat models and the new national Jeeps Renegade and Compass. To distinguish them in the segment was necessary to adopt new manufacturing processes and, therefore, the lines should have new configurations and tools.

The focus on technology was successful for FCA: the need to produce more modern national vehicles meant that the company had access to technologies that enabled it to be more operationally efficient. The company acquired 1 thousand 100 collaborative robots to operate on the lines of the Jeep Automotive Polo and there was also the creation of a laboratory, Manufacturing 2020, which tests new technologies and processes focused on the concepts of Industry 4.0. The mo-



Disclosure/Renault

del that was successful in Pernambuco ended up being replicated in the other unit maintained by the company in the country, in Betim, MG.

This process required an additional R\$ 650 million and served to make the operation more profitable, besides increasing the engine production capacity. This is what Marcelo Lima, coordinator of the laboratory says:

"With the know-how acquired in Pernambuco new digital processes were also replicated in Betim. This is one of the largest FCA factories in the world in terms of production capacity. If in 1976, when it was inaugurated, 100% of the operations were manual, today this is an intelligent and connected plant, integrated to the digital age".

Rizzo recalls that "there are two main drivers for investing in the industrial internet, as we also call Industry 4.0: the need to make more modern products and increase the profitability of factories. Processes that use obsolete technology tend to over cost production, and many automakers look at this factor in the same

way they see innovation as a tool for new models. The shorter the production time, the lower the cost".

NEW MODELS

Another example comes from Volkswagen, which invested part of its contribution of R\$ 2.6 billion in the modernization of the plant lines of São Bernardo do Campo, SP, to produce the brand new Polo and Virtus. As the FCA mining unit VW Anchieta is one of the oldest in the country and had to modernize to optimize its costs. The two models are built on one of the company's most recent global platforms, MQB.

Pablo Di Si, president, testifies to the importance of Anchieta's modernization to cement the company's attitude change here: "If we want to produce better, more competitive cars, we have to focus on new production technologies. The arrival of Polo and Virtus marks the entry of VWB into a new level of production: we are much better than one year ago".

As part of the process there are new robots, presses and other machines, whi-

Are we really in the Era 4.0?

The last factory built is always the most modern one, people say almost in unison business executives cutting the inaugural tape of some kind of productive modernization. But will the contributions made at the factories to make them more advanced be enough for the automotive sector here to say it is inserted in the context of digital manufacturing, industrial internet, or Industry 4.0, as you wish?

For Rodrigo Bueno, general

manager of ABB's robotics automation business unit, a lot is being done in the direction of modernization, which, however, does not mean that the space to invest in connectivity in the factories is restricted: "Yes, there is an important move in productivity improvements, but there is still a lot of room for further developments".

According to Rodrigo Custódio, a specialist in the automotive sector of Roland Berger, the

investments made so far have been largely driven by new products, a vision that needs to be expanded if the industry really wants to rise from a manufacturing technology point of view. He argues that "Industry 4.0 is a process. Some elements are being placed, but there is so much yet to come. The automakers that are doing some modification in the lines make it primarily because new products demand more technology".



Processes that use obsolete technology tend to over cost production. The shorter the time to manufacture a vehicle, the lower the cost.

ch are connected to systems that enable integrated and remote management.

In April VW announced another productive investment, now for the factory in São José dos Pinhais, PR, which will be the birthplace of its first national SUV, T-Cross. R\$ 2 billion by 2020, of which R\$ 1.4 billion will be used to acquire, among other equipment, 239 robots.

In the market forefront they are not alone: GM also bets heavily on renewing its lines for the production of new vehicles. Last year, R\$ 4.5 billion was announced for three company units: Gravataí, RS, São Caetano do Sul, SP, and Joinville, SC. Carlos Zarlenga, president, says that much of the resources will be invested in new technologies and manufacturing concepts.

The arrival of a new product also motivated Renault's investment in its Brazilian operation. Kwid demanded R\$ 500 million from the assembly line in São José dos Pinhais, PR. In addition two years ago Renault acquired 3D printers to assist in

the development of parts and also applied investments in augmented reality, to simulate and analyze production flow, maintenance and other parameters. There is another R\$ 750 million separated for expansion and modernization of the engine factory.

SUCCESSFUL PLAN

When domestic sales were on a decreasing rate one way was to seek shelter in exports. The plan worked out: we never exported as much as in 2017 and the numbers keep increasing in 2018 - we are having the best first quarter in shipments, with 180 thousand 200 units, 3.3% more in the annual comparison.

The volumes are directly related to the contributions and the modernization of local production. And a great reference lies in the truck industry.

Mercedes-Benz invested R\$ 500 million in the traditional São Bernardo do Campo plant at ABCD in São Paulo to build a brand new truck assembly line. Philipp Schiemer, president of the company in Brazil and CEO for Latin America, considers the new area the most modern of the company in the world and the initiative as fundamental for solidification of the concepts of Industry 4.0 in the country.

Just before, MAN invested R\$ 1 billion to produce the new Delivery line, a good part of which was applied to more modern equipment for manufacturing at the Resende plant in Rio de Janeiro.

Adilson Dezoto, vice president of production and logistics, said that exports accounted for a fundamental reason for updating the line, which included the modification of the entire production structure, with appropriate integration of sectors:

"We made a heavy investment with technological upgrades that put us in the context of manufacturing 4.0. It is happening a great artificial intelligence connectivity revolution as well as customization. The products are more complex, which demands equally complex processes". ■



Samir Salman, from Continental AG

CEO for North America since June 2008, responsible for coordinating the US activities of the three automotive divisions, Chassis & Safety, Powertrain and Interior. He is also Senior Vice President of the Dynamic Vehicle Business Unit and Coordinator of the Chassis & Safety Division for North America since January 2008. Previously, Salman was Senior Vice President of Purchasing for Continental's automotive divisions in Frankfurt, Germany. He was also VP for Continental's worldwide after-sales business, which he joined when the acquired ITT Automotive in 1998. He held many positions in global sales. He started his career at Bosch in 1989 as a product manager.

He holds a degree in mechanical engineering and a master's degree in business administration from the University Of Giessen, Germany. He currently lives in Michigan.

1

How does Continental see the future of electrification from your business point of view? Is it possible, due to the technology used in electric cars that the volume of use of automotive systems by automakers decrease?

No. Continental is fully embracing vehicle electrification to drive growth and profitability. Our projections show that the number of light duty vehicles sold increasing from 90 million per year today to 114 million in 2030, globally. Nearly 60% of these vehicles will be electrified. Electrifying vehicles means that the population's mobility can grow simultaneously ensuring that we keep our environment clean. While pure battery electric vehicles will have a healthy share of the market by 2030, hybrid vehicles--from 48V to plug-in hybrids--earning a significant portion of the market.

3

What products and systems does Continental not supply today that could provide in the future exclusively to meet production demands for electric vehicles?

Continental has been on the forefront of vehicle electrification for some time now. We already have both 48V and high voltage electric motors and inverters in production for years, but the number of new products that we are working on is truly exciting. We are getting ready to launch our 3rd generation high voltage electric motor. Performance has increased by 85%, weight has decreased by 20% and cost decreased by 30%. For charging, we are working on wireless solutions that will enable fast and convenient charging and fully compatible with any charging infrastructure.

2

Within the same scope, does Continental really believe that the automotive future is 100% electric?

The internal combustion engine will still play an important part of mobility for the future. It will certainly be more efficient and have far less pollution. In fact, electrification is the big reason that the internal combustion engine will continue to stick around. By 2030, we expect that nearly 60% of the market would be hybrids.

4

Continental has, in Germany, a large complex with laboratories and test tracks where it develops numerous technologies for the vehicles of the future. Can you tell us what is being developed there at this moment?

Some of the newest technologies Continental is working on, include our Chassis & Safety Division, Advance Driver Assistance Systems which will guide us toward our Vision Zero, zero traffic fatalities and ultimately zero accidents. This includes Sensor technology. Our Interior Division is working on Holistic Human-Machine Interface and head-up displays, important for the acceptance of automated driving and 5G communication. In our Powertrain Division, a key technology is our 48-volt system for hybrid electric vehicles, and technologies designed to improve the combustion engine performance in terms of fuel economy and emissions. Additionally, some interesting technologies include new technology for tires, such as experiments with dandelion rubber to replace natural rubber and tires with integrated sensors.

5

From the purely technological point of view, would Continental say that the development of 100% autonomous vehicles is already fully ready for all conditions, i.e. cities and roads?

For highly automated driving functions for the use on highways in around 2020. Fully automated driving is expected around 2025. Automation starts on the highway, because it is the complexity there that we will be able to master first. In built-up areas this complexity will not come until later. That requires a virtual environment model going far beyond what is available today.

6

And from a legislation point of view, can you say the same?

The biggest obstacle is the lack of a legal framework for highly automated driving in 2020. It's now time that legislatures in markets around the world open up the way to the actual use of automated driving. In Germany, for example, we see the recent law on automated driving as an important step forward, though we still see the necessity of specific adjustments. ■

Moving to Morro Pelado

Honda surprises again regarding the factory in Itirapina, SP: the unit, ready but closed, will be the center of all its production of vehicles in the country.

The Honda plant in Itirapina, a little over 200 kilometers from São Paulo, occupies a peculiar place in the history of the Brazilian automotive industry even though not a single car has left its assembly lines. First the unit found itself at the center of a truly sui generis (unique) picture: absolutely ready, the manufacturer decided to postpone its inauguration indefinitely as a reflection of the market crisis that was approaching - and the fact was confirmed.

Now, when the news of its start of operation finally arrives, another turnaround: instead of playing a complementary productive role to the Sumaré factory, also in the interior of São Paulo, Itirapina will be not only the main one but the only Honda factory in the country.

THE DOUBLE BECOMES HALF

In August of 2013 Honda announced that it would build a new factory in the country, investment of R\$ 1 billion. The city chosen was Itirapina, which in Tupi means Morro Pelado (Naked Hill), denomination of the station inaugurated in 1885 by Companhia Paulista de Estradas de Ferro and from which the city developed.

In 2013, the plan was to double Honda's production capacity in Brazil: the 120 thousand units/year of theoretical capacity in Sumaré, where Civic, City and Fit had



Disclosure/Honda

been produced so far, would have been reinforced by an additional 120 thousand units /year from Itirapina.

And everything went well, very well: a ceremony in November of 2013 and accelerated works, partly helped by the lack of rain in the region at the time. In April 2015 Honda received symbolically from the construction company the key to the unit marking the closure of the civil works. Machinery coming through and the inauguration scheduled for December 2015, or almost two years after the actual start of construction.

A month before, however, November 2015, the first turnaround: in a straight statement Honda reported that the inauguration was suspended for an indefinite period, due to the crisis in sight in the automotive market, already evident at that time.

And now, when the company decided for the long-awaited start of productive activities in the factory - closed for about two and a half years ago - a new and relevant change: instead of increasing Sumaré volumes, Itirapina will receive all production of Honda vehicles here. That is: it will be a total transference and no more a complementarity. In this way the production capacity of the manufacturer here will not be doubled, but will continue in the range of 120 thousand units / year. Volume above that, in a curious way, would require investment in increasing capacity of Itirapina.

The transfer process, according to Honda, will begin in 2019 and will be complete by 2021.

Sumaré, by the way, will not be closed: it will continue to manufacture engines, including casting and machining, as well as activities related to components such as plastic injection and tooling, as well as quality engineering, industrial planning and logistics, activities that already occur today. The Automotive Research and Development Center, the parts division and the Technical Training Center for dealerships will also continue there. And the unit will continue as the administrative headquarters of Honda South America, which it received in 2015 with the transfer of previously allocated professionals in the Capital.

Honda justifies the decision, claiming that "although the local market is showing a recent recovery, growth prospects remain below the previously projected volume [at the time of the decision to build the second factory in 2013]. Based on the current scenario the company will need to strengthen the automotive production structure to ensure the sustainability of the business for the future".

For the company, "the new unit is the result of a more modern design and therefore more productivity, more efficient from the point of view of productivity, with better flexibility to meet the technological demands for upgrades in our line of cars".

Sumaré was inaugurated in 1997, as the main symbol of the arrival of new manufacturers in the country, and while Itirapina was still under construction or turned off, it embraced the production of two new models, HR-V and WR-V, besides the new generation of the Civic.

According to Paulo Takeuchi, executive director of institutional relations for South America, all the main equipment needed for production is already installed in Itirapina: "To begin mass production it will only be necessary to install specific equipment, to resume the tests, trainings and transfer of people".

The schedule foresees start of activities in January of the next year with Fit, at a rate of 90 units/day.

Honda intends to bring to Itirapina all the approximately 2 thousand employees who work in the production areas of vehicles in Sumaré: "Our intention is not to lose any professional and for that we create good conditions for them to be transferred. If necessary, we will analyse case by case".

Nearly 120 kilometers separate the two factories.

AT THE LIMIT

The numbers for 2017 show that Sumaré worked at the maximum limit of its nominal capacity, with results a little above it. Honda closed last year with about 130 thousand registered domestic vehicles, according to Renavam figures released by Fenabrave: approximately 48 thousand HR-V, 26 thousand Civic, 25 thousand Fit, 16 thousand City and 15 thousand WR-V.

With this, the company closed the year as the country's eighth brand in sales of automobiles and light commercials, with a 6% share. It lost, from top to bottom, for Renault, 7.7%, Toyota, 8.7%, Hyundai, 9.3%,

HONDA ITIRAPINA

Factory completion 2015
 Beginning of production 2019, with Fit
 Capacity 120 thousand/year
 Models produced until 2021 City, Civic, Fit,
 HR-V and WR-V

HONDA SUMARÉ

Factory Completion 1997
 Start of production 1997, with Civic
 Capacity 120 thousand/year
 Models produced until 2021 None



Ford, 9.5%, Volkswagen, 12.5%, Fiat, 13.4%
 %, and General Motors, 18%.

In 2016 the scenario was similar, with Sumaré again responding to numbers that match the factory capacity: 120.5 thousand units of national models were registered in that year, being about 56 thousand HR-V, 28,5 thousand Fit, 21 thousand Civic and 15 thousand City - the WR-V was launched in March 2017.

The result was the same as in 2017: eighth position and 6% participation.

In 2015 the theoretical limit was largely overcome, with more than 150 thousand units of national Honda models issued, being 51 thousand HR-V, 42 thousand Fit, 31 thousand Civic and 26 thousand City.

Despite this, the brand raised the same 6% share of automobiles and light commercials and the same eighth position in sales. That is: Honda has been parked in market terms for the last three years.

For 2018 the forecast, according to Takeuchi, is to increase by 5% the sales in 2017, or something around 136,5 thousand units of national models.

WITH NO PADLOCK

Despite the unprecedented situation in the country the case of Itirapina was not exactly to lock the gate with a chain and a padlock and wait for the market to react.

Takeuchi confirms: although the serial operation never took place in Itirapina, there was a strong process of maintenance of machinery there. "Even in the case of new equipment, this periodic maintenance process is necessary to ensure its perfect functioning when the operations start".

According to Honda, thirty employees have been allocated to Itirapina since the factory was ready to take care of the machines and the buildings - that is, there was a cost to keep the factory closed.

From now on, external works of access and infrastructure will be carried out to prepare the beginning of the factory activities, which will have as its first effective step the transfer of the tools of Fit from Sumaré.

Itirapina is a complete factory including, beyond the assembly line, stamping and welding operations, as well as test track with 1.5 kilometer. In total, there are 8 kilometers of internal streets. The paint booth, according to Honda, "presents gains in sustainability with the water-based paint process which, with the use of less quantity of paint, is less polluting, ensuring the same quality in the finish".

One that anxiously awaits the start of production in Itirapina is the City Hall. According to calculations by the municipality when the factory is in full activity, revenue should double only because of the ICMS generated by Honda, going from R\$ 60 million to R\$ 120 million, numbers of 2016.

Many other developments are also expected to happen in the city, particularly residential and industrial condominiums that naturally stopped when factory operations were suspended. Local commerce, of course, waits anxiously.

But as employees will be transferred there is a new regret, this time from Sumaré, which will surely lose part of their revenue because of the movements promoted by Honda. ■

DO YOU NEED MORE INFORMATION ABOUT AUTOMOTIVE BUSINESS IN BRAZIL?

The collage features three overlapping magazine covers and a background image of a port. The top-left cover is the April 2018 issue, featuring a portrait of Sergio Marchionne and the headline 'EXCLUSIVE CAOA UNVEILS PLANS TO MAKE CHERY A NATIONAL AUTOMAKER'. A quote from Sergio Marchionne reads: 'The FCA is very well by itself. We're not for sale.' The bottom-left cover is the 'ESSAYS 2025' issue, featuring an electric car and a smartphone displaying a dashboard, with the headline 'THE ELECTRICAL SUPPLY DILEMMA' and a sub-headline 'YOUNG PEOPLE DO NOT WANT TO HAVE A CAR. BUT THEY WANT A CAR.' The bottom-right cover is the 'TRUCKS' issue, with the headline 'TRUCKS: Market already works with projection above the Anfeave. Well above.' The background image shows a large cargo ship at a port with colorful containers and a plane in the sky. The 'AutoData NEWS AGENCY WEEKLY EDITION' logo is at the top right, and the text 'Weekly Brazilian automotive industry news | 4.16 to 4.21.2018 Year XII' is below it.

Year 26 | April 2018 | Edition 343

AUTO DATA

EXCLUSIVE

CAOA UNVEILS PLANS TO MAKE CHERY A NATIONAL AUTOMAKER

ESSAYS 2025

THE ELECTRICAL SUPPLY DILEMMA

YOUNG PEOPLE DO NOT WANT TO HAVE A CAR. BUT THEY WANT A CAR.

TRUCKS: Market already works with projection above the Anfeave. Well above.

AutoData
NEWS AGENCY WEEKLY EDITION

Weekly Brazilian automotive industry news | 4.16 to 4.21.2018 Year XII

es R\$ 21 million from the Argentine government

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

More on pg. 4

ce 90 units/day
in 2019
pg. 6

VW Anchieta employees approve shared production

More on pg. 8

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AutoData



Christian Castanho

The dream of the common car in Mercosur

AutoData Seminar New Opportunities of Mercosur shows that the real productive unification Brazil-Argentina is (finally) very close

Mercosur has one of the most important automotive industrial parks in the world, but differences in legislation in Brazil and Argentina, its major exponents, block the production of a 100% common vehicle, with exactly the same technical specifications, in both countries for sales in the neighbor. This scenario, however, should change soon - and the AutoData Seminar New Opportunities of Mercosur, held in São Paulo on Monday, April 23, showed that there is no lack of commitment in this direction.

For Antônio Megale, president of Anfa-vea, who started the event, "convergence is important to face the difficulties". He showed figures: Mercosur responded by market of 3.2 million and production of 3.1 million vehicles last year, but in 2013 the volumes were respectively 4.6 million and 4.3 million, in other words: there is obvious potential to grow via resumption.

Interzone exports are 74% and of the other 26% half of it goes to Colombia and Mexico. Together, Brazil and Argentina have 76 factories, a fleet of 58 million vehicles and 3% of world production.

"It is a region ready to move forward in production, improve productivity and competitiveness."

According to him, Brazil and Argentina are currently discussing harmonization of technical standards for safety, emissions and fuels: "We need to move forward in this technical convergence. It's easier in safety, in emissions a little more complex".

For Megale it is necessary to resolve, in a definitive way, the competitiveness in Mercosur, in the name of advancing global competition.

Adefa, Argentine's equivalent to Anfafea, also attended the seminar with a lecture by its vice president, Daniel Herrero. For him, there is an "absolute need" to unify the Brazilian and Argentine automotive sectors as a way to prepare for free trade with the European Union, anxiously awaited:

"Reforms need to be made in both countries to make industries more competitive and prepared to compete in the European market. Today we have many internal problems in the two markets that must be resolved".

According to Herrero, the Argentine government is already studying ways to solve the tax and competitive problems of its industry and believes that in the future, with the resolution of these problems and the unification of the productive processes of the countries, the production of vehicles in Latin America will be able to reach 7 million units.

Dan Ioschpe, chairman of Sindipeças, also a speaker, said he believes that the integration of the automotive sector in Mercosur must occur before the moment of the obligation of greater competitiveness arrives: "In the past, the sector tried to seek more competitiveness and then to think about integration, and this did not happen. We bet on our ability to improve our competitiveness during integration".

He understands that harmonization of rules "has to happen as soon as possible because there are processes that can be unified and that will raise the level of both industries".

MDIC, Ministry of Industry, Foreign Trade and Services, participated in the seminar with its secretary of development and industrial competitiveness, Igor Calvet. He

said a Brazil-Argentina regulatory convergence agreement to establish common safety and emissions standards should be ready by the mid-year of 2018.

During his presentation Calvet said that integration with Argentina is necessary, but not sufficient:

"Models such as the flex agreement cannot be restrictive or, otherwise, can generate imbalances. We will only be competitive when we have conditions and market opening. In general, countries do not want a free market".

He also said that Rota 2030 represents "a coordination of efforts from the sector" and "a commitment of the government with the country". Besides that "the perception of what happens in the world, of new trends, is fundamental for those who, like me, need to make effective decisions. Clearly we observe productive capacity and great idleness. Now we are resuming growth and we need to be able to engage the market nicely with good and competitive actions".

For him "any worthy policy needs to meet two assumptions: to be connected to the great trends of the world and to promote structural change in our economy". He also said:

"From the structural point of view a change of the level of our research and development is needed or we will stay where we are".

THIS YEAR

Independent of the obstacles, conversations and negotiations General Motors will launch this year a Mercosur Car, as Carlos Zarlenga, President of General Motors Mercosur, has defined and promised a structure that completely unified operations in both countries.

For him, also speaker of the AutoData event, the best way to show how much Brazil and Argentina are united in the convergence proposal is to have a common product.

The executive said in his presentation that the automotive unification of Brazil and Argentina should be, firstly, a mutual recognition to become global later:

According to VW's Pablo Di Si, the calculation of the flex that regulates the bilateral automotive trade can jump gradually from the current 1.5 to 2 in the coming years

"If it is already so difficult to integrate the two countries, which have been partners since the 1980s, imagine doing this outside the region. So the first step is to show how it works on our bloc".

The idea of having a unique car in Mercosur brings with it the advantage of reducing the number of parts and the costs of engineering and production, thanks to the lower complexity.

And it adds to these advantages in development and in the financial and operational areas:

"This will lead to more volume, more scale, which leads to more efficiency. General Motors pioneered the Brazil-Argentina partnership and this, for us, is the best way, which makes sense".

The AutoData seminar also witnessed Antonio Filosa's first public appearance as FCA's new president, Fiat Chrysler Automobiles, for Latin America.

On the stage of the event he stated that one of the company's objectives is to expand sales strongly in the South American region and, for that, one of the strategies adopted is the opening of a commercial office in Chile.

The executive also said that good demand for the Argo hatch in Argentina is expected to result in a variation of the mix of production of the model in Betim, MG, to

meet the orders of the neighboring country more promptly – 4 thousand 400 units were sold there from January to March, according to data from Adefa.

FLEX TO 2

Pablo Di Si of Volkswagen also attended the seminar promoted by AutoData and said he believes that in the second half the governments of Argentina and Brazil will anticipate the bases of a new bilateral automotive agreement.

The current one, scheduled to run from 2015 to 2020, establishes flex – control calculation of the amount of dollars in the automotive trade of the two countries – of 1.5, that is, for each US\$ 1 imported from the factories installed in Argentina the Brazilian companies can export US\$ 1.5. According to Di Si, Brazil is interested in increasing flex and extending the term of the agreement, and that "if it is to improve the transit of vehicles from one country to another the new agreement can be anticipated. What cannot happen is a restriction on the commercial chain".

The executive believes that the flex index may jump from 1.5 to 2, although it happens gradually from year to year.

Closing the event Marcos Forgioni, vice president of international sales and marketing for MAN, showed the scenario of the foreign market for trucks and buses: "Exporting is as difficult as selling in the domestic market, but it has its peculiarities".

He recalled that in Brazil only 11% of the total of 1.7 million kilometers of roads are paved, so "our products are geared towards developing countries and thus we have a strong presence in Latin America and in Africa".

MAN's largest export markets in volume are Argentina, with 39%, Mexico, 28%, and South Africa, 17%.

He said that in order to win the customer it is essential to build good sales and after sales service networks in the countries served. More: depending on the case it may make more sense to produce locally, even in CKD or SKD systems: "It is necessary to analyze each Market carefully". ■



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Obviously it will also bring the complete datasheets of all the chassis and bodywork manufactured by each of these companies

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Dilemma: Brazilian auto parts or Chinese and Korean

Caoa Assembler awards its suppliers keeping an eye on growth of its nationalization index from the new operation with Chery in Anápolis, GO, and Jacareí, SP

For the second time in its history, Caoa Assembler appreciates its best suppliers - and it was probably the last time that Chery, in a recently signed agreement, was out of the awards.

The focus of Caoa's purchasing department today is to put the new society running very well on profitability. And in these first partnership moves, in practice, and basically, making and remaking calculations to understand whether it's best to import parts or locate your production, according to its director Ivan Witt.



"The best equation will always be to buy material in the same place where the vehicle is produced, but we need to understand the conditions 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".

A key part of this account is Rota 2030, so the company will wait the next steps of the federal government to make its final decisions: "It is fundamental to know the rules of the game".

Nowadays, 68% of direct purchases of Caoa, related to the production of Hyundai models in Anápolis, GO, involve imports. The remaining 32% are items produced here, which in any case represents a representative jump when the index is compared to 2014: a mere 6%.

Despite the uncertainty about the new federal automotive policy, there is a natural inclination from Caoa to further grow that share of domestic products, Witt says: "Seats and other large parts are harder to bring from Asia to Brazil, so that it beco-



mes convenient to nationalize this type of component".

This already happens with tires and glass in the case of Hyundai vehicles, according to the executive, and also in the 11% of national components of Chery's Tiggo 2. Anyway, he argues that "for some components we cannot scale here in Brazil because we have operated so far with a smaller volume, that's why we still import a lot".

The Asian origin of auto parts sometimes also goes in favor of importing components into the calculations: "In some cases 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 strong in terms of cost".

THE CHAMPIONS

While calculating and taking into account the novelty with its new Chinese partner, Caoa recognized its best suppliers in 2017 and, of these, Axalta, automotive paint manufacturer, was the great recognition

champion, divided into seven categories.

Witt said that the initiative's proposal is to strengthen the relationship with the supply chain: "Recognizing the best practices is a constant reality and, for the second time, when the economy shows clear signs of recovery, we want to reinforce the importance and admiration which they are seen by us".

One of the awards given by the manufacturer was the excellence in aftermarket operational standards - last year Caoa led the ranking of best service in this area as determined by JD Power, beating traditional brands such as Honda and Toyota.

For the director of the company "the great advance and the impressive increase of the satisfaction of our clients happened in a gradual and consistent way and much of this passes not only for the initiatives and strategies of our team for continuous improvement, but also for the work and disposition of the companies that were with us". In this regard Automobi. received the main honor.

They defined the winning criteria as quality, commitment, technology, performance and competitive price. In addition to the seven major winners, Caoa offered a certificate in recognition of the good work of several suppliers.

As supplier of the year Neo Rodas took the certificate

In quality Lear division Seats took the prize and, with certificate, to Neo Rodas. In nationalization Flamma got the main one and the certificate went to Plastic Omnium. In the innovation category in cost and excellence in direct purchases, they recognized Axalta and, in certificate, Doowon.

Excellence in indirect material purchases awarded Saint Gobain, Abrasives division, while Multi Point took the certificate. And, closing the awards, in the category excellence in indirect purchases services the party was for Geobox, while Loyal took the certificate. ■

Caoa Assembler Best Suppliers Awards – 2nd. edition

Supplier of the year

Axalta Coating Systems Brasil

Certificate

Neo Rodas

Quality of supplying

Lear do Brasil, Divisão Seats

Certificate

Neo Rodas

Best Supplier in Nationalization

Flamma Automotiva

Certificate

Plastic Omnium do Brasil

Inovation in Costs and Excellence in Direct Purchases

Axalta Coating Systems Brasil

Certificate

Doowon Fabricante de Sistemas Automotivos Brasil

Excellence in aftersales operational standard

Automobi Serviços Digitais

Certificates

JD Power Brasil e Prime Action Consultoria

Excellence in Indirect Material Purchases

Saint Gobain Brasil, Divisão Abrasivos

Certificate

Multi Point & Informática

Excellence in Indirect Services Purchases

Geobox Logística Integrada

Certificate

Loyal Serviços de Vigilância





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Two decades of continuous improvement

For the twentieth time Honda recognizes its best national suppliers. A nationalization increase is on the radar of the manufacturer, but without any details.

Honda Automobiles awarded its best Brazilian suppliers in 2017. The twentieth edition of its recognition was held in mid-April at the Dom Pedro Expo, in Campinas, SP.

Twenty-nine suppliers were awarded: twenty in the category of auto parts, which according to the manufacturer, in a statement, "achieved the highest level of quality, delivery and management" and nine other highlighted ones in "competitiveness and location, quality and delivery", according to the same statement.

For the company, "the objective of the award is to encourage partners to continually improve the good results and motivate others to seek this recognition. Due to the constant search for nationalization of items and increased competitiveness, strengthening the partnership with suppliers represents, in addition to the continuous improvement of the brand's products, a virtuous circle of joint growth".

Asked by AutoData to detail the award

criteria and winning initiatives, the company claimed that it could not provide any additional information because of "data confidentiality and strategic issues". [N of R: sic.]

In a note sent by e-mail from José Golfeto, general manager of purchases, he states only that "in twenty years of car production in Brazil we have built a partnership and trust relationship with our network of suppliers. For this we maintain an open and constant communication so that we are aligned with Honda's level of demand for quality, delivery, innovation, nationalization, sustainability and also costs. Our close contact continues since the development of the component and preparation for production until the productive stage, with a routine of monthly quality reports and deliveries, as well as joint plans and actions focused on continuous improvement".

In addition to that, the executive reveals that the nationalization index for Honda vehicles today is around 70%: "We intend to increase this index, for sure", he said, without elaborating how, when or what kind of component.

It is certain that the complete process of transferring the production of vehicles from Sumaré, SP, to Itirapina, São Paulo, which starts next year and is expected to last two years (see page 44), should not represent major changes in local purchases from the manufacturer: "We expect the maintenance of the volume of purchases, since the production of automobiles will remain the same". ■

20th. Meeting of Honda Automobiles Suppliers

Excellence in quality and delivery

Raw Material Category

Chevron Brasil | CPE Compostos Plásticos de Engenharia | Dow Brasil

Plastic Category

Continental | JSP | TRBR | Yachiyo

Stamping Category

Yorozu | Yutaka

Components Category

GDBR | Honda Lock | Litens Automotive | Michelin | NGK | NSK

Electrics Category

Stanley Electric | Panasonic | Alpine

Category TTK (Foundry and Machining)

Maxion Wheels Limeira | TRW

Excellence in parts division support

Pisani Plásticos

Excellence in competitiveness and localization

Adient Bancos Automotivos | Wabtec

Excellence in reduction of CO₂

Benteler Componentes Automotivos | Maxion Wheels Limeira

Featured innovation in supplies

Itaesbra Indústria Mecânica | Vuteq

Featured quality in Honda Way program

G-KT | HBA Hutchinson





MORE OPTIMISTIC RECOGNITION

Twenty-sixth edition of the Mercedes-Benz Interaction Award was marked by a positive environment, a direct result of the reaction of truck sales

The market resumption environment was fully reflected in the Mercedes-Benz Twenty-sixth Interaction Award ceremony: no wonder, the party took place in the São Bernardo do Campo factory complex, in São Paulo.

The numbers could not be better: the first quarter closed with a 50% increase in truck sales compared to the same pe-

riod in 2017, with the heavy segment, the largest range in the segment, increasing no less than 90%. Production followed this pace and advanced 55% in the same comparison, and the heavy ones evolved the amazing 85%, according to figures from Anfavea.

It is true that the indexes are a reflection of extremely low base, the result of

unprecedented crisis but which, it seems, is finally behind.

Philipp Schiemer, CEO for Latin America, summarized for the audience of about five hundred professionals who work at the company's suppliers:

"This year, with no doubts, you are facing a little more optimistic Mercedes-Benz. Finally the economy returned to gain a little more speed. I'm sure each one of you is feeling the same way as I am. And that's why I would like to congratulate everyone who has also gone through a crisis and now starts to come out of it much stronger".

The Purchasing director Erodos Berbetz celebrated the resumption of production volumes after four years: "Of course we are not at the ideal pace yet, but there are very positive signs already. And I hope that today we are all stronger and more prepared for what the future holds".

The Interação (Interaction) Award, one of the most traditional of the Brazilian vehicle industry, has recognized thirteen companies in seven categories in this edition.

Mercedes-Benz also took advantage of the ceremony to deliver three trophies related to its Environmental Responsibility Award, which is already in its eighth edition.

THE WINNERS

The Special award went to Moura Baterias, from Belo Jardim, PE, who already won the Interaction in 2005 and 2007 and this year, according to Mercedes-Benz, "it was recognized by the partnership of the last years with a view to implementing new technologies, in addition to willingness to continue innovating".

In the Quality category one of the winners was Cinpal, from Taboão da Serra, SP, manufacturer of forged and castings, which stood out as the basis of "a high performance team, acting with success and commitment in several projects, with

agility in the development of new items, quality and logistics".

Metalac SPS also won in the category, from Sorocaba, SP, manufacturer of high strength fasteners for critical application, such as connecting rod, wheel and bearing screw. For Mercedes-Benz, "Metalac has a first-class laboratory structure and a team of researchers and engineers, making the reference of quality in the production of fasteners in Brazil".

And equally Resfri Ar also took the award, from Vacaria, RS, specializing in air conditioners and truck accessories. Mercedes Benz believes that "an active team of engineers and researchers are Air Resfri's differentiators, which makes it benchmarking in quality, reliability and safety".

In Logistics Durametal took the trophy, from Maracanaú, CE, Haldex, from São José dos Campos, SP, and Metalpart, from Diadema, SP. Durametal, which operates in the foundry and machining of drum brakes, brake discs and wheel hubs, started supplying in 1997 and increased the business with the automaker "thanks to the quality and punctuality of deliveries, good relationship and commitment, always seeking to offer competitively priced products".

Haldex, responsible for automatic brake adjusters, has "punctuality in its DNA, essential factor, ensuring agility and flexibility". And Metalpart, which supplies around four hundred items, such

The first quarter closed with a 50% increase in sales of trucks, the heavy vehicles, the largest segment in the segment, increased no less than 90%



as welded assemblies, cross-pieces and brackets in general, "it is a great partner in the flexibility of parts programming, meeting the demands in case of increase or decrease in the program in a short-term".

In Costs, one of the winners was Metalkraft, from Quatro Barras, PR, a specialist in machining parts in cast iron, injection and machining of aluminium parts, which "meet the demands with high competitiveness in costs, quality and punctuality in deliveries", proving to be a true partner". It was accompanied by Proturbo, from Jundiá, SP, a specialist in precision component machining that registered "excellent delivery and quality indexes and was also highlighted by the commercial competitiveness, always seeking new cost reduction alternatives".

Both had the company of S Riko Automotive Hose Tecalon, from Juatuba, MG, which produces automotive pipes for fuel, brake and air conditioning and "is always proactive in presenting ideas for cost reduction without this in any way compromising the quality of the products supplied".

Interaction in Indirect Materials and Services: Operational Excellence went to Dürr, in São Paulo, recognized for "clearly contributing to the success of new projects at Mercedes-Benz Brazil plants with excellence in execution, deadlines and operational result".

In Indirect Materials and Services: Commercial Excellence, the award was for Engemetal, Diadema, SP, "proactive and flexible for eventual modifications or corrections of contracted projects. Moreover, it is always accessible in the negotiations aiming at the best cost benefit".

T-Systems of Brazil won Indirect Materials and Services: Special. Based in São Paulo, it was the winner, among others, participating in "a new model of contracting engineering services that generated a reduction of 29.5% in prices".

ENVIRONMENT

In the eighth edition of the Mercedes-Benz Environmental Responsibility Award, Michelin, Schulz and Vallourec were the winners.

Michelin was recognized by the Ouro Verde Bahia Program, the POVB, an ecological reserve in a protected area of 3 thousand 96 hectares that aims at the production of renewable raw material. Schulz won thanks to the initiative of sustainable use of rainwater in the industrial process at the plant in Joinville, SC, which reduced water consumption by 70%. And Vallourec for a water rationing plan at the Barreiro unit, MG, which resulted in a savings of 44% in the use of the natural resource in two years. ■



26th. Mercedes-Benz Interaction Awards

Special
Moura

Excellence in Operational Quality
Cinpal | Metalac | Resfri Ar

Operational Excellence in Logistics
Durametal | Haldex | Metalpart

Excellence in Costs
Metalkraft | Próturbo | S Riko

Indirect Materials and Services: Operational Excellence
Dürr

Indirect Materials and Services: Commercial Excellence
Engemetal

Indirect Materials and Services: Special
T-Systems

8th. Mercedes-Benz Environmental Responsibility Award

Michelin | Schulz | Vallourec



CORRESPONDING TO HIGHER REQUIREMENTS

Toyota raises the standards for supplier recognition from year to year, which means that the margins should get even narrower in the coming years.

The winners of the sixteenth edition of the Toyota Suppliers Conference can certainly be proud: it is not easy to be recognized by the Brazilian unit of the Japanese manufacturer. Just as in its manufacturing operations, the company firmly applies its principles of continuous improvement to the supply chain, which means that the requirements for recognition are higher year after year.

For this last edition, referring to the activities of 2017, for the first time the minimum cutline grade applied in the Quality category, for example, was 10 ppm or only 10

defective parts for every 1 million supplied. There was also a new minimum reference in terms of cost reduction of at least 4%.

"A few years ago we worked at 100 ppm, then we went down to 50 ppm and so on", says Celso Simomura, vice president of purchasing, engineering, public relations and government. "Today, at 10 ppm, we are already better than the global average, but there are still Asian suppliers working at more difficult levels than this, and that's what we're seeking".

By 2018, given the start of production of Yaris and the increase of Corolla and



Disclosure/Toyota

Etios volumes, Toyota still has to keep the standard at 10 ppm, but from 2019 the tolerance will possibly fall once more, in half.

The suppliers' response to these demands, according to Simomura, is a cause for celebration not only for themselves but for Toyota itself. So much so that the recognition is divided into two slices: the companies that have met the goals and with Excellence are the ones that have passed with Certificate - in the Quality category, even the seven winners have reached the magic index of zero ppm.

As far as logistics are concerned, the battle is not less fierce. To enter here is necessary that no late delivery has occurred throughout the year and, in order to achieve Excellence, it was necessary to have hung on the wall of the company the Certificate received a year before. In other words: the six companies that achieved the maximum award in that matter have been without delaying any delivery to Toyota for two years.

In the area of Best Value Engineering and Value Analysis VE/VA, the winner, Yazaki, won the prize for presenting almost two dozen proposals that represented cost reduction, from nationalization of components to modification of raw materials.

Simomura notes that 2017 was a rich year in proposals for improvement by suppliers: altogether 67% of the ideas presented were approved, a volume that represents more than double achieved in 2016.

Another innovation in Toyota's awards this year was the inclusion of the Environment category, won by Kanjiko for initiatives to reduce environmental impact in its production process.

The executive of Toyota points out that the results were very representative mainly against the general scenario of last year, in which the manufacturer increased its purchases by 23%. But he makes

it clear how the new levels will continue to be demanded: "We are at a high level in Brazil, but in Japan companies are not even rewarded for quality and logistics issues anymore, which are already seen as a simple precondition. They recognize the initiatives related to technological development and the like, and I believe that we are on the same direction".

The biggest winner of Toyota's recognition this year was Pioneer, for having achieved 100% of the goals in each of the categories of the award.

NOT EVEN TOYOTA ESCAPES

Despite all commitment and high standards, not even Toyota escapes living with suppliers in difficulty, says Celso Simomura, even though they represent an extreme minority.

Of the company's 120 suppliers, four are being monitored more closely because of financial problems, especially cash flow - in one case Toyota had to assist in acquiring raw materials.

In one of the most relevant cases, the executive tells, Toyota has helped in a plan to turn two supplier factories into one, with a new layout to improve processes and reduce waste.

SIX NEW ONES FOR YARIS

Confirming the high standard demanded by Toyota, Simomura says even if a company obtains Excellence recognition in the suppliers category does not mean an automatic passport to provide the new product line of the new product which will be manufactured in Brazil, Yaris, although it grants "a different assessment".

He says Yaris will have 72 suppliers, six of them are new. The arrival of these new ones has three main reasons: to increase the total volume of production, the adoption of new technologies in the vehicle and increase nationalization. ■

16th Suppliers Conference Toyota

Quality

Excellence

Dana | G-KT Brasil | Mahle | NSK Brasil | Plastic Omnium | Schaeffler | TPR

Certificate

**3M | Adient | Aisin | Autoneum | Basf | Benteler | Bosal | Bosch | Brose | Casco
Cobra | Cooper | Delga | Denso | Elring Klinger | Fagor | GKN Sinter | ITW | Jtekt
Log & Print | Nitto Denko | NTN | Panasonic | Pecval | Pilkington | Rassini | Sanko
Sanoh | Scorpis | SNR | Sumidenso | Sumiriko | TRBR | Triospuma | Tyco | Yazaki | ZF**

Logistics

Excellence

Bosal | Casco | G-KT Brasil | NSK Basil | Sanko | ZF Lemforder

Certificate

**Aisin AI | Basf | Cobra | Denso TEN | Panasonic | Plastic Omnium
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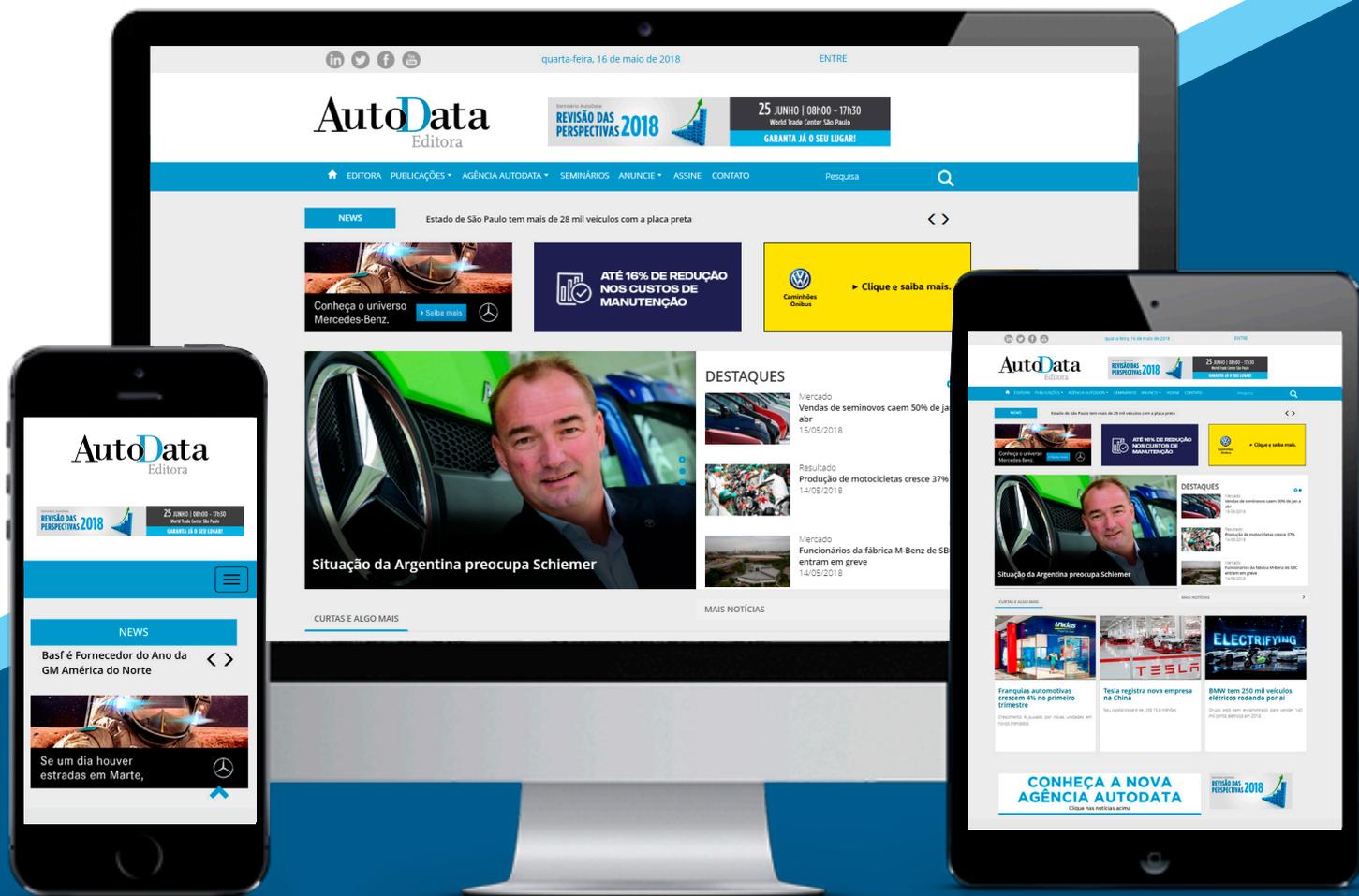
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GREAT GIFT AT 50TH

Ford takes advantage of the 50th Taubaté factory celebration to start there production of new engine and gearbox

Double celebration: celebrating 50 years of the Taubaté, SP unit, Ford started the national production of the 1.5 Ti-VCT flex three-cylinder engine, 137 hp with ethanol, and also the MX65 manual transmission in there.

The engine, previously, was imported from India and used in EcoSport. From its national production it will also equip the future Ka Freestyle, which arrives in the second half. The model will also receive the new transmission Made in Taubaté, exclusively, as the EcoSport will continue with the manual transmission IB5, also made there.

According to Rogelio Golfarb, vice pre-

sident of Government Affairs, Communication and Strategy, Ka will be the reason for other news this year: "We will have Ka's version equipped with a six-speed automatic transmission".

Golfarb assured that to make the new engine and gearbox national the company made "strong investment", but did not disclose the value. Lyle Watters, Ford's president for South America, also overlooked the value: "We have made significant investments in equipment, systems and improvements in production processes that are aligned with Industry 4.0. The production line of the 1.5 engine received thirty new robots and the transmissions line received nineteen, besides laser welding process".

The factory's production capacity went from 430 thousand engines/year to 500 thousand. That is: Ford will produce 70 thousand units of the 1.5 engine each year. In the case of transmission, the productive capacity is the same and the MX65 will also have production of 70 thousand units/year.

UNIQUENESS

According to Ford the new national engine is not only the first 1.5 liter three-cylinder in the world but it is also the naturally aspirated propellant with the highest specific power on the market - 91.3 hp per liter. It has aluminum block, double valve



Disclosure/Ford

control and belt immersed in oil. It earned A rating, the best possible, in Inmetro's energy efficiency analysis.

The new gearbox, which is also manufactured in France and India, has "less complex design and more complex manufacturing process", according to the manufacturer. It weighs 8 pounds less than the IB5.

Rogelio Golfarb believes that now Taubaté stands on the same quality level with similar mills in Germany, China and the United States: "We have upgraded 100% of the plant with automation of the machining and assembly lines and improvement of the flow of materials, fully integrated with the concept of lean manufacturing. This provides process efficiency and high productivity".

MILLIONS AND MILLIONS

Throughout its 50 years Ford unit of Taubaté, always dedicated to the manufacture of engines and gearboxes, reached 8 million and 7 million units produced, according to the calculations of the company.

The interesting thing about the story is that Ford never thought about building this Taubaté unit: the company received the almost ready plant from Willys, which it acquired here in Brazil one year before the inauguration, 1968. In the content of the package were the Taboão factories in São Bernardo do Campo, SP, and Jaboatão dos Guararapes, PE. At that time the unit of Vale do Paraíba was only casting used engines in the Jeep, Rural, Aero Willys and Jeep pick-up.

At the time, Ford already had its own foundry, in the distant Osasco, SP, inaugurated on November 21, 1958. As Taubaté was more modern, it won the internal competition.

The most important step for the plant came on July 2, 1974, when it was inaugurated what was called an industrial complex: Taubaté began to work with blocks and assemble complete engines, initially only for exportation - there were some units of the Ford Pinto for validation.

The OHCs 2.3 four-cylinder went to Ger-

many, Argentina and Canada. In 1975 they were in the national Maverick, same year that the list of the countries that received the motors made there gained England and reached the representative mark of 200 thousand manufactured motors.

On July 31, 1980, a large party was set up to celebrate the 1000th OHC produced.

Another singular celebration happened there in 1987, when the Thunderbird Coupé was elected Car of the Year in the United States. The reason: there was the engine OHC 2.3 liters added with turbocharger under its hood, also mounted in Taubaté.

1996 was another important milestone, with the unit revitalized to receive production of the engine and transmission of the first national Fiesta.

The exporting vocation of Taubaté never stopped existing: its Sigma engines and the IB5 transmissions go to Pacheco, Argentina, where they equip Focus. They also go to Mexico for the New Fiesta, exported from there to various markets, including the United States.

There are also shipments to Venezuela and South Africa. ■

THERE IS HISTORY HERE
Born as Willys casting, Taubaté started to machine and assemble engines for exportation in 1974. And only six years later it would reach the milestone of the first million.



WILD ANIMAL WITH ALFA ROMEO PEDIGREE

New Holland presents in Brazil a concept tractor that uses pure elements of automotive design, from conception to final result. And powered by biomethane.

You can expect a lot from a tractor: the first one, of course, is functionality. No wonder this and other vehicles used in the field have the denomination of agricultural machine - and machine in the exact conception of the word.

Precisely because of this, in general, what least important in a tractor is aesthetics: no one buys a vehicle like that by appearance, after all.

But New Holland, a brand of CNH Industrial, decided to change the rural logic and presented in Brazil a concept tractor that would not be ashamed in any car show.

"We're starting from a basic premise: why can not a tractor be as functional as it is beautiful?" Asks David Wilkie, a friendly Scottish man who brings in his curriculum two of the world's most admired automotive design studios, Ghia and Bertone. Here in Brazil it is possible to admire a small part of his work: the design of the VW Logus interior, Autolatina's pupil.

Wilkie is the global design head of CNH Industrial since 2014.

In order to design the concept tractor, he used the best of FCA, blood sister of



Divulgação/CNH



NOT JUST A PRETTY FACE
In addition to beautifying the fields the tractor of the future is supplied from waste generated on the farm itself



CNHi: not only did he count on the collaboration of designers who also work for projects of brands of the group like Alfa Romeo, Maserati and Ferrari, but he used the digital equipment, prototyping techniques and studios.

Externally, harmonious and expressive fluid lines that allude to a wild animal - after all, we are talking about a wild animal. The sensation of looking at a somewhat feline is reinforced by the design of the headlights in led.

Internally the cabin resembles a small spacecraft. The center of the steering wheel brings a screen where information about the vehicle and rear camera images is displayed. The feeling of spaciousness is enhanced by a panoramic curved glass roof, unheard of for this type of vehicle: "We seek to create an environment with full vision up and down, which not only brings a greater sense of well-being but also facilitates the use of implements".

A good concept car brings pioneering technologies, and the New Holland concept tractor does not need to: the operation of the vehicle can be done remotely from a mobile phone. Whoever prefers to stay on the seat, which is also stylized with references of the manufacturer's logo, finds a crib for fitting the smartphone in side support that connects directly to the machine.

Another highlight also for the touch screen installed in the upper right corner of the driver, where everything of the vehicle is controlled and the activity, such as external temperature, 360 degree camera etc.

In the mechanical part the tractor of the future is powered by biomethane gas, generated from poop of animals like pig and chicken, food remains and the like. The idea of the manufacturer is that the farmer manages his own fuel from organic elements that he already has in his property, creating a very favorable cycle in economic and environmental terms.

By New Holland calculations, the bio-methane-powered tractor has performance, durability and maintenance intervals similar to those of a same-sized model equipped with a diesel engine, but manages to reach 30% lower total costs.

REFERENCE

As usual of a concept car the tractor anticipates the forms and technologies that will be applied to future vehicles of the brand. Wilkie's prediction is that they start appearing on line products in about three years from now.

New Holland's Alfa Romeo has been through practical tests at a farm based in Castro, PR, which has its own biomethane generation system. Then it was shown for the first time to the Brazilian public at Agrishow, in Ribeirão Preto, SP, in the beginning of April. The choice was more than fair: the event, one of the three largest in the world in the genre, represents, in practice, the motor show for agricultural machines. ■





MAY 12 MINUTES BECOME AT LEAST TWELVE DAYS

If you take 12 minutes to read this report, when you reach the last line one person will have died because of a traffic accident. And this is not in the world: it is only in Brazil. Here, nothing less than 105 people die every day exclusively in traffic accidents, four of them are children.

Yes: every day, 24 hours a day, seven days a week, more than 100 people die in the country exclusively in traffic accidents. And more: every minute a person is left with the sequels of an accident. Yes: every minute. Every day, 24 hours a day, seven days a week.

Trying to change this picture of a truly murderous traffic, Anfavea decided to strongly support the Yellow May campaign, this year, an initiative of the National Road Safety Observatory that seeks to draw attention to this situation, with greater emphasis every fifth

month of the year. And for this it ordered and released an advertising campaign whose biggest appeal is summarized by the hashtag #NósSomosOTrânsito (#WeAreTheTransit).

Just like AutoData Editora and its professionals, any person, whether physical or legal, may not only support the campaign but also help spread it in any media, including social networks: rights are 100% free and, in the case of companies, even its logo can be included in the advertising pieces, available at www.maioamarelo.com.

Playful, the campaign uses traffic signs to show that, behind them, there are essentially people who, together, form the ecosystem that lives on streets, avenues and roads every day: pedestrians, drivers, motorcyclists, cyclists and many others.

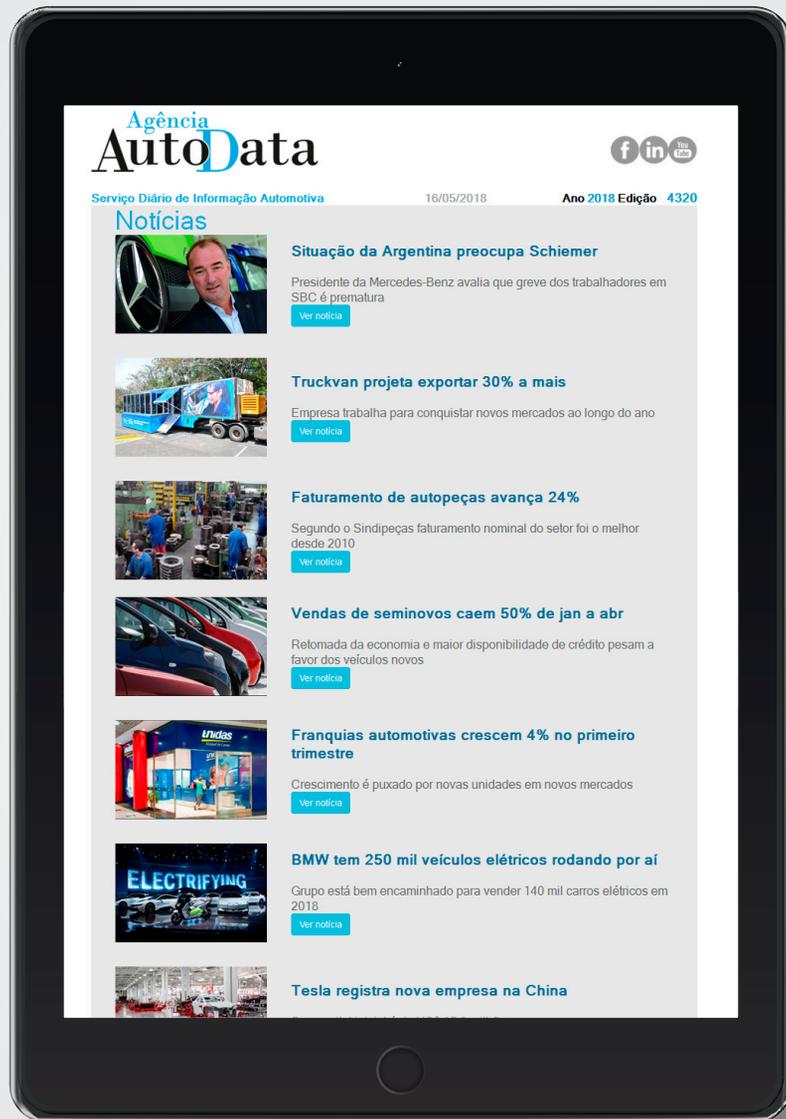
In addition to the printed advertising pieces there are two movie options, with a duration of 1 minute and 30 seconds, 30 seconds audio piece for radios and podcasts, social networking ready materials, posters and billboards. All of them are equally free to download, without any restriction of any kind.

Anfavea intends to use its associative force to spread the campaign, says Antônio Megale: "We distribute the material to all associated companies, which in turn will redistribute it internally, for employees, and externally, through their channels of communication with customers".

Other national associations, such as Fenabrave, Sindipeças and Abeifa, as well as foreign ones, such as Oica, a kind of European Anfavea, properly translated, will also receive the material.

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ANFAVEA IN AGRISHOW

Anfavea participated in the 2018 edition of Agrishow with its own stand. The event took place from April 30 to May 4 in Ribeirão Preto, SP. Nineteen associates participated in the fair, the most important of the segment in Latin America and one of the three largest in the world.



Disclosure/Scania

ELEVEN SHAFTS

Scania presented at Agrishow the Super Rodotrem R 620 6x4 V8 of 11 shafts for 91 tonnes. Traction control, air filter and specific brakes, plus automated gearbox. 42 units has already been sold to Usina São Martinho, Pradópolis, in Greater Ribeirão Preto, SP.

MORE 5%

The vehicle rental segment increased its total staff by 5% in 2017 compared to 2016, according to a survey by Abla, the Brazilian Association of Car Rental Companies: now there are 80, 4 thousand workers.

HALF ELETRIC

Volvo Cars estimates that by 2025, half of its sales will be electric vehicles, for that the company will strengthen its presence in China, the world's largest market for this type of technology. At their stand at the Beijing Salon all the exposed models were electric or hybrid plug-in.



Disclosure/Valve

DELIVERY IN URUGUAY

Uruguay has become the new export market for the VW Delivery truck line produced in Resende, RJ. MAN, the manufacturer of the models, is the leader of sales of trucks over 5 tonnes there.



Disclosure/VW

JD INAUGURATES

John Deere has inaugurated a new production line at the Indaiatuba, SP, plant, which will nationalize three models of track-type tractors. Investment of R\$ 80 million, expansion of the unit's built area by 3 thousand m² and fifty new direct jobs and two hundred indirect jobs.

JAC PROMISES

Jac Motors has announced at the Beijing Motor Show that it intends to start marketing the large T80 SUV in Brazil in November. Capacity for seven passengers and 2.0 16V petrol turbocharged engine.



Disclosure/FCA

DEMARIA

The Italian Claudio Demaria has been named as responsible for FCA engineering for the EMEA region, or Europe, the Middle East and Africa, based in Italy. Two visits in Brazil: 2005 to 2008 and now, 2011 to 2018.



Disclosure/FCA

TONANI

Márcio Henrique Tonani is the new product development director of FCA for Latin America, succeeding Claudio Demaria. Brazilian, 44, in the Fiat Group since 1992, where he started as an intern.



Disclosure/TRW

BRICIO

Wilson Bricio was named CEO of TRW Automotive in Brazil, a position he holds with the presidency of the ZF Group in South America. He succeeds Moises Bucci, who will leave the company among the year.



Disclosure/PSA

GASTON-BRETON

Antoine Gaston-Breton is the new marketing director for the Peugeot, Citroën and DS brands in Brazil. French, since August 2016 responsible for the marketing of Peugeot. In the Group since 1999.

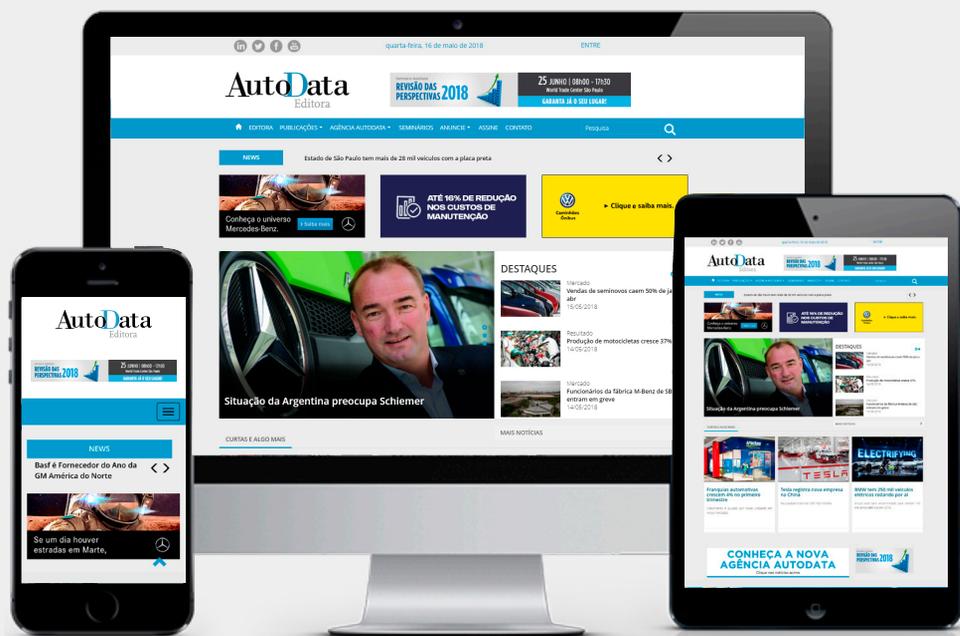


Disclosure/Basf

MENDONÇA

Leticia Mendonça, the new director of BASF's catalytic unit for South America. She succeeds Priscila Camara, named director of chemists performance.

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84% BELIEVE IT

Research by the consultancy MA8 shows that: 84% of 760 respondents believe that many suppliers in the automotive sector will no longer exist in up to ten years due to the arrival of new technologies and electric cars.



Disclosure/Cometa

FLECHA (ARROW) IS BACK

The mythical Flecha bus from Viação Cometa will return to the roads to mark the company's 70th anniversary: the restored unit will make seventy routes on May 1st and June 12, going through São Paulo, capital, Rio de Janeiro, RJ, and other cities. Destinations and time schedule on <http://www.viacacometa.com.br/viagem-flecha>.

IT IS NOT APRIL FOOLS

Ford has announced that it will no longer market the Fiesta, Fusion and Taurus models in North America until 2022 as part of a cost reduction plan. In the line of cars there will be only Mustang and Focus, with all the emphasis on pickups and SUVs.

UP

Sindipeças revised up projection of billing for auto parts segment in 2018: it expects R\$ 89,4 billion now, an increase of 14% compared to 2017. New estimates also for investments, almost R\$ 2,5 billion, and total jobs, which should reach 174,5 thousand posts.

50 GRAIN-SEMI-TRAILERS

Librelato delivered 50 grain-semi-trailers to Risa, in Balsas, MA. Negotiated during Fenatran, in October. According to the company, 1 thousand units of new trailers have already been sold in the country and another five hundred are expected to go abroad by the end of the year.

FORD GO-RIDE

Ford began medical transportation service - except for emergency situations - in the United States as part of a business expansion strategy in the area of mobility. GoRide is intended for the transport of the elderly, wheelchair users and patients with locomotion difficulty for medical consultations and treatments. With a fleet of 15 Transit vans that must reach 60 by the end of the year.



Disclosure/Ford



Disclosure/Ford

IT'S CARGO, TCHÊ

Ford delivered 40 Cargo 816 trucks to the Department of Rural Development, Fisheries and Cooperativism of the State of Rio Grande do Sul. Vehicles, for the use in the transportation of family agricultural products, supplied with aluminium isothermal trunk.

Disclosure/Jaguar



XJ 50 YEARS

Jaguar celebrates 50 years of its top-of-the-line sedan, the XJ. A special edition called the XJ50 celebrates the landmark: standard or extended wheelbase, 3-liter petrol 340 HP or 300 HP diesel engines.



Disclosure/Randon

FABRIS

Norberto Fabris, director of Randon, is the new president of Anfir, National Association of Road Implements Manufacturers, with a term of office until 2021. He succeeds Alcides Braga, who assumed the presidency of the council.

WAY TO SCHOOL

Volkswagen Trucks and Buses won a bid for the delivery of 3 thousand 400 school buses to the Federal Way to School program. Vehicles can be purchased by city halls and states until April 2019. Options for 29 or 59 students, Volksbus chassis with Marcopolo or Neobus bodywork.

TWO MORE NISSAN

Nissan inaugurated dealerships in the cities of Ribeirão Preto and Franca, both in the countryside of São Paulo. Keiji Group, both with complete structure, including sales of new and semi-new models and technical assistance.

ANNIVERSARY

Randon Vehicles celebrates 45 years in May. It was created in 1973 to produce off-road trucks by technology deal with Sweden's Kockum. In 2002 it began the manufacturing of backhoe loaders and in 2017 skid steer loaders.



Disclosure/Randon

“That sounds like a stupid trade.”

Donald Trump, via Twitter, on the taxation of 2.5% for Chinese vehicles in the United States and 25% for US vehicles in China.

2 291

reais is the average monthly remuneration of the industry workers with complete secondary education.

According to the CNI it is the best salary for this group considering all the activities in the country, which average is R\$ 1 thousand 989.

70%

of the sales made by the online platform of Renault Kwid were realized by smartphone.

21

million reais is how much the Brazilian government charges Argentina via Export Credit Insurance, the SCE.

“The best way, as international experience teaches, is the way of policies of general scope, paying attention, of course, to strategic points such as priorities in education. Vertical policies can be good for court friends. The country is something wider.”

Editorial from the newspaper O Estado de S. Paulo newspaper on April 26, about Rota 2030, entitled Route of Waste.

“The current owners of vehicles will not be forced to change license plates for the new model adopted in Mercosur.”

Mauricio Pereira, president of Denatran, in a hearing of the Commission of Transportation and Transport of the Chamber of Deputies in Brasília, DF, on April 25. The statement contradicts Resolution 729 of the Contran, which determined that 100% of the current fleet should change the plates.

27 144

Is the average monthly income in reais of 1% of the richest Brazilian population, according to IBGE.

754

It is the average monthly income in reais of 50% of the poorest Brazilian population.