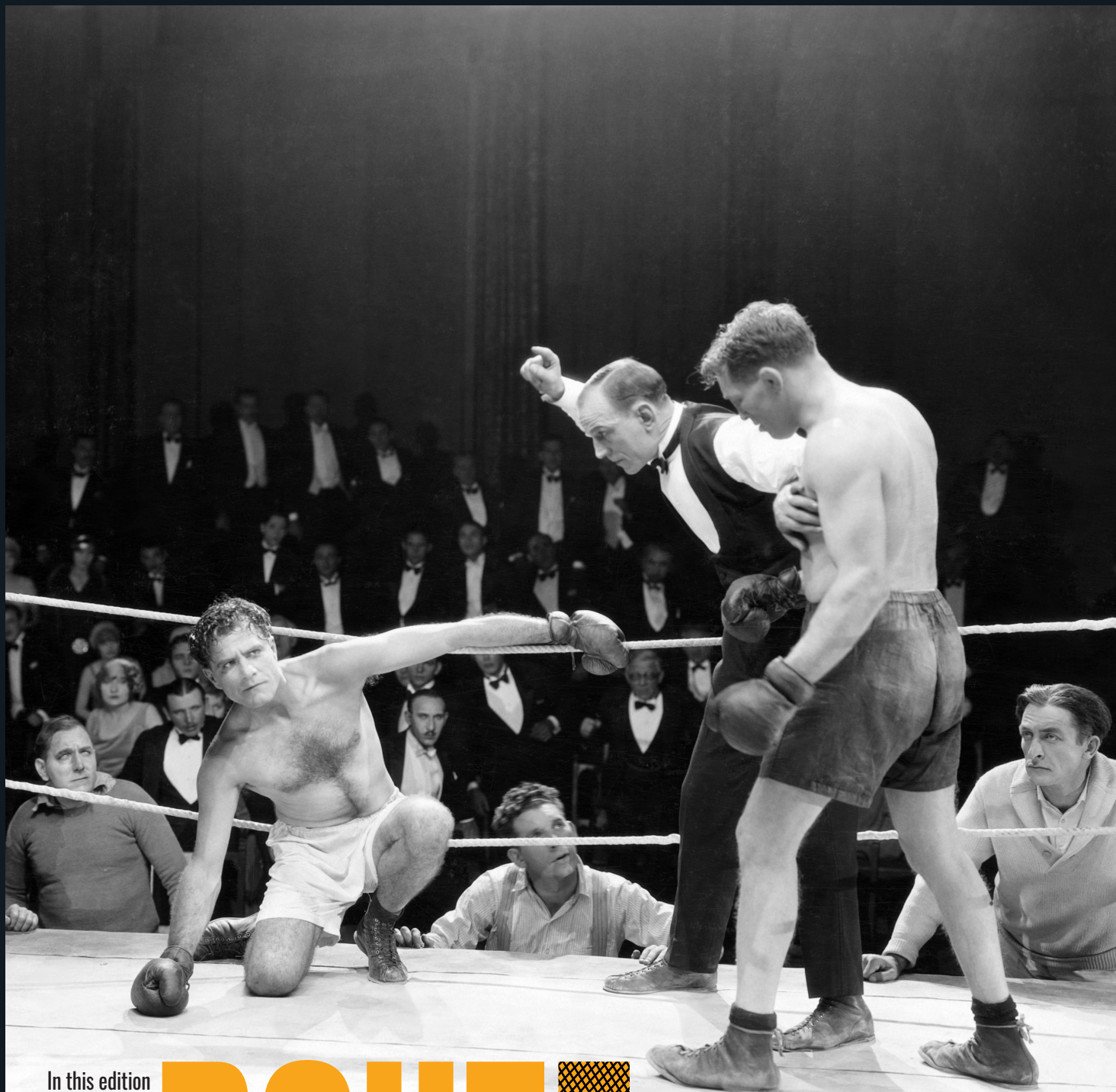


# AUTO DATA



From the Top  
Pablo Di Si, president  
of Volkswagen



In this edition  
we revealed the  
backstage of  
the fight for the  
new automotive  
regime not to  
become a

# ROUTE 2030

**SPECIAL  
ROTA 2030****12**

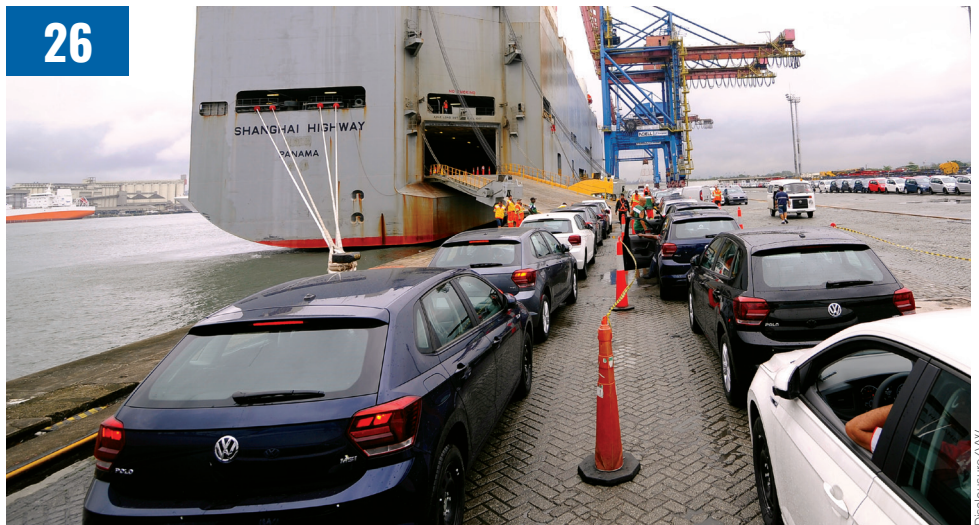
Tough negotiations on the new Brazilian automotive policy transformed the corridors of the Esplanade of the Ministries and of the Palace of the Planalto into true boxing rings. And the fight is approaching the last round

**SUMMARY  
DOMESTIC MARKET 2017****22**

The battle for the leadership in strategic market segments was tough last year and will become even tougher in 2018

**EXPORT**

We broke record in shipping vehicles to other countries in 2017, but our dependence on the Argentine market may hold the impetus of shipments this year

**26**

Disclosure/VW

**LAUNCH  
VW VIRTUS****32**

New mid-sized sedan, Voyage midwayer and Jetta, full of virtues and only second in a list of twenty Volkswagen launches

**HAPPY BIRTHDAY  
TOYOTA 60 YEARS****36**

Toyota's first operation outside Japan celebrates six decades of Brazil full of plans to have a new leap in volumes and technological development

**CONSULTANCY  
KPMG SURVEY****40**

Global survey of nine hundred executives from the automotive industry shows new priorities in overcoming boundaries in onboard services and developing the fuel cell

**EVENT  
DETROIT HALL****44**

The US Auto Show strives to regain brightness and relevancy, perfectly reflecting its industry. And icons from the past always help a lot

**4****LENSES**

The backstage of the automotive and hornet's nest industry that nobody pokes at

**6****FROM THE TOP**

Pablo Di Si, an ex soccer player reveals the tactics to make a champion VW

**46****PEOPLE & BUSINESS**

Relevant trades and news from the Brazilian automotive industry

**48****NO MORE TALKING**

The most relevant and irrelevant headlines of the month handpicked by the editors of AutoData Editora



# New AutoData #Phase2

By Leandro Alves, deputy director of writing

Unpredictable! At the moment I write to you this is the scenario of Rota 2030. But until this magazine comes to you, perhaps the details of a new automotive regime in Brazil have already been presented by the government. Due to the doubts and obligation of AutoData, this edition clarifies what can and should not happen with or without Rota. This unprecedented work coincides with a new editorial project of our magazine, the second phase of a redesign that began with the site and the news agency that will also soon receive the visual treatment of this edition. We seek to meet the requirements of today's times when information remains valuable, but it is delivered in a more attractive way to the noble reader: expanded photos and graphics that support analytical content, turning AutoData pages into a modern and eye-catching compendium. Transforming information into knowledge also requires an artistic touch. This reform was led by Romeu Bassi Neto, our art director and senior employee, who knows really well the spirit of AutoData and has transformed the editorial format into this beauty - we hope this is also your impression. With emphasis on the new logo, bringing to the present the pioneering of our brand, without leaving aside the original features of the AutoData identity created by Tide Hellmeister. There are also innovations in the content management. The journalist Marcos Rozen returns to conduct the magazine in this new phase. An expert observer of the industry, passionate about automobiles and the history of automotive journalism - he is the happy CEO of MIAU, Automotive Press Museum - Rozen is the executive editor and scribbler of the cover story. We can not forget Henrique Skujis, a journalist who has been with us for the last twelve months heading the magazine, contributing a lot to this new editorial project. He continues to collaborate with AutoData and signs an important report on Brazilian exports, perhaps the main business of the automotive industry last year and from now on. Still in the exclusivity field we had first hand access to a study by KPMG that analyzes trends for the sector over the next seven years. Get Ready: Everything you know about this industry may be out of phase. The future is in your hands!



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Disclosure/Assobrav

### A REWARD TO REZE

An important voice at the Automotive Sectoral Chamber, Sérgio Reze was honored in the 25 years of AutoData representing all the executives who participated in that historic moment of the automotive industry - which coincided with the emergence of our publishing company. At the time president of Fenabrave, Reze, during these 25 years, in all the positions that assumed, contributed with its leadership to the evolution of the automotive retail. We leave here the record of the tribute to the current member of the council of ex-presidents of Assobrav.

### BLACK BOX

The people of the vehicle industry were smarter and, in the early 1980s, in management of the esteemed Ford Chiaparin, Ford representative, Anfavea promoted monthly meetings with journalists to publicize their numbers. These meetings became generators of economic indicators that gauge the health of the country's economy and continue nowadays. Another entity, Fenabrave, linked to the distribution of vehicles, followed the same path there by the end of those same years, in the first management Alencar Burti, but it retreated quickly: unlike the numbers and indexes of the Anfavea their lacked credibility - it was easier to hire Renavam services.

### BLACK BOX 2

Sindipecas, because of the characteristics of its associated companies, has been advertising its indicators and its trends once a year without any challenge. Abac, the Brazilian Association of Consortium Administrators, on the other hand, arrives almost in the first twenty years of this century as in the past, piloting its black box - and in the best style of Aírton Egídio Modolo, one of its presidents still in pioneer times: as a good soldier justified the unjustifiable, understood the incomprehensible. The entity would be, in theory and since that time, responsible for the private transparency of the system: it could centralize the information of its associates and be as recognized as Anfavea at the time of its disclosure.

### BLACK BOX 3

But nobody knows, really and truly, what the consortium system means: confusing, with filters here and without filters there. It is for this reason that little is heard of Abac, usually ignored as a reliable source of information and economic analysis.



## OH, ROTA 2030

At a meeting earlier this year in Brasília, DF, it was defined that there will be an incentive to import hybrid and electric vehicles. These models, regardless of motorization, will collect 7% of IPI - the same of 1.0 vehicles. This was one of the topics of the debate during the meetings to finalize the Rota 2030 project. With the announcement of the new program, the incentive for low emission vehicles will be done by decree.

## OH, O ROTA 2030 2

But the polemic that went through the holiday season is another thing: there are those who bet all the tokens of the table that the program will not air, even with the mouthpieces of MDIC and Treasury swearing that the program is a priority - after the social security reform is approved, of course. Regardless of this, Anfavea has already chosen Antônio Megale's next priority: the unification of standards and technical requirements of vehicles sold in Brazil and Argentina. Megale himself will be dedicated for this alignment to happen because he believes the other countries in the region will follow the same steps.

## UNIMPORTANCE

It is not that the industry will simply end, it will close its doors, but there are those who foresee much less exciting days for the industry. Two years ago, the first manifestations of about the process of deindustrialization in the country, marked by the drop in investments, the retraction in the share of jobs and added value appeared in the press. There are those who believe, for example, that the crisis of Rota 2030 has, as a background, a strictly

theoretical discussion: which country do the bureaucrats of the MDIC and the Ministry of Finance want for the citizens? The discussion would involve liberal and neoliberal technicians and the size of state intervention in economic activity.

## UNIMPORTANCE 2

The missing parts, are enduring state policies to encourage economic activity. What is missing, still, are industry leaders who understand their business and are committed to the future. This is how it begins to be understood, the current and growing importance of Fiesp and CNI.

## FORD ENTHUSIASM

Vice President of Ford for Advanced Research and Engineering Ken Washington has raised sympathies and supports in the company, and has obtained research space in the future of mobility, which almost always refers to autonomous vehicles. The competition respects you. He adopted a mantra, reminiscent of old marketing at first sight: listening to customer needs. But his obsession has nothing about commercial: he says customer needs basically reflect the changes and opportunities they create for new products - especially people-focused services.

## FORD ENTHUSIASM 2

"The challenging question is to discover, and understand, how people will use mobility," he says. The way of the future, then, is to understand the partnerships and their relationships, different in each country - to learn how to grasp the differences and accumulated knowledge. Ken Washington is enthusiastic about the "great opportunities" that humanity has ahead.

"When the central government is weak, without a government program, we are at the mercy of political decisions that are not necessarily positive for the country."

From an important automotive executive and privileged observer



By Vicente Alessi, filho

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# The game is not friendly

Anyone who talks a little bit with Pablo Di Si, three months ago President and CEO of Volkswagen Region SAM, which acts in South America, Central America and the Caribbean, and President and CEO of Volkswagen do Brasil, will certainly notice the associations that the executive commonly makes of the corporate world with sport, soccer in particular. Going deeper into the conversation, he will dis-

cover that this is not for nothing: during his youth he wore the shirt of the semi-professional category of Argentinean Huracán, even if his heart is River Plate.

It was his destiny that football to take him to the university in the United States and from there he made a career no more in the stadiums but in the finance offices of companies like Monsanto and Kimberly-Clark and in 2006 he came to Fiat and from there to VW, in 2014.

Whoever grew up on the football pitches does not forget what it's like to be part of a team: "We did not play a lot but we were united and so, we defeated teams much better than ours and we were champions for many years. A lot of my learning comes from there."

In this interview he tells how he intends to make the VW team, now as a coach and no longer as a defender, as he was on the pitch, a Champion again.

## You are in front of a process of transformation of VW of Brazil today. How is this called 'new Volkswagen' being worked on internally?

Good results come from team work, when the subject is business, being fast, with people having fun, good humored. In the first months, I am focusing more on the human part, of the management than launches themselves. I want people to feel comfortable, I want to create that team spirit. Internally, we need to stop looking at VW as a goal: the goal is the customer, all of us have to work for the customer. That's where the change started. Everything that has been done in the last two years by Powels has been very good, and now we must build above that. We are faster than some time ago but we still far from the state of the art. I think we're going to get there, be a lighter, looser company.

## These changes in VW also happen in other markets and even on the board itself, in Germany. Was there a specific moment when this need was realized?

A representative event for VW was Dieselgate, which from the management point of view was positive. I'm not saying it was good for the company, of course, it was very bad. But the decision to change, aiming to be the number one in sustainable mobility, to give more autonomy to each region, everything happened after Dieselgate

## Much has changed since then?

Yes, and I'm glad some things are happening, it's symbolic. I'll tell you a real case: in November I was on a trip to Wolfsburg and by coincidence met the president in the corridors. He looked at me and said, 'What are you doing here?' I found this a great message! He was telling me 'You have to work there, not here, your business is there, in your region'. In the old days this did not happen, it was the opposite: the more you went to the matrix the better it was. Not now. We have so much more autonomy, which does not mean that we do not have reports, phone calls, video conferences, etc. Of course we do, but the







main message is to turn this company around, put it where it deserves to be.

### How is VW's growth strategy in the Brazilian market?

Here in Brazil a few years ago the SUVs had little expressive numbers, such as 8% to 9% of the market. We think this number will soon reach 30%. In the beginning of the year VW do Brasil achieved a market share of 15.4% even without any product in this segment. We will have five new SUVs here, the first since April, as well as new features in the pickup, hatch and sedan lines. I can anticipate that in the hatches we will have strong news in 2019, adjusted with the desire of the Brazilian consumer.

### The VW network is declining and the company has 520 concessions today. Has this process already ended?

Since taking over I have met several times with Dado Guião, president of Assobrav. In many meetings we had quick decisions, of course we do not always agree with everything but we talk openly: we need to continue to wipe the size of the network a bit, to improve concessions' profitability. That concessioner who does not come across the way of working is not going to survive, even if he is good. There is not a wide variety of post-sales services here in Brazil, for many reasons, and that's why we have many plans in this sense, from the most customer-friendly technology to deservedly reward the concession for good practices. Will it cost more for VW? Yes, but it's the right way to start turning the table.

### About the network, there is a lot of discussion about direct sales ...

We have to stimulate the sales in the concessionaires. Since we have not had new products in recent times, we have pushed hard on direct sales. The case with this segment is that there is a lot of up-and-down direct sales serve to give stability to the company, it can not



be 15% in one year, 20% in the other 20%, 38% in the next... I met personally with all the presidents of the main companies and we made a biannual plan: we reduced the range, we simplified the offer of products and we closed a medium-term agreement. After solving that, we have to increase sales in the concessionaires, for the good sake of the profitability of the company and the network, which is at a very low level. Assobrav understands this, we agree. We have to eliminate this up-and-down in direct sales, because when you have stability it gets better to work.

### What are your projections for 2018?

Initially, as soon as I arrived, I estimated a 10% growth in the domestic market. Now I believe in 15% for the industry as a whole, with VW expected to stay above this average, something like 20%.

### You are also the president of VW for the SAM region, which encompasses South America, Central America and the Caribbean. How does this region fit into the strategy for the new VW?

Today we are in second place in sales in Latin America, with strong position in Brazil and Argentina but weak in the other countries of the region. We are a



great team, we do not play here just to participate, to be second, third place. We are aiming to achieve market leadership in the region in a medium term, I do not know if this year or next, but when we complete the product portfolio and get the things we need to clean up.

### How?

We have several strategies, such as maintaining the leadership in Argentina and growing in markets such as in Chile, Peru, Colombia and Uruguay, in a very strong perspective, something of 50%, 60%, but continuously. We can not do just like what happened in 2009, 2010, when the domestic market was

“We need to keep perfecting the network a bit to improve the profitability of the network itself”

strong and we forget these countries. I was part of that mistake, it was a great learning that we already incorporated. Another initiative is to reduce the complexity of our portfolio. We will go from 1.2 thousand variables to 350 at the end of this year. And there is a third point, which we will incorporate this year: we can not raise and lower the price of the imported car according to the instability of the dollar. This creates a problem for the customer, destroys the brand value. Within our portfolio we need to have some price stability. Not that they will be frozen, but they need to follow the natural pace of the market.

### How will the Brazil-Argentina productive logic work within this regional concept?

Speaking of the industry as a whole, before there was the practice of duplicating the production of the same

model, which for me is a strategy that does not work, which I have never believed... from the industry point of view it was a disaster. Now it has changed to fully allocated products, which requires more accurate planning. We will have five new products: we define which ones will be produced in Brazil and which will be produced in Argentina based on a discussion involving several items, such as general costs, labor costs, materials, logistics, productivity, absenteeism... then you start comparing decisions that I believe they are correct. Some products will be allocated in Brazil to serve Argentina and other markets, an SUV and a hatch, and another SUV in Argentina, Tarek, for Brazil and Latin America. They are complementary. The study was deepened, in this specific case including the nationalization not only in Argentina but also in Brazil, by the regional content. The more VW businesses generate between Brazil and Argentina, the better.

### How exactly is it going to be this integration from the suppliers?

If I do, for example, the Gol seats in Brazil, in company X, and I give the Tarek seat to be produced too, I am reinforcing this supplier. We need to increase nationalization in Brazil and Argentina, the supply chain here is weak and in Argentina, it is even weaker.

### So, is VW planning to focus on orders for fewer suppliers?

Just to keep this example, I will not seek a new supplier for Tarek's seats, but try to strengthen what already exists. Argentina and Brazil have to be complementary, I always say that, even for the Argentine unions. We can not make an engine factory in Argentina to compete with the engine factory in Brazil, it's crazy. It makes more sense to pick up four or five engine parts that Argentina has expertise and complement the production of Brazil. In Argentina, in fact, four new pickup trucks from some brands

will be produced in 2018 and 2019. If the country has specialization in pickup trucks, great, but that do not want to produce economic hatches because this will not work, it is better to produce them in Brazil.

**You said the supply chain in Brazil is weak. Are there VW initiatives to help reinforce it?**

We have that problem, and it is not an exclusive issue that concerns VW, it's the industry. We have tried to help. At the launch of Virtus, for example, we took advantage of the whole structure of the event and called the BNDES, so that the suppliers could talk to them, together with our purchasing and financial teams. We are also strengthening the shopping team internally. When a supplier has a problem we anticipate this, if you need someone from Germany to help, we bring that person... it's a team spirit, we need to help.

**But are the suppliers ready to meet this growth that you mention?**

In this event I talked to about ten CEOs of these companies. I asked each one what they estimate for growth in 2018, and the responses averaged 4% to 6%. The most optimistic answered 8%. And how much will the industry grow? 15%! And that was in the beginning of the year, in January. Because suppliers have suffered greatly in the crisis, they are now conservative. I'm anticipating myself, we need to solve this, this mismatch. If we do not do something we will not have cars to sell. And that's not just for VW.

**Would not this conservatism of suppliers be justified by previous experiences in which they paid the bill of not materialized market growth estimates because of the direct cut of previous placed orders?**

Every order usually has three to four months fixed, depending on the company, but yes it may happen that the automaker needs to cut... sometimes



there is a plan to sell X cars, and if the customer does not enter the store, he has to cut orders for parts. The problem is that in the case of the supplier it is even worse because it usually does not have the working capital it needs. And the worst is that most of them are working on a shift, to increase the production it would need to enter the second round, which is more complex, a big difference. So they are working with these conservative indexes: that is what can grow in the same shift, with overtime, bank of hours etc. We need to understand what to do, we have to identify the bottlenecks of our suppliers and, at the same time, I will be strict with our team in planning to see if our mix is right. This has to be reworked. The supplier park here was very strong and



now, with sales growth, this transition phase has to be conducted carefully, without punishing the suppliers.

**The new VWs like Polo and Virtus are more sophisticated. In terms of technological content can domestic suppliers meet VW's demand?**

Here the suppliers have content in terms of technology. In this case I elaborate a parallel with Volkswagen itself: we did not make a relevant launch for years, and then there was a doubt in the head office, 'gee, will the team from Brazil be able to make a car like this?'. And we did it. We had difficulties with the Polo, but there was a significant improvement in Virtus. And I think the same will happen to suppliers. They are very competent. We have gone through difficult years but the content exists. The production will be fast.

**How about Rota 2030?**

I participated a lot in the creation of Inovar-Auto. I think there is a before and na after of Inovar in our industry, I think the government had a vision of getting cars to evolve into technology, and with that, companies started to invest. Brazil has gained a lot in research and development, engineering... There were mistakes, yes, and their correction is what we tried to do with Rota 2030. For me it is strategic that this be approved for Brazil. I'm not saying that I'm going to win one more Real or one Real less with this: it's a matter of being fundamental, not for value but for the message

**"As the suppliers have suffered a lot in the crisis, they are conservative. We have to solve this: if we do not do something now we will not have a carto sell later"**

that we pass to our headquarters. If you asked me in November if Rota 2030 will be approved I would say yes, but today I think there was a little step back.

**About Virtus: Is the model's mission only for Latin America?**

No. We have several projects, not closed yet, to export Virtus from Brazil to all markets. It will only be produced and exported from here, there are no plans for now to produce it in other countries. I am personally working on developing other markets besides Latin America for exporting Virtus.

**Speaking of exports VWBR recently closed a contract with Germany to send engines from Sao Carlos. What engine will it be?**

It will be the 1.4 TSI. We will multiply by six or seven times the volume of export of engines.

**How does Volkswagen gets ready for the future?**

The future is very close, closer than we imagine. What will make a difference is not the electric car, it's the stand-alone car. You will get in the car and you will not do anything, it will take you to point A, B, C or D and you will sleep or do whatever you want on the way. That's why partnerships with technology companies are important. We're going to have to reinvent ourselves as a company, and the dealers as well. So VW has created a separate area, which has nothing to do with selling cars, to think about this new time, this transition. For example, the cars of the future will not have transmission, and we have a lot of competent people in several transmission factories. So we've started a training for some of these people, because the sooner you start, the more prepared you'll be. The skills will change, we will need more engineers, more system professionals. We do not know yet how the future will be, but we are getting prepared for that. ■

# The defeat of ROTA



Everett Collection/Shutterstock.com

The lack of definition for the announcement of the new automotive regime continues. It is hoped that something will come out, but far from the plan drawn in MDIC

**T**he Brazilian automotive industry is experiencing a start of 2018 with bitter frustration. The long-awaited Rota 2030, which would represent in practice the continuation of Inovar-Auto, was simply not announced until December 31, despite all expectations in this regard. The disappointment was greatly reinforced as it represented not the first but rather the fourth postponement: it was initially said to launch the program in August, which went through September after November and then December.

And nothing.

And so we got in February and one more

nothing. The announcement is now expected at the end of this month, but there are not exactly a few national automotive executives who seriously consider a scenario where only part of Rota 2030 is actually implemented or even simply not there.

Anfavea still believes that the new policy will be effectively launched. Antonio Megale, its president, guarantees that at the end of December the President of the Republic would be made at the end of February. "We see this delay naturally and we are hopeful that everything will be closed by then."

Anfavea says the biggest problem is fo-

cused on the incentives in research and development, which, in its view, is something "fundamental for Brazil to continue to attract investment."

Megale himself admits, however, that the postponement of Rota can extend for a longer time, even to something like 2019, already in a new management of the federal government, although it reaffirms to believe in the term currently informed by the presidency. And he gave his message: "All countries that have a strong automotive industry need an industry policy."

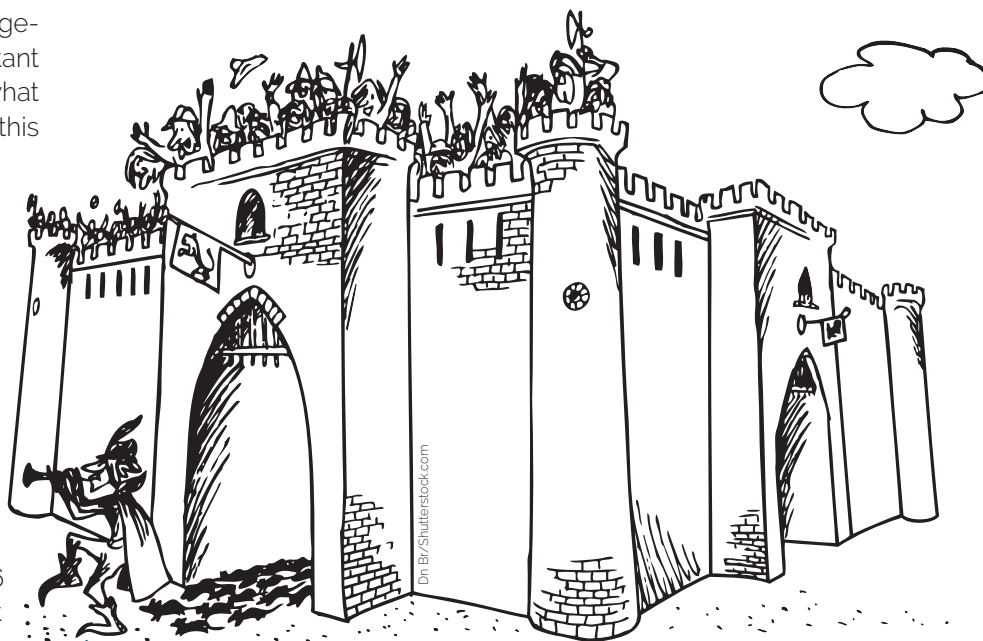
### THE PIED PIPER OF HAMELIN

But behind the scenes, the discouragement is great. Not enough of the constant postponements, the year began with what is often called a cold water shower - in this case, cold: Marcos Pereira, MDIC's head and main articulator of Rota 2030 inside the government, asked to leave soon after the celebrations of new year. In his resignation letter, the fourth paragraph, introducing a list of what he considered to be his mandate, he said:

"Although it has not been possible to deliver to the country, due to factors beyond our control, an automotive policy compatible with the greatness and importance of this productive chain, which employs 1.6 million people, I highlight a small part of the achievements (...)"

In another section, at the end of the letter, Marcos Pereira wrote: "Popularity does not mean anything at all. As Confucius said, 'the man of simple words with pleasant personality is rarely a good man.' There are many around there who move crowds, but like the tale '[The Pied Piper of Hamelin](#)', they enchant and drag thousands into the abyss."

The quote from Pereira to the fairy tale is very interesting in particular because the original story is not exactly that. In the text of the Grimm Brothers, the flute player performs in Hamelin, Germany, a place in disturbance by an infestation of rats. In return for a promise of good payment he uses his music to hypnotize the rodents that follow him to a



river beyond the limits of the locality, where they die drowned, getting rid of the place of the plagues. On his return, however, he receives nothing of the agreed value and, as revenge, uses the flute to hypnotize all the children of the city, who follow him to a cave and are never seen again.

Would not the ex-minister, licensed bishop of the Universal Church of the Kingdom of God, know the content of the tale? Or would he know and leave it up to each one to read the letter - which himself posted on his Facebook page - decide who the rats, the townsfolk and the children would be in that story?



The truth is that the departure of Pereira left an internal battle in the federal government, clearly configured as the main responsible for the constant postponements of Rota 2030: there is an evident dispute MDIC x Ministry of Treasury, and in the middle is the automotive sector which is almost desperately trying to solve the situation on both sides.

In this fight the MDIC, who managed Rota 2030, has represented the weaker side at least so far. During the weeks following Marcos Pereira's departure, there was simply nothing officially spoken about the appointment of a substitute - in this period the headlines has been quite reserved for the appointment of representative to occupy the Ministry of Labor, also vacant.

Also, MDIC, shortly after Pereira left, he worked behind the scenes so that all associations linked in some way to the industry and the commerce would publish messages praising the minister's work in an attempt to demonstrate political strength. For the automotive sector, Anfavea and Abeifa attended the request, but in a discreet way, afraid to start a fight with the Treasury.

And something similar happened on a Friday in January, when MDIC called representatives from automotive associations and unions for a meeting about Rota 2030: they all went to Brasília, DF, hopeful of good news, but the purpose of the meeting was only to get some political support. Absolutely nothing new or practical was presented by the acting minister, Marcos Jorge.

By the end of January, during an event promoted by Toyota, Jorge assured that the new Brazilian automotive policy would be released, but considered as a period for this "the next months".

Contacted by AutoData, MDIC chose not to speak about Rota 2030.

### HITTING AND REBOUNDED

As the design of Rota 2030 itself is ready, it can be said that today the function of the MDIC is simply to controvert the arguments of the Treasury and seek, somehow, arguing them in the best way. But the Finance Ministry has been quite inflexible on some points,



“When there is no predictability everything becomes more difficult. We are acting in the dark.” – Gleide Souza, BMW

especially on those that concern any kind of incentive that involves fiscal renunciation.

In P&D policy, for example, the Treasury stumbles on the understanding that a specific incentive is not necessary because there is already the called Law of Good, created for this purpose. As it slashes taxes on profit, however, the automotive industry claims that in a year of loss the benefit would be zero.

Faced with a certain impasse and the announcement that there is no room in the budget for fiscal resignation in 2018, in this specific case estimated at R\$ 1.5 billion, the industry has already given a little and suggested that P&D investments generate diverse tax credits that would be granted only in one year, in 2019 - similar to that adopted by Inovar-Auto which, however, prevised applicable credit in the same year.

It may even be that some kind of agreement is still in progress at this point. It is, however, about the negotiations involving the energy efficiency targets that reflect with crystalline purity the understandings of each side in this hard negotiation.



Divulgação/PR

Based on Inovar-Auto, Rota 2030's original plan predicted a discount of up to two percentage points of IPI for companies that exceeded the new targets, already considered by the industry as 'quite aggressive'. The Treasury responded that it was ok to pay for that as long as the tax rate was raised by up to two percentage points.

In other words, the IPI would rise and companies would have to overcome the new energy efficiency targets just to collect the same rate today. Behind the scenes of the sector the proposal of the Treasury was revolting.

For those and a few others, there is already, within the automotive industry, even those who hope that Rota 2030 will never

**In Brasília, DF, there are many meetings for few decisions**



Divulgação/Agência Brasil

leave the paper, since the current situation, absolutely without specific regulation, would be at least in the short term more advantageous than a Rota 2030 that would only bring new determinations to the industry without any correlation with benefits.

"If Rota 2030 is not ready and brings rules without any compensation, it is better not to be released," says a senior executive of the automotive industry who prefers to remain anonymous.

Another executive, who also asked not to be identified, said: "The new automotive way has been designed with long-term proposals mixing obligations and benefits. But so far, only part of the obligations has been well received by the government."

Both agree with Megale and believe that in the end something of Rota 2030 will, yes, be released. But it will be far from what was designed in the MDIC meeting rooms - it would be something like half of what was proposed.

### **WE ALREADY HAVE SOMETHING**

There is no doubt that in the event of an inexistence of Rota 2030 the national automotive industry would have a lot to lose, which, despite conditions theoretically favorable to some companies here and there in the coming months, would see their global capacity competition seriously threatened.

But not everything seems lost. It can be considered that at least part of Rota 2030 has already been carried out, although not presented in this way.

These are Contran's recently published resolutions: the 716, in November, determined the National Vehicle Technical Inspection to be completed by the end of 2019. The 717, also in November, established a schedule of technical studies and regulation of vehicle safety items. And the 721, of January, requires lateral crash-test in all models sold in the country until 2023.

It is not a lot but better than nothing

Anyway another regulation that already seems right to be ready is the one regarding hybrids and electric. In addition to the reduction of the import tax rate already in effect, which for 100% electric is none, the





IPI of this segment should be reduced from the current 25% to 7% - the lowest level of tax, equivalent to the popular ones.

"The Treasury accepted this negotiation because this is still an insignificant market", reports a source directly linked to the negotiations. According to figures from Anfavea, total hybrids and electric sales in 2017 reached almost 3,3 thousand units, the triple than 2016 and a new record but, still miserable 0.2% of the total Brazilian market.

The fear is that this is the only concession in respect of tax reductions.

Negotiations for higher IPI dropped from 30 to 10 percentage points, which could be slaughtered every two points according to a spreadsheet of obligations, for both local manufacturers and importers, for example, it could be set aside. According to sources participating in the negotiations, this subject "lost force", despite representing the central logic of Rota 2030, in a similar way to Inovar-Auto.

Staff of the Presidency of the Republic - One of the only certainties today regarding Rota 2030 is that the final decision will be up to the President of the Republic, who will decide who will get the best in this MDIC x Treasury dispute - or at least what concessions each and every ministry should make.

Certainly in this process there will be a strong participation of the Staff, which usually advises the President on these occasions, evaluating the requests and needs of the various ministries. One reminder: on several occasions, the Minister of the Civil House (Chief of Staff) has already repeated the Minister of Finance's address, saying that

Brazil "can not spend more than it earns", for example.

There was a meeting attended by the President of the Republic in November, the ministers of the MDIC, Finance, Civil House and Anfavea. It was hoped that at this meeting the raids would be tempered, but apparently the conversation was not enough. At the end of December, still waiting for Rota 2030 in 2017, the Minister of Finance considered that the destination of Rota 2030 was "a political decision".

There is a feeling that time is now running against the new automotive policy: the longer it takes to be resolved, the argument that the industry is doing very well without specific regulation increases - and the recovery of domestic sales involuntarily, helps in spreading this rather shortsighted logic.

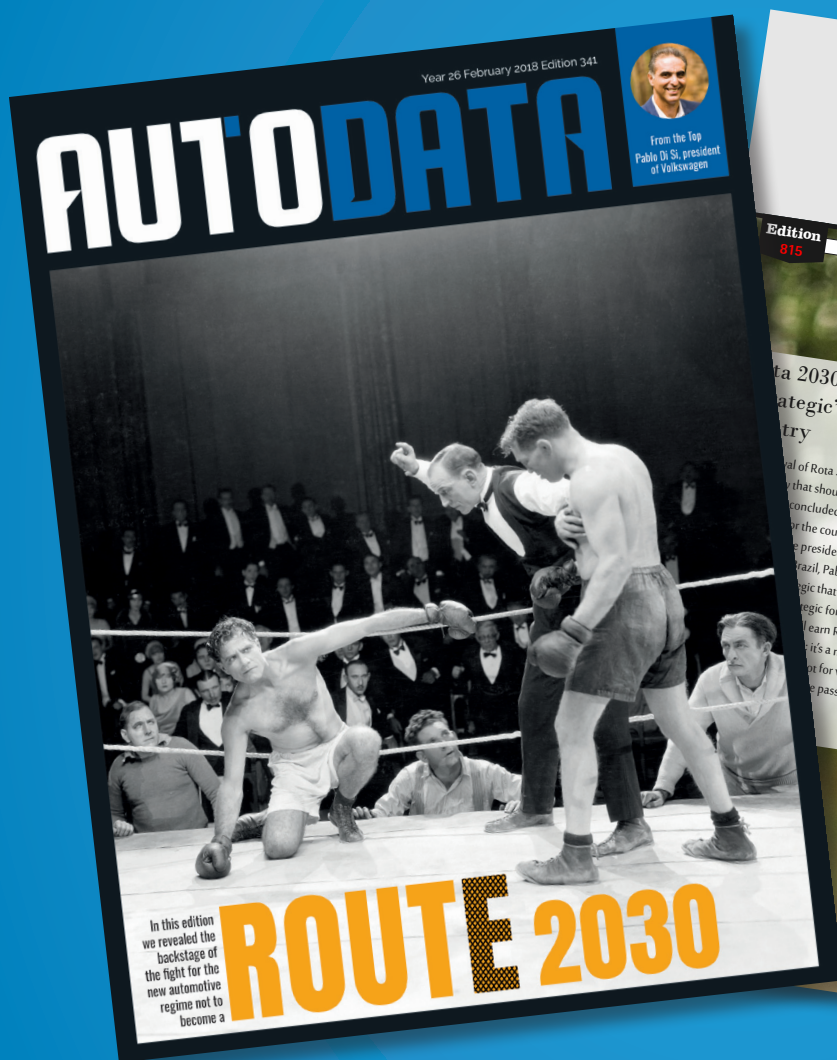
As the days go by more and more the fear of defeat increases. And with it the feeling that a draw, by now, would have tasted victory. ■

Indicative signs that the yellow light has lit for Route 2030 seem to emerge at all times





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# AUTODATA

# MDIC: We can not go back.

The director of the ministry understands that the backbone of Rota 2030 needs to get out so that other parallel industry issues can also move forward

There is a clear and crystalline consensus within the federal government of the need for an industrial policy that ensures the future of the Brazilian automotive sector. The divergences are limited to how certain actions should be treated and applied, such as research and development incentives.

The point of view comes from [Margarete Gandini](#), director of the Department of Industries for the Mobility and Logistics of MDIC and involved until the last strand of hair in the elaboration of the program: "Rota 2030 is not a subsidy policy. There is no subsidy to production, only to P&D and still tied to bold goals."

In an exclusive interview with AutoData, the director revealed that the ministry's proposal is to put Rota 2030 on the street first in its structure, with at least the specific regulations for energy efficiency, safety, research and development, supporting new technologies, hybrids and electric, vehicle labeling and the specifics for premium/low volume manufacturers. And then comple-



João Mantovani

te the program as other issues are being discussed and agreed, such as utilities, urban mobility, logistics and the like.

As for the deadline, it only considers that "the president of the Republic has determined the end of February" as the deadline for decisions involving the program.

Margarete Gandini also believes that "nobody can be against research and development. All countries do this, some even at more extreme level than ours. What we are discussing today is just how that support will be delivered." According to the calculations of MDIC in the 5 years of Inovar-Auto, the qualified companies have invested R \$ 25 billion in P&D.

She recalls the importance of P&D in issues such as ethanol, including hybrid and electric vehicles. "Everything we've done in relation to flex is a wealth of the country, this research has to be done here. This can not be lost.

But she recognizes that even if the policy is established for the first cycle of Rota, that is, 5 years, there may be for the

first year some kind of instrument to adapt the fiscal adjustment needs of the federal government.

Regarding the premium/low volume manufacturers, Gandini understands that these are "a diffusing of new technologies", which is important in the future context for the national automotive industry, and this helps in attracting investments. But he says that "these companies came to the Country as producers not because of Inovar-Auto, but because of the market. At the time the whole industry was talking about projections of about four million annual units sold domestically by the end of this decade, with 120 thousand in the premium segment alone."

The director of the MDIC complements saying that "the market will return [to growth], but some companies need a breath to go through this valley."

According to sources from Brasília, DF, unconfirmed by the MDIC director, the government is considering granting premium / low manufacturers a more favorable rate for Reintegra's conditions, which would stimulate exports of these companies. There is also a study for the particular reduction of the import tax in auto parts - at least one of them, these sources estimate, should be approved.

#### KEEP GOING

Margarete Gandini reveals that after the expected publication about Rota 2030's backbone other related issues can be evaluated and discussed in more depth. One of them is a way of showing the consumer with greater clarity and transparency the qualities of each model in terms of safety, in a way similar to the one that occurs today with vehicular labeling for emissions - perhaps even on its own.

Another issue in the queue is the hybrid and electric technology, not for cars, but for public transportation, already within the urban mobility chapter of Rota 2030.

Gandini, in fact, endorses the decision considered as certain to reduce the IPI of hybrids and electric from 25% to 7%. "We have to increase the demand for these vehicles, which is still reduced. In 2017 sales of this segment here were just over three thousand units, 0.2% of the total market."

For her, "there is a consensus that the automotive industry is changing, and Brazil needs to follow the pace of these changes."

At this point, he recalls that Inovar-Auto was instrumental in achieving a 15.5% improvement in the energy efficiency of Brazilian vehicles, "promoting a reduction in fuel consumption", and that a new boost from Rota 2030 is fundamental. "Advances can not stop, we can not go back."

Regardless of the outcome, Gandini believes that Rota 2030 already carries

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**"Everyone has given in to a common policy. The automotive sector will only be strong if everybody works together."**

---

a victory by bringing together, as never before, multiple participants in the automotive chain around a common and long-term goal.

"We have made na evident progress in terms of chain coordination. The manufacturers, importers, auto parts, concessionaires, unions, tool shops, universities, national and international bodies sat down to the table ... everyone gave in a little bit so we could be able to compose a common policy. The automotive sector will only be strong if everyone works together. We can not have only the automakers and Tier 1 strong. Everyone needs to be strong." ■



# Sindipeças: there is no risk.

President Dan Iochpe understands that an absence of Rota 2030 would not automatically mean an invitation to increase the level of auto parts imports

A serene Dan Iochpe, president of Sindipeças, sees with astonishing tranquility the current undefined scenario for Rota 2030, even though the number one group formed to structure the pillars of a new automotive policy, out of a total of six, has treated of the Autoparts Chain subject.

In his view, it may have been even better: "Worse would be ill-timed deliberations to deal with an artificial calendar. It is better to take the time to study with caution all the technical aspects and impacts related to the measures under study.

## NO PROBLEM AT ALL

An obvious impact of the absence of an automotive industrial policy earlier this year, without being absolutely certain when it will or will come, is the lack of any decisive or mandatory mechanism involving a certain volume of local purchases of auto parts - noting that this was one of the main determinations applied by Inovar-Auto so the automakers be free



Christian Castanho

to pay an IPI increased by 30 percentage points.

But Iochpe does not believe that Route 2030 or its absence will make a difference at this specific point - and pertinent. He contextualizes the current situation by pointing out that "Inovar-Auto was not a challenging scheme for those who were already manufacturing vehicles here from the local purchases point of view. It was designed from light and resemblance of the industry at that moment, starting from the indexes of nationalization that already were at that moment."

The reasoning of the president of Sindipeças, therefore, points out that "nothing has changed in the sense of local purchases. The companies did not have to increase their nationalized volumes [due to Inovar-Auto] because the reference came from what was already done."

The leader, therefore, does not see the end of Inovar-Auto or even absence of Rota 2030, the leader does not see an automatic invitation for automakers to

increase their indexes of imported parts. "We never worry about stopping imports of parts. In fact, we have a series of steps in the chain that depend on import, or where it is good to have the import as an option. Our defense has always been for the inclusion in a global market composed by 94 million vehicles produced annually."

For lochpe, "the automakers prefer to purchase inside the country, but if there is a new project that was not born in Brazil it is normal to start the production with a higher import index. Either way it will not be because of an X or Y regime that someone will make a non-competitive option."

He recalls the particular issues involving the import of auto parts into this equation, such as specific costs, logistics, and, of course, the current exchange rate.

#### GOODBYE PROFITABILITY

And he also recalls other representative points in this transition: "Traceability, in any case, would already be at the end of Inovar-Auto" - this was one of the items for which Brazil was condemned in the World Trade Organization, WTO. "And the same situation would apply to the IPI with 30 increased points. What we believe is that there will be increased imports of vehicles, which, of course, will decrease the use of local parts. We are aware of this and recall that the market share of imported goods went from 27% to the current 10%."

Sindipeças estimates that the share of imported vehicles will end 2018 with a five percentage points rise, in other words, at 15%. For auto parts one way to cover this difference would be in imports, both direct and indirect - that is, from the vehicles with tags Made in Brazil sold abroad by the automakers. In 2017 Brazilian shipments of auto parts to 199 countries reached US \$ 7.41 billion, a 13% increase compared to 2016. Imports grew less, almost 8%, but still totaled US \$ 12.7 billion.

Always peaceful - lochpe also points out that one of the issues discussed by

**"Traceability and the IPI increased by 30 points, anyway, would come to an end at the end of Inovar-Auto"**

the Group of Auto Parts of Rota 2030 was linked to refinancing of debts, which was confirmed in government initiative at the end of last year, although not a specific way for suppliers.

"We also had in this period the definition of the vehicle inspection program, which is very important, and definitions in safety equipment. We're improving"

There are, of course, some points still in the dark. A good example: the number of suppliers that applied is not small - or are in the process of applying - large investments with a view to the present and future needs of automakers to achieve the energy efficiency goals demanded by Inovar-Auto, in addition to those to come, or at least would come by Rota 2030. Here, the manager considers that "in the energy efficiency chapter the technical aspects tend to a quick resolution. But if this is related to incentives, they can depend on the law."

And with regard to the timeframes for us to have at least some practical news of Rota 2030 from the Planalto Palace in Brasilia, DF, lochpe's bet is somewhere located "more toward the end of the second trimester than to the beginning".

He, in any case, says that "our main concern is to make what is produced in Brazil competitive so that we can grow naturally, with less concern with the specific thing of the country and greater in the global market. That is what it is worth, whether directly or indirectly." ■



# Launches have tough competition in 2018



As long as the car registers are growing again, companies have tried to get themselves into the market this year, which will be tough due to the scheduled launches in various segments.

Vehicle sales increased again in 2017, and the 9.2% rise compared to the 2016 results encouraged manufacturers to want more this year - so much so that Anfavea expects volumes to be 11.7% higher. In order to sell more, aside from the help of the economic factors that made possible the construction of a positive scenario, it was evident that there was also a strong competition in the strategic field for raising more market while maintaining, where possible, leadership positions in specific segments.

And 2018 has everything to further fuel this fierce strategic battle.

In the category of medium SUV, segment that unlike the others has not fal-

len in the last years, the sales continued increasing and that allowed the arrival of new models, some including with local production. In 2017, what was seen was a strong dispute between two models that experienced a maturity period in the market last year: the newcomer Jeep Compass and the consecrated Honda HR-V, which was eventually surpassed in sales volume last quarter of the year and lost the position of leader that had conquered a year before.

According to data from Fenabrave, from January to December, 49 thousand 187 Compass were sold to 47 thousand 775 units of the HR-V competitor, which also faced WR-V internal, indirect com-







Disclosure/ Fiat/ Ford/ Jeep

petition. In case the fact of the FCA SUV is relevant considering its youth, with little more than one year of market, as well as its values of table. What is said in the market is that its success is related to the strength that the Jeep brand has in the Brazilian market - a real synonymous for off-road vehicles.

The good numbers of his younger brother, Renegade, also helped the way for Compass to lead by taking on competitors. It also adds to the fact that the model operates in a market area that had been out of competition for some time, according to FCA. By 2018 Ford should enter this dispute with a model based on the Kuga platform for emerging markets.

About the smaller SUVs the move also promises to be intense in 2018 with the consolidation of some recently released models. For now Renegade continues as a leader of a line that has as competitors the Ford Ecosport, Nissan Kicks and Renault Captur, similar in size and market proposal. They sold 38 thousand 330 Renegade last year compared to 33 thousand 414 Kicks, the second in volume.

The big challenge of the Jeep utility to remain a leader in its class this year will remain interesting in the eyes of the consumer even after four years of launch. Captur can advance with the CVT-based version while Ford will have the EcoSport Storm, the new top-of-the-range 4x4.

### THE PROTAGONISTS

The country's best selling vehicle in 2017, with 188 thousand 654 units, Chevrolet Onix can be considered a good incognito for this year's market. In terms of competition the Hyundai HB20 promises to continue to bother, although Chevrolet has in its favor the version Joy, with the design of old body but inviting price.

The Ford Ka closed the year ahead of the Volkswagen Gol and Toyota Etios, with 94 thousand 458 units sold last year. The manufacturer this year will have to strengthen its strategy against the growth of launches like Renault Kwid: from November to December, Ka saw its sales fall from



## HB20 promises to keep bothering Onix, although Chevrolet adds the version Joy, with old design but inviting price

8 thousand 864 units to 7 thousand 649. Etios, Up! and Kwid, on the other hand, saw sales increase in the same period. It will be in favor of Ka this 2018 the new Freestyle version, a kind of Ford Kwid, foreseen to the second half, besides, possible supply of automatic gearbox.

### THE BEGINNERS

For 2018 the Brazilian market has more than 40 scheduled launches, highlighting the sedans and hatches of Volkswagen, Fiat and Toyota. Volkswagen wants to regain the largest share of the Brazilian market with the new Polo and the Virtus sedan, both presented recently. For that, the company intends to focus on the design and safety of the car as factors that will lead the models to the graces of consumers who are looking for a vehicle from R\$ 50 thousand to R\$ 80 thousand.

The new Fiat Argo, launched in June of last year, has the task of reinstating FCA's business in Brazil at the level the company believes to be its: at the top. It's another opportunity to test the company's historic ability to produce and sell compact cars. Cronos, which will be manufactured in Cordoba, Argentina, scheduled to be released in March, will have one of its biggest features in the trunk size and some versions will probably be cheaper than the Virtus equivalents.

### THE HEAVY ONES

If the truck market returned to grow in 2017 was due to the performance of the

manufacturers' sales in the heavy segment, according to the numbers released by Anfavea in January - it reached the highest volume of license plates in the categories that make up the sector with 18 thousand 747 units, an increase of 23.4% compared to the accumulated in 2016.

Volvo closed the year as the company that sold the most number of heavy trucks, according to the criteria of the association: 5 thousand 444 units, up 18.9% compared to 2016. So, manufacturer of Swedish origin managed to keep on top of the heavy trucks, even if he noticed the distance for the others decreasing in the rear view mirror.

Mercedes-Benz has been through structural changes since 2014 and was able to finish last year as the second-largest manufacturer to sell heavy trucks: 4 thousand 914. Scania, the third in this ranking, last year featured the R440s, had more than 3 thousand of the total of 4 thousand 901 units sold by the company.

MAN was the fourth largest company last year, with 1 thousand 877 registered trucks, 17.5% more than the volume of 2016. The manufacturer sees in that range the interspace where there is still room for its operation to grow in the country, as in others, he thinks, its products are consolidated. ■



Disclosure/GM

# March 05

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## AutoData Seminary **MEGRATRENDS OF THE AUTOMOTIVE SECTOR** THE CHALLENGES OF 2018 WITH OR WITHOUT ROTA 2030

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# It's the Argentines' fault

The projection for the increase of exports in 2018 is the modest 5%. It is the same index expected for the Argentine domestic market, where six out of ten sold are Made in Brazil

**T**he exit for the national automotive industry to escape one of the biggest economic crises ever experienced was in the ports. It took a while but the strategy worked: battling for foreign customers since domestic market numbers began to react, in 2017 the country exported vehicles as never before, getting a new record.

Last year, 762 thousand vehicles produced in the country were sold worldwide, which means a growth of 46.5% compared to 2016. International business generated US \$ 15.8 billion, 23.4% more than the average of revenues for the last ten years.

Anfavea's projection for 2018 is a new rise, 5%, to 800 thousand units shipped. As a reference, the estimated production growth is around 13.2% and for the domestic market, 11.7%.

The index, however, seems conservative: most companies do not want to step on the brake on scheduling shipments of their vehicles outside Brazil. It can also be recalled that the Brazilian factories closed the year with productive idleness in the 50% range - that is, at least in theory, there is no shortage of assembly line space to supply the growing domestic market without le-





aving out more powerful numbers also in external demand.

In favor of a more promising projection to be approved - finally! - in December, of the trade agreement signed by Brazil and Colombia. Brazilian companies can export to their neighbor 25 thousand tax-exempt vehicles. According to Antonio Megale, president of Anfavea, sales to the Colombian market are expected to grow 50%, from 20 thousand units in 2017 to 30 thousand in 2018. The advance, if confirmed, would represent an increase of 1.3 percentage point in the total volume exported by Brazil.

As one of the factors that have helped the Brazilian product to conquer international markets Megale mentions the favorable exchange rate and the new technologies of the national vehicles, via Inovar-Auto. An example of this, according to the executive,

is the expansion of sales to Chile, until then quite faithful to vehicles of Asian origin.

The main reason for Anfavea's modest estimate for shipments in 2018 is in the Argentine market. After a 27% jump in domestic sales in 2017 Adefa, the local manufacturers' association, projected much less glorious growth, from 5% this year: from 900 thousand to 940 thousand vehicles.

#### **MATHEMATICAL COINCIDENCE**

So, it is exactly the same index predicted for the expansion of Brazilian exports.

This is, we can call it a kind of coincidence with a high mathematical degree, since 69% of the vehicles exported by Brazil go to Argentina. Our neighbor is by far the largest customer of domestic vehicles, far ahead of Mexico, with about 12%, and Chile, with 5%.

The increase in Argentine demand last

year was due to the improvement in economic indicators after a decline in GDP in 2016, an increase in the fiscal deficit and annual inflation of over 40%. Despite the growth of the neighboring automotive industry in recent years, 70% of the vehicles sold there in 2017 were imported. The Adefa believes that this proportion will continue this year. Brazil, it is said, accounts for 58% of the Argentine market - that is, out of every ten vehicles sold in the second largest country in South America almost six are produced here.

This percentage, by the way, is increasing every year: it was 44% in 2015 and 49% in 2016.

In addition to the new macroeconomic policy, Adefa cites the improvement in consumer purchasing power, a greater supply of products, better financing plans and inflation readjustments as the drivers of the country's vehicle sales. The end of the restriction on the entry of foreign products, signed at the end of 2015, also allowed the increase of Brazilian exports.

However, the reduction of the growth pace of the Argentine economy projected for this year, inflation still in the range of 20% and the announcement by Casa Rosada at the end of January of an increase in the sector of Brazilian imports above the limit established by the agreement automotive industries tend to inhibit Brazilian manufacturers' foreign sales there.

The Adefa, it is good to mention, considers the growth of 5% as satisfactory in the case of a "mature market".

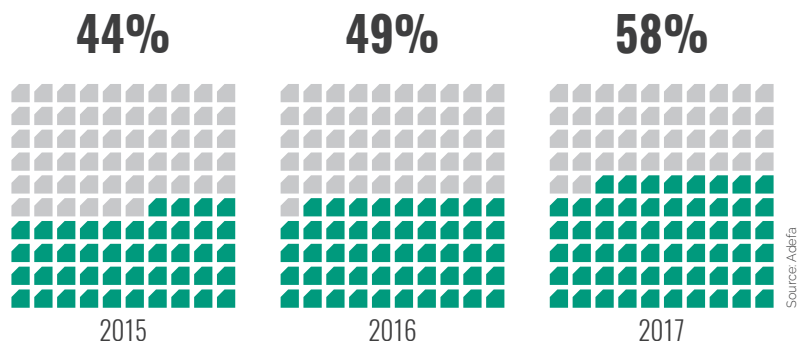
#### COMPANIES WANT MORE

Regardless of this scenario the vehicle manufacturers follow with daring plans to take production across borders. MAN, for example, is talking about increasing sales outside Brazil by as much as 20% by 2018.

According to Roberto Cortes, its president, the rise is part of an internationalization plan for the production of the factory in Resende, RJ. From 2016 to 2017, with a 31% increase in shipments, the share of exports in the total produced there increased from 15% to 25%. "The downturn in the domestic market made us look abroad, but interna-

## Brazil dominates Argentina

Participation of Brazilian vehicles in the Argentinean market



tionalization was already a project."

In addition to Argentina, where it followed almost half of MAN's exports, Mexico and Chile were the main destinations for the production of the factory in Rio de Janeiro. The Constellation 17.280 truck is the company's great international star: with about two thousand units sold the light heavyweight was the market leader in the Argentine market. A considerable part of the growth projected for 2018, however, it is on the back of the new Delivery line, which begins to land in South American countries, from May.

The model, however, will not be exported to Mexico - MAN preferred to produce the new truck at the Queretaro factory, 221 kilometers north of the Mexican capital.

To gain space in foreign markets, the company is proud of not only exporting what it produces, but also developing products designed for each destination. An example of this tactic is the Volksbus 14.190 SCD, in a specific configuration to meet passenger transport demands in Mexico - it was necessary, for example, to reposition the driver's seat, which in the country accumulates the role of collector.

Recently, MAN also has started working in Nigeria by signing a deal with a local group to set up the Volkswagen Worker in Ibadan. The initial forecast is three hundred





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units, with expectation to surpass 1 thousand trucks annually until 2022.

Scania from Brazil has also been able to explore the foreign market with mastery, much for its global production system, which allows it to offer the same products anywhere in the world. This facilitates exports from a declining market, as it has been the case in Brazil in the last five years. "Exports help overcome difficult times of economic crisis," says Marcelo Gallao, vice president of logistics for Latin America. "We have managed to make production flexible in the several units around the world."

In 2017, with a 42% jump in shipments, exports to Latin America, Africa and Asia accounted for no less than 70% of the production at the Sao Bernardo do Campo, SP factory. In 2013, when it hit record sales in Brazil, the exported share was no more than 30%. Gallao reveals that directing production to the foreign market not only ensured the maintenance of jobs, but also allowed the hiring of 500 more employees in 2017.

The company does not make projections for this year but says it is ready to increase production, either to supply the domestic market or external.

#### IT IS A RECORD

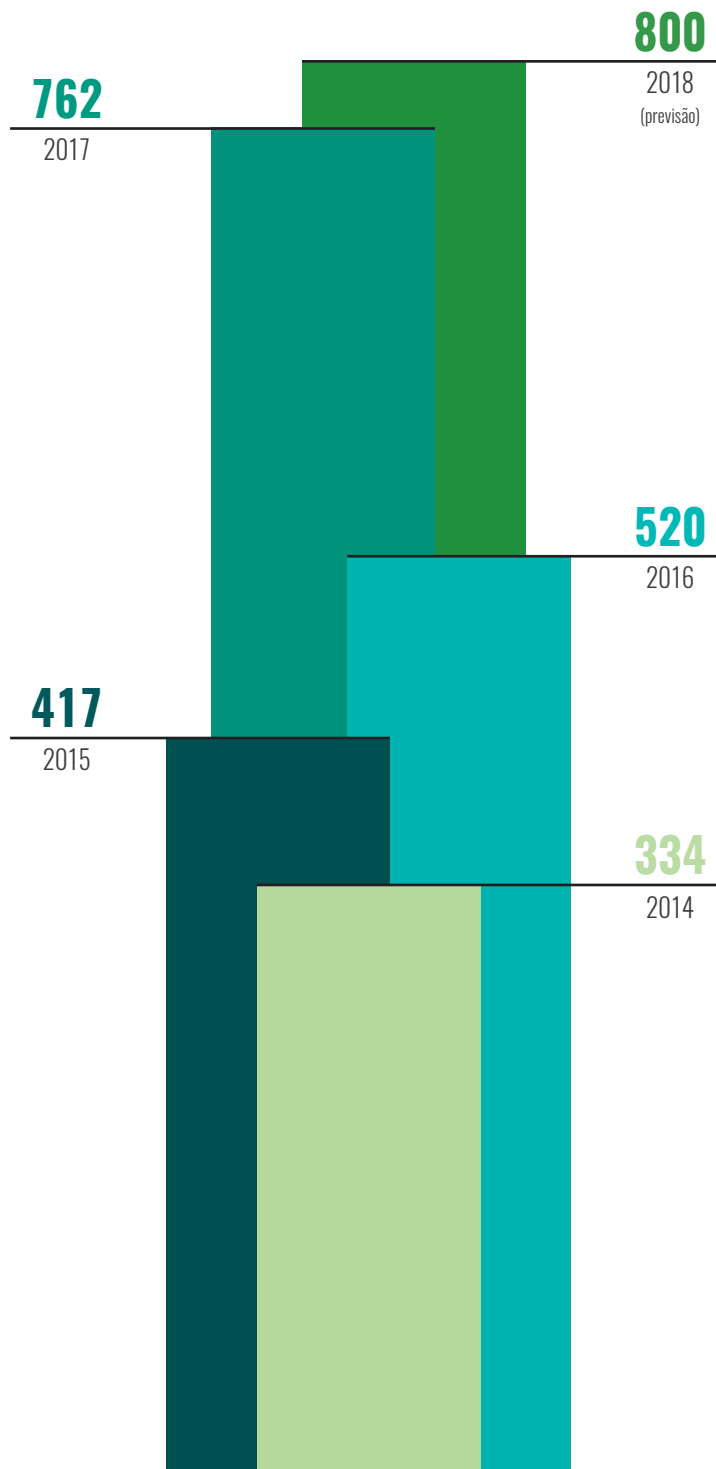
FCA also hit its historic export record. Last year it sent 145 thousand vehicles out of Brazil, an increase of 55% compared to 2016. The best year of the company, still as Fiat, was far back 1989, with 106 thousand 870 foreign sales. If that year most of the shipments went to Europe, last year Argentina was the main destination of the models, both Fiat and Jeep. Mexico, Chile and Peru came after that.

According to Nicholas Parkes, director of commercial operations in Latin America, Colombia must gain space in FCA's business from next year. "It is an important consumer market and we are preparing to serve it under the new business rules. It will be a growing stream, which tends to intensify further from 2019."

The executive credits the growth of exports to the good moment crossed by Argentina and the favorable exchange rate,

## Brazilian vehicles exports

Automobiles, light and heavy trucks and buses - Units in thousand



Source: Anfavea

but also to the renovation of the brands' portfolio Fiat and Jeep happened from 2015 with the inauguration of the factory of the company in Goiana, PE. Mobi, with 29 thousand units, Strada with 22 thousand 600, Renegade with 19 thousand, and Toro with 17 thousand were the four models most exported by the company last year. With the argument that the country's installed production capacity is almost double the effective production, Parkes believes in more growth in 2018.

GM, the leader in sales in South America 17 years ago, is talking about increasing its exports from 15% to 20% by 2018, an index well above that projected by Anfavea. Carlos Zarlenga, president of the company, also supports a change in the rules so that the South American plants can draw up common strategies and start producing vehicles with the same specifications.

"The current scenario forces us to have from 20% to 25% more parts in a car than if the product had one and the same specification. This makes it difficult to control inventory and complicates the logistics part. We could be much more efficient with a common market."

### FROM IRAQ TO THE UNITED STATES

A great responsible for the expansion of Brazilian vehicle exports was Volkswagen. With growth of 52% compared to 2016, it shipped 163 thousand 306 vehicles in 2017 - equivalent to 21.4% of the total.

Volkswagen, it is said, is the largest exporter in the history of the auto industry. It has shipped more than 3.5 million vehicles to 147 countries since 1970 - from Iraq to the United States, from Ukraine to Turkmenistan. Last year, when it sold to 15 countries, all in South America, Central America and the Caribbean, the company was for the 14th. consecutive sales leader in Argentina, with 93 thousand 981 units sold.

"Performance is the result of the regionalization strategy of operations," claims Pablo Di Si, president and CEO of Volkswagen in the region.

The region created by Volkswagen brings together 29 countries in South America,

Central America and the Caribbean. In this list, Argentina and Mexico are the powerful ones, but also the small Guatemala, Curaçao, Jamaica and Cayman.

According to Thomas Owsianski, first executive vice president and vice president of sales and marketing, the design of the new structure, created in 2016, allowed more active action in the decisions directed to the markets of the region. "Volkswagen optimizes its cost structure, establishes adequate market positioning and takes more responsibility."

The main product of the company remains being Gol. With 73 thousand 848 units exported, the hatch shows that, despite the 37 years of life, there is still plenty of market outside Brazil. In here, it was the fourth best seller in 2017, with 73 thousand 919 units.

In the second and third places of the ranking of expatriates VW in 2017 are Voyage, 24 thousand 800, and Saveiro, 24,2 thousand. In the fourth position the Up, with 20 thousand 800.

By 2018 the entry into the field of the new Polo tends to increase the export volumes of the manufacturer: until January, with a few months of life, already adds up to 7 thousand units sent outside Brazil.

Another card hidden up the sleeve of Volkswagen is Virtus. "We will further expand our product range to other markets," says Owsianski. The two are produced on the MQB platform in Sao Bernardo do Campo, SP. Despite global models, they received unique design inspired by surveys with customers in the region. That is, the idea from the first draft of the project was, in fact, to export them.

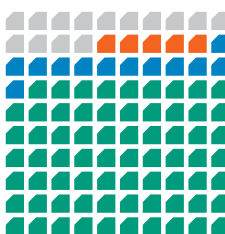
The growth projected by Volkswagen is far from Anfavea's estimate: Owsianski is talks about exporting almost 190 thousand vehicles in 2018, or 15% higher than in 2017. "Even with the retake of the domestic market our objective is to continue to advance in exports, now supported by new regional structure created by the company."

So, as far as Volkswagen and other companies are concerned, we will soon see Anfavea redoing their export projections throughout the year. Up.

### The biggest Brazilian clients

Argentina Mexico Chile

69% 12% 5%



Source Anfavea

The global primacy of producing and exclusively launching Virtus means a lot about the new Volkswagen of Brazil. Starting with the excellence in the production of this sedan at Anchieta factory, in São Bernardo do Campo, SP: R\$ 2.6 billion revitalized the historic unit that currently works in three shifts with manufacturing high technology producing two new global products that, waiting for VW, will help to regain leadership in Brazil and the leading role in Latin America and the Caribbean, the SAM region, with 29 countries.

Virtus is only the second of twenty models to be released in Brazil in the next two years, many of them unprecedented - such as T-Cross, VW's first national SUV (check on box). The total contribution, R\$ 7 billion from 2016 to 2020, demonstrates the importance of Brazil, the third largest global operation, in the Volkswagen plans.

# The virtues of Virtus

In Latin the name of the new sedan means virtue and power, two associations that make a lot of sense in the VW strategy to retake sales leadership in Brazil



Disclouse/VW



"We are getting ready to take up the role of a not so distant past. Therefore, in addition to the product offensive and a new positioning of the brand with customers and employees, we are already working to make the next investment cycle viable", said Pablo Di Si, president for Brazil and South America.

### **GROWING IN THE AMERICAS**

Besides the domestic market, the largest exporter in the Brazilian automotive industry is directing its effort to gain participation in countries that were not so important according to the company's strategy. In addition to unpublished products such as Polo and Virtus, important conceptual change is the way how the teams are focusing on the growth of the brand in other countries.

"We have an office in Sao Bernardo do Campo that studies and defines the portfolio for each country in the region, as well as working in other subjects such as brand development, a dealer network, the way vehicles are sold to that specific customer" said Thomas Owsianski, vice president of sales and marketing for South America. "It's a special attention for each specificity," explained Thomas Owsianski, vice president of sales and marketing for South America.

In 2017 VW's exports reached 163 thousand 300 units, up 52% compared to 2016, above the industry average, 46.5% and the highest volume in history, 762 thousand units. Di Si hopes that Virtus can contribute to increasing VW shipments by 2018. "I am optimistic, I believe we will close new export agreements this year around the world."

VW's export strategy is not just about ready-made vehicles: not only Anchieta but all the company's factories in Brazil are also able to supply components to the rest of the world. The first case is the export of EA211 1.4 TSI engines produced in Sao Carlos, SP, to equip Jetta, Golf and Golf Variant made in Mexico. A contract for 250 thousand Brazilian engines to be exported by 2020.



**MQB platform will also support a good part of the local Volkswagen strategy for SUVs**

Di Si also celebrates a second engine contract from Sao Carlos, this one with Germany, starting in 2019. Volumes and delivery deadlines are still being defined.

### **GROWING IN BRAZIL**

VW's expectation is ambitious with Virtus: "We want to be leaders in the premium compact sedan segment." In this account Di Si believes that the three versions of Virtus, MSI 1.6, Confortline and Highline 200 TSI, can compete for customers ranging from entry sedans such as Hyundai HB20S, mid-range, such as Toyota Corolla and even VW Jetta itself.

So, the executive math results in up to three thousand Virtus negotiated a month. Counting on the new sedan and the good performance of Polo, Di Si opens a huge optimistic smile when the theme is the predictions for 2018.

"At the last AutoData seminar [in October, 2017] I estimated a total market growth of 10%. I think it was a conservative projection. That time, I had gotten in Brazil one week ago, I had just arrived. Now, after a couple of months, I believe it will increase by up to 15% this year, with VW growing more than the market average. With Polo and now Virtus we will seek the vice-leadership of sales in 2018."

### **BRAZILIAN SEDAN**

The Virtus is another consequence of the versatile MQB platform, which gives



it great internal space due to the distance of 2.65 meters between the wheelbase - exactly like Jetta and 8.6 cm longer than Polo - and one of the largest trunks in the category, with 521 liters.

The design, created specifically to please the Brazilian consumer, is signed by the team led by José Carlos Pavone, head of the area for South America. Pavone and his twin brother, Marco Pavone, built a career in Volkswagen of Brazil - Marco is the head of VW's exterior design in the world.

It's okay that Pavone, the project leader, repeated the Polo's front on Virtus. The is going to enter the customer's account in their 40s, according to manufacturer studies. Even younger audiences can find in Virtus the virtues expected for its next new car. At first sight, the design really elevates curiosity.

Another strong argument is safety. On the launch day was announced the evaluation of Latin NCAP for the sedan, and the grade was five stars for all occupants. About that, the construction, shared with Polo, owner of the same grade, added with all active and passive safety equipment as standard, it shows a new cars manufactured standard in the country.

There will be more eighteen VW launches here by 2020: eleven manufactured in Brazil, two in Argentina and five imported





It is also the first national VW to rely on a cognitive manual: applying artificial intelligence with IBM Watson technology - able to learn from questions and new information - this system responds to user's questions about the vehicle, including all information contained in the manual of the owner, a first step to make the booklet probably exceeded in a few years.

For those who love technology, this cognitive manual, associated with the good offer of the connectivity package inherited from Polo, can be a great argument for the purchase.

There are three versions of Virtus that will arrive in the stores in the beginning of February: MSI 1.6, from R\$ 60 thousand,

Confortline 200 TSI, opening at R\$ 73.5 thousand, and Highline 200 TSI, starting at R\$ 80 thousand. With options such as the digital instrument panel, prices can increase by up to R\$ 5 thousand.

The overall work, as was emphasized during the launch presentation, can take Virtus to the top of the national preference with regard to sedans. As virtues are the efficient engines and performance worthy of the VW models, great construction, space, technology and personality.

The expectation is that three thousand Virtus units will be sold monthly in Brazil. The TSI 200-powered versions tend to be the most sought by the consumers. ■

## The last can be the first

VW's portfolio renewal cycle is long and it will position the manufacturer in 92% of the country's vehicle models offering in 2020. Currently VW is absent in 30% of the total of the several segments that make up the national market, for example, that of compact SUVs.

But that will change: "We will have the largest SUVs portfolio of the market," says Pablo Di Si, who identifies a slip in the manufacturer's strategy to stay away from this segment so far. Of the twenty SUVs that will be launched globally by VW until 2022 five will come to Brazil. The first is the Tiguan Allspace, a seven-seat version that will be imported from Mexico in the first half. Starting in August, the production of the compact T-Cross in Sao Jose dos Pinhais, PR, will begin with a presentation already scheduled for the Motor Show in November.



We are planning the production of another new SUV in Argentina for the segment above the compact, the Tarek. It is not clear yet if it comes this year or in 2019, but it is a certain that it will be produced on the MQB platform - one from Polo, Virtus and T-Cross.

An even smaller SUV, also created from MQB, may be the fourth element of that move, according to di Si. The quintet

is completed by a large SUV that will replace Touareg. It is speculated that the Atlas, developed for the American market, designated as coming imported.

"By 2021, SUVs should account from 25 to 30% of total sales, and we will be well positioned to offer many options to the consumer." Currently SUVs sales in Brazil account for 20% of the domestic market.

# Betting in hybrids at the age of 60s

The increase of exports are also in the sights of Brazilian unity, the first established outside Japan in 1958

By completing 60 years of operations in Brazil, Toyota wants to be younger than ever. For that, it is getting ready for major changes that will take place in the automotive industry in the coming years: for [Steve St. Angelo](#), CEO of Latin America and the Caribbean, the industry today is no longer the same as last year.

"The changes are happening quickly and we can not be afraid to change. Let's work so the impossible becomes possible."

For this, Toyota develops hydrogen cell technology globally in parallel with developments in electric and hybrid engines. "By 2025 all our models will have a hybrid version and each country will have to choose the best-selling model in its market to take on this role," says the CEO, who believes in a guaranteed place for this future in Latin America.



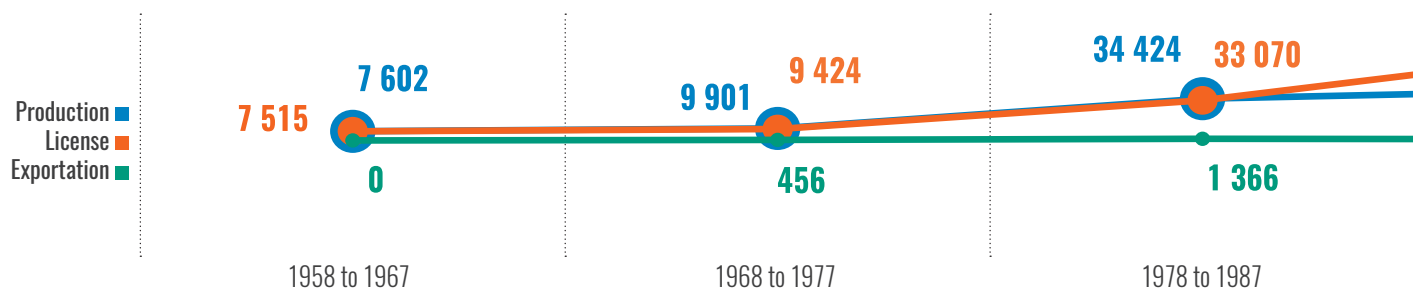
Simão Salomão

"I see the hybrid as the best solution for the next few years in Latin America, because they do not consume external electricity and thus do not overload the networks, besides giving away their own infrastructure and, therefore, also the need for immediate investments. From this the companies can work to then, offer 100% electric vehicles with dedicated infrastructure."

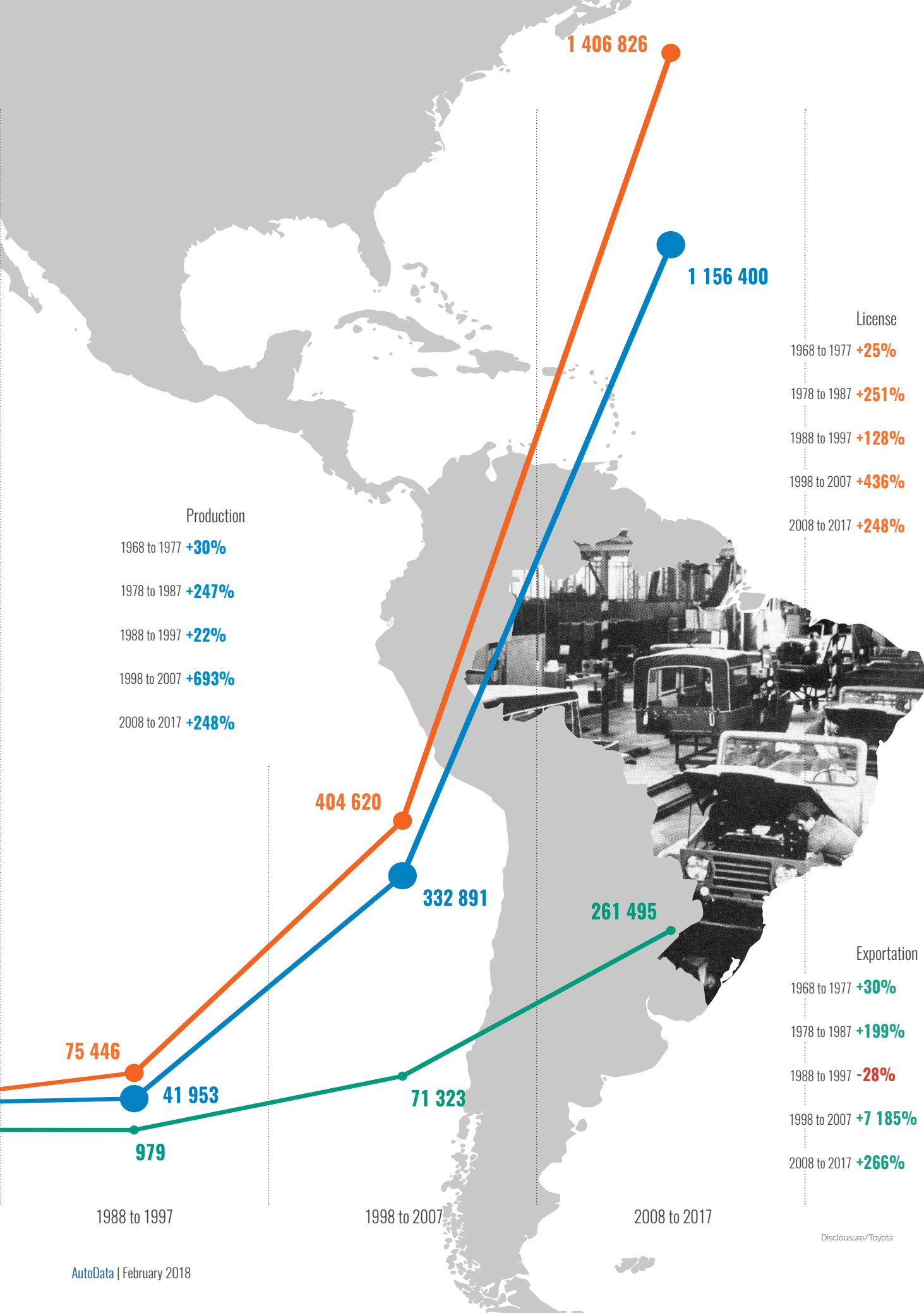
Following this premise the tests with the hybrid Prius in flex version have already begun in Brazil. The model uses the imported model as a basis with added engineering modifications - Toyota is expected to present the prototype in March.

The CEO brings forward that "flex hybrids will be the cleanest vehicles in the world in this category, and the technology will be developed in Brazil. The big problem is the consumption issue, because we can not have a flex hybrid with numbers very di-

## Toyota's climb in Brazil in six decades (per units)







**1958**

Office and assembly of vehicles in São Paulo, Capital

**1962**

Factory in São Bernardo do Campo, the first outside of Japan

**1993**

Beginning of imports with Camry, Corolla, Lexus, Hilux and Previa

**1998**

Factory in Indaiatuba, SP, for the production of Corolla

**2016**

Engine Factory in Porto Feliz, SP, 1,3L and 1,5L for Etios

**2012**

Factory in Sorocaba, SP, for Etios production

fferent from those of the petrol-fueled version. " The Prius today imported and sold in Brazil could soon reach stores with price reductions, thanks to a possible reduction of IPI from 25% to 7% in management in the federal government.

### COLOMBIA AND CHILE

At the same time that blows out the 60 candles the Brazilian Toyota also plans to increase its participation in some markets in South America. The Corolla manufactured in Indaiatuba will arrive in Colombia in March and Chile is also on the radar. According to Ricardo Bastos, communication director, "we are working to launch a competitive product in Chile, noting that the country has a strong presence of Asian brands. It's a goal and a wish, but there's no time for this to happen. "

These plans will make that the investments continue: "The automotive sector lives on its own and with Toyota, it is not different. We have plans to invest more in Brazil in the coming years," says Bastos.

Good clue in this way is the current limitation of productive capacity - everything that is produced today is sold. So there are studies for a third shift in the plant in Sorocaba, SP, where Etios is manufactured, which would not be enough. Bastos claims

that "to solve this issue will require a new investment, and the third shift has a much lower cost. It helps increase production a bit and serves Toyota to understand the demand and set a new contribution to produce more in Brazil."

In September the company announced an investment of R\$ 1.6 billion to produce Yaris in Sorocaba earlier this year and to increase the capacity of the Porto Feliz engine factory from 108 thousand / year to 174 thousand/year.

Direct sales are also a segment that Toyota will keep an eye on for the years to come: it aims to grow its share of its total total from the current 21% to as much as 25%, still far from the market average of 40%. For this, in addition to the rental companies, it aims to stimulate markets for fleeters and taxi drivers. ■





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Disclosure/Opel

# Car, data source. Data, revenue source.

**N**owadays the automotive industry around the world surprised with the speed that new technologies and business models are adopted. Or, in other words, how it became urgent to impose structural changes that decades ago occurred much more slowly.

The market has changed and demands from companies more than new products and at this point analysts go straight to the point - those who do not fit will lose space in a fierce competition.

In terms of ideas, prototypes and acquisition moves that are currently on the

A KPMG research that analyzes the trends of the automotive sector until 2025 indicates that manufacturers need to seek revenue beyond the sale of the vehicle and bet on fuel cells



industry, there are three pillars that are considered more urgent with regard to their adoption by companies. Changing, today, is seen as something to become a reality, and basically passes mainly through two vectors: powertrain and services.

"The automotive industry is going through a revolution moment and has the advantage of happening now, after other industries, which have gone through their earlier revolutions, have made mistakes and got them right in other situations. To evolve, you need to drink from the history of others," says [Ricardo Bacellar](#), KPMG's automotive consultant.

The consultant recently completed the 2018 edition of the Global Automotive Executive Survey, to which AutoData had exclusive access. The work is the result of responses from more than 900 executives from 43 countries. In this year's edition, Bacellar points out that the paths suggested to the companies are not exclusive to factories installed in the developed world, but to all countries.

"Brazil is no longer technologically isolated from the rest of the world: it is enough to observe that the factories here produce global vehicles. There are important issues to be addressed, including those where the country can play a leading role worldwide."

### POWERTRAIN

According to the KPMG study, fuel cell-powered electric vehicles will replace battery electric vehicles by 2025. The survey's conclusion may come as a surprise, as there is still a big development of battery-powered electric vehicles by automakers. Recently, Tesla, a kind of battery electrification icon, has signaled that it can do business in Chile as a way to get closer to the lithium sources, the main raw material of the batteries. In China, a country which has been a home to electric vehicle project enthusiasts, there is a government endorsement, to deliberate resources and reduce the dependence on oil imports.

The consultant believes that despite the current moves toward battery-powered electrification over time, industry will

find that the most sustainable way from a business standpoint is fuel cell technology. "There are problems in the demand for lithium, in the issues that involve its exploration and in the pace of the development of the batteries themselves. Manufacturers can go into a long process, slower than the speed of demand for sustainable vehicles, and there is a risk that other companies from other industries may come up with this service by offering more advantageous solutions."

Also according to the research, the item 'Mobility through fuel cell' was the most remembered by the interviewed executives. In 2014, the study points out, this was the sixth most present item in the managers' discussions. In this sense, says Bellettar, a scenario that is friendly to fuel cells may be favorable to Brazil and provide companies here with a, perhaps, unique opportunity:

"Imagine a scenario where Brazil will position itself, in the future, as the first market where an ethanol-fueled fuel cell technology has been developed. We already know how to make the fuel, and it is up to the local industry to move to create the means to develop this technology. Once again: if we delay, other countries will take up this role, like the United States."

The consultant believes that the popularization movement of fuel cells, a technology that is still little known and not so relevant in the market, will not be through the efforts of a single company, but rather through a jointly organized action. "Toyota, for example, is a company that is ahead of the rest in developing the cells, but the company will not be able to produce them in a large amount only by itself. There has to be a general agreement in the industry, where companies see that they will benefit by acting together."

### SERVICES

Connected cars, like a theme that has gained strength in the automotive sector, is another pillar that can define the market for the next few years. It is at this point that the study traces a closer environment to what we see today: exploration of services



João Mantovani



Study shows that fuel cell-powered electric cars will take the place of the battery-powered ones in a few years

through the data that a vehicle or driver can offer to the automakers. They offer tremendous opportunities for future business models in the mobility ecosystem.

The search for profitability outside the standard business of producing vehicles should generate, according to KPMG's consultant, an inevitable process of fusions and acquisitions with companies that work with information technologies.

Although the move is considered normal, the consultant says that automakers should position themselves ahead of service-based business models. Otherwise they will miss important revenues generated from the vehicles: "A car nowadays generates a series of data that are not used by the automakers, but by other companies that use the vehicular platform without paying for it. An example is the devices through which it is possible to pay tolls electronically. In this case we have one company earning from the product of another. Plus, they keep important data records with them, not with the automaker."

The consultant cites as an example of what can happen until 2025 in the case of telecommunications operators at the time of the voice communication arrival on other platforms. "It's the companies called over-the-top, which use the structure of others to operate. The telephone company can not receive more from this than the data

that the user consumes on the cell phone to send an audio message. Meanwhile, who have borne the costs, antennas, cables, etc? Talking about vehicles, the same thing happens. Other companies use the vehicle as a basis to offer services, and this role should be played by the automakers," says Bacellar, who points to infotainment systems as a starting point for manufacturers to earn revenue from services

"There will be more and more vehicles with screens on the panel. What service or what partnerships will manufacturers make to offer content there?"

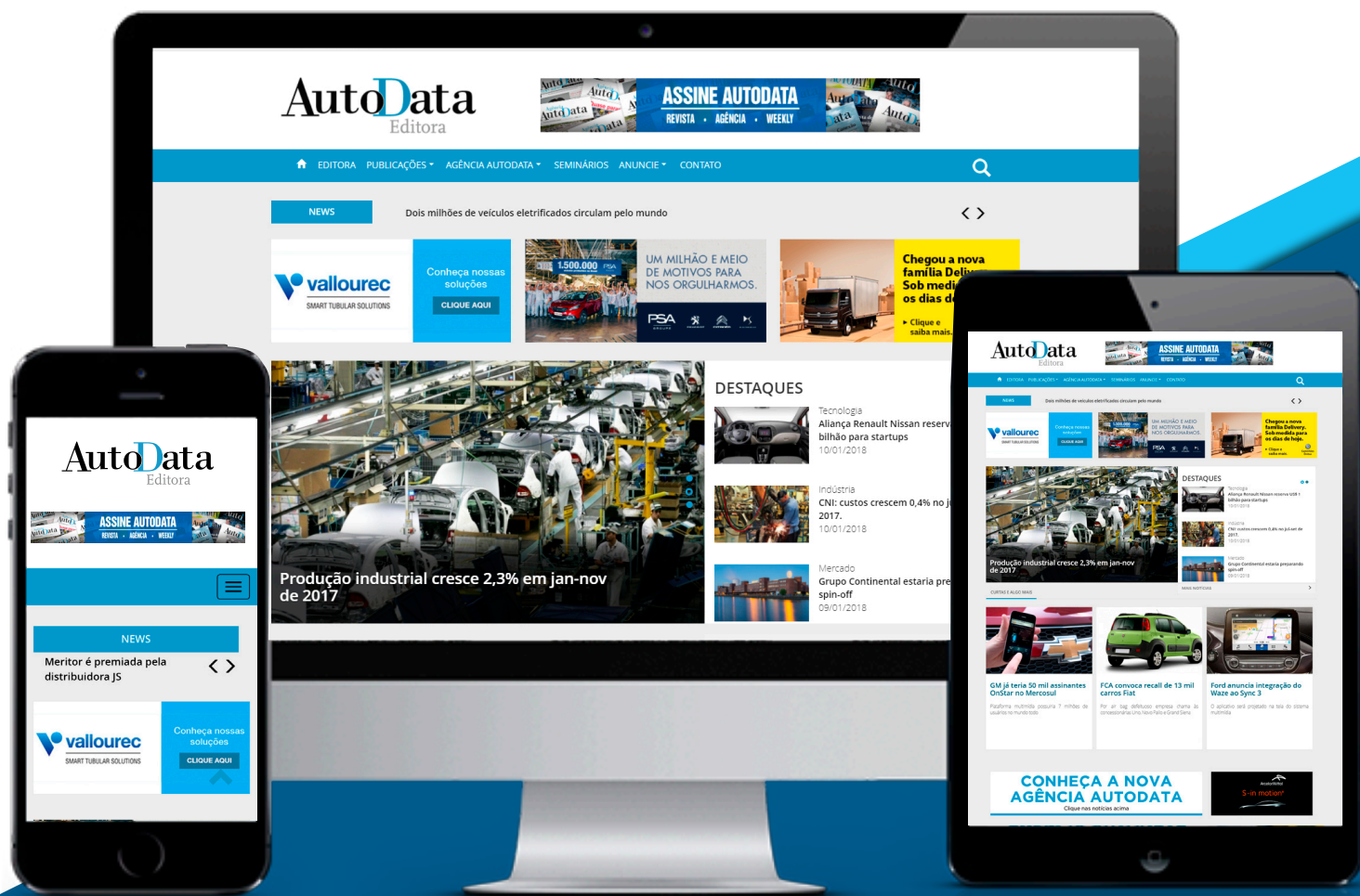
The KPMG survey also shows that over 80% of executives are convinced that the data will generate future business models. Analyzing the results by region, China's executives agree on more than 90%, while in Europe the approval rate of data services is 76%.

The study also shows that in today's asset-based business model manufacturers make the most of their profits at the point of sale, not during the car's life cycle. Manufacturers of premium vehicles, on the other hand, generate high margins in the store and over the cycle. "It's an example that must be followed by manufacturers who have a higher sales volume. If they can enter a marketplace that is within the cars they sell, they could increase the revenue, so much more."



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Disclosure/NAIAS

## In Detroit the rock only appeared in the late afternoon. Before the scene was all of the Mustang Bullitt

The tradition of the Detroit Motor Show has always united lights and music in generous doses. The crisis of so many years forced the hustle and bustle of retirement: there were salons so sad that it is better to forget. But this 2018, also in Cobo Hall, if it was almost silent at least there was some shine - lights were not lacking and this predicts something close to the return to better times.

It all started on Sunday afternoon, when Ford introduced the new Edge ST, the new Ranger and its Mustang Bullitt.

Bill Ford and Jim Hackett, CEO and global Ford president, conducted the presentations. The Edge ST is the first Ford SUV switched by its Performance division

of high-performance vehicles, the new Ranger is also unique to the United States market and Bullitt a limited version of Mustang in honor of the 50th anniversary of the classic movie starring Steve McQueen: 480 hp V8 5.0 engine that allows maximum 262 km / h.

It's not Always that the Detroit Hall shows surprises that will reach the Brazilian consumer. This time the new Volkswagen Jetta will certainly be an exception: shown with 1.4L engine has eight gearshift and rear design that refers to the Virtus sedan. Tiguan, imported from Mexico, will arrive in Brazil later this semester, and the Atlas SUV, produced there, will be launched here until December.



The biggest party on Monday morning was from the BMW Group, for its results last year: high profitability, with a return rate of 8% to 10%, with a record production of just over 2.4 million units in all world. The company renewed its Mini hatch and cabrio and, through a statement, announced his arrivals to Brazil in the second semester.

Also on Monday, the car, the utility and the truck of the year were announced: respectively Honda Accord, Volvo XC60 and Lincoln Navigator.

The next day, in the morning, it was minus 9 Celsius degrees on the street, and inside the Cobo Hall there were lights and the temperature was warm, almost domestic. Until Ford presented the Mustang Shelby GT 500 fastback coupe, with a 700 hp V8 engine, which hits the North American market next year: it seems that the joy that was in the air was caught by those who were on the area listening to the sound of the local rock band Flint Eastwood - a big party around a beautiful car.

### FLAT ROCK

This hot version of this historic Ford will be produced near Dearborn, in Flat Rock, originally a Ford factory, of 1972, and later passed to Mazda, that occupied it until 2004. In its production lines run the versions of Mustang and the Lincoln Continental.

In other words: it is a plant accustomed to certain luxury and grandeur, with sportiness and classicism - and with high technology. It works in two shifts and its current production rate is twelve cars every 10 minutes, 1 thousand 152 units per day. It has a reasonable level of automation in basic manufacturing tasks and the high worldwide demand for Mustang ensures its brightness and long life.

The Shelby GT 500 will be the most potent Ford car approved for street riding: it has supercharged turbo and the double the power of the first Shelby, 1967. It was developed by Ford Performance, the division of the company in charge of high performance vehicles.

Also in the late afternoon Ford officially

announced the growth of its electric vehicle research and development investment to \$ 11 billion by 2022. On Sunday Bill Ford, the company's chairman, made a quick reference to this new investment attitude - which contrasts with the US\$ 4.5 billion announced in 2015 for the period until 2020. It involves the launch of "forty hybrid or fully electric models in our global line."

Sixteen of these new models will be fully electric and the other hybrids plug-in. One of them will be a sport utility which the company wants high performance, the Mach 1.

From a product point of view, the presentation of the Jeep Cherokee 2019 was the salvation of journalists on the last day of the press room: it gained a new, more balanced front. FCA is still negotiating internally the possibility of exporting to Brazil from Mexico - the same situation as the Ram 1500, shown on Monday.

The only certainty is that the new Wrangler will be launched in the country in the second semester. ■

## Brazil in Michigan



The Brazilian designer João Marcos Ramos has been living in Michigan for 3 years, an expatriate for Ford Brazil. There's EcoSport on his and his team's resume, just as the

current front-end design of the Ford Fusion went through his clipboard. Here is a happy artist in life: he does what he likes, works on what he wants. João could be pretentious but he remembers that, his work, is a team work.

And, if it is meant to be innovative, a design has its origin in concept creation. This was the case with the new front of EcoSport, which generated internal competition in the company - global competition.

"We have to evaluate the use of each vehicle, adapt the ideas beyond the design itself. And perform a compatible interior, build a living room."

Challenge: creating a vehicle environment where people are happy to interact - and then Ramos is aligned with the thinking of Ford's Vice President of Research and Advanced Engineering, Ken Washington: "We need to know the needs of our customers."

### PSA CHANGES EVERYTHING

The PSA Group promoted a series of changes in the first stage of its operations in Brazil, in a true dance of the chairs started with the departure of the portuguese Carlos Gomes from operations in the Latin American region, destined for China and Southeast Asia



Disclosure/PSA

#### LUCAS

Patrice Lucas took over as president of the PSA Group in Latin America on 1st. of February in succession to Carlos Gomes. Before, executive VP of programs and strategy.



#### THERESA

Ana Theresa Borsari, responsible for the Peugeot brand in Brazil, on February 1st also began the command of the marks Citroën and DS in the Country. She will respond to Patrice Lucas.



#### SOLTI

Paulo Solti, who was responsible for Citroën and DS in Brazil, will assume the direction of programs and development in Latin America on August 1st, after period in Paris.



#### SIMIONESCO

Laurent Simionesco, now in charge of the management and Development program in LA, will return to France from August 1st, where he will assume a position not yet revealed.

### FORD 10 THOUSAND

Ford celebrates ten thousand Ford Protect contracts, a maintenance plan that includes the value of the okm vehicle financing and also offers an extension of the factory warranty. The program closed 2017 with an average participation of 11% in the retail sales of the manufacturer, for Fusion the index reached 14%.



Disclosure/MB

#### M-B CLA IS ARRIVING

Mercedes-Benz introduced a new entry-level version for the CLA range in Brazil, the 180: 1.6L engine with 122 hp and 200 Nm of torque, dual clutch transmission, seven airbags - including protection for the driver's knees - electromechanical steering and many safety systems associated with the ESP, such as backrest for rear output correction and side wind compensation. For R\$ 137,900, it complements the team also composed by the CLA 200 ff, CLA 250 Sport 4MATIC and AMG CLA 45.

### NEW HOLLAND AND THE SOY

New Holland CR8.90 EVO and TC5090 combine harvesters participated in the symbolic opening of the national soybean harvest in Canarana, MT. Conab's survey for the 17-18 crop bets on a production of up to 228 million tons of grains, with 110 million tons of soybeans alone.

### MAN IN MÉXICO

MAN LatinAmerica celebrates a 22% increase record in sales under the brands Volkswagen Trucks and Buses and MAN, compared to 2016. This is the best result of the automaker since its arrival in the country in 2004.



## SUV SPORT AUDI

Audi launched the SQ5, the sports version of the Q5 SUV in Brazil. 3L TFSI V6 engine with 354 HP and 500 Nm of torque. Tiptronic eight-speed gearbox with Quattro permanent traction. For R\$ 397.990.



Disclosure/Audi



Disclosure/Honda

## HONDA CITY 18

Honda features the 2018 version of the City, with small aesthetic redesign of the front and rear bumpers, grille and headlights with daytime running LED lights.



Disclosure/TMD Friction do Brasil

## JAQUETTO

Edilson Jaquetto is the new general director of TMD Friction of Brazil, manufacturer of the Cobreq brand for the replacement and manufacturer of brake linings and pads for the original market. He replaces Marcoabel Moreira, who retired.



Disclosure/J.D. Power do Brasil

## KEMPENICH

Ari Kempenich is the new manager of automotive solutions for J.D. Power of Brazil. He has already worked for Kia-Geely, Nissan, Case New Holland and General Motors. Responsible for managing automotive consulting projects and developing new projects.



Disclosure/Ford

## FORD

Bill Ford has announced that the company that carries his last name will increase to \$ 11 billion in electric vehicle investment by 2022 with 40 models. Until then the projected amount was \$ 4.5 billion by 2020.



Disclosure/ArcelorMittal

## BARCELOS

Alexandre Barcelos is the new vice president of corporate finance at ArcelorMittal. He has worked at the company since 2005 and has had a career at KPMG. He Substitutes Adilson Martinelli, who retired.

## AUDI TRAINS YOUNG PEOPLE

In January, Audi started a new class of vehicle maintenance course, in partnership with the Pescar Project Foundation: trains young people with low incomes for market. With hour load of 960 hours in classes held at the Center of Training and Technological Competence of the manufacturer, in São Paulo, Capital. The first group, recently completed, formed ten students - one of them Rafael Almeida da Silva, 19 years old, hired by the Audi Center SP North concessionaire.

“Chrysler is moving a huge factory from Mexico to Michigan, reversing an inverse trend that occurred several years ago. Thank you Chrysler, it was a very wise decision.”

Donald Trump, on Twitter, commenting on FCA's announcement of investing \$ 1 billion at the Warren factory in the Detroit region, transferring some of the production of RAM pick-up trucks currently manufactured at the Saltillo unit in Mexico

# 116 26

official meetings were held in Brasília, DF, from April 2017 until the end of January 2018, to deal exclusively with the themes related to Rota 2030.

representatives of the industry, including manufacturers, on average, attended each of these meetings.

“My first car was a Volkswagen Beetle.”

Dieter Zetsche, chairman of Daimler AG and head of Mercedes-Benz Automobiles, for a LinkedIn article

# 2,7% 1,1%

was the average growth registered by the 28 countries that compose the European Union, according to data from the ECB, European Central Bank

is the estimate for GDP growth in Brazil in 2017, by IMF calculations

# R\$ 1 800 000

is the estimated amount of money spent only on airline tickets for industry representatives to arrive in Brasília, DF, for these meetings.

# 16 000 000

of Brazilian workers will be affected in Brazil by 2030 because of the increased automation in factories, according to a study by McKinsey

“Driving a sports car is more exciting than kissing, dancing or cheering on football.”

Title of press release distributed by the Brazilian Ford on behavioral study related to the driving of sports vehicles, carried out by the manufacturer in Europe

“We have no intention of sharing part of the company and handing it over to the Chinese.”

Sergio Marchionne, CEO of FCA, responding to reporters about rumors of negotiations involving the Jeep brand with Chinese manufacturers during the Detroit Motor Show

# US\$ 20,9 billion

was the Chinese investment in Brazil in 2017 according to the Ministry of Planning: the highest value registered since 2010