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André Barros | andreb@autodata.com.br

Starting in July, the American market should begin importing vehicles produced in Brazil once again, specifically those made in Araquari, state of Santa Catarina, where BMW's first manufacturing facility in Latin America was installed. The company closed its first export deal with the United States, where there is more demand for the X1 when compared to supply.

The official announcement was made on Wednesday, 20, one day after a meeting took place in Brasilia, DF, when the deal was made official to members of the federal government. The meeting was attended by company representatives, including Helder Boavida, president of BMW. According to the company, 10,000 units of the X1, in different configurations, will be shipped starting July. The contract should also demand the hiring of 300 temporary workers at Araquari, who will be dedicated exclusively to the project. Currently, the plant has 700 workers on duty.

"We began a new and significant chapter of BMW

Group Brasil," stated Boavida, in a press release. "In addition to strengthening our position in the market, the initiative demonstrates the plant in Araquari meets all of the quality and efficiency requirements demanded by the Group, being capable of supplying vehicles to other markets, among them, the U.S., known as one of the most demanding markets in the world."

According to the company, there was a significant increase in demand for the BMW X1 in that country, which is currently being supplied from the company's plant in Regensburg, Germany. Since there is significant space at the Araquari plant - and the exchange rate has been helpful - the company decided to complement the volume with products made in Brazil.

The decision goes against BMW's initial desire: when the plant was inaugurated, a year and a half ago, the company stated the priority was the domestic market due to the lack of competitiveness of the Brazilian market. A few shipments were planned to occur only in 2020, according to the initial schedule.

However, since September of last year, the company has been studying an export program, as confirmed by Arturo Piñeiro, who was president at the time, in an interview to Autodata news agency. At the occasion, the executive hinted that neighboring markets such as the ones in Latin America were, in principle, discarded, and that the United States, Europe, and even China were priority destinations to receive Brazilian vehicles.

American consumers will have three versions of the X1 XDrive 28i made in Brazil at their disposal, all equipped with the same four-cylinder 2.8-liter gasoline-fueled engine.

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St. Angelo to the Toyota headquarters: stay calm.

Alzira Rodrigues | alzira@autodata.com.br

The CEO of Toyota Latin America and Caribbean, Steve St. Angelo, admitted during the launch of the Etios 2017 that took place on Tuesday, 19, Brazilian problems in the political and economic areas have been of concern to executives at headquarters in Japan. However, he explained that the fact that vehicle manufacturer is gaining market share in the country is helping to cool off the moods over there.

"The company's senior management in Japan is accompanying news about Brazil through the newspapers and, of course, they are worried about the situation currently in Brazil. However, every month that I travel there, the first thing I say when questioned about the current problems is 'stay calm, stay calm'. Brazil is a very big country and it will recover. The political situation will calm down and there is no reason for panic."

St. Angelo highlighted that Toyota's favorable moment in the Brazilian market is helping to cool off moods: "We closed the first quarter with an 8.5% market share [6.8% in 2015] and, specifically in the month of March, we reached a market share of 9.4%, an important ratio considering the current context of the local market."

Another point highlighted by the executive is that Toyota is taking advantage of the current moment to improve the relationships with workers, suppliers, and the dealer network. "We did not lay off anybody, or





fire anyone. We are improving our operations and our relations with the entire chain in order to exit stronger from the crisis. We are using this economically difficult period to become stronger."

CEO for Latin America and the Caribbean since 2013, when Toyota only detained a 3.1% domestic market share, he also revealed that in December some Japanese executives visited Brazil and were well impressed with the company's situation here:

"The head of Human Resources also came, and the information forwarded to headquarters thereafter was positive. The main HR executive of the group was favorably impressed with the stable relations we maintain with the unions, suppliers, and dealers, strengthening the position that we are well in Brazil at headquarters.

In his speech during the presentation of the Etios 2017, St. Angelo presented a series of positive figures relating to the future of the country, highlighting, among them, that the Brazilian population is should grow 5% up

to 2020, with an even higher growth of the economically active population, which is estimated at 10%:

"The year is being difficult and the next ones will also be this way. However, I have a lot of confidence in Brazil and the region, and our objective is to achieve sustainable growth throughout the years. If we maintain our focus regardless of the political crisis and economic problems, this whole situation should not affect our future."

The executive also revealed that there is an objective to increase exports from Brazil. "There are various countries that want the Etios, and we are studying various scenarios. My dream, in particular, is to see Brazil as an export base for the Corolla to every country in the region. But in order to achieve this, we have to be more competitive, and we are working towards this objective. We created a space, which we call the cost room, which has the objective of analyzing item by item of our products and identify where we can cut expenses and, therefore, improve our productivity."

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Etios now equipped with Brazilian engine



Images/Toyota

Alzira Rodrigues | alzira@autodata.com.br

Equipped with two new 1.3-liter and 1.5-liter Flexfuel Dual VVT-i DOHC 16-valve engines produced at the Porto Feliz facility, in the state of São Paulo, which is planned to be officially inaugurated in May, the Toyota Etios 2017 will go on sale starting April 28 with prices starting at R\$ 44 thousand for the X1.3 version, approximately R\$ 2 thousand more expensive than before. Despite the small increase, the manufacturer believes that sales of the model should grow this year approximately 10%.

"Our target is to reach a total of 68 thousand units licensed in 2016, when compared to 62 thousand in 2015," stated the president of Toyota do Brasil, Koji Kondo, during the launch of the 2017 line, which took place on Tuesday, 19, in Mogi das Cruzes, state of São Paulo. The price increase, according to him, is due to innovations that were incorporated into the line, including the new engines, "9% more economical than the previous ones," imported from Japan.

The complete 2017 line of the Etios will come

Product launch

equipped from factory with news such as the Toyota Smart Screen, onboard computer, rear seat with adjustable headrests, electro-assisted progressive steering with new calibration, air-conditioning, inside opening of the luggage compartment and fuel tank, key with commands for the four doors, as well as electric controls for front and rear windows.

Another new item relates to the offering of automatic transmission for every version - previously, there was only the option of a manual transmission. The company estimates that 40% of sales should be composed of automatic transmission, which comes from Japan, and the remainder should be composed of the new six-speed manual transmission that is being

produced in Brazil by Aisin. Up to the 2016 line, there was only a five-speed transmission.

Available with two types of engines, 1.3 and 1.5, the Etios, in both cases, come in the X, XS, and XLS versions. The most expensive, the XLS 1.5 automatic, is priced at R\$ 60.3 thousand. The least expensive X version, equipped with automatic transmission, is priced at R\$ 47.5 thousand. "It is the most accessible automatic compact in the Brazilian market," stated Miguel Fonseca, executive vice president of Toyota do Brasil.

Market - The president of Toyota do Brasil spoke about the difficulties the Brazilian market is passing through at the moment, but said the company, in particular, is facing a more favorable situation: it





registered a growth of 1% during the first quarter and increased its market share from 6.5% in 2015 to 8.6% this year.

The company wants to at least maintain the market share it conquered during the first quarter throughout the year, with sales of 170,000 units, slightly below the 176,000 units registered last year. Production should also drop a bit, from 166,000 to 160,000 units, believes Kondo, who predicts a total market for automobiles and light commercial vehicles of 2.0 million units. Regarding exports of the Etios, the president of Toyota do Brasil projects a growth of

20% in volume, totaling 27,000 units this year, when compared to 22.5 thousand units in 2016.

The model is being shipped to Argentina, Uruguay, and Paraguay. There are also plans to ship to other countries in South America. Despite all of the current difficulties, Toyota has maintained two production shifts, and has not implemented any program to keep workers at home or fired anyone. From the 160,000 units expected to be produced this year, 55% should be Etios, in Sorocaba, and 45% of the Corolla, in Indaiatuba, also in the interior of the state of São Paulo.

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First half of April sales keeps pace with March

André Barros | andreb@autodata.com.br

The rhythm of the Brazilian vehicle market during the first half of April kept pace with the first half of March, when an average of 7.5 thousand units were licensed per day. According to preliminary Renavam data obtained exclusively by Autodata news agency, 91.4 thousand vehicles were licensed up to Monday, 18, twelfth working day of the month.

At the close of the first half of last month, an average of 7.5 thousand vehicles were being licensed per day - similar to the same period in February. Since the Brazilian market during the second half of the month usually accelerates, the month closed with sales of 179.3 thousand units, representing an average of 8.1 thousand units/day - similar to February.

According to retail projections, this average should continue in April, although the final result should be lower when compared to March due to the amount of working days. According to a source linked to the retail sector, store owners project closing the month with sales of approximately 158,000 units, which would represent an average of 7.9 thousand vehicles per working day - including Friday, 22, which was a holiday bridge in which not all of the state licensing authorities were in operation.

When compared to April of last year, when 219.3 thousand passenger and light commercial vehicles, trucks and bus chassis were licensed, the drop would be approximately 20%, if the retail projections become a reality. This result would be in line with the first quarter, which closed 28.6% below the same period in 2015.

The Hyundai HB20 closed the first half of the month as the leader of the Brazilian market, with 6.1 thousand units licensed. The Chevrolet Onix, which lost the first position to the model produced in Piracicaba, state of São Paulo, remains in the battle, with 5.8 thousand units sold.

The recently remodeled Volkswagen Gol joined the podium again: it was the third best selling model during the first half of the month, with 3.8 thousand units licensed during the period.

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Bus local scenario is worse than projected

André Barros | andreb@autodata.com.br

At the end of the first quarter, the bus industry began reviewing its production, sales, and export estimates for 2016. The situation during the first three months was worse than what the executives expected in terms of sales and production. There is a little hope, however, of improved exports, although there is no sufficient growth perspective to offset the decline in the domestic market.

During a presentation at the Autodata Bus Workshop on Monday, 18, at the Milenium Convention Center in São Paulo, the vice president of Anfavea, Luiz Carlos Moraes, admitted the association should revise its numbers soon. "The performance during the first quarter indicates the result should be worse than what the projected. We are experiencing the biggest crisis in the history of commercial vehicles in Brazil."

According to Moraes, the sector had already experienced other domestic market crisis, but none has been at the same time so intense and prolonged.

At the end of last year, Anfavea projected a

drop of 60% in domestic sales, totaling 14.1 bus chassis. Production would suffer a reduction of 70%, totaling 21.3 thousand units, while exports would drop 36%, totaling 7.2 thousand units.

"In exports, there is an increasing trend: the teams are packing their bags and taking planes to different parts of the world - America, Africa, or the Middle East - in search of new business. But it is not so simple and we face strong competition from the Chinese."

The Brazilian expertise in the production of chassis is a competitive advantage. The country is, according to Moraes, the fourth major bus producer in the world, although it closed the quarter with a high idle capacity ratio of approximately 80%.

On the other side, the performance in the domestic market should close well below the association's projections. Moraes believes the rhythm of the first quarter should be experienced throughout the entire year, which would represent a market projection of approximately 11,000 units - last year, 16.8 thousand chassis were sold.

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