

Volkswagen do Brasil Indústria de Veículos Automotores Ltda.



Volkswagen



Think Blue.
Factory.



Plants: Anchieta, Taubaté, São Carlos (in the state of São Paulo)
Curitiba (state of Paraná)

Area: Anchieta	1,000,000 m ²	New Polo, Virtus, Saveiro, Saveiro Cross
Taubaté	393,000 m ²	Gol, Voyage, up!, cross-up!
São Carlos	95,000 m ²	Engines EA111 1.6l e EA211 1.0l MPI, 1.0l TSI, 1.4l TSI e 1.6l MSI
Curitiba	326,000 m ²	Fox, Golf, Audi A3 Sedan, Audi Q3

Production: 408.376 vehicles and 428.651 engines (12/2017)

Employees: 15,365 (12/2017)

Management: Pablo Di Si

Plants

Volkswagen do Brasil has three vehicle plants and one engine plant. The three facilities for passenger cars and light commercial vehicles are complete production units.

Management

Pablo Di Si has been the President and CEO of Volkswagen SAM Region (South America, Central America and Caribbean) and President and CEO of Volkswagen do Brasil since October 2017.

The other members of Volkswagen do Brasil's board are Thomas Owsianski (First Executive Vice President of South America and VP of Sales and Marketing; Strategy and Baureihe South America region), Marcellus Puig (Vice President of Human Resources), Dr. Markus Kleimann (Vice President of Product Development), Gustavo Luis Schmidt (Vice President of Sales and Marketing), Antonio Pires (Vice President of Operations), Oliver Schmidt (Vice President of Finance), and Heiner Lanze (Vice President of Procurement).

The directors of Volkswagen do Brasil are Peter Schaefer (Director of Quality Assurance), André Senador (Director of Corporate Affairs and Press Relations), Antonio Megale (Director of Governmental Affairs and PR) and Dr. Daniela de Avilez Demôro (Director of Legal Affairs). They are also part of executive committee of Volkswagen do Brasil.

Production

- **Anchieta plant.** The Anchieta plant in São Bernardo do Campo – about 20 km from São Paulo – was the first Volkswagen plant in Brazil and the first Volkswagen plant outside Germany. The plant was established in 1957 and the headquarters and development department of Volkswagen do Brasil are also located here. The plant was inaugurated in 1959. Since its inauguration, the plant has produced more than 13.5 million vehicles. The production site in Anchieta covers an area of 1,000,000 m². About 8,718 employees produce the New Polo, Virtus, Saveiro and Saveiro Cross.
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- **Taubaté plant.** The plant in Taubaté, founded in 1976, is located on a site with an area of 393,000 m² about 150 km from São Paulo. About 3,368 employees produce the up!, cross up!, Gol and Voyage at the plant.
- **São Carlos plant.** The engine plant in São Carlos – which started operations in October 1996 – has an area of 95,000 m² and is located some 240 km from São Paulo. About 740 employees produce the entire range of petrol and flex-fuel engines of EA111 1.6l and EA211 1.0l MPI, 1.0l TSI, 1.4l TSI e 1.6l MSI.
- **Curitiba plant.** The fourth and most recently built plant of Volkswagen do Brasil (founded in January 1999) is located in the state of Paraná – more precisely in São José dos Pinhais, about 420 km from São Paulo. At this plant, which has an area of 326,000m², about 2,539 Volkswagen employees produce the Fox, CrossFox, Golf, Audi A3 Sedan and Q3 SUV.

Training

Since the beginning of its operations in Brazil, Volkswagen do Brasil has maintained an agreement with the Serviço de Aprendizagem Industrial (Senai) to train technicians for its plants in Brazil. In over 40 years of activities, the training center has already trained more than 6,000 specialized professionals, becoming a reference in the improvement of Brazilian workers' qualifications. Each of the plants of Volkswagen do Brasil also has a training center where employees receive training for specific tasks.

Sales and dealership network

Volkswagen do Brasil has a wide dealership network in the country, with about 530 dealerships has 15,826 employees. The network also successfully distributes imported models such as the Golf Variant, Tiguan and Amarok.

Sustainability

With its "Think Blue. Factory." initiative, the Volkswagen brand has set itself clear targets for the environmentally sustainable positioning of all its plants. By 2018, the aim is to reduce the environmental impact of all Volkswagen plants by 25 percent. Specifically, this means 25 percent lower energy and water consumption, waste volumes and emissions at all plants.

All Volkswagen plants in Brazil are committed to making production as environmentally compatible as possible.

Volkswagen do Brasil was the first company in Brazil to launch flex-fuel cars (powered by gasoline and/or bio-ethanol), in March 2003. This innovative technology allows the use of sugar-cane alcohol as fuel.

Volkswagen do Brasil has operated its own hydro-electric power plant (called PCH Anhanguera) since March 2010. The power plant has a total output of 22.68 megawatt-hours per year and is capable of supplying about 15 percent of the electric power needed by the company. Volkswagen is the first automaker in Brazil to invest in the generation of clean power from renewable sources. The hydro power plant is located in the state of São Paulo, where Volkswagen do Brasil also operates three of its four plants and one logistics center.

Together with VWAG, Volkswagen do Brasil has an electronic system that enables all measures that generate environmental gains for the "Think Blue. Factory." program are available for consultation. The four plants in Brazil have already implemented more than 560 measures and generated a gain of more than 10,5 million euros annualized.

Energy workshops are often held, aimed at finding measures that optimize the consumption of utilities (electricity, water, natural gas, compressed air) in partnership with specialists from the German head office.

Volkswagen do Brasil has a long-standing partnership with the Ecological Park of the city of São Carlos, where it annually donates for construction, maintenance and operation of the enclosures that shelter animals of cerrado, Patagonia and Andes (biomes of South America). The park participates in programs of management of reproduction and conservation of species as well as offering its annual visitors, leisure and knowledge through environmental education activities.

Social Responsibility

Established in Brazil in 1979, the Volkswagen Foundation is responsible for the management and execution of the company's social investment in Brazil, aimed at promoting quality of life for people in vulnerable communities and improving the quality of education in Brazil.

The foundation fosters partnerships between the public and private sectors and non-governmental organizations (NGOs) for the joint development and implementation of projects to benefit the public in the long term. The Volkswagen Foundation develops a variety of projects, mainly in the fields of: education and social development. In the last decade, Volkswagen Foundation has provided continuing training for around 25,471 public school system educators, benefitting more than 2.1 million students in 419 cities in Brazil.

More than 60 years of Volkswagen do Brasil – a retrospective

Entering the Brazilian market

As a bustling, emerging economy with huge raw material resources and a dynamically growing population, Brazil, with its low degree of motorization and relatively undeveloped infrastructure was an ideal sales market for Volkswagen at a time when the company was reorienting itself internationally. The bilateral trade agreement between Germany and Brazil concluded on August 17, 1950 paved the way for exports, which started in the same year. The Volkswagen Transporter and Beetle were delivered to Brasmotor of São Paulo, Volkswagen's first main importer, as CKD kits and assembled locally.

Establishment of Volkswagen do Brasil

As Brazilian industry lacked the capital and know-how to forge ahead with effective nation-wide motorization, foreign manufacturers were to be persuaded to produce vehicles in Brazil by tax concessions and low-cost loans. The favorable political and economic situation and the recognition that Volkswagen could only be successful on the Brazilian market by producing vehicles in the country brought those responsible, headed by CEO Heinrich Nordhoff, to decide in favor of the establishment of an assembly and production company. With the establishment of Volkswagen do Brasil Limitada on March 23, 1953 and the construction of an assembly plant at Ipiranga, a south-easterly suburb of São Paulo, Volkswagen do Brasil laid the foundation for the internationalization of the German automaker's production system.

Internal crisis and new beginning

In 1953, a dramatic rise in inflation and a growing balance of payments deficit resulted in unrest and strikes in the São Paulo region. The rapidly deteriorating economic situation and growing political pressure were beyond the control of the Brazilian government. Following the suicide of President Getúlio Dornelles Vargas in August 1954, Brazil fell into a deep political crisis. Volkswagen reacted to the precarious situation by shelving its entire Brazilian project indefinitely.

In 1955, Volkswagen made a second attempt by converting Volkswagen do Brasil into a Sociedade Anonima (joint stock corporation) on July 12. The question of a production location, which had been disputed up to that point, was solved by purchasing a site in São Bernardo do Campo. Initially, Transporter production started at the plant, completed at the end of 1956, in 1957. In 1959, this was followed by the Volkswagen Beetle as the second model produced in Brazil. The first Volkswagen Beetle produced in Brazil, marketed under the name of "Fusca", rolled off the production line in São Bernardo do Campo in January. Within a short space of time, the Beetle soon became the most popular small car. Because of its achievements in the development of a national automobile industry, Volkswagen do Brasil enjoyed considerable respect among the Brazilian public. Between 1958 and 1961, annual production rose tenfold to 47,340 units and the workforce grew from 2,300 to 8,000 employees. With a growth rate of 67%, the Volkswagen subsidiary was the leading company in the Brazilian automobile industry in 1961.

Brazil in the era of military dictatorship

On March 31, 1964, a military putsch took place under General Humberto Castelo Branco. Under the military dictatorship, the country's industrial policy was transformed from import substitution to export promotion. Volkswagen distanced itself from the political leadership of the country and attempted to compensate for the reprisals suffered by the population by generous wage policies. Volkswagen paid the highest average wages in the state of São Paulo, subsidized the daily meals and transport of the workforce and enabled its employees and their family members to obtain free-of-charge medical support and legal advice. Under the leadership of Paul Schmidt, who became CEO in 1971, Volkswagen do Brasil developed its first independent model tailored to meet the requirements of the Brazilian market. The city car, launched in 1973 under the name of Brasília, established itself on the market as a parallel model to the Fusca, becoming the bestselling car in Brazil after the Beetle in the 1970s.

Establishment of the Taubaté plant

At the Taubaté plant, established in 1976, where models with water-cooled engines were produced, the assembly of the Passat started in 1978. Series production of the first methanol-powered Volkswagen, the Sedan 1300, started in November 1979, followed by other models by October 1980.

The Volkswagen subsidiary was by far the largest exporter among the Brazilian automakers and had almost doubled its export volume within five years. As a result of the oil price crisis in 1980, Brazil was on the precipice of bankruptcy; the leaders of the country were held responsible. The military dictatorship came to an end after 21 years and a new democratic government was elected in 1985. The continuing economic crisis caused considerable problems for Volkswagen. The first generation of the Volkswagen Gol was launched in 1980, in a troubled economic environment. Nevertheless, the Gol became the leading model in the small car segment by 1987.

Joint Venture with Ford and Autolatina

The consolidation approach adopted by Volkswagen was part of a strategic reorientation of its South American business with a view to reducing production costs and earning satisfactory profits. These objectives were to be achieved by means of a joint venture with the Ford Motor Company. Under a contract signed on May 27, 1987, the Autolatina joint-venture was established and started business on July 1 in the same year. The two partners continued to operate with their own independent branded and identities with separate sales and service based on independent sales organizations and dealership networks. In 1987, Autolatina started exports to North America from Brazil and made a very promising start on this future-oriented market, delivering 202,062 units of the Fox model until 1993. In 1988, demand for automobiles rose, allowing Autolatina to expand production in Brazil; Volkswagen sales grew by about 46%. In 1989, Autolatina succeeded in significantly boosting sales and profit despite continuing inflation; as a result, the joint venture was able to pay its first dividend.

Gulf crisis and re-introduction of the Beetle

As a result of the Gulf crisis, from 1991 onwards, the annual inflation rate rose to 459 percent. The imminent crisis in the automobile industry was avoided by an agreement reached between the Economics Ministry, the automobile industry and the trade unions. The reduction in vehicle prices was compensated for by the tax reductions which had been negotiated. The "Popular Car" program launched in the spring of 1993 to promote the production of small and traditional vehicles also allowed the re-introduction of Beetle production on August 23. Inflation was reduced to 5 percent per month by the newly introduced currency, the "Real". Capacities at production plants were almost fully occupied by rising demand and the government therefore opened the Brazilian market to vehicle imports.

Volkswagen SAM Region

Created in 2016, Volkswagen SAM Region (South America, Central America and Caribbean) congregates 29 countries from South and Central Americas and the Caribbean, with the purpose to consolidate its regionalization strategy through the creation of a new regional structure in South America that will allow the company to work more efficiently, as well as acting more actively in the decisions regarding the region's markets, and becoming even more connected with the customer, agile and competitive in all regions of the world.

Volkswagen SAM Region is already achieving good results. In 2017, Volkswagen brand's sales in these markets have achieved a 25% growth (419,200 units), compared with 2016, (335,400) becoming the region with the highest growth rate among all brand's structures in the world.

Record sales and production

In 2017 Volkswagen sales in Brazil increased 19,1% over 2016, reaching a total of 272,119. This performance is higher than the growth registered by the automotive industry as whole, including passenger cars and commercial lights, which rose 9,4% in 2017, according to Renavan (registrations).

Largest exporter

Volkswagen do Brasil is the largest exporter of vehicles in the history of the country, with more than 3.6 million units sent to 147 countries since 1970. In 2017, totalized 163,306 units shipped to 15 countries.

Gol was the most exported model of the brand, with 73.848 units delivered. Argentina is the market that receives the most models exported by Volkswagen do Brasil, with 93,891 units in 2017; Volkswagen was, for the 14th consecutive year, the leading brand in sales in the neighboring country.