

Nissan opens USD1.1 billion Brazilian plant

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Target 80% local content by 2016.

Nissan has officially opened a BRL2.6 billion (USD1.1billion) assembly plant in Resende, Brazil. Nissan says the plant will have a production capacity of 200,000 vehicles and engines per year and that it is one of the largest investments by any manufacturer in Brazil. The factory will employ 1,500 people, which is expected to grow to 2,000. The complex performs "all facets of automotive production", according to a company statement, including sheet-metal stamping and a road course for testing vehicles. "The Nissan Industrial Complex of Resende is fundamental to achieving our growth objectives in Brazil... Our goal is to achieve 5% market share and to lead Japanese automakers in quality and customer service in Brazil by 2016," said Nissan chairman and CEO Carlos Ghosn. Nissan's Platform V vehicles and engines are built at Resende, beginning with the March and the 1.6-litre 16v flexfuel engine; 300 of the plant's staff trained for three months at Nissan plants in Japan, Mexico and the United States. The vehicle quality-control team trained for six months in Japan and Mexico. Four suppliers have set up in Nissan's supplier park and two operate inside the plant, including Tachi-S (seat producers), Yorozu (suspension), Kinugawa (rubber seals), Calsonic Kansei (cockpit components), Mitsui Steel (plates supplier), and Sanoh (brakes and fuel pipes). The company's target is 80% local content by 2016.



Significance: Nissan announced the investment in October 2011. The investment decision came after Brazil introduced the increased IPI excise tax on vehicles with less than 65% of components from Brazil or Mercosur block. According to IHS Automotive's production forecast, Renault-Nissan production in Brazil will account for 4.7% of the company's global production, with Resende contributing 69,000 units and the Sao Jose Pinhais facility building 340,000 units. Renault-Nissan is forecast to produce 8.6 million vehicles globally in 2016, growing to 9.5 million in 2020. Auto production in Brazil is forecast to reach 3.37 million by 2016, with Renault-Nissan contributing 12% of that total.

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