Chery entered the Brazilian Light Vehicle market in 2009 and sold a total of 21,681 units in 2011. The automaker had originally intended to open what would have been its first full production plant outside of China, but the 100,000 units of capacity ended up being used for CKD assembly. A promised engine factory, meanwhile, never materialised. In 2012, just as the Brazilian market broke a new sales record, Chery’s sales plunged by 34%.

That same year, the government implemented a series of measures to curb vehicle imports into the country. One such measure was to persuade OEMs to produce vehicles locally by slapping prohibitively high taxes on imports. The economy then spiralled downwards, with Light Vehicle sales nosediving in 2015 and 2016. The Chinese brands that had arrived in Brazil touting fully equipped vehicles at affordable prices soon started to desert the market. Notable amongst them were Brilliance, Changan and Geely. Chery, JAC and Lifan, on the other hand, decided to stay put and fight for survival.

In November 2017, Chery announced that it had sold 50% of its operations to Grupo CAOA, Hyundai’s existing importer/manufacturer in Brazil. As part of the deal, Grupo CAOA acquired Chery’s Jacarei plant, which now produces the Tiggo2 Small SUV. The model was launched in April this year and by July had sold 939 units. This contrasts with 16,501 units for the segment leader, the Jeep Renegade. As well as launching and developing the Renault and Hyundai brands in Brazil, the company now also imports Subaru vehicles. The latter remains a niche player, however, with sales unlikely to exceed 1,000 units this year.

As it fights to gain traction in the market, Chery will unveil the locally produced Arrizo5 as its star draw at the São Paulo Auto Show next month. But Brazil’s fiercely competitive Small sedan segment will give Chery a run for its money, particularly as it will be up against more established brands such as Chevrolet and Volkswagen. Next year, we estimate that Chery’s sales will surpass 17,000 units, with the Arrizo5 accounting for 2,400 of that total.

"we estimate that Chery’s sales will surpass 17,000 units”

As imported brands suffered from Brazil’s punishing taxes, their more entrenched counterparts soon reacted by adding features to their vehicles, but without hiking price tags. A prime example is Brazil’s current bestselling model, the Chevrolet Onix, whose infotainment system is one of its main attractions.

Having been in the market for decades now and with the benefit of extensive dealership networks, these players are more comfortably placed than their Chinese competitors, who continue to struggle with a lack of brand recognition, not to mention a reputation for poor product quality.

Whether these latest strategic and marketing moves will save Chery’s fortunes in Brazil remains to be seen...