

JAGUAR LAND ROVER MANUFACTURING PLANT IN BRAZIL, LATIN AMERICA

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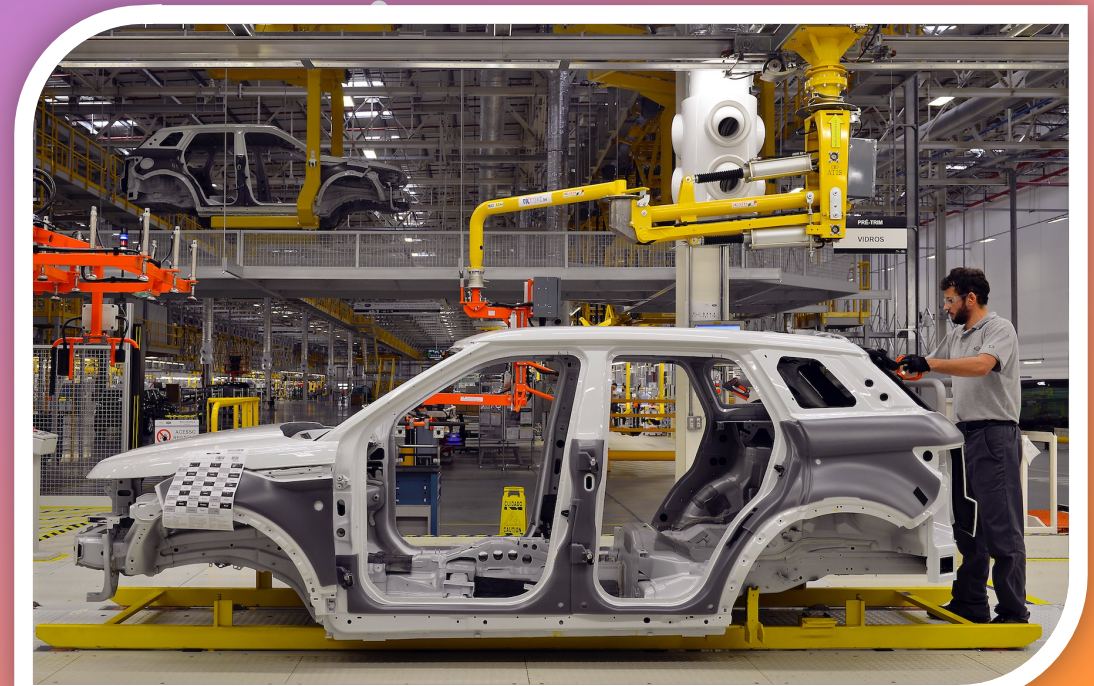
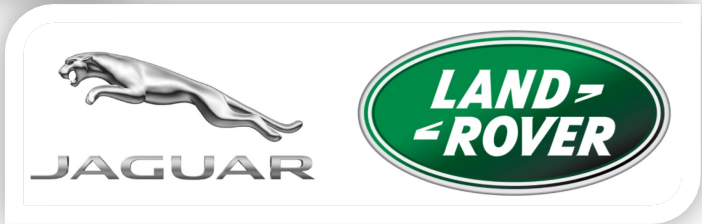


Fig. 1 – Factory worker assembling a car

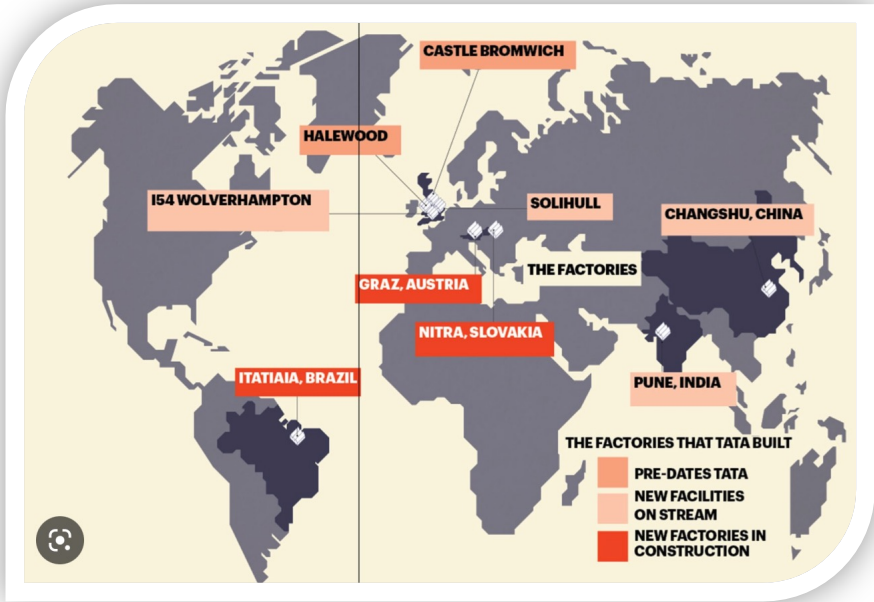
RANGE ROVER VELAR produced in UNITED KINGDOM



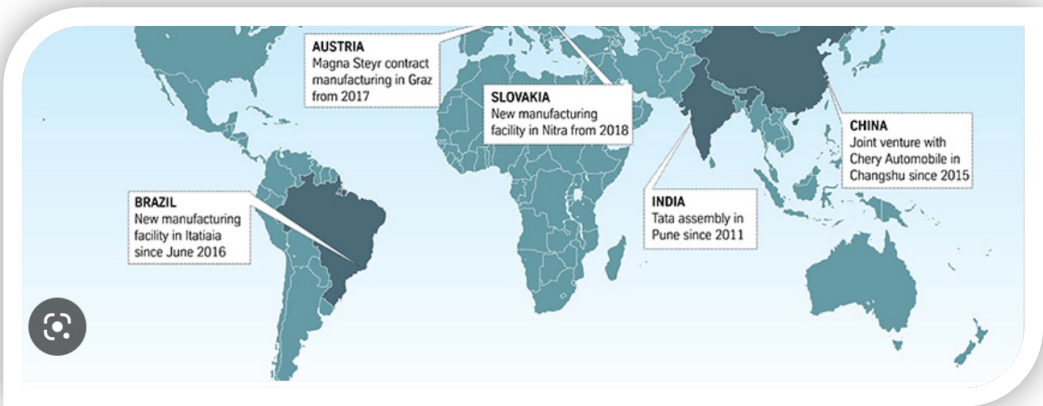
JAGUAR RANGE ROVER LOGO



JAGUAR LAND ROVER – UK MANUFACTURING PLANTS



JAGUAR LAND ROVER – BRAZIL MANUFACTURING PLANT



RANGE ROVER EVOQUE produced in BRAZIL

GLOBALIZATION

GLOBALISATION



- Globalization is known as a historical process strongly related to the world economies which has resulted from human innovation and the adoption of technological processes.
- The term started being used at the beginning of 1980s and it was used to reflect the technological advances that have been used to help complete international transactions, such as trade and financial flows.
- It refers to the extended relationships between countries beyond the national and international borders.
- The core point of globalization is represented by International Trade that took place through reducing trade barriers, or even eliminating them – meaning that removal or reduction of import tariffs have international business more appealing and attractive for foreign investment.
- Trading promotes business opportunities, economical growth and resilience for developing nations, stimulation for creating new industries and jobs.
- Globalization represented a major boom for the world economies; between 1980-1995, the global capital flow was fluctuating between 2% and 6% percent but since then it has risen to 14.8% percent and in 2006 it has totalled a huge \$7.2 trillion dollars. IMF Staff, (2008)

BRAZIL – PESTLE analysis

❖ POLITICAL

Brazil is formed of 26 states and 1 federal district with the capital in Rio de Janeiro. Over 30 years ago, the country has transitioned from military dictatorship to democracy with a great wish of restoring human rights. The country went through turbulent times when the president Dilma Rousseff has been impeached back in August 2016 and her place was taken by president Michel Temer which has later found himself tangled in a corruption judicial process and threatened to be removed as president. Gov.UK, (2022).

❖ ECONOMIC

Brazil's economy, although it occupies the 7th place globally, it isn't the strongest and often finds itself fighting against corruption, power abuse, etc. The Gross Domestic Product at Purchasing Power Parity ranks the 84th place in the world by income per capita – US\$15,211 PPP in 2015. The country still has a wide gap between the rich and the poor, making it a country marked by inequalities. Gov.UK, (2022).

❖ SOCIO-CULTURAL

Brazil is one of the world countries where there are severe issues related to human rights; although the country follows the constitution adopted in 1988 and calls itself a democratic state, it is often accused of slavery. As migration levels have grown, the accusations of modern slavery have risen too. Between 2013 and 2014, over 55,000 people have been removed from working environments where work conditions were related to slavery.

❖ TECHNOLOGICAL

Brazil's manufacturing industry has seen a decline in the last decade along with low levels of productivity. World Bank has declared that although some companies in Brazil are innovative and modern, for each of them there is a 'myriad' of poorly performing ones. World Bank, (2016)

❖ LEGAL

Public prosecutors and courts of Brazil are collectively working together to fight against corruption and unveil the institutions that are committing corruption acts. Federal Police has conducted the operation called Lava Jato in 2017 in an attempt to condemn corruption actions in which the president itself was cited. Gov.UK, (2022).

❖ ENVIRONMENTAL

Brazil's most common environmental issues are related to illegal deforestation, degradation of native vegetation found in rural areas and poor levels of recycling.

JAGUAR LAND ROVER BENEFITS OF MANUFACTURING VEHICLES IN BRAZIL

- Easy to reach Latin American markets
- Every 1 in 3 SUVs sold in Latin America are sold in Brazil
- JLR manufactures the most common sold vehicles in Brazil - Range Rover Evoque and Range Rover Discover Sport
- The first UK manufacturing facility opened overseas.
- JLR's goal in Brazil is to produce every year 24,000 vehicles.
- The Brazilian automotive industry is able to provide JLR with most important car components such as: seats, cockpits, exhaust, chassis and powertrains.
- During the creation of the factory, JLR created 400 workplaces that have since doubled.
- The factory uses collects and uses rainwater and since 2014 has planted 1,200 indigenous trees to help preserve the natural habitats around the factory. Jaguar, (2016).



JAGUAR LAND ROVER – CHALLENGES OF MANUFACTURING VEHICLES IN BRAZIL

- Economical instability the country presents.
- Lingering effects of COVID-19 pandemic.
- Ongoing trend of people choosing not to purchase new cars.
- Recession.
- Modern slavery.
- In 2018, JLR was expecting to produce 24,000 cars but in the end only 5,000 cars have been manufactured.
- Rumors that the factory could close down. Just-Auto, (2018)



SOLUTIONS FOR SUCCESS

- JLR should ensure they know very well their competition.
- Speed up the transition to electric cars and using less fossil fuel.
- Investing in training people.
- Condemn corruption acts.
- Have in place a Modern Slavery Act to which they will faithfully adhere.
- Innovative approaches adopted for car manufacturing.

CONCLUSION

It's imperative to conclude that although this decision of creating a new manufacturing plant on a foreign continent was quite appealing in 2013, Jaguar Land Rover might find itself stuck in a closed loop.

Brazil's economy is fluctuating on a yearly basis and often finds itself on the brink of recession. Furthermore, the COVID-19 pandemic has reduced by almost 50% the demand for new Land Rover vehicles and although the company had an ambitious plan of producing 24,000 cars yearly, back in 2018, just 1 year before the pandemic, due to low demand and recession, the factory only produced 5,000 vehicles.

Moving to Brazil has represented an opportunity for Jaguar Land Rover to break into the Latin American market which in sight, can bring new opportunities for development and expansion.

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THANK YOU

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