



# 20th Anniversary of KYB Brazil Production Base Establishment in Brazil

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## 1 Introduction

KYB has production plants in 24 locations in the world. Among those, the southmost one farthest away from Japan is KYB Manufacturing do Brazil Fabricante de Autopecas S.A. (hereinafter "KMB").

KMB manufactures shock absorbers (hereinafter "SAs") for automobile manufacturers or the after-sales market. As a dominant site in the South American market, which is expected to grow, KMB carries out production activities on a daily basis.

In 2020, KMB celebrated the 20th anniversary of its foundation. Now I would like to briefly look back at the history of KMB and introduce what I experienced there when I was an expatriate employee working for the company.

## 2 History of KMB

### 2.1 Foundation

The forerunner of KMB originated in 2000. KYB invested together with ArvinMeritor (hereinafter "Arvin") (investment stake: 75% by Arvin and 25% by KYB), with which KYB formed a technical alliance in Europe, to establish Arvin-Kayaba do Brazil, which started its production in 2002.

The company was located in an industrial park in a town called Fazenda Rio Grande, Parana State, Southern Brazil. The town is adjacent to Curitiba, the capital of Parana State, and is separated from Sao Paulo and Rio de Janeiro, both of which are famous cities in Brazil, by about one-hour of flight (Fig. 1).

Renault, one of our customers at the time, was located in a neighboring town, about 30 minutes by car.

### 2.2 KYB Wholly-owned Subsidiary - Joint Venture with Mando in South Korea

After Arvin pulled out of the business in 2004, Arvin-Kayaba do Brazil became a wholly-owned subsidiary of KYB named KAYABA Manufacturing do Brazil (hereinafter "KMBR").

KMBR obtained the ISO 14001 certification and began

to manufacture OEM products for Renault as well as for the Japanese manufacturer Toyota. The company thus increased its production successfully.

With an eye toward the further expansion of production in the South American market, KMBR conducted investment together with Mando Corporation in South Korea (hereinafter "Mando") to establish the joint venture (JV) KYB-Mando do Brazil Fabricante de Autopecas S.A. (hereinafter the "former KMB") in 2011.

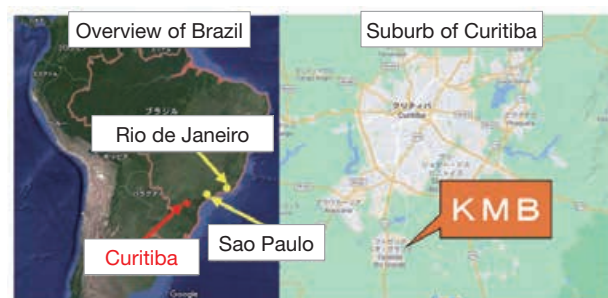


Fig. 1 Location of KMB (Source: Google Map)

### 2.3 Cancellation of Joint Venture

After foundation, the former KMB increased production for more and more customers including the Japanese-controlled manufacturer Honda Automobile Do Brazil (hereinafter "HAB"), but had frequent quality problems. The former KMB was in difficult position with its current account due to excessively low sales prices for the production cost.

It was also difficult for the former KMB to do business together and share information with its competitor Mando. The joint venture hardly produced the effect the two parties had intended.

In June 2018, the former KMB canceled the joint venture with Mando, thereby establishing KYB's wholly-owned KMB. I fortunately witnessed the moment when KMB started life. On that day, a signing ceremony was held in the room of a hotel, after which I went to the KMB plant. From the signboard bearing the words "KYB-MANDO" mounted on the front building, only the letters "MANDO" were removed. A trace of the letters "MANDO" was clearly left there (Photo 1), which made

me feel that the roughly seven years of our joint venture was not a short time. I remember that I toughened my resolve to reestablish a new company, making a comeback soon as a KYB site.

At the entrance of the plant, a signboard reading "SOMOS TODOS KYB" ("we are all members of KYB") is posted, representing the expectation and hope of all employees of KMB (Photo 2).



**Photo 1** Front building with a clear trace of the signboard letters "MANDO"



**Photo 2** "SOMOS TODOS KYB" signboard at the plant entrance

#### 2.4 From the 20th Anniversary to the Present

It was November 2018 when I was transferred to KMB. I was mainly engaged in addressing problems particularly related to product quality, promoting improvement, and giving guidance to local staff. Many different problems had accumulated at the beginning, but the quality problems were gradually resolved thanks to support from SA Dept., KYB Gifu North Plant, as well as efforts by the local staff.

With a new order for Toyota Corolla and particularly thanks to the world's first HRS for Toyota <sup>Note 1)</sup>, all staff members of KMB managed to start mass production while individually tackling problems, which were small in themselves but quite troublesome. We celebrated the



**Photo 3** Those concerned gathered for initial shipment for Corolla

initial shipment, took celebration photos of all those concerned, and shared the happiness with each other (Photo 3). During the period from June to August 2020, for the first time, we marked the achievement of "zero" complaints against the production line for three consecutive months. I was really moved by the celebration participated in all KMB members at that time.

In September 2020, KMB finally celebrated the 20th anniversary of its foundation while promoted a structural reconstruction including a painful large-scale layoff carried out in order for the company to survive.

Note 1) HRS stands for Hydraulic Rebound Stop.



**Photo 4** Cake and sweets distributed to all employees



**Photo 5** Souvenirs distributed to all employees



Unfortunately, Brazil suffered the serious coronavirus pandemic at that time. KMB could not hold a big party with all employees present, but instead distributed cake, sweets, and souvenirs to everyone so that they could celebrate individually in their homes (Photos 4 and 5).

The current number of employees is about one-half that in June 2018, when the company became a wholly-owned subsidiary of KYB.

Still, I expect the small but highly skilled team of staff to make a concerted effort with the aim of achieving No.1 quality among KYB overseas sites and stable management. I believe they can do it.

### 3 How I Lived in Brazil as an Expatriate Employee

What comes to your mind when you hear the word Brazil? I think everyone knows about the country Brazil, but few people have actually been there.

It usually takes two days to travel from Japan to Sao Paulo and three days to return, partly because you have to cross the international date line. Since the flight time alone is as long as about 24 hours, you may be rather tired just from traveling.

Now I would like to write what I noticed or was surprised by during my stay in Brazil.

#### 3.1 Daily Life

Most aspects of daily life in Brazil, including food, housing and clothes, are not so different from those in Japan. Basically, however, imported goods are so expensive that I did not feel I could freely buy them.

**Clothes:** Although it may be difficult for you to find many clothes from Japanese manufacturers, shirts and other clothing from Japanese sportswear manufacturers are generally sold in shopping centers. Shoes from popular brands are also available.

**Housing:** As with most people overseas, Brazilians generally walk through all rooms in their house with their shoes on. What is interesting is that each room or public space has a facility for churrasco (Brazilian barbecue). Anyway, Brazilians love churrasco. Basically, any kind of event always appears to take place along with a churrasco party.

**Food:** Curitiba, which is located in Southern Brazil, has many immigrants from Europe. There are a lot of Italian and French restaurants as well as Brazilian local Feijoada restaurants (stew with beans and pork). You have a lot of choices.

The culture of Japanese immigrants has taken root in Brazil. A variety of Japanese restaurants can be found, including ramen, Japanese curry rice and sushi. Even Japanese-style taverns (izakaya) exist. I went there often, particularly on weekends, with Japanese businesspersons traveling to Brazil to eat Japanese food such as grilled chicken (yakitori) (Photo 6).

I also cooked for myself. I often cooked Uruguay rice,



Photo 6 Entrance of izakaya in Curitiba



Photo 7 Major Japanese 100-yen shop in shopping mall

which is almost the same as Japanese rice, and stewed Chinese cabbage and fish sausage (Hamphen), which are available in supermarkets, to make a Japanese-style stew. Japanese food is available although it is quite expensive. Thus, I seldom felt difficulty with food.

Furthermore, a major Japanese 100-yen shop company recently opened a store in Curitiba. It helped me a lot as commodities made in Japan is readily available, although the goods available are about three to four times more expensive than they are in Japan (Photo 7).

#### 3.2 Communication with Brazilian People

I have an impression of Brazilians that many of them are serious people. They do work seriously once they are convinced of doing so. If they do not get something right, they ask me many times until they can understand it. This is probably because they have boundless curiosity.

Greetings are even more important behavior for them

than for the Japanese. I always greeted and shook hands with local staff when I reported to work. I feel that these forms of communication were an essential item for us to carry out work smoothly.

Brazilian people give high priority to family in any event. On Christmas Day and other events, not only their children but also their parents and grandparents come together to throw a party.

Their typical personality is friendliness. Even when they meet each other for the first time, they will enjoy conversations over a drink just in half an hour.

Brazilians respect Japan and the Japanese. They seem to have learned that Japanese ancestors immigrated to Brazil and developed the land. Curitiba is a town with the third largest population of Japanese-Brazilians in the country after Sao Paulo and Rio de Janeiro. In the vicinity of my condominium there is a park named PLAZA do JAPON where even a three-storied pagoda and a Japanese garden have been built (Photo 8).



**Photo 8** Appearance of PLAZA do JAPON (Japanese garden)

#### 4 In Closing

As of January 2021, Brazil, amid the novel coronavirus pandemic, has the world's highest number of patients infected with the coronavirus after the U.S. and India. Nobody can deny that the country's future economic activity is uncertain.

Still, Commercial de Autopecas KYB do Brazil Ltda (KBR), which is one of the major sites in Brazil to sell commercially available products, enjoys successfully increasing sales. I believe Brazil remains a potential market.

I expect KMB to continue growing and I believe the company will absolutely achieve it when I see the KMB staff very positive and avid.

Finally, I would like to thank those concerned from KYB in Japan, KYB expatriate employees in Brazil, and all KMB staff members for their cordial support to me during my expatriate period.

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Taken present post in March 2020  
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