

### Main news

**Mercosul Line, a subsidiary of French carrier CMA CGM, has announced the launching of its weekly SUPEX cabotage service, linking Suape directly to Santos with a three-day transit time.** SUPEX is CMA CGM's third weekly cabotage service, in addition to the existing BRACO and PLATA loops. According to Mercosul Line, the new service brings strong efficiency towards a sustainable environment, with 280m km per year of truck traffic taken out from Brazilian roads.



Map: CMA CGM

According to the company's circular, mv "CMA CGM VENTANIA" with 1,338 TEU capacity will operate the shuttle service from June.

Q2 2019   SCHEDULE PROFORMA & TRANSIT TIME					
PORT	TERMINAL	NORMAL DEADLINE	ETB	ETD	TRANSIT TIME
SANTOS	DPW EMBRAPORT	FRI 12.00	SAT 07.00	SAT 15.30	DAY 1
SUAPE	ICTSI TECON	MON 15.00	TUE 18.00	WED 06.00	DAY 4
SANTOS	DPW EMBRAPORT	FRI 12.00	SAT 07.00	SAT 17.00	DAY 7

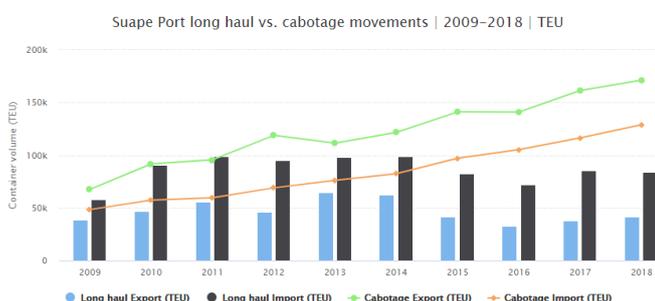
Source: CMA CGM

Some of the features of the SUPEX service are:

1. Additional third weekly departure with optimized days of call: Departure – SANTOS Saturday, 7 am. Arrival – SUAPE Tuesday, 6 pm.
2. Transit time: reduced by 4 days versus current market existing Cabotage services average.
3. Intermodal door to door lead time reduced significantly (e.g. DOOR SAO PAULO – DOOR RECIFE: up to 6.5 days).

CMA CGM VENTANIA will dock at Tecon Suape, the leading container terminal in the country's North and Northeast regions.

CompCont data shows Suape's container movement trends for the previous ten years:



Source: DataLiner

### Ports, terminals and infrastructure

**Santos Port Authority (Codesp) has acknowledged receiving seven proposals, of which two are from different consortia, to conduct emergency dredging to maintain the channel depth at the port of Santos.** The deadline for submitting offers expired last Friday. Codesp consulted with 12 prospective companies for the emergency dredging work however only seven of them sent proposals. The proposals which are approved technically will be evaluated considering cost as well as time required to bring dredging equipment to the port.

The dredging work at Santos which had been carried out by Van Oord Maritime Operations and Boskalis do Brasil, was completed in the second week of April as planned in the original dredging contract. Codesp assured that the existing margin of safety will ensure safe maneuverability of vessels while a new company is contracted to carry out emergency dredging.

In addition to the emergency dredging auction, Codesp is preparing a licitation for a two or three-year dredging contract to guarantee the long term maintenance of the channel depth. However, the contract might come with a caveat; a rescission clause to be applied if the Federal Government approves the privatization of the dredging concession. Codesp has also stipulated that emergency dredging will only be carried out if there is a risk of losing operational draft before the long term dredging starts.

**FeMPINRA (the Port, Maritime and Naval Industry Federation) called a strike at the Port of Buenos Aires last week, which began on Thursday at 5pm and is expected to last until midday on May 14.** The stoppage affects all workers and operations of the three Buenos Aires terminals: BACTSSA, Terminal 4 and Terminales Rio de la Plata.

FeMPINRA argues the port companies have failed to fulfill the salary commitments agreed in the Joint Agreement Framework established on August 28 last year. Workers have demanded state intervention into the matter.

DatamarNews reported Argentina's Ministry of Transportation approved the Buenos Aires Port licitation documentation under Resolution 256/2019 to allow national and international parties to bid to operate the port for the next 50 years. The General Port Administration (AGP) set October 2 for the opening of the envelopes with offers made by bidders. The auditor of AGP, Gonzalo Mórtoła, signed resolution 61/2019 which grants permission to the interested parties to submit proposals.

**The Port of Montevideo registered a falling trend in container throughput during the first four months of 2019, following the decision by Paraguayan shippers to redirect cargoes in transit via the Port of Buenos Aires.** According to Uruguay's Center of Navigation (Cenave), container throughput was down by 12.3% to 136,966 containers between January and April year-on-year. In the same period, exports dropped by 14.5%, imports by 14%, and containers in transit by 9.7%, compared to the same period last year.

The month of April recorded a throughput of 35,876 containers, down 2.1% year-on-year, according to the Cenave. Although imports fell by 2.7%, exports increased by 11.9%, preventing a greater fall; empty container movements fell by 23.3% in April,

year-on-year. Export revenue saw positive growth in April after a streak of three negative results, at 10.2%.

In February, the Buenos Aires port authority reduced transshipment charges from US\$1,000 to US\$100 in a bid to attract Paraguayan clients using the Paraguay-Parana River. With this Montevideo is facing increasingly steep competition from neighboring Buenos Aires which is progressing with plans to renew port infrastructure.

**Cargo movement at the Port of Murtinho has been increasing, attracted by plans for a bridge that will connect Mato Grosso do Sul to Carmelo Peralta in Paraguay.** The bridge, which is expected to be inaugurated in 2023, will allow cargo to reach Chile's ports via the bioceanic route, providing an alternative for cargo to reach Asian markets.

According to Mato Grosso do Sul government statistics, the Port of Murtinho shipped a total of 600,000 tons of soybeans in 2018. The port has already closed contracts to ship 1m tons of soybeans this year. Navios South American Logistics is among the companies hoping to develop a terminal at Murtinho Port. According to Correio do Estado newspaper, the company plans to build three 80,000 ton grain silos and structures capable of receiving three barges simultaneously.

FV Cereais has also acquired space in the region for the future installation of a bulk cargo handling unit, with an initial investment of R\$50m, and two other groups from Argentina have already expressed an interest in investing in the region with the same objective, according to Correio do Estado.

The state government expects that by 2020 over 1.5m tons of cargo will be handled at the port, increasing to 6m tons in the following three years.

### Logistics

**On Friday Brazil's president Jair Bolsonaro met with his Paraguayan counterpart Mario Abdo Benítez at Foz do Iguaçu to sign the authorization for the beginning of construction works** to create a second bridge linking the countries. The 760m long bridge which will connect the border towns of Foz do Iguaçu and Presidente Franco should be up and running by 2022.



**Tarcisio Gomes de Freitas** ✓

@tarcisiogdf



Comunico ida a Foz do Iguaçu (PR) integrando comitiva do presidente @JairBolsonaro para lançamento da construção da 2a ponte entre Brasil e Paraguai. Projeto do @dnitoficial será cedido ao Governo do Paraná que tocará obra com recursos da Itaipu Binacional. Prazo: 36 meses

♥ 5,812 10:56 AM - May 10, 2019

The bridge is hoped to unburden the Amizade International Bridge joining Foz de Iguaçu with Cuidad del Este which faces constant congestion. Bridge construction should cost R\$462.9m and will be financed by the Itaipu hydroelectric dam which is shared by the two countries.

According to Brazil's Ministry of Infrastructure website, **six port terminals, 22 airports, and 14,500 km of the highway have qualified for Brazil's Investment Partnerships Program (PPI)** following the 9th PPI Council (CPPI) meeting last week. The

government expects a total of R\$38bn in investments from private entities.



**Ministério da Infraestrutura** ✓

@MInfraestrutura

Na área portuária, os projetos qualificados foram os terminais STS20 e STS14, no Porto de Santos (SP), e o IQI 03, 11, 12 e 13 no Porto de Itaqui (MA). A carteira também conta com a desestatzização do Porto de São Sebastião. São previstos R\$ 895,6 milhões em investimentos.

♥ 32 10:21 - 9 de mai de 2019

The qualified port areas are as follows:

- STS20 and STS14 terminals from the Port of Santos
- IQI 03, 11, 12 and 13 in the Port of Itaqui
- The Port of São Sebastião

The following highways are also on the list:

- BR-163/MT and BR-230/PA, from Sinop (MT) to Miritituba (PA)
- BR-381/MG and BR-262/MG/ES, from Belo Horizonte to Governador Valadares, in Minas Gerais, and the stretch between João Monlevade (MG) and Viana (ES)

Another 7,213 km of roads divided into 15 stretches of highway, spanning 13 states were also approved for studies.

In addition, the CPPI meeting concluded discussions regarding the environmental licensing for the dredging operation of the Tocantins River (Pedal do Lourenço).

**Argentina's State-owned Belgrano Cargas is planning to recover a 120km stretch of railway that runs through Salta, Tucumán and Santiago del Estero,** which has not been in operation for over 30 years. The railway line, known as c8-section, will be able to transport up to 2m tons of grains annually, including corn and soybeans, to port terminals in Santa Fe.

The Ministry of Transport intends to reduce logistics costs and improve efficiency by using this section of railway as an alternative to road transport, as well as reducing road traffic and environmental pollution. The works, for which the Argentine government is investing around US\$66.2m, are in addition to 700km rail tracks which have already been completed and further 400km which are under construction.



Source: Wikipedia

### Coffee

The world's largest coffee producer, **Brazil, exported a total of 2.97m 60 kg bags of coffee in April 2019**, according to Cecafé, Brazil's Coffee Exporters Council, up 24.6% year-on-year. Green coffee shipments reached 2.71m bags in that month, up 30% year-on-year, with arabica coffee accounting for 2.52m bags and Robusta coffee accounting for 197,122 bags.

"The performance of Brazilian coffee exports remains strong, maintaining good results in April," the president of Cecafé, Nelson Carvalhaes said.

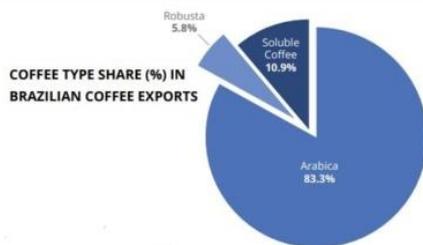
However, with a well-stocked market, the price of coffee fell by 19.1% in April year-on-year, to US\$124.47 per bag. Thus, revenue earned from coffee exports in April showed little improvements, up 0.8% to US\$370.43m.

**Arabica coffee accounted for 84.7% of the total coffee shipments** last month with a growth of 24.3% in volumes exported compared to last April. Instant coffee contributed 8.7% of the shipments and robusta for 6.6%.

#### 1.1. BRAZILIAN COFFEE EXPORTS - PER MONTH

Period: March  
60 kg Bags / US\$ FOB Thousand

Month	Green Coffee			Processed Coffee		Total Coffee Exports (60 kg bags)	Exchange Revenue US\$ FOB Thousand	Average Price (US\$/ bag)	
	Robusta	Arabica	Total Green Coffee	Roasted & Ground	Soluble Coffee				
Mar-15	348,628	2,469,248	2,817,876	3,578	313,080	3,134,534	568,434	181.35	
Mar-16	61,531	2,708,814	2,770,345	1,992	330,186	3,102,523	453,548	146.19	
Mar-17	20,626	2,436,589	2,457,215	1,681	375,592	2,834,488	498,167	175.75	
Mar-18	76,542	2,237,524	2,314,066	1,737	382,671	384,408	426,240	157.96	
Mar-19	172,749	2,470,277	2,643,026	1,006	323,201	2,967,233	379,171	127.79	
Var. % 2019 x 2018	125.7%	10.4%	14.2%	-42.1%	-15.5%	-15.7%	10.0%	-11.0%	-19.1%



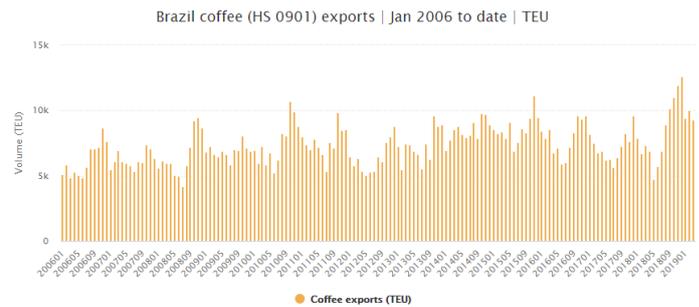
Source: Cecafé

Coffee exports reached 13m bags for the first four months of the year, up 26.8% year-on-year, while revenue rose by 3.5% to US\$1.7bn for the same period.

The United States was the top destination of Brazilian coffee in the first four months of 2019, at 2.4m bags, followed by Germany and Italy with 2.2m and 1.3m bags respectively.

Brazil's coffee exports for the 2018/19 crop year (July 2018 to April 2019) are currently 34m bags, up 30.4% when compared to the same period last year when the country had shipped 26.1m bags. The results for the season so far indicate that Brazil will achieve record exports in the 2018/19 crop year.

The following DataLiner graph shows Brazil's month-by-month coffee exports analysis for from 2006 to March 2019:



Source: DataLiner

### Automotive

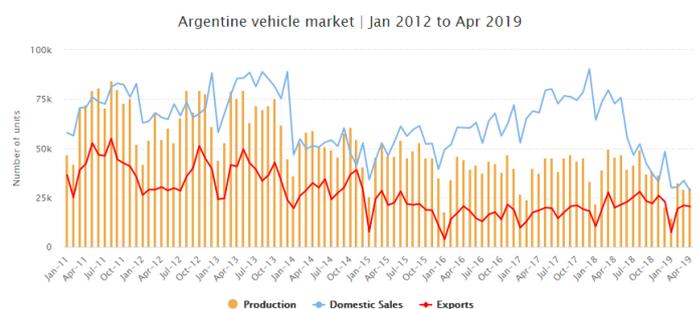
**Argentina's government has increased tax rebates from 2% to 6.5% for vehicle exports to Mercosur countries** in a bid to revive the country's declining car industry, according to the country's Labor and Production Ministry.

The news should help stimulate auto exports which, according to the Association of Automotive Makers (ADEFSA) data, have dropped 11.4% so far this year. Adefsa data also shows Argentina's car production plummeted by 30% to 107,000 units between January and April, compared to the same period in 2018.

Auto exports outside the Mercosur trade bloc already receive the 6.5% rebate, however, Brazil is the largest buyer of Argentine-made cars. Of the total number of vehicles produced in the country, 60% of them are exported, with most of the production going to Mercosur, according to the Ministry of Labor and Production.

According to Reuters, Argentine Minister of Labor and Production Dante Sica said the move should help "exports recover their dynamism and rev up an increase in the production of units planned for 2019".

The following graph shows Argentina's production, exports and domestic sales based on Adefsa data.



Source: Adefsa

### Meat

**Data from ABPA, Brazil's Animal Protein Association, shows the country's pork exports reached 58,100 tons in April 2019**, up 44.3% from 40,200 tons registered in the same month last year. April shipments generated US\$119.7m in export revenues, up 27.6% year-on-year.

Brazilian pork exports increased by 10.29% to 215,700 tons considering the first four months of 2019, compared to the same time period in 2018, generating US\$418.1m, up 2.2% year-on-year.

Asia remained Brazil's primary pork consumer between January and April with China importing 23.3% of Brazil's total pork exports, followed by Hong Kong with 22.1% and Russia with 10.1%.

**Beef Exporters Association (Abiec) stated Brazil's beef exports grew 11.7% to 538,523 tons** in the first four months of 2019, compared to the same period last year. Revenue generated from beef in the same period reached US\$2.01bn, up 3.1% year-on-year.

April's beef in natura shipments recorded the highest volume for any given April since 1997, at 109,800 tons, up 56.7% compared to the same month last year. Last month's total beef exports rose by 53.5% to 132,855 tons, and earnings from shipments jumped 43.3% to US\$502.1m, year-on-year.

For the January to April 2019 period, highlights include the growth in volumes imported by Russia (+1,335.61%), the UAE (+349.76%) and Iran (+47.58%).

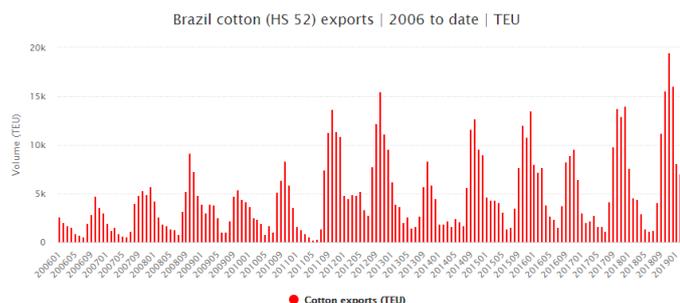
### Grain

Brazil's National Agricultural Supply Company, **Conab, estimates Brazil's grain output will reach 236.7m tons in the 2018/19 crop year**, just shy of the record harvest in 2016/17. Conab attributes the bumper crop to corn production which should reach 95m tons, due to good rainfall in Brazil's corn-growing regions in recent months.

Soybeans are still the principal choice for producers, with an expected harvest of 114.3m tons this season. Cotton has also become a profitable option for farmers in Brazil with global consumption currently outstripping cotton supply. Cotton exporters association Anea estimates the South American country's cotton exports will reach 1.7m tons this year, up 35% year-on-year. Cotton production is expected to grow to 2.64m tons in the present season, from 2m tons in the previous season.

DatamarNews reported Brazil's leading supplier of cotton harvesters, John Deere, are unable to supply new orders of harvesters this year. According to Reuters, Deere is the only supplier of the type of cotton harvester that Brazilian farmers use in the Mato Grosso and Bahia states. Other manufacturers, such as Case IH supply machines that are not suitable for local needs.

DataLiner data shows Brazil's cotton export trends with seasonal effect from 2006 to March 2019:



Source: DataLiner

According to the Brazilian Vegetable Oil Industry Association's (Abiove) new estimate, **Brazil's soybean exports are forecast to fall by 18.5% to 68.1m tons in 2019**, compared to record shipments in 2018. The latest projection is 2m less in volume

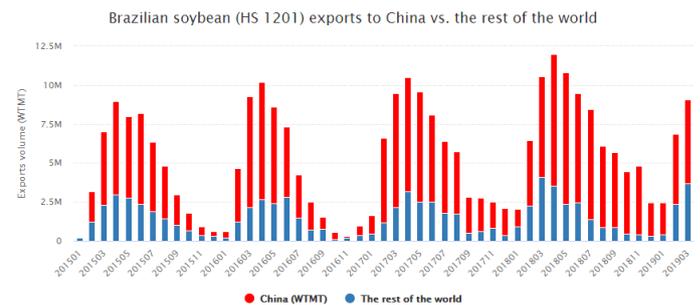
compared to estimates made in March. Export revenues per ton are expected to fall by 9.3% to US\$360 per ton. Thus the country is projected to earn US\$8.7bn less from soybean exports this year when compared with 2018, at US\$24.5bn.

The 2018/19 soybean harvest is expected to reach 117.6m tons, down 4.5% compared to the 2017/18 cycle mainly due to an expected reduction in total soy imports by China. Brazil's Agriculture Minister, Tereza Cristina Dias, has indicated that the Asian nation's soybean exports are likely to decline in 2019 due to the outbreak of African swine fever which is expected to kill as many as 200m pigs, reducing demand for animal feed made from grains and oilseeds such as soybeans and corn.

**The United States Department of Agriculture (USDA) estimates China will import only 88m tons of soybeans in the 2018/19 season**, compared to 94.1m tons in the previous season. Global soybean imports are likely to fall 2m tons to a total of 151.2m tons according to the USDA.

However, there may be some light at the end of the tunnel. With President Donald Trump's new threats to raise tariffs on Chinese imports, Brazil might just have an open window to seize the soybean market once again. That said, Agriculture consultancy firm Safras & Mercado affirms that China's falling trend of soybean exports will generally continue this year, including other soybean derivatives. Abiove estimates that Brazil's soybean complex shipment revenues will fall by 25.1% to US\$30.7bn in 2019, year-on-year.

The following DataLiner graph shows Brazil's soybean export trend to China versus the rest of the world from 2015 to March 2019:



Source: DataLiner

### Ore

**China's iron ore imports fell to an 18-month low in April, at 80.77m tons**, the lowest since October 2017 according to the data from the General Administration of Customs. The country's iron ore imports reached 340.21m tons in the first four months of 2019, down 3.7% year-on-year. The low imports follow a significant storm in northern Brazil in late March which disrupted mining operations and Vale's production cuts following January's tailing dam disaster. Vale was forced to close 92.8m tons of its 400m tons annual production capacity after the disaster at Brumadinho. The company's iron ore production reached 72.870m tons in the first quarter of 2019, down 28% from the previous quarter and down 11% year-on-year.

Brazil's iron ore exports registered a significant fall in April 2019, down 29% to 18.34m tons compared to the same month last year, the lowest monthly volume since January 2012, according to Secex data. In total, the country exported 97.2m tons between

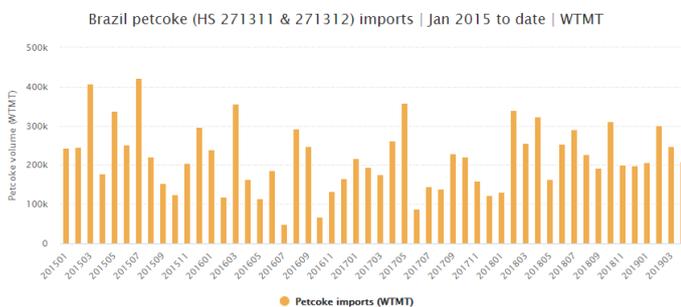
January and April, down from 111.9m tons recorded during the same period last year, according to Refinitiv. The production loss is expected to persist until 2020, according to Reuters.

However, China's iron ore demands are expected to decline in the coming months due to increased environmental measures opted in some steel producing cities. For example, Reuters reports that the government of Tangshan ordered mills to reduce operations in May by around 30 percent from 20 percent in April, which would affect approximately 120,000 tons of crude steel output and 200,000 tons of iron ore demand.

### Other cargo

According to Secex data, **Brazil imported a total of 208,964 tons of petcoke (HS 271311 and 271312) in April 2019**, down from 323,568 tons in the same month last year. The country's year to date petcoke imports reached 956,204 tons in the first four months of 2019, down 8.04% from 1.05m tons in the same period last year.

The following Secex graph shows Brazil's petcoke import trends from 2015 to April 2019:



Source: Secex

**Brazil's president signed a decree to increase the amount of ammunition a person can buy and reduce restrictions on gun imports.** Guns can now be imported more easily; prior to the new rules which will take effect in 30 days, imported guns were not allowed if Brazil manufactured a similar product. The limit on ammunition purchases has been raised from 50 to 5,000 cartridges for normal guns, and 1,000 cartridges per year for restricted weapons, including large-caliber and semiautomatic weapons that are limited to military and police use.

The decree will take effect next month to allow time for discussions about tax issues for imported guns with the Economy Ministry, according to Bolsonaro.

### Oil & gas

**The Private Oil and Gas Union of Rio Negro, Neuquén and La Pampa called a 24-hour strike until 8am on 14 May** at Vaca Muerta, demanding improvements of safety standards and protesting the deaths of two workers last week. Stoppage affects all the operations of Pecom and the plant at Fortín de Piedra. The union threatened to continue the strike if the responsible parties fail to ensure proper security measures.

The protest will not affect oil and gas production, according to the newspaper Diario Rio Negro. Government officials, union members and personnel from Techpetrol will conduct a safety inspection this week at Fortín de Piedra where the deaths occurred. The union alleges that the site does not have safety

barriers, nor does it have emergency evacuation ladders and gas masks. There have been eight deaths at Vaca Muerta in the last year according to vacamuerta.com.

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