Main news

On August 30, the Civil House of the Presidency of the Republic published Resolution no. 70, of August 21, 2019, which favorably supports the Cabotage PM, also known as BR do Mar.

See below for the full resolution:

RESOLUTION No. 70, AUGUST 21, 2019

Strongly supports the establishment of the federal cabotage transport incentive policy, embodied in the BR do MAR cabotage stimulation program.
THE COUNCIL OF THE INVESTMENT PARTNERSHIP PROGRAM OF THE PRESIDENCY OF THE REPUBLIC, pursuant to the powers conferred upon it by art. 7, caput, item l and in view of the provisions of art. 4, I, all of Law No. 13,344, of September 13, 2016,

Considering that waterway transport is comparatively more efficient, safer, and has lower costs and environmental impacts than road or rail;

Considering that a greater involvement of waterway transport, especially cabotage transport, in the country's logistics matrix is the most effective and expeditious measure to balance excessive spending by the Union, States, Federal District, and municipalities on road and rail infrastructure projects;

Considering the need to allocate localized areas within ports organized for temporary use and viability of investments to meet cargoes in type, route, or market not yet existent or not yet consolidated in Brazilian cabotage, seen as essential for the reconfiguration of the country's logistics matrix;

Considering the feasibility of the cabotage incentive policy encompasses measures that optimize the use of Union revenues from the collection of the Freight Additional for the Renewal of the Merchant Navy (AFRMM), including to ensure investments in coastal navigation safety by the Brazilian Navy;

Considering that actions and other measures to encourage cabotage, especially those that allow greater participation of foreign vessels in Brazilian cabotage, will be considered of relevant public interest and strategically prioritized for all legal purposes;

Considering the powers assigned to the Special Secretariat of the Investment Partnership Program to strengthen national policies for the integration of different modes of transport of persons and goods, in accordance with national, regional, and urban development, national defense, environmental policies, and security of populations formulated by the various spheres of government, and

Considering the provisions of Informative Note no. 23/2019/SCT/SPPI/SEGOV-PR, resolves:

Article 1 To favorably submit to the deliberation of the President of the Republic a proposal to qualify, within the scope of the Presidency of the Republic's Investment Partnership Program (IPP), the federal policy for the encouragement of cabotage transport, embodied in the program for stimulating cabotage BR do MAR.

Art. 2 The policy referred to in art. 1 should be regulated by considering, among others, the following elements:
I – guidelines;
II – objectives and sectors initially prioritized;
III – measures and instruments for their implementation;
IV – actors involved and their competences;
V – commitments by the Government and the private sector;
VI – rules of governance and integrity; and
VII – other appropriate normative measures.

Art. 3 The objectives of the policy referred to in art. 1, among others, are to:
I – increase the supply and quality of cabotage transport;
II – encourage competition and competitiveness in the provision of cabotage transportation services;
III – expand the availability of fleet in the national territory;
IV – encourage the formation, training, and qualification of national seafarers;
V – stimulate the development of the national naval industry for the construction, jumborization, conversion, modernization, docking, and repair of vessels used for cabotage navigation;
VI – review the linkage of cabotage navigation policies to shipbuilding policies;
VII – encourage special cabotage operations and investments in port facilities to meet cargoes in type, route, or market not yet existing or consolidated in Brazilian cabotage; and
VIII – optimize the use of resources from the collection of the Additional Freight for the Renewal of the Merchant Navy – AFRMM.

Art. 4 These are guidelines for the achievement of the objectives set forth in art. 3rd, among others:
I – permission to use foreign-flagged vessels to make up part of the Brazilian Shipping Companies fleet;
II – adoption of Brazilian seafarers to form part of the crew in foreign flag vessels operating in cabotage;
III – reduction of entry barriers to the Brazilian cabotage market;
IV – reduction of investment costs in vessels;
V – equalization of operating costs in relation to the social benefits of cabotage;
VI – reevaluation of the Union's intervention policy in support of the development of the Brazilian merchant navy and of the shipbuilding and repair industry and the burdens arising therefrom; and
VII – support for investments in coastal navigation safety by the Brazilian Navy.

Article 5 This Resolution shall enter into force on the date of its publication.

ONYX DORNELLES LORENZONI
Minister of State Chief of Staff of the Presidency of the Republic

MARTHA SEILLIER
Special Secretary of the Presidency of the Republic's Civil Partnership Investment Partnership Program

Ports, terminals and infrastructure

The General Port Administration and the three current concessionaires of the container terminals in the Port of Buenos Aires agreed to set a period of one year to "transition" from three to one single operator, to be defined through bidding.

As a result, the envelopes with the proposals will be opened on December 2 – two months after the first deadline – and the transfer to the future winner will be on May 15, 2021.

"Of the five operators interested in the current tender, three asked us for more time to prepare the economic proposal," acknowledged Gonzalo Mórtola, president of the General Administration of Ports, without providing details about the actors involved.

"If our clients ask us two more months to make an economic offer in a 35-year concession, we can't refuse," he said, explaining the reasons for the extension.

On the other hand, it was agreed with the three current operators – Terminal Rio da Prata (DP World), Terminal 4 (Maersk Group), and Bactssa (Hutchison Ports) – to extend the transition period from the current context to the future scenario of a single operator.

"It was pointed out that the transition could not be resolved in a matter of months. The condition was that everyone agreed and was unanimous. If this helps predictability, we would not object to that," added Mórtola.

The extension of the one-year contract for current operators will coincide with the expiration date of the other relevant national concession: the Paraná-Paraguay waterway maintenance and signaling contract, which also expires in May 2021.

The dredging projects of the new evolution basin of the Itajaí-Açu Port Complex, which includes the ports of Itajaí and Navegantes, were completed 15 days ahead of schedule.

The next step is the evaluation. To this end, the Itajaí Port Superintendency has contracted bathymetries, tests that work as an ultrasound of the riverbed and that measure the depth of the site and assess whether any stones were not removed.

After the evaluations, the machines will make the last adjustments as needed. The result of the bathymetry will be delivered to the Navy, so that it authorizes the test maneuvers with larger ships.

The purpose of the dredging is to allow the maneuvering of vessels up to 336 meters in length. For this, the evolution basin and the access channel must be 14 meters deep.

The idea is to start the benchmarking tests later this year, so that the basin is approved to receive the big ships in 2020.

In July, the Port of Vitória (SP) recorded a 20% increase in cargo movement compared to July 2018. There were 609,466 tons handled, against 506,919 tons in the previous year, a difference of 102,547 tons.

Among the main goods handled are cargoes such as pig iron, malt, copper concentrate, steel products, and containers.

Some handled products, however, deserve mention. The general loose load (gross weight), for example, grew by 96.6% during the period.

Two other positive handling loads were liquid bulk, 10%, and solid bulk, 28%. Container cargo (gross weight) is also worth noting: 5.6% increase. Sheet granite, for example, had an 80% growth in exports compared to July 2018.

The data refer to the following terminals: Vitória Commercial Pier, Capuaba Pier, Vila Velha Terminal, Peiú, Paul, and Flexibras. The data were provided by CODESA.

July recorded the best monthly cargo movement in the history of the Port of Santos. There were 12.74m tons of cargo handled, which is 2.1% above the previous record (12.48m in August 2018) and 7.3% in the same month last year (11.87m). Year-to-date, the Port of Santos was stable at 76.33m tons, down 0.01% from the same period last year (76.34m). The figures were compiled by the Santos Port Authority's Rate and Statistics Management.

Another noteworthy figure is the handling of containers, the 2nd best monthly of the Port, totaling 370,407 TEUs, a 7.1% increase over the same month last year (345,748 TEUs). The historical record is August 2018, with 387,791 TEUs.

Shipments through the Port of Santos also reached their second best monthly result ever: 9.09m (the record was set in August 2017, with minimal percentage difference). The growth compared to July 2018 was 6.1%. The cargo with the biggest movement this month was corn, also with record volume: 3.03m tons, practically 1/3 of total shipments.

On landings, July 2019 registered 3.66m tons, a record for the month and the second best monthly move in history (the record was recorded in November 2018: 3.73m tons). The growth compared to the same month last year was 10.6%.

In addition to maize, the loads with higher movement in the month were those of the soy complex (grains and bran added up), with 1.73m tons; sugar (1.31m tons), and fertilizer (the first on landings, with 623,340 tons).

Cargo movement at the Port of Santos in 2019, until July, was 76.33m tons, the second best historical result for the period. Total shipments were 54.13m, a 0.8% decrease over the same period last year. The largest tonnage of cargo was the soy complex, with a mark of 19.68m, down 8.7% compared to 2018 (21.55m tons).

Trade

On Thursday (08/29), the Official Gazette of the Union published a decree that suspends the permission to use fire for the burning of forests throughout the country during a 60-day period starting in August, 29 .

The measure does not apply in cases such as phytosanitary control, provided it is authorized by the competent environmental agency; in fire prevention and fire fighting practices; and in subsistence farming practices of traditional and indigenous populations.

According to the special secretary of Foreign Trade and International Affairs of the Ministry of Economy, Marcos Troyjo, the preliminary agreement between Mercosur and the European Union is still being evaluated by lawyers – a process that can take six to seven months to complete.

Once the terms are reviewed internally by the participating countries, the agreement will need to be approved by the parliaments of the member countries of both trade blocs, said Troyjo in response to a question at a conference in São Paulo.

The secretary said the Mercosur-EU agreement could be approved, rejected, or closed by the negotiating countries, but not amended. A preliminary settlement was signed at the end of June between the two blocs.

Troyjo also said that Brazil is looking for trade agreements with countries like Singapore, Canada, and Mexico, and that it will soon start negotiations with the United States. "Brazil has a low percentage of its GDP from exports. We will solve this anomaly," he said when opening the International Poultry and Pig Farming Salon (Siavs), which takes place in São Paulo.

Logistics

Ferroeste (Paraná West Railway S.A.) recorded the highest revenue in its history reaching from January to Tuesday, August 20, at R$20.56m. The result is higher than the whole year 2018, which recorded R$20.52m. Last year, during the same period, Ferroeste had invoiced R$14.34m – this year's balance is 43% higher.

The company had growth in every month compared to 2018, with emphasis on January, April, and May. The May balance jumped from R$1.4m (last year) to R$3.14m, the biggest difference of this period. April's result of R$3.4m was the largest in a single month in the company's history.

There was also a 38% growth in relation to the volume transported by the railway line, which is 250 kilometers long, between Cascavel and Guarapuava, which is fundamental for the flow of production from western Paraná. There were 725,000 tons until August 20, against 526,000 during the same period last year. The closest result was achieved in 2016, with 613,000 tons. In September Ferroeste expects to beat the volume of what was transported throughout the past year.

According to Governor Carlos Massa Ratinho Junior, the numbers indicate that Ferroeste will record profit for the first time in its history.

An unprecedented trade agreement between Brazil and Paraguay could be created to avoid tax surcharges on the material that will be used in the construction of the Bridge of Integration. Discussions on the topic were raised at a meeting of Itaipu's Coordination Board, which discussed, among other matters, solutions to ensure that inputs, such as cement and steel, that have already paid taxes in Brazil are not taxed again upon entering Paraguay.

Funded by Itaipu Binacional's Brazilian bank, the second bridge over the Paraná River will link Foz do Iguaçu (BR) to Presidente Franco (PY). The trade agreement, whose proposal will be brought to the diplomacy of the two countries by representatives of Itaipu, could also be applied on the other bridge between Brazil and Paraguay – which will link Porto Murtinho (BR) to Carmelo Peralta (PY), which is part of the Bioceanic Road Corridor (Brazil, Paraguay, Argentina, and Chile), which will be funded by Itaipu's Paraguayan bank.

A binational agreement like this already has precedent: the 1990s, when the so-called International Bridge of Integration, over the Uruguay River, was built, linking the gaucho municipality of São Borja (Brazil) to Santo Tomé (Argentina). At the time, through the exchange of notes signed by the Brazilian and Argentine governments, an agreement was created that exempted the materials from all import duties or any taxes.

This agreement is important because the inputs that will be incorporated into the bridge on the Paraguayan bank are taxed with the Value Added Tax (VAT), related to the importation of that product in Paraguay. With regard to the machinery there is no problem, as it is subjected to the temporary export regime, which suspends the payment of taxes, provided that these machines, such as trucks and tractors, return to the country of origin within a specified period.

"The two bridges are strategic for both countries, so it is in the interest of Brazil and Paraguay that these issues be resolved," commented Brazilian Director-General of Itaipu, General Joaquim Silva e Luna. "With the Bridge of Integration completed, a new era will begin for countries that can expand their trade and open import and export markets to other countries in the region," he concluded.

The suggestion of a binational trade agreement to rid the surcharge of construction material is another effort to facilitate the viability of the construction, which adds to the normative instruction that is under development by the Brazilian IRS. The intention of the document is to quickly clear the transit of machinery and material involved in the construction by means of a simplified guide. The instruction will be promulgated by the Brasilia Customs Coordination within 20 days.

"Our goal is that the construction of the bridge does not harm the service of the dry port in Foz do Iguaçu and that the service in the port does not hinder the construction", explains the Customs Officer of the Internal Revenue Service in Foz do Iguaçu, Paulo Bini. Every day more than 700 trucks pass through the dry port, which is considered the largest in Latin America.

In addition to speeding up the procedures in the dry port, the normative instruction will allow the departure of the country by an auxiliary port, within the project, by which the consortium will move equipment, machinery, and personnel. On the Paraguayan bank, it is planned to use the port of Presidente Franco, which already has a customs structure.

For the next three months, on the Paraguayan bank, the Construbase-Cidade-Paulitec consortium will concentrate its work on earthmoving, lifting the construction site, and placing the cofferdams to allow the foundation to be created by the fourth month – the main block which will hold the 120-meter masts responsible for the bridge support.

The delivery time of the Bridge of Integration is 36 months. The investment of R$463m is made entirely by Itaipu's Brazilian margin. Of this amount, R$323m will be used in the construction

of the bridge and R$140m in the Perimetral Leste works, between the bridge and BR-277.

With 760 meters long and 470 meters free span, the largest of cable-stayed bridges in Brazil, the construction will have two 120m high towers. The track will be simple, with a width of 3.7m, 3m shoulder, and a 1.7m sidewalk.

The Bolivian National Customs authorized the Port of Jennefer to carry out import operations instead of only export operations, which opens up new logistical possibilities for Bolivian foreign trade.

According to Port General Manager Bismark Rosales, “From now on, our contribution to Bolivian foreign trade will increase, because by authorizing the possibility of receiving imports we are reducing freight for export.”

He described this approval as “historic” because the port, as a primary zone, is authorized to provide customs warehousing services, conceded by a period of 15 years for which the river customs administration has been enabled.

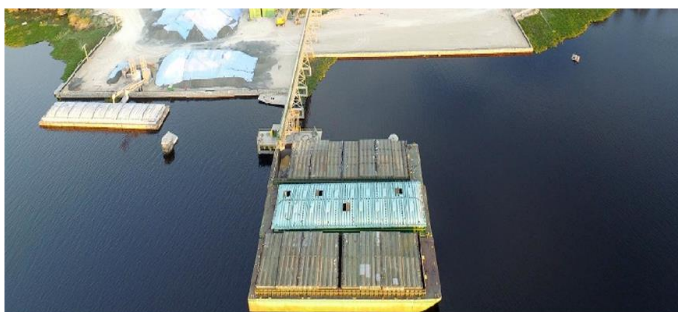
The general manager of the Bolivian Institute of Foreign Trade, Gary Rodríguez, highlighted the public-private work to strengthen the Bolivian port system, which has been in force since October 30, 2018.

“Bolivia is now on the map of the international maritime world. The shipping companies know that we have three ports on the Tamengo Channel that connect us to the Paraguay-Paraná waterway, especially Port Jennefer, which is the first international port with permanent presence of Customs and other state entities,” he said.

In 2018, the Port of Jennefer handled 400,000 tons of export cargo, this year has already shipped 600,000 tons, and intends to reach 1m tons of cargo mobilized by the end of the year.

The main products shipped are derived from soy, cement, urea and wood, among others.

The first shipment of meat exports to China is expected this month and the first 30-tower import load for a wind farm is expected to arrive in late September.



The Belgrano Cargas train, which connects the northwest with central Argentina, unloaded 3,268 grain wagons at Gran Rosario ports in July 2019, which is more than double (136% increase) than in 2015, when 1,386 wagons were unloaded.

The Belgrano Cargas Line is part of the railway recovery process initiated by the state-owned company Trenes Argentinos Cargas of the Ministry of Transport. “The reactivation of the freight railway has reduced logistics costs, generating jobs and growth. Each car that travels every kilometer of renewed rails brings us closer to an even better train to transport Argentine production. Reactivating our trains during abandoned years brings growth to cities and more jobs,” says Guillermo Dietrich, Argentina’s Transport Minister.

Cereals carried by these wagons were unloaded at the ports of San Martín, San Lorenzo, and Unit 6/7 in Rosario, where they were exported to international markets. Each wagon can carry an average of 50 tons of grain.

The renovation of the Belgrano Cargas Line is the largest railway investment made in recent times. More than 700 kilometers out of a total of 1,700 kilometers projected are already completed – a US$3bn investment that also includes the renewal of the line’s undercarriage, which features 40 locomotives and 1,000 new wagons.

The plan also includes improvements in access to the ports of Rosario, whose first project on the new access to the ports of Timbú began in February. The 1,180-kilometer stretch of Joaquim V. González, in Salta, and Timbúes, in the Gran Rosario, is now covered in seven days. In 2015, the same route took 15 days. In addition, thanks to successful tests conducted in September, trains will start operating with 100 loaded wagons.

<u>Oil & gas</u>

Brazil will raise its duty-free quota for ethanol imports to 750m liters (198m gallons) a year following a meeting between Chancellor Ernesto Araújo and US President Donald Trump.

The previous free quota was 600m liters and expired over the weekend. Imports beyond the quota are subject to an import duty of 20%. The quota increase mainly benefits the United States, the world’s largest ethanol producer, which provided 93% of Brazilian imports in the first seven months of 2019.

The change would result in a reduction of R$270m (US$65.54m) in tariff collection, the newspaper Valor Econômico reported on Saturday (08/31).

Brazil’s Foreign Minister Ernesto Araújo and President Jair Bolsonaro’s son Eduardo Bolsonaro met Trump at the White House on Friday, later telling reporters that the conversation covered issues from trade to the fires in the Amazon rainforest, although there was nothing to immediately announce.

Brazil’s sugar industry group Unica praised the decision as a step toward opening the market and eventually opening the United States to more Brazilian sugar.

“It was important for Brazil to make a gesture in favor of trade liberalization with the US, because at home we are seeing a broad free trade agreement,” Unica said in a statement.

<u>Meat</u>

Imports of beef into the European Union in the first half of 2019 decreased slightly compared to the same period last year – but the share from Mercosur increased considerably.

Three of Mercosur's members – Brazil, Argentina, and Uruguay – were the main sources of EU beef imports in the first six months of 2019, together representing 78.5% of the 158,004 tons imported in the period.

According to statistics released by the European Commission, total imports from January to June last year were 163,946 tons, of which these three countries accounted for 77%.

The value imported from these three countries from January to June 2019 is as follows:

Brazil – 64,328 t;
Argentina – 35,554 t;
Uruguay – 24,159 t;
Other – 33,963 t;
Total – 158.00 t

These numbers are equivalent to an individual percentage per country of 40.7% for Brazil, 22.5% for Argentina, and 15.2% for Uruguay.

In terms of value of these imports, the total value is €868m for the year so far, of which €613m was contributed by the same three countries: €257m in Brazil, €215m in Argentina, and €141m in Uruguay.

As part of its global growth strategy, Tyson Foods has reached an agreement to invest in the food division of Vibra Group, a Brazilian producer and exporter of poultry products. According to the American multinational, once completed, the deal will give Tyson more flexibility in serving customers in key global markets. The terms of the agreement were not disclosed and the transaction is still subject to approval by Brazilian regulatory agencies.

"This investment will allow us to access the poultry supply in Brazil to meet the growing needs of Brazilian customers and priority demand markets in Asia, Europe, and the Middle East," said Donnie King, group president, director of international administration, and head of Tyson Foods. "It is part of our strategy to develop a more flexible supply chain and mitigate the volatility of our previous model, which was mainly based on US exports."

Since last year, Tyson Foods has expanded its global presence through the acquisition of Keystone Foods, which includes operations in China, South Korea, Malaysia, Thailand, and Australia, and BRF's poultry business in Thailand and Europe. Vibra Group currently serves customers in Brazil and more than 50 countries around the world.

"This agreement is the result of mutual trust between our two companies and the goal of both of them to expand globally," said Flavio Sergio Wallauer, chairman of the Vibra Group board. "We also believe in the importance of constantly adding value to our products. For us, this includes continuing to grow, innovating, and strengthening the position of our brands Nat and Avia."

Over the next five years, it is estimated that almost 98% of protein consumption growth will occur outside the US. "That's why we are expanding our business outside the US," said King. "As the world's population continues to grow, Tyson grows with it."

Tyson Foods currently generates US$7bn in international sales annually. This includes US$5bn in US export sales and about US$2bn in US revenues.

"Tyson will add know-how and new business opportunities to accelerate our growth," said Gerson Luís Müller, CEO of Vibra Group. "This partnership will be important to further develop our business in Brazil and abroad, ensuring access to new technologies and investments mainly in R&D. We will capitalize on a global distribution network to reach new markets. We believe this agreement will greatly contribute to improving the quality of our services by adding new products to our portfolio offered to customers and consumers."

As part of the agreement, the Vibra Group will transform its genetic multiplication business, Agrogen, into a separate company.

According to Reuters, the Chinese Ministry of Commerce reported on 08/28, that China will seek to increase pork imports as well as frozen pork, beef, and mutton from state stock in "due time" to increase market supply.

The comments came as pork prices in the world's largest beef consumer hit a record high after an African swine fever epidemic swept through the nation's herd, killing millions of animals.

The country's pig herd has shrunk by almost a third from last year, according to official data, and pork prices have soared since June.

Meat imports have already increased by 36% in the first seven months of this year, and analysts expect them to double from 2018 levels by 2020.

"We will continue [...] encouraging the expansion of pork imports," ministry spokesman Gao Feng told reporters.

China has agreed to start importing pork from Argentina this year and may also approve additional plants for export from Brazil and Great Britain.

With the problem in China, demand for meat from Brazil is growing, with the sector talking about "perfect bonanza", and other positive factors influencing business. But the Brazilian industry still awaits the release of more units for export.

Gao also said China would release meat from its reserves to stabilize stocks.

China often releases some of its stored meat when prices are high or during periods of high demand, such as the weeks following the Lunar New Year holiday, the country's biggest festival.

The government of China released 9,600 tons of pork from stock in January, according to state media reports. But while the total volumes held by the country are not known, analysts say they are unlikely to be significant enough to have a real influence on market stocks.

"The government wants to support the market, but that's another political gesture," said Pan Chenjun, senior analyst at Rabobank.

Retail pork prices jumped 7.8% in the week up to August 14, reaching RMB 32.4 per kilo, according to Ministry of Agriculture

and Rural Affairs data, up almost 50% from the same period of last year.

China's cabinet called for measures to support the recovery of production.

The Minister Tereza Cristina (Agriculture, Livestock, and Supply) announced the opening of the Brazilian meat market to Indonesia on 08/28. According to the minister, there will be 10 plants authorized to export at least 25,000 tons of beef.

"Today we have received the good news of this achievement. Ten Brazilian refrigeration plants will be ready for this export. This is good for our GDP, it is good for our rural producers, who will have more people buying meat to export, it is good for our refrigerators that can continue to create jobs," celebrated the minister.

In May, the minister met with Indonesian Agriculture Minister Amran Sulaiman to discuss the opening of the Brazilian meat market to the Asian country.

During the meeting, the minister pointed out that Brazil is able to meet the Indonesian demand for animal protein, mainly beef, being an alternative and cheaper supplier to meat from Australia, where most of the meat consumed in the country comes from.

Grain

Chinese traders slowed their purchases of soybeans with shipments in October, amid hopes that Beijing and Washington could reach a trade deal during talks between the US and China in September.

China bought about 4m tons of soybeans for shipment in October, from the 6.6m tons contracted for the month, according to sources, leaving 40% of the month's purchases uncovered. Chinese buyers are still on schedule for October purchases and can wait to see market movements related to upcoming trade negotiations.

Another factor affecting the demand for Chinese soybeans is the decrease in crushing margin.

One trader said that in China "the domestic crush margin is currently very low and, predicting a likely positive outcome of September trade talks, the market is just waiting for clearer directions" for October purchases.

Brazilian prices have risen more than 12% since April. These rising soybean prices in Brazil is a major concern for Chinese traders because Brazil meets 75% of Chinese soybean demand, sources say.

China used to be the largest market for US soy farmers, buying about 55% (30m tons) of their produce annually, according to data from the USDA.

Since July last year, US-China trade tensions have increased, with both sides charging various retaliatory tariffs. Despite several rounds of negotiations since December, no agreement could be reached. As a result, total US soybean exports fell to 45.7m tons in 2018-19 (July-June), down 19% from a year earlier, while sales to China plunged 75%, notes USDA data.

US-China trade relations hit a new low this month, when both sides announced another round of retaliatory tariffs. While the Trump administration accuses China of not buying enough US farm products, as promised, Beijing accuses the US of bullying during the talks.

While US soybean producers face falling soybean sales and prices, the Chinese market may face supply-side constraints in the fourth quarter as South American soybean stocks run out, according to a commercial source.

The world's largest salmon producer, Mowi ASA, might stop buying Brazilian soybeans used in its production if the country does not curb deforestation in the Amazon. The announcement was made by the Norwegian company on Wednesday (08/28).

"The treatment given to the Amazon is unacceptable. Mowi will have to consider looking for other sources of raw material unless the situation improves," said Catarina Martins, the company's director of sustainability.

The company, which expects to sell about 430,000 tons of salmon this year, is also a major fish food producer. "Mowi [soy] sources come from certified suppliers, and we can guarantee that our suppliers are not linked to deforestation or human rights violations," Catarina added.

"However, it is important that we and all who buy goods from Brazil clearly say that the rainforest must be preserved and that the current situation is unacceptable," she said.

Amid trade tensions with the US, Chinese soybean imports from Argentina in July increased 328% in the month and 269% in the year, to 1.07m tons, according to Chinese customs data.

According to market sources, China may resort to Argentine soybeans, the world's third largest soy exporter, as Brazilian stocks are expected to run out in the coming months.

Brazilian soybean imports from China in July totaled 6.42m tons, up 17% month-on-month, according to the data.

Other major soybean suppliers to China in July were the US (910,000 tons) and Uruguay (160,000 tons), according to a Chinese customs report released on 08/25.

Other cargo

The Sugarcane Industrial Union (UNICA) repudiates the Indian government's initiative to establish new sugar export subsidies for the 2019/2020 harvest, which begins in October. The Union considers that the measure hurts free competition of the international sugar market.

"The Indian policy is unsustainable in the long run and the local government needs to review its sugarcane strategy. The Brazilian productive sector seeks only to respect the rules established by the WTO so that all producing countries can compete fairly in an international scenario that follows market precepts", evaluates Evandro Gussi, president of UNICA. "We are being punished for our efficiency," he adds.

India's government announced on Wednesday (28/08), the creation of a new export subsidy for sugar for the 2019/2020 harvest, which begins in October. The benefit will be of 10,448 rupees (US$146.14) per ton in the 2019-20 harvest (October-September), for the volume of 6m tons, which will represent a public spending of 62.68bn rupees (US$876.74mn). The aim is to settle surplus domestic inventories and help mills reduce delays in sugarcane production. 70

"In practice, it means that we will have another international crop cycle with artificially distorted prices, harming thousands of producers from different countries," says the Executive.

The Indian government's subsidies for sugar cane production and sugar exports are being questioned by the governments of Brazil, Australia, and Guatemala in three panels at the World Trade Organization (WTO) for violating the rules set by the agency that must be followed by the member countries. However, as long as the panels are not completed, the country can continue to set its policies without retaliation.

India's sugar strategy has been of great concern to all producing and exporting countries. In mid-2018, the country announced a package of support measures for local producers and export subsidies for up to 5m tons of sugar, which increased the fall in international prices of the product. In 2018, sugar had the lowest prices in the last 10 years, with a price drop of 30% over 12 months.

According to estimates made by UNICA, in this last season alone, the Indian policy was responsible for a loss of more than US$1.2bn for Brazilian sugar producers.

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