

**Main news**

**Minister Tereza Cristina (Agriculture, Livestock, and Supply) announced the opening of the Egyptian market** for Brazilian dairy products on Saturday (09/14). Expected since 2016, the entry of products from Brazil could reach a market of 100m consumers.

“This is great news that we were expecting. The negotiations were very fast and starting next month Brazil will be ready to export dairy products to Egypt. Another victory in opening markets from Brazil to the Arab countries,” celebrated the minister, who is on a mission in the Middle East, seeking to strengthen the commercial partnership and market opening for Brazilian agricultural products.

Exports of dairy products from Brazil to Egypt had been suspended since 2015 and since 2016 there was a request made for Egypt to approve the International Health Certificate, which is the first prerequisite for this type of export. Negotiations were intensified two weeks ago.

“This new market is made of 100m consumers, besides neighboring countries, as Egypt has several free trade agreements. We will have as competitors the producers from the European Union and New Zealand, who already have this market consolidated, but either way it is an opportunity for Brazil to gain competitiveness and have a new market for its products,” explained the Brazilian agricultural attaché in Egypt, Cesar Teles. The business potential with the opening is about US\$8bn in a decade.

After Egypt opens the market for Brazilian dairy products, Brazil will begin the process of importing Egyptian grapes and garlic. The decision was announced on Sunday (09/15) by Minister Tereza Cristina (Agriculture, Livestock, and Supply) in a meeting with Egypt’s Minister of Agriculture and Land Recovery, Ezz el-Din Abu Steit, in Cairo.

Other topics of the meeting were the importation of oranges from Brazil and the sending of goats and sheep to Egypt, a measure that may benefit the Northeast of Brazil, where there is an advanced Embrapa research center on the activity, located in Sobral (CE). The ministers also discussed the equivalence of consular norms and health certificates.

In 2018, Brazil’s agricultural exports to 22 Arab countries and members of the Organization for Islamic Cooperation, totaling 55 nations, totaled US\$16.13bn, representing 19% of total foreign sales of Brazilian agro, a percentage higher than which was exported to the European Union (16%). The best selling products were sugar, meat, corn, soy, and coffee. It is estimated that agricultural trade between Brazil and the Arab world could grow to reach US\$895m. Prospective products are soy (bran and beans), green coffee, sugar, and unmanufactured tobacco.

Egypt was the first of four countries to be visited by Minister Tereza Cristina on the Middle East mission. Until September 23, the entourage will still pass through Saudi Arabia, Kuwait, and the United Arab Emirates.

**Ports, terminals and infrastructure**

**The Rio Grande shipyard, located on the southern coast of Rio Grande do Sul, gained a new purpose after the cancellation of**

**its original activities: the construction of oil rigs.** One of the targets of Operation Car Wash, the site administrator Ecovix, is in judicial recovery.

The structure is now being used as a support base for loading large ships. This is because, today, vessels often leave the Port of Rio Grande without being fully loaded due to the depth of the channel – which poses a risk of running aground. With a stop at the shipyard, where the depth is greater because the canal has been dredged, boats can be loaded with what was missing. This procedure is known as the top off maneuver.

Three such operations were authorized by the National Agency for Water Transport. The Rio Grande do Sul Port Superintendency wants authorization from regulators to make this more frequent.

Thanks to the operation, ships can leave the port fully loaded, which contributes to exports and generates income for the state.

In addition, it reduces costs for companies as it prevents vessels from stopping in Santa Catarina to finish loading, before continuing the voyage.

In 2010, Petrobras hired Ecovix to manufacture eight platform hulls. Three years later, Operation Car Wash discovered irregularities and arrested the directors of the shipyard. In December 2016, the project of nearly R\$10bn was canceled and 3,200 workers were laid off.

**Last Friday, 09/13, the Port of Itajaí’s berth 03 received another landing of vehicles imported from General Motors (GM) through the Roll On Roll Off operations system.** The Panamanian flagged ship – Guangzhou Highway – belongs to the K-Line Shipowner, bringing on board 840 Equinox (820) and Camaro (20) vehicles, totaling 1.46m kilograms.

The vessel departed from the Port of Cartagena (Colombia), and on its way made stops at the Ports of Altamira and Vera Cruz, both in Mexico, where all vehicles were boarded. Then, at the Port of Itajaí, it was moored in berth 03 (public port).

In just over a year of operations, the number of moorings now reaches 26 landings. The first “test” mooring took place on June 9, 2018, when 500 vehicles of the Cruise model were unloaded from Panama’s flagship Apollon Highway.

The current sum of the 26 moorings totals 31,482 vehicles imported by the automaker General Motors/Chevrolet landed in the Port of Itajaí.

According to information from the Operations Management of the Port of Itajaí Superintendency, the operations follow a landing schedule with an average handling of 70 to 90 vehicles per hour. All vehicle displacement work is performed by teams of single port workers (TPAs) of different categories, using the bonded enclosure of the public port.

This type of port movement is known as the roll on roll off system – when vehicles are moved off the ship and forwarded to a primary port area.

Since November 2018, the APM Terminal has been servicing roll on roll off ships on a bi-weekly basis for vehicle imports. In October 2018, a contract was signed with APM Terminals for a one-year term, following the testing phase in Itajaí with maritime

lines from different countries, including the United States, Mexico, Brazil, and Argentina. According to preliminary information, there is a positive expectation to renew the contract in October this year for a period of two years.

According to information from the Itajaí Port Operations Management, GM's next landing with vehicles is scheduled for later this month. With the next landing, the Port of Itajaí may surpass the mark of more than 33,000 vehicles of the assembled GM.

**Last Tuesday, 09/10, the Port of Itajaí Superintendence communicated through a letter sent by the Port Authority Office in Itajaí regarding the recommendations for review of the port operation parameters along the Itajaí Port Complex, by means of presentation of bathymetric surveys at the Brazilian Navy and Practice Services on August 30 and September 5.**

The results of the new bathymetries (ocean, lake, and river depth measurement), performed by a company hired by the Port of Itajaí Superintendence, evaluated the results in all of the waterway access, including berths, evolution basins, and internal and external channels.

According to the Maritime Authority Practicing and Approval services (Marine), the results were evaluated based on the maintenance dredging works that are constantly being carried out.

In the external and internal channel, the minimum depths reached 14.10 meters and 14.00 meters. In stretches 1 and 2 of the Evolution Basin, the depths were 14.00 meters, and in the four berths of the Port of Itajaí (APMT and public port), the depths were also equal to 14.00 meters.

The news pleased all who work directly in the Port Complex, and especially the Port of Itajaí, as these indexes are the best ever reported in the history of depth measurements, which consequently reflect improvement in the operational draft.

The Port of Itajaí Superintendence has a five-year contract (2019-2023) with VanOord for access channel dredging maintenance services.

The dredger has a PGRS – Solid Waste Management Plan, which obeys the maintenance dredging license and is obligated to comply with the standards by contract. The estimated annual dredging volume is around 3.1m cubic meters per year. This accumulated amount must be overcome annually to meet the 14-meter sailing quotas as predicted in the contract.

**Antaq published in the Official Gazette, on 09/10, the result of the auctions of areas STS20 and PAR01.** STS20, in the Port of Santos, is for the movement of solid mineral bulk, more specifically fertilizers and salt, and PAR01, at Paranaguá Port, is for general cargo handling and storage, especially paper and pulp.

The STS20 area was acquired by the consortium Hidrovias do Brasil Holding Norte S/A for R\$112.5m. Terminal PAR01 was acquired by Klabin S/A, with the grant amount of R\$1m.

The auction took place on August 13 at B3 in São Paulo.

Public consultation on bidding at the Port of Santos

Still on the Port of Santos, ANTAQ will hold a public consultation and hearing, from September 18 to November 1, 2019, aiming to obtain contributions, subsidies, and suggestions for the improvement of the legal and technical drafts (bidding notice, contract of technical documents, and their respective annexes) necessary for the bidding of:

I – Port terminal for the handling and storage of pulp, located in the organized port of Santos, called STS14;

II – Port terminal for the handling and storage of pulp, located in the organized port of Santos, called STS14A.

The legal drafts and technical documents related to this notice are available on Antaq's website.  
<http://web.antaq.gov.br/Sistemas/LeilaoInternetV2/PaginaPrincipal.aspx>

**In 09/06, the National Agency for Water Transport (ANTAQ) concluded and approved the analysis stage of the contributions of public hearings of four terminals located in the Organized Port of Itaqui/MA, which will be auctioned by the Federal Government during the second quarter of 2020.**

Under the jurisdiction of the Maranhense Port Administration Company (EMAP), linked to the Ministry of Infrastructure, the areas named IQI 03, IQI 11, IQI 12, and IQI 13 are intended to be used for the movement and storage of liquid bulk focusing on cargoes such as ethanol and oil products, in addition to other complementary facilities. The investment forecast for the four terminals is R\$480m.

For the National Secretary of Ports and Water Transport, Diogo Piloni, the launch of the auction is another step forward to serve the liquid bulk supply segment in the region. "The Port of Itaqui has been growing above average in recent years, and the four areas will play a crucial role in fuel distribution to the country," Piloni explained.

Now, the regulatory agency will forward the contributions to the Ministry of Infrastructure, where possible adjustments will be made to the documents, and will send them to be reviewed by the Federal Audit Court (TCU). The announcement is expected to be published in the first quarter of 2020 and the auction to take place in the second quarter of 2020.

### Shipping

**ANTAQ published, on Friday (09/13) in the Official Gazette, the opening of the public consultation and hearing, which will take place between September 20 and November 4, to obtain contributions, subsidies, and suggestions for the improvement of the proposal to establish and standardize the procedures and criteria for the chartering of vessels in inland navigation.**

The legal drafts and technical documents related to this public hearing will be available at the following address:  
<http://portal.antaq.gov.br/index.php/aceso-a-informacao/audiencia-publica-2/>. The Agency will only consider contributions, subsidies, and suggestions that have as their object the draft submitted for public consultation and hearing.

Contributions may be sent to ANTAQ until 11:59 pm on 11/04/2019, exclusively through the electronic form available at

<http://portal.antaq.gov.br>. Contributions sent by other means will not be accepted.

It will be allowed, exclusively through the e-mail: [anexo\\_audiencia102019@antaq.gov.br](mailto:anexo_audiencia102019@antaq.gov.br), upon identification of the taxpayer and within the time limit stipulated in the public hearing notice, to attach digital images, such as maps, plans, and photos, while contributions in text must be completed in the appropriate fields of the electronic form.

### **Taiwanese company Evergreen has confirmed the project to build ten 23,000 TEU container ships at three shipyards.**

The company will order six ships from the South Korean shipyard Samsung Heavy Industries and two ships from both Chinese shipyards Jiangnan Shipyard and Hudong Zhonghua Shipbuilding. The total order value is between US\$1.4bn and US\$1.6bn.

The company says the decision was made after a more detailed evaluation of fleet expansion plans. Evergreen believes that the orders will further accelerate the optimization of its fleet.

The new ships will be the largest in Evergreen's fleet and will be deployed on routes to Europe and West America.

Evergreen currently operates a fleet of 206 vessels with a total capacity of 1.3m TEU. The company also has an order backlog of 58 vessels with a total capacity of 336,544 TEU, representing 25.8% of its existing fleet capacity.

### **Hapag-Lloyd is providing its customers an online marine insurance offering directly from its own website.**

Quick Cargo Insurance provides personalized insurance offers 24 hours a day. Insurance coverage takes effect immediately upon the conclusion of the contract.

"Not every cargo carried by sea is insured, yet. For example, small and medium-sized clients usually do not insure for cost reasons. Our Quick Cargo Insurance proves that insurance doesn't have to be complicated and expensive," commented Ralf Belusa, managing director of digital business and transformation at Hapag-Lloyd.

The insurance offer was developed in cooperation with the industrial insurer Chubb in Germany.

The new tool's nickname 'Quick' follows Hapag-Lloyd's Quick Quotes, an instant freight rate booking system.

### **The cabotage provisional measure, also known as BR do Mar, has put the Ministries of Economy and Infrastructure on opposing sides. This is because there are different views between the two areas as to whether companies can operate with or without their own vessel.**

Currently, foreign companies face barriers to operate in Brazil and the closed environment is viewed with great reservation by the Ministry of Economy, which considers the package disclosed by the Infraestruturura to be lacking boldness.

The portfolio led by Minister of Infrastructure Tarcísio Freitas also believes that the rules of the sector must be more flexible, and expects to triple the growth of transport, reaching 30% per year.

But the two ministries disagree on one point: while the Ministry of Economy understands that cabotage companies could operate without having their own vessels in Brazil, the Ministry of Infrastructure considers that this foundation is important to protect the market from external volatility – a greater demand in other countries could cause a shortage of ships in Brazil.

According to information from Estadão/Broadcast, members of the ministries have tried to come up with a more convergent proposal in recent weeks. According to Infrastructure sources, these conversations could result in a more flexible design compared to what has already been presented, without fully bending to the full opening that the Ministry of Economy envisions for the sector.

According to data from the National Transport Confederation (CNT), 162.9m tons were transported in 2018 by cabotage, an increase of 4.1% compared to 2017. This mode currently accounts for 11% of the cargo transportation market in the country.

One of the main reasons for the Ministry of Economy's resistance is related to the rules of hiring foreign vessels to operate in Brazil. In the program presented by the Ministry of Infrastructure, the economic group will have to operate with Brazilian flag vessels to charter (hire) foreign vessels – without having to suspend the flag (ie. to adapt to Brazilian rules), which reduces costs in a proportion of 50%. That is, for every two ships companies could use a foreign ship without restriction.

Today, companies can only use these ships when there is no Brazilian ship available for shipping.

For the Ministry of Economy, this kind of "ballast" should not exist, because it overprotects the national cabotage market, which today is concentrated in a few companies.

There are currently three cabotage companies with regular routes operating in Brazil. On the other hand, Infrastructure technicians believe that the possibility of the business operating only with foreign vessels brings a high risk of volatility to the sector.

The advantages to foster new routes will also be directed to the port terminals. According to the National Secretary of Ports, Diogo Piloni, the investor may install a port terminal without the use of bidding, through the temporary use contract, for four years.

After the deadline, if the line becomes viable, the company would then participate in the normal bidding processes. The idea is to offer a "trial" period of the operation, without the company having to shell out a large amount of resources, which can reach US\$50m.

Although the text of the program is already well under way, the government has not yet announced if the new rules will come into force by provisional measure or if it will opt to send a bill to Congress. For now, experts and the local market have positively evaluated what has already been announced by the Ministry of Infrastructure.

For the president of the Brazilian Association of Cabotage Shipowners (ABAC), Cleber Lucas, the expansion of charter rules is quite significant and, given the counterparts prepared by the Ministry of Infrastructure, is able to balance the Brazilian market well with that of the markets abroad. "Shipping market is very liquid, if it develops local market only with the foreign, in a first

increase of the world economy this asset leaves here and goes straight to more interesting markets," says Lucas.

### Trade

**Finnish Finance Minister Mika Lintila said, on Friday (09/13), that the European Union should block beef imports** from Brazil and also consider a suspension of soy imports to pressure the Brazilian government to fight fires in the Amazon.

Finland, which holds the temporary EU presidency, has called on the EU authorities to "stop importing beef from Brazil," Lintila told a news conference in Helsinki.

He added that he was thinking of doing the same with soybean in order to "increase the pressure for the Brazilian government to do something about the forest fires."

**US President Donald Trump announced on 09/11 that he would postpone for two weeks the raising of tariffs from 25% to 30% over US\$250bn in Chinese imports.**

Initially, the tariffs would be effective on October 1. Now, the forecast is that tariffs will rise on October 15.

For Trump, the decision is a "gesture of goodwill," which meets a request from Chinese Vice Premier Liu He, since the 70th anniversary of the founding of the People's Republic of China is celebrated on October 1.

Among the items that will experience this rate hike are raw materials used to produce goods.

Still on trade relations between the two countries, China wants to increase its purchases of pork meat abroad, including the United States and the European Union. Part of the meat would be purchased for state reserves, according to sources in the country. The goal is to maintain the high price.

**Brazil and Paraguay announced last Monday (09/09), in Brasília, the beginning of negotiations of a bilateral automotive agreement.** The information was given by Brazilian Foreign Minister Ernesto Araújo after meeting with Paraguayan Foreign Minister Antonio Rivas Palacios, who arrived in Brazil with a delegation of government officials from the neighboring country.

According to Ernesto Araújo, the two countries "live in a moment of great convergence of policies and worldview."

"We are in an ideal moment to put into practice a strategic policy for Brazil and Paraguay," said the Paraguayan Foreign Minister.

The ministers stressed that one of the milestones of the good relationship between the two countries is the construction of three bridges between Brazil and Paraguay. According to Ernesto Araújo, they will "dramatically increase the connectivity and competitiveness of the regions that will benefit" from the projects.

**Brazil and Mexico have begun negotiations for a free trade agreement,** according to the Ministry of Economy's Special Secretary for Foreign Trade and International Affairs, Marcos Troyjo. For Troyjo, Mexico has traditionally focused on trade with its North American Free Trade Agreement (NAFTA) partners but wants to diversify its trade. According to him, Brazil would be able

to export more agricultural products to Mexico, which is the second largest economy in Latin America.

"Trade between Brazil and Mexico has always been below desired volumes. This was partly because Mexico has given preferential treatment to other trading partners, including the US and Canada," he said at a conference organized by the Brazil-China Business Council in São Paulo. "Now the agreement between Mexico, the US, and Canada has changed. Brazil has a more immediate interest in increasing its exports of agricultural commodities to Mexico," he added.

Currently, there is already a free trade agreement of cars and auto parts between the two countries. Mexico is the eighth main destination of Brazilian exports.

### Ores

**Vale has discontinued its works on a mining front at the Brucutu mine in São Gonçalo do Rio Baixo, Minas Gerais.** According to the company, this action will not impact the production of the Brucutu mine.

The suspension complies with a determination from the National Mining Agency (ANM), based on the agency's understanding that one of the mining fronts in execution exceeds the limits of the mineral reserves approved by the agency for the respective area. However, Vale states that all requirements of the agency for the execution of mining were met and reported in the economic recovery plan presented to the agency in 2017.

Vale says it will take appropriate action in this case and reaffirms its guidance for sales of iron ore and pellets from 307m to 332m tons for 2019, as previously disclosed.

Still regarding Vale, the company informed that the Chief Justice of the Supreme Federal Court (STF) decided, in the case of the Suspension of Injunction and Suspension of Provisional Guardianship, to determine the return of operations (mines and mill) of the nickel venture of Onça Puma, headquartered in Ourilândia do Norte (PA).

With the release, the venture that had been in the Onça and Puma mines, paralyzed since September 2017, and the nickel processing plant, paralyzed since June this year, return to its activities.

The Supreme Court also ordered the release of judicial deposits to the indigenous Xikrin do Cateté and Kayapo, which were blocked by the decision of the Federal Regional Court of the 1st Region in Writ of Mandamus filed by Vale.

### Logistics

**The Belgrano Cargas line, which connects northwest Argentina with the Gran Rosario export ports in Santa Fé, has renewed more than 800 kilometers of tracks in four provinces of the country.**

With the renovation of 812 kilometers of tracks, out of a total of 1,800 kilometers planned, the railway is already able to carry three times the volume of 2015 in half the time.

The project also includes the renewal of new routes to the Gran Rosario export terminals. "Rail reactivation reduces logistics costs, generating jobs and growth. Every wagon that travels at full

capacity, every kilometer of renewed rail brings us closer to an ever better train to transport Argentine production. Reactivating our trains during abandoned years leads to growth in cities and more jobs," says Argentine Transport Minister Guillermo Dietrich.

The total investment in road renovation, carried out by Tranes Argentinos Infraestructura, an agency of the Transandino Transport Ministry, is around US\$3m. The line runs through the provinces of Salta, Santiago del Estero, Chaco, and Santa Fé.

In August, Belgrano transported 234,143 tons of cereals, three times what was transported in the same month of 2015 (66,330 tons, + 253%). It was also the best August of the last 28 years. The railway carried 100 loaded wagons, traveling over 60 locations in northwestern Argentina, an event unprecedented in history.

By 2020, the projection is to increase the cargo carried by train to the ports of Gran Rosario by 142%, to be exported from 700,000 to 1.7m tons.

**The city of Porto Murtinho (460 km from Campo Grande) and the border of Mato Grosso do Sul with Paraguay are becoming a construction site.** The reason is that the region will have a bold intermodal transportation system for the flow of agricultural production through the Bioceanic Corridor, to the ports of Chile (Pacific), and the Paraguay River Waterway, towards Argentina (Atlantic). More than R\$650m will be injected in the municipality in two years.

"Porto Murtinho will be our new Paranaguá," projects Jaime Verruck, Secretary of Environment, Economic Development, Production, and Family Farming (Semagro). "The development of the region is concrete, has a schedule, and is happening, driven by the tax incentives of the Export and Import Stimulation Program, created by the government in 2015, and by public investments to make the Biocean Route possible."

The expectation is that the capacity of river flow of commodities of the municipality, which today is 460,000 tons/year, will be expanded to 6m tons/year in the medium term, according to the state government. "Mato Grosso do Sul will be the new logistics hub for South America," says Governor Reinaldo Azambuja. "This logistical expansion is fundamental because the state should increase the planted area by another 1.5m hectares in 10 years."

The Bioceanic Corridor will reduce by 17 days the travel of commodities from Mato Grosso do Sul to the Asian market, boarding at the ports of Chile instead of using the ports of Paranaguá (PR) or Santos (SP). Paraguay launched the bidding for the bridge's executive project in July, which will begin in 2020 and will be completed in three years, at a cost of R\$290m. The 680m structure will be installed at km 1032 of the Paraguay River Waterway.

The neighboring country is also fulfilling the agreement to make the new route viable with the 497 km asphalted of the Chaco Highway (Pantanal), from Carmelo Peralta to the border with Argentina. The first stretch, which is 227 km long, follows its schedule on two fronts - Carmelo Peralta and Loma Plata -, with the predicted completion of the first lot in September, which is 24 km long. The work executed by the Corredor Vial Oceânico Consortium (Queiróz Galvão and Ocho A) will cost US\$420m.

With the construction of three new ports and the prospect of a fourth, of a group from Paraná, more than R\$450m will be

injected in Porto Murtinho. Adding the State and Union investments in infrastructure, it reaches the amount of R\$650m, in addition to the resources not yet estimated by the Dnit (National Department of Transport Infrastructure) to expand the BR 267 runway.

One of the state's largest exporters (1.2m tons/year of soybeans and corn), FV Cereais, based in Dourados, is investing R\$110m in the terminal, which will have the capacity to handle 2m tons/year of grains and sugar. The group will also import fertilizers from Uruguay, where it has already shipped a 2,000-ton experimental cargo in 2018, 8% cheaper than the cost of transportation via Port of Paranaguá.

The port construction company works on several fronts with 70 workers and has started the assembly of the bulk warehouse structure for 30,000 tons. On the other side of the city, the Mécari Distribuidora group is investing R\$16m in the construction of the station to regulate the flow of cargo to the port terminals, expected to double vehicle capacity in the medium term. The structure will feature a 120-bed hotel, a mini mall, and a gas station.

**Codesp (Santos Port Authority) presented a new tunnel project to connect Santos to Guarujá last Tuesday (09/10). The project is an alternative to the idea of building a bridge connecting the two cities, which has resistance from the port sector.**

Another tunnel project had been presented before, but with a high cost of about R\$3.2bn against the estimated R\$2.9bn for the bridge construction.

"We came up with the solution of an optimized tunnel, at a cost of R\$2.5bn (through reduction mainly in expropriations) with perimeter connections (with project still underway) in the amount of R\$1bn," said the infrastructure director of Codesp, Jennyfer Tsai, at a workshop promoted at FIESP to discuss the issue. The tunnel would have a distance of approximately 600 meters that would be submerged, besides the connections.

It is worth remembering that the previous management of the São Paulo State Government had opted for the tunnel. The current government opted for the bridge but the installation of an artificial limiter in the largest port in Latin America has worried the industry, as ships are growing larger and the bridge can make it difficult for vessels to transit.

The bridge designed by Ecovias, which is the concessionaire of the Anchieta-Imigrantes System (SAI), the main link between the São Paulo metropolitan region and the Port of Santos, will be 7.5 kilometers long between Santos and Guarujá. In return, the government would extend Ecovias' concession agreement, which runs until 2026.

"Much is said about the height of the structure (which will be 85 meters in the central opening), but our main concern is the spacing between the pillars," defended the infrastructure director of Codesp, Jennyfer Tsai. She pointed out that, unlike the Rio-Niteroi bridge, which is a crossing point, the area in which the bridge would be built is in a maneuvering region.

"Today, the navigation channel is mostly 220 meters. But the latest campaign by the ministry has already made it 350 meters,"

she said, arguing that the trend is to reach 370 meters in the main curves.

According to Jennyfer, even if the bridge has protective structures, the ship's hull can be damaged, compromising the entire operation. "This is risky as it closes the port," she said.

### Meat

**China will exclude some US agricultural products from additional tariffs, China's official news agency Xinhua reported on Friday (09/13)**, which is seen as the latest sign of easing Sino-US tensions before a new round of negotiations aimed at containing a trade war.

Washington and Beijing made conciliatory gestures. China has renewed purchases of US agricultural products, and US President Donald Trump has postponed tariff increases on certain Chinese products.

China had set additional tariffs of 25% on US agricultural products, including soy and pork, in July 2018. On September 1, China raised tariffs for soy by an additional 5% and another 10% for pork.

"China supports relevant companies today buying certain quantities of soy, pork, and other agricultural products in accordance with market principles and WTO rules," Xinhua said, adding that the State Council of China Customs Tariff Commission would exclude additional charges on these items.

China has "broad prospects" of importing high-quality US agricultural products, Xinhua said, citing unidentified officials.

An outbreak of African swine fever has reduced China's pig herd by a third since mid-2018, has brought pork prices up to record levels, and left China in need of overseas replacement supplies.

China is also expected to step up soybean purchases, historically the most valuable US agricultural export. The Asian country has shunned US soybean purchases since the trade war began last year.

Prior to the announcement of additional tariff exemptions, Chinese companies bought at least 10 US soybean shipments on Thursday, the country's most significant purchases since June.

"The US is expected to live up to its words and fulfill its promise to create favorable conditions for cooperation in the agricultural areas between the two countries," Xinhua said.

President Donald Trump said on Thursday that he prefers a comprehensive trade deal with China, but does not rule out the possibility of a provisional pact.

### Grain

**China will allow the importation of soybean animal feed from Argentina for the first time in a deal announced by Buenos Aires last Tuesday (09/10).**

Last month, Chinese officials inspected Argentine soy meal factories before the deal was signed. For years Argentina has tried to enter the Chinese market, the world's largest consumer of soymeal, used to feed its huge pig herd.

The US-China trade war, however, has strengthened Argentina, prompting China to expand its soymeal import options, market sources said.

"This is a historic deal," Gustavo Idigoras, chairman of Argentina's CIARA-CEC grain exporters, told Reuters, although he added that the deal still requires a two-step process for plant authorizations and registrations that may take several months.

**The 2018/2019 grain harvest in Brazil should end with a record production of 242.1m tons of grain. According to an estimate released on Tuesday (09/10) by the Food Supply and Statistics Agency (Conab), growth will be 6.4% higher than last season, driven by cotton and corn crops. The previous record was recorded in the 2016/2017 period at 237.6m tons.**

In the case of cotton, the survey conducted by the state-owned company revealed a 35.9% growth in production, with an estimated volume of 4.1m tons of cottonseed and 2.7m tons of cotton lint. Among the reasons are the exchange rate, the evolution of prices and other factors, which led the producers to expand the planted area, mainly in the states of Bahia and Mato Grosso. As a result, the forecast for cotton lint exports should also exceed last year's by more than 50%, reaching for the first time the 1.5m tons mark.

Regarding corn, the total harvest reaches almost 100m tons. There was an increase in the second harvest, with growth of 36.9% and a record production forecast of 73.8m tons, and a decrease in the first crop, with 26.2m tons, 2.3% lower than the previous one. In Conab's supply and demand scenario, the product also shows a record export expectation of almost 35m tons.

Beans showed good results only in the second and third harvests, with an increase of 6.3% and 21.2% respectively. But it was not enough to guarantee an increase in the total number, which closed at 3% below the previous year, with about 3m tons in the three harvests. Regarding rice, the production of 10.4m tons is 13.4% lower than that obtained in 2017/18, due to the reduction in area and productivity that occurred in the main producing states.

Soybean also suffered a 3.6% reduction in production, reaching 115m tons. However, there was a 2.1% growth in the planting area. Although the harvest is almost over (only a few areas are left in the North and Northeast Region), and even with the decrease in percentage, it consolidates as the second largest soybean production in the Conab historical series.

According to Deputy Secretary of Agricultural Policy, Wilson Vaz, these results will benefit the marketing of products and positively influence the 2019/2020 crop: "We also monitored rural credit performance in the first two months of the harvest and they are good, in line with what the minister set as a priority: priority for small and medium producers and investments in productive infrastructure. All this has been confirmed in the first two months with a substantial increase in credit to the average rural producer of 28% and 14% to the small producer," he says.

Wheat production is estimated at 5.4m tons, with an area of 2m hectares, which is 0.2% higher than in 2018. The other winter crops (oats, canola, rye, barley, and triticale) have a slight increase in cultivated area, from 546,500 hectares last season to 564,800 hectares.

### Other cargo

Following the historical record of exports of all types of coffee (green and industrialized) by Brazil in 2018, the country continues to demonstrate its strength in the segment. Domestic soluble coffee achieved its best performance in the accumulated shipments in the last 12-month period (Sep/2018 to Aug/2019), having sent the equivalent of 3.97m 60 kg bags abroad.

“These nearly 4m bags set a record for 12-month intervals and reflect the efforts that the industries in the sector make in investing in production plants and negotiating with players worldwide,” says Aguinaldo Lima, director of Institutional Relations at the Brazilian Association of the Soluble Coffee Industry (Abics).

In the accumulated of 2019, shipments totaled 2.66m bags and account for 9.8% of Brazil’s total coffee exports by the end of August. “This amount is equivalent to a growth of 10% over the same range of 2018 and is the best performance recorded by our shipments in the last five years,” says Lima.



The main customer for Brazilian instant coffee, in the first eight months of 2019, was the United States, which acquired 429,921 bags, 2.8% more than the 418,062 bags imported from January to August last year. Next was Russia, with the purchase of 256,996 bags (-10.3%); Indonesia, with a growth of 6.9% compared to 2018 and the acquisition of 196,264 bags; Japan, with the importation of 189,096 bags (-14.4%); and Argentina, which bought 162,451 bags (-15.1%).

**From January to August this year, Brazil shipped 345,000 tons of tobacco, which represented US\$1.35bn in revenue for the country according to data from the Ministry of Economy. The numbers represent an increase of 30.4% in volume and 16.5% in dollars compared to the same period in 2018.**

Until December, the expectation is to maintain the increase in shipments. According to a survey commissioned by the Interstate Tobacco Industry Union (SindiTabaco) alongside PriceWaterhouseCoopers (PWC), the trend shows an increase of 6% to 10% in dollars and 10% to 15% in the volume of tobacco shipped in 2019.

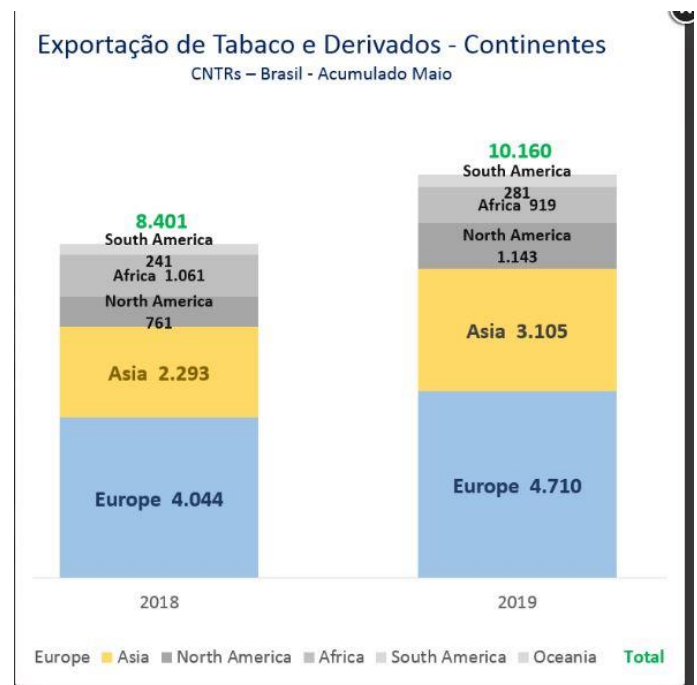
According to Iro Schünke, president of SindiTabaco, the Brazilian tobacco market has been stable in recent years and the increase is due to the postponement of shipments to China from late 2018 to early 2019. “Last year we had a drop in exports due to logistical issues and the customer’s decision to postpone shipments for the

first half of 2019. As a result, this year’s shipments are expected to increase. Currently, Brazil has 25% to 30% of the world’s tobacco business and the survey indicates that we should maintain the leadership of world tobacco exports,” says Iro Schünke, president of SindiTabaco.

From January to August, tobacco accounted for 0.91% of total Brazilian exports and 4.73% of shipments from the Southern Region. Rio Grande do Sul, the largest tobacco producer in Brazil, accounted for 9.02% of total exports so far, shipping almost 285,000 tons and R\$1.1bn.

Around 85% of Brazil’s tobacco production is destined for export, which goes to 100 countries on all continents. The main market is the European Union, which in 2018 received 41% of exported tobacco. The second is the Far East, with 24%. Then comes Africa/Middle East, with 11%; North America with 10%; Latin America with 8%; and Eastern Europe with 6%. The main importing nation of Brazilian tobacco is Belgium, followed by the United States, China, and Indonesia.

The chart below, based on DataLiner data, shows the main destinations of Brazilian tobacco in 2018 and 2019:



Source: DataLiner/Datamar

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Tel + 5511-3588-3033

Datamar Consultores Associados Ltda.

Rua Fuchal 203, 9th floor

Vila Olímpia, São Paulo – 04551-904 – SP