

Main news

**Brazil sent 60,000 tons of corn to the United States at the end of September, according to data from Refinitiv. The export destination is quite unusual as the United States is the largest producer and exporter of cereals.** According to ship scheduling information, the corn was exported by Cargill.

NovaAgri SA, another Brazilian grain trader, said in a statement that it also sent 60,000 tons of corn to the US-based Smithfield Foods slaughterhouse on September 3 from the Port of Santos.

Cargill's shipping data shows that a ship called King Milo will carry about 52,400 tons of corn to the United States on October 17 from the Port of Itacoatiara.

So far in 2019, Brazilian corn exports totaled 27.46m tons, surpassing all the volume sold abroad last year.

In June, market sources said Brazil was selling corn to the United States, with shipments starting in September, a measure that underpins the ability of Brazilian sellers to access new markets amid a record crop.

Sources said the US demand for corn in Brazil was prompted by fears of crop failure in North America as US farmers dealt with climate issues at the beginning of the planting season.

Over a period of 2019, these fears drove Chicago corn prices to US\$4.54 per bushel. Currently, corn is being negotiated at around US\$3.70.

Cargill's ship was loaded at the CGG (Cantagalo General Grains) terminal in the Port of Itaquí, which is closer to the United States than Santos.

Agrostat data, which is compiled by the Ministry of Agriculture, do not yet show Cargill and NovaAgri corn shipments to the US.

The Brazilian government predicts that corn exports will grow 47% this season to 35m tons. "It's just the first, there are still others to come," Frederico Humberg, AgriBrasil's chief executive, told Reuters of the prospect of more corn exports this year.

Record Brazilian overseas sales expectations reflect a favorable exchange rate and an abundant harvest of nearly 100m tons, traders say.

According to government data, Brazil is meeting the demand from traditional US corn buyers, including Mexico and Colombia, who have already bought more than 500,000 tons from January to August.

Ports, terminals and infrastructure

**Agrovia do Nordeste, controlled by OTP (Odebrecht's logistics segment) is delivering the sugar terminal back to the Port of Suape, due to Odebrecht's request for judicial recovery.** Installed at pier 5 with an investment of R\$130m, the terminal started warehousing services in 2016 and started operating fully in 2017.

"The company requested a rebalancing of the contract to the federal government and obtained a precarious permission to move other types and grains because sugar movement alone was

not enough to make the terminal viable. But the evaluation took so long that Odebrecht's order from RJ came, the company lost its momentum, and is handing us the terminal," said Suape's president, Leonardo Cerquinho.

Now, the expectation is to make some kind of transition contract so that the terminal does not stop running and that a simplified bidding will be made. "It's a shame, because when the terminal arrived it made perfect sense. But there is criticism of these concession models that they need to be more agile and flexible to meet the market demand," defends Cerquinho.

The president of the Sugar and Alcohol Industry Union of Pernambuco (Sindaçúcar-PE), Renato Cunha, says that the sector was very active in attracting the sugar terminal to Suape, which worked as a complement to the Recife Port terminal and says that industries in the sector are willing to cooperate so that there is no discontinuity. "With Odebrecht giving up, other companies may be interested, including through a plant pool so there is no interruption," he suggests. Agrovia's terminal has the capacity to handle 750,000 tons of sugar per year, focusing on refined and bagged sugar. Agrovia had plans to invest R\$79m to build five silos and modernize its conveyor belt to move maize, malt, barley, rice, and non-GMO soybeans, but the project did not end up happening.

**In the first half of 2019, liquid bulk handling at the Port of Mucuripe, in Fortaleza, reached 1.14m tons. From 2015 until July 2019, among fuels, lubricants, gasoline A, diesel oil, aviation kerosene, and other petroleum derivatives, the maritime terminal registered a total of 10m tons of cargo, between shipments and arrivals.**

Computing the entire chain of liquid bulk, in 2018 the Port of Mucuripe accounted for 86.8% of all movement in Ceará. Liquid bulk arriving at the maritime terminal comes from Suape, Itaquí, Vitória, São Sebastião, Santos, Rio de Janeiro, Bahia Blanca, Espírito Santo Oil Basin, Aratu, Belém, Santa Marta, Houston, New Orleans International APT, Galena Park, Belmont, Cargena, San Lorenzo, Rosary, Necochea, Sorel, Nueva Palma, Galveston, Texas City, and Pascagoula, among others.

Located in the Mucuripe neighborhood, the maritime terminal is close to the Lubnor, Nacional Gás, Liquigás, BR Distribuidora, Raizen, COSAN and Petrolusa tanks.

**By the end of this year, the Port of Paranaguá should receive for unloading more than 6.12m tons of bulk for export. The expected volume for the last quarter of 2019 is 14% higher than the total moved by the sector in the same period last year.** In the last three months of 2018, approximately 5.26m tons of soy, corn, bran, and sugar were exported.

According to the president of the Ports of Paraná, Luiz Fernando Garcia, exports are expected to increase even further with the intensification of the trade war between the United States and China. "Starting in September, the US will impose additional tariffs on Chinese products. With this, Brazilian producers will have a good time," he said.

He points out that to meet this demand, the public company maintains projects that aim to improve the land, maritime, and reception and storage infrastructure. These include access improvements, maintenance dredging, and the Export Corridor repowering project.

By December, the expected volume of soy (grain and bran), corn, and sugar is sufficient to load around 100 vessels. The projection for this fourth quarter of the year was released by the cargo operator terminals themselves.

The largest expected volume is of soy. Around 2.69m tons will be unloaded at the 11 terminals in the next three months. The forecast for bran is of 1.16m tons.

In the case of maize, the expectation of the terminals that operate the grains at the Port of Paranaguá is over 1.37m tons. Pasa, the main bulk sugar operator, expects to move 900,000 tons of the product by December.

The terminal that should handle the most by the end of the year, after Pasa, is Cargill. The company forecasts a volume of 830,000 tons for this last quarter, mainly of corn (360,000 tons).

The largest volume of soy is expected by Louis Dreyfus. They should board the terminal with 465,000 tons of grain. In bran, Bunge expects the largest volume: 312,000 tons.

From the public silos the shipments are forecast to be 480,000 tons of bulk, 180,000 of them of bran and 300,000 tons of soybeans.

**According to Valor, Maranhão will be able to receive a new port terminal and a railroad to run the state's grain and iron ore. Last year, the project had already received federal authorization and is now going through the analysis of its environmental licensing and the search for suppliers – R\$12.87bn will be needed for construction, being R\$8.5bn by 2024.**

The venture was conceived by the company formed by Portuguese partners Grão Pará Multimodal (GPM), which has been working in infrastructure projects in Brazil for ten years.

The idea for the project came at the end of 2015, says João Prego, one of the shareholders and technical director. At the time, the partners identified an area in the municipality of Alcântara (neighboring the state capital, São Luís), with favorable conditions for the terminal: a 25-meter deep draft capable of receiving larger vessels and a broad canal, with room for maneuvering and transit independent of the other ports of the bay.

The businessmen also saw potential for the construction of a new railway extension, the Maranhão Railroad, which would be developed from the existing rail network in the region: the North-South railways and the Carajás Railroad.

The main projected load for the venture is iron ore from companies operating in the region, such as Vale.

The GPM project foresees that the port in Alcântara will be able to transport up to 140m tons per year of iron ore, bauxite, manganese, copper, and other loads. The company also plans to move up to 40m tons of grain – mainly soybeans, soybean meal, and corn – from the Matopiba region (confluence between Maranhão, Tocantins, Piauí, and Bahia) and from the Midwest.

**TCP Log, a logistics subsidiary of TCP (company that manages the Paranaguá Container Terminal), hit a record number of containers that accessed Depot Express in August, totaling 2,468 units (gate in), and the second best output volume, with**

**2,092 units (gate out).** About to complete two years of operation, Depot Express is located in the back of the Port of Paranaguá and aims to optimize the logistics chain, finding solutions for the waiting list of trucks for the removal of containers.

“The expectation is that in September the numbers will be even higher with the arrival of a new shipowner who will use the services,” says Alexandre Rúbio, Commercial Director of the Terminal.

Depot Express operates 24 hours a day, seven days a week. “We work beyond business hours and this allows us to be more productive, as these are periods with less traffic, for example. As a result, we are able to deliver three times more than other terminals, which means faster container rotation.”

This is because empty refrigerated containers arriving in Paranaguá are transferred by TCP's own trucks to the site, where they are inspected, repaired, sanitized, and tested, being able to be loaded onto trucks and travel to the exporters' plants. “The average length of stay of containers is 15.5 days. With the service provided by the warehouse, we are able to optimize the chain, providing operational efficiency and reducing costs for users.”

Another important factor is the integrated information system, which allows shipowners to monitor the entire storage process from entry to exit. “All the information is automated, which allows them to follow the whole process. As soon as it enters the Terminal, we inspect the container, checking its integrity and, if necessary, repair it. After that, it is already available for withdrawal,” concludes Rubio.

**Cargo handling through the Port of Santos in August reached 12.09m tons, resulting in the third highest for the month. In the accumulated total of the first eight months of the year, it reached 88,42m tons, second highest performance for the time period.**

August's figure was 3.2% lower than in the same period last year (12.48m tons), reflecting the 2.1% drop in shipments and 5.9% in landings.

The 34.7% increase in corn grain shipments, reaching 2.98m tons, and 76.5% increase in diesel and diesel discharges, which reached 279,243 tons, contributed to soften the fall of the month's overall result.

In the flow of shipments, the reduction can be attributed to the 37.3% drop in bulk soybean operations, 14.1% in bulk sugar, and 75.2% in diesel and diesel oil.

Of the landed cargo, the fall was strongly influenced by the 62.0% reduction in wheat discharges, 54.5% in Liquefied Petroleum Gas (LPG), and 47.8% in sulfur discharges.

Accumulated movement was 0.5% lower than in 2018, significantly impacted by the 10.2% drop in soy complex shipments, the item with the largest share in the Port of Santos total, responsible for 23.6% of the overall movement and 81.7% of shipments made by Santos.

Containerized cargo performance also declined in relation to the same month of 2018, with a 6.7% decrease in the volume handled, totaling 4,04m tons. In TEUs the drop was 4.5%, totaling 370,485 TEUs. It is worth mentioning that the comparison base used is the

record month in container handling at the Port of Santos. From January to August, containers decreased 2.3% in TEUs to 2,67m TEUs, with a 1.2% drop in transported volume to 29.62m tons.

The Port of Santos registered, in the accumulated until August, an increase in productivity, measured by the amount of cargo transported on average per ship. There were 267 tons more compared to the same period last year. The mark denotes an increase in loading and unloading operations in the Santos complex.

**The companies Super Terminais and Chibatão, both located on the banks of the Rio Negro in Manaus (AM), are dragging themselves in an attempt to resolve the conflict over investments in the region.**

Last week, Chibatão filed a new lawsuit with Judge Jirair Aram Meguerian to suspend the investments of R\$150m that Super Terminais wants to make in the Port of Manaus.

The judge has been judging the case for years – and has already given eight favorable decisions to Chibatão. In August, ANTAQ had decided during its last Ordinary Meeting by majority vote to approve Super Terminais' investments in Manaus. The process is in the Ministry of Infrastructure ready for authorization to start the construction of a floating pier and expansion of the storage yard, based on the technical decision of ANTAQ.

The appeal challenges the decision taken by ANTAQ and asks the Judge to return the agenda to the body for further discussion. According to Super Terminais, the company has already accumulated losses of around R\$30m and has laid off over 140 employees. For Super Terminais spokesman Dr. Bruno Morais, “this is another procrastinatory and competitive measure, which aims to delay the start of construction and investments, which is detrimental not only to the company, but also to the State of Amazonas and the Country”.

**The National Agency for Water Transport (ANTAQ) released in 09/26 the results of the Environmental Performance Index (EPI) of the country's port facilities, referring to 2018. In the ranking of public ports, highlights are Itajaí, with 99.48 points, Paranaguá, with 99.29, Itaquí with 95.48, Pecém with 90.80, and Santos in fifth position, with 83.32 points.**

Among the private terminals, the best results were obtained by the Ponta da Madeira TUPs (private use terminals), which reached the index of 91.79 points, followed by Navegantes (87.84 points) and Guaíba Island – TIG (87.34 points).

An industry benchmark, EPI is composed of 38 indicators related to legal compliance in force in the country and good practices in environmental management, health, and safety of operations.

Among the indicators that are evaluated by EPI are the status of the environmental license and the existence of operating license, quantity and quality of technicians in the environmental nucleus, risk prevention, environmental audit, ship waste removal action, consumption and efficiency of energy use, fauna and flora monitoring, and health contingency plans.

This is the 11th assessment carried out by the Agency on the environmental performance of public ports and the second involving private terminals. In this edition, 31 public ports and 98 private use terminals were evaluated.

The three biggest leaps in performance in 2018 compared to the previous year were registered by the Port of Ilhéus (BA), which advanced from 42.43 points to 68.63; followed by the Port of Santana (AP), which jumped from 26.87 to 46 points; and the Port of Aratu (BA), which in this last evaluation reached 58.72 points, against 40.81 points in 2017.

Among the private terminals, those of Ilha da Guaíba (TIG), AIVEL, located in Rondônia, and Itapoá had the largest positive variations, with 24.80, 23.50, and 22.90 more points compared to the previous evaluation, respectively.

For ANTAQ's Environment Manager, Marcos Maia Porto, the data show an evolution in the compliance to the environmental conformity by the public ports. “Of the 31 public ports evaluated, 17 showed positive variation compared to the previous survey. Among the private terminals, only 21 showed evolution in the comparison 2018/2017,” he informed.

The full list of facilities assessed in 2018, as well as the methodology for index composition and weighting distributed to each of the EPI indicators are available on the ANTAQ portal at the link (<http://web.antaq.gov.br/ResultadosIda>).

**The Port of Itajaí recorded positive figures in its monthly balance sheet for August 2019, with highlights in the three main statistical items: tonnage movement (cargo), TEUs, and number of vessels moored.**

In the cargo handling balance, 487,621 tons were handled, which had a growth of 12% compared to the same period last year (August 2018). In the comparison of TEUs of August 2018 and August 2019 the record was also favorable with an 8% increase, from 39,640 to 42,865 TEUs. As for the number of vessels moored on the right bank (public pier and leased terminal – APMT), the growth was 13%, from 38 to 43 ships moored.

In the general balance of the Itajaí Port Complex, the numbers were stable, with the first highlight being the number of vessels, with 92 ships moored in August. In TEUs, 101,251 containers were operated and 1,147,658 tons were handled.

TUPs – Private Use Terminals of the Itajaí Port Complex: other terminals showed favorable performances in August 2019.

At the Portonave terminal during August, 43 port of calls were made, bringing the accumulated movement of the year to 338 berthed ships, a decrease of 5% over the previous year. Total cargo handling at the terminal during August was 628,237 tons, bringing the accumulated handling of the year to 5.20m tons. In the sum of twenty-foot shipping containers, 58,386 TEUs were handled, bringing the year-to-date handling to 484,361 TEUs and a 4% decrease compared to the same period of the previous year.

The Braskarne terminal did not have call records in the month. So far this year, it has 05 calls and 17,389 tons handled, with an 82% drop in cargo handling over the same period of the previous year.

In the Teporti terminal, 4 calls with 22,903 tons were registered, bringing the accumulated handling of the year to 22 port of calls with 112,443 tons, with a 65% growth in cargo handling over the same period of 2018.

In Poly Terminals there were no record of port of calls in the month. The accumulated handling of the year totals seven calls with 34,356 tons, with a 115% growth in cargo handling over the same period of the previous year.

In the Barra do Rio terminal, 02 calls with 8,897 tons were registered.

In August, only one Roll On Roll Off (Michigan Highway) mooring occurred, and 1,604 vehicles were landed at berth 3 of Itajaí Port, thus far totaling 31,482 units with 26 berths through this cargo operations system.

**The Brazilian port sector handled 513m tons in the first half of 2019. The figure represented a decrease of 3.29% over the same period last year, reflecting the weak performance of the Brazilian economy and the retraction of the world economy.**

In the same period of 2018, Brazilian port facilities handled 530.5m tons.

In the first half of 2019, private use terminals accounted for 337m tons, registering a decrease of 4.04%. Public ports handled 176m tons, with a decrease of 1.83%. The data come from the Statistics and Performance Management Department of the National Agency for Water Transport (GEA/ANTAQ), and were released in 09/26.

Of the nine major port facilities in the country, eight experienced a decline in cargo handling in the first half of this year compared to the same period of 2018: the private use terminals of Ponta da Madeira (-7.06%), Tubarão (-25.48%), São Sebastião (-0.55%), and Guaíba Island (-37.83%); and the public ports of Santos (-3.36%), Itaguaí (-11.05%), Paranaguá (-5.93%), and Rio Grande (-3.93%). Only the Angra dos Reis Waterway Terminal showed a positive variation (11.40%).

In the analysis by cargo type, 314.6m tons of solid bulk were handled in the first six months of this year, representing a decrease of 6.80% compared to the first half of 2018, and 115.9m tons of liquid bulk, which represented an increase of 2.58% over the same period last year. In the first half of this year there was also an increase in container handling (+ 3.72%) and general cargo (+ 2.76%) compared to the same period of 2018, totaling, respectively, 55m and 27.3m tons handled.

Regarding the main commodities, corn is a highlight. In the first six months of the year, the national port sector handled 9.2m tons of maize, 116.53% more than in the same period of 2018. Another relevant commodity was oil (fuels), with 102.8m tons handled, an increase of 4.22% compared to the first half of last year. Fertilizers and iron and steel are also a highlight, which recorded, respectively, an increase of 6.47% and 7.69% compared to the same period last year.

Among the main goods that presented a decrease in the period were iron ore (-8.90%), which registered 16.5m tons less than in the first half of 2018, and soybean (-8.09%), with 5.3m tons less compared to the first half of 2018. Other commodities that presented movement retraction in the comparison of the first semester of 2018 and 2019 were: bauxite (-13.20%); mineral coal (-13.51%), and cellulose pulp (-4.76%).

“The decline in handling in the first half of 2019 was directly motivated by the decline in shipments of iron ore, which is the most grossly handled commodity. Solid iron ore bulk has been

facing problems since the early end of the production chain, due to the disruption of dams and an atypical period of heavy rainfall in the northern region of the country,” explains ANTAQ’s substitute Statistics and Performance Evaluation manager, Leopoldo Kirchner. “On the other hand, we can highlight as a positive point the growth in this period of containerized cargo handling, around 3.5%, while still maintaining the semiannual growth line that has been demonstrated year by year,” he added.

The survey also brings data on exports and imports. A total of 294.3m tons were exported, representing a 6.57% drop in the total handled for export in the first six months of 2018, and 70.9m tons were imported, which means an increase of 1.20% compared to the same period in 2018.

Long-haul navigation handled 365.2m tons in the first half of 2019, down 5.16% compared to the same period of 2018. Cabotage navigation moved 112.9m tons, remaining stable (+ 0.20%). In container handling, cabotage increased by 15.74% compared to the same period of 2018.

The highlight was the inland navigation, which moved 33m tons in the period, accounting for growth in total handling (+ 9.30%), as well as solid bulk handling (+ 11.76%), liquid bulk (+ 5.23%), general cargo (+ 2.93%), and containers (+ 5.36%).

**On 09/25, the Minister of Infrastructure, Tarcísio Gomes de Freitas, signed a decree that guarantees R\$750m in investments through nine adhesion contracts in Private Use Terminals, besides the revision of the area of the Organized Port of Imbituba/SC.**

For Freitas, besides allowing new investments, the government has been establishing a dialogue to remove barriers and solve regulatory problems. He highlighted the investments made just in this management.

“If we add the resources that will come through the private sector in the contracts of adhesion in private terminals and the lease contracts in the auctions we made in the areas of organized ports, we already add R\$20bn in investments,” he said.

Since the beginning of the year, the government has signed 29 adhesion contracts in private terminals, as well as the regularization of 16 polygons of organized ports and 13 auctions of port leases.

Among the highlights of the contracts signed on Wednesday are: a passenger terminal in Balneário Camburiú (SC), a general cargo terminal, also in Santa Catarina, and a terminal in the Amazon, for handling ore, bulk, and general cargo.

Check out the list of Private Use Terminals from Wednesday:

Company: Potássio do Brasil Ltda.  
Location: Autazes/AM  
Load Profile: General Load, Liquid Bulk, and Solid Bulk

Company: Ipiranga Produtos de Petróleo S/A  
Location: Porto Velho/RO  
Load Profile: Liquid Bulk

Company: Companhia Refineradora da Amazônia / Agropalma S/A



Location: Tailândia/PA  
Load Profile: Liquid Bulk

Company: Ponta Negra Administração e Empreendimentos Imobiliários Ltda.  
Location: Manaus/AM  
Load Profile: General Load

Company: Mineração Rio do Norte S/A  
Location: Oriximiná/PA  
Load Profile: Solid Bulk

Company: Mar Azul Logística, Armazenamento, Terminal e Transporte S/A  
Location: São Francisco do Sul/SC  
Load Profile: General Load

Company: Samarco Mineração S / A  
Location: Anchieta/ES  
Load Profile: General Load, Liquid Bulk, and Solid Bulk

Company: PDBS – Ports Developed By Shiphandlers Participações Ltda.  
Location: Balneário Camboriú/SC  
Load Profile: Passenger

Company: Petróleo Brasileiro S/A – Petrobras  
Location: Paracuru/CE  
Load Profile: Liquid Bulk and Solid Bulk

\*A tenth contract had been signed last week, so it was included in the speeches of the minister and secretary. It is about the company ADM Armazéns Gerais Ltda, located in São Simão/GO, focusing on solid bulk transportation.

### ***Shipping***

**According to the director of the Department of Navigation and Waterways of the National Secretariat of Ports and Waterways Transportation, Dino Antunes, the BR do Mar should be presented in October.** This Federal Government program foresees changes in the system of chartering of vessels and in the Merchant Marine Freight Addition (AFRMM).

The representative of the government participated in a debate at the First Congress of Maritime and Port Law, held in 09/25 at the Santos Commercial Association (ACS).

The government member also participated in the panel “BR do Mar – New perspectives for cabotage”, along with Cléber Lucas, president of the Brazilian Association of Cabotage Shipowners and primary consultant Henry Robinson.

Cléber Lucas stressed that cabotage deserves the attention from the Government. “The past 20 years have been a complete neglect. The creation of a department to address this issue shows an interest in seeing this issue clarified and in the development of a stimulus policy implemented,” he said.

However, the representative of the Brazilian Association of Cabotage Shipowners questioned whether the action of the Government will be beneficial or will harm the sector. “We are tired of seeing this kind of thing. Public policy, instead of stimulating, broadens the discussion so much that it becomes a patchwork and is difficult to operate,” he said.

According to Antunes, the performance will be positive. “We have a vision that the government has to be inside where it really needs to be. The government can’t get in the way, but has to make it feasible. The way it is being done, which is sparingly, tends to help more rather than getting in the way,” he said.

Cléber also assessed that the chartering and releasing of new vessels is welcome. “Accelerated growth or lower entry cost is understood as public policy that can be regulated,” he said.

Henry Robinson emphasized that cabotage must play a key role in changing the transportation matrix of today, dominating the road system.

The consultant warned that the National Logistics Plan (NLP) for 2025 foresees an increase to 37% in the rail model, but there is no projection in this direction for cabotage.

Robinson also talked about the concern the government should have at this time. “The concern is about the fluctuation of domestic freight vis-à-vis international fluctuation. For example, if freight in China increases and it remains the same in Brazil. If it does not rise here, the foreign shipowner can take his ship and place it where it has higher revenue,” he said.

Dino Antunes said that it is necessary to give security in order for the change of transport logistics matrix to occur. “If we expose the domestic market to international fluctuations, this will bring freight volatility to the domestic market,” he said.

**The CMA CGM Group has announced the launch of the world’s largest liquefied natural gas (LNG) powered container ship class, with 23,000 TEU, built by the Shanghai Jiangnan-Changxing shipyard.**

According to the CMA CGM Group, LNG helps to reduce sulfur oxides and fine particulate emissions by 99%, nitrogen oxide emissions by up to 85%, and carbon dioxide emissions by 20%.

These new ships will enter the group’s fleet in 2020 on the Asia-Northern Europe Line under French Flag (RIF) registration. In addition, the nine new ships will feature state-of-the-art design with four major innovations to assist the captain and crew:

- a tactical display that provides enhanced map views for more dynamic navigation instructions
- a path prediction system optimized to display the ship’s predicted position within the next three minutes
- an intelligent vision system projecting a panoramic view of the ship’s surrounding area and augmented reality screens, providing crew with accurate information about ship’s rotation speed, berth distance, and transverse speeds.

The first ship in this new class of 23,000 TEU LNG-powered containers, the CMA CGM Jacques Saade, will also be equipped with an intelligent system to manage the ventilation of refrigerated containers transported in the hold.

Exceptionally large vessels (400 meters long and 61 meters wide) will be distinguished from the rest of the fleet by a special painting bearing the “LNG POWERED” logo, attesting to the innovation that LNG propulsion represents in ships of this size.

**Since 09/23, the Port of Pecém has had a direct connection to the Port of Valencia, Spain.** This is because the operation of the new Mediterranean line of MSC began.

An unprecedented welcome operation was prepared by tugboats from Wilson Sons to receive the MSC Antigua vessel. Water jets were thrown during its arrival at the Port of Pecém multipurpose terminal.

“A day of celebration, as we are very happy to bring this new route to attract more cargo to the Port of Pecém. And thus stimulating the market in the fruit segment,” said Daniel Soares, MSC Fortaleza branch manager.

The new route comes to supply the growing demand of fruit growers who export part of their production to countries in Europe. Mainly melon, produced in Ceará and Rio Grande do Norte; and mango and grape, produced in the São Francisco River Valley. The container shipment was carried out by the operator APM Terminals and lasted approximately five hours.

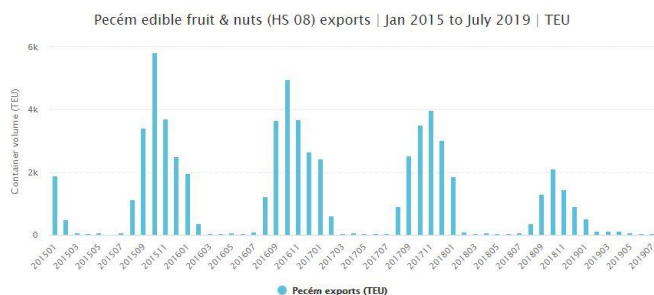
“We are constantly participating in large operations and growing with all this demand here in the Port of Pecém, so accommodating a ship of this size is an honor for us,” said André Magalhães, commercial manager of APM Terminals.

The vessel MSC Antigua is 299.18 meters long, can hold up to 8,886 containers, and each refrigerated container can hold up to 25 tons of fruits. “This is a very good service, especially for Brazilian exports. So it is a pleasure for our team to operate here, where I can see that there is a high-level professional team working in a safe and modern port,” said Fedir Sukhobrus, commander of the MSC Antigua ship.

The new shipping line for Mediterranean ports will go through the following route:

- Valencia (9 days);
- Barcelona (11 days);
- Genova (13 days);
- Livorno (15 days);
- Gioia Tauro (16 days).

In the 2018/2019 season alone, two thousand fresh fruit containers were transported by MSC from the Port of Pecém. In addition to the new line for the Mediterranean, shipping lines to the United States and Northern Europe are in regular operation. The export of the 2019/2020 fruit crop continues until February next year. The following chart, made from DataLiner data, shows fruit exports by the Port of Pecém from January 2015 to July 2019:



Fonte: DataLiner/Datamar

### Meat

**Zanchetta Alimentos will invest more than R\$730m to build an area focused on chicken meat production in the city of Conchal, in the Campinas region.** Recently, the company had

already invested almost R\$200m to acquire Mondelli, a traditional beef slaughterhouse in São Paulo.

The new industry will be able to slaughter 380,000 birds a day, which will more than double Zanchetta’s chicken production capacity. Construction will begin in October and the complex is expected to be completed by early 2020.

According to Valor, when in operation, the Conchal slaughterhouse will represent a leap in Zanchetta’s revenues, with an expectation to be among the top five in the industry – behind BRF, JBS, Aurora, and Copacol. According to the president and founder of the company, José Carlos Zanchetta, the group’s gross revenue will surely exceed R\$3bn, but the goal is to reach an amount equivalent to US\$1bn – more than R\$4bn, considering the current dollar exchange rate.

In addition to the slaughterhouse, the investment of R\$730m includes the agricultural structure – feed factory, hatcheries, poultry farms – and a factory for the production of offal and feather meal for the pet food segment. The complex is expected to generate 3,000 direct and 9,000 indirect jobs in about 50 cities.

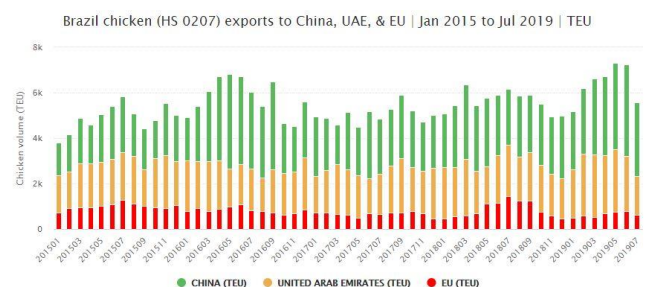
To get the investment out of the paper, Zanchetta has the support of the São Paulo government but according to São Paulo Secretary of Economic Development Patricia Ellen da Silva, the government support will not include tax exemption. “The government does not make fiscal war,” she said.

On the other hand, there is an ongoing discussion to expedite the use of ICMS credits (granted or presumed). Because Zanchetta gets 35% of export revenue, it generates a lot of credits. “Our next job with Zanchetta is to make the Boituva unit viable to export to the Chinese market,” added Wilson Mello, president of the Paulista Investment Promotion and Competitiveness Agency (InvesteSP), which is linked to the Economic Development Secretariat. The agency recently went on a mission to China, with Zanchetta as part of this entourage.

The São Paulo government’s stimulus program includes a fast track model to obtain the necessary licenses for the project in Conchal. On another front, the government wants to make it possible to offer cheap credit to small poultry producers who will be Zanchetta’s suppliers in the future.

The group currently has about 360 integrated chicken producers in Boituva. A similar number will be needed in the Conchal region, according to Carlos Zanchetta, son of José Carlos and the company’s chief operating officer.

The following chart, based on DataLiner data, shows Brazilian chicken exports to China, the Arab Countries, and the European Union from January 2015 to July 2019:



Fonte do gráfico: DataLiner/Datamar

**Trade**

**On Monday (09/30), South Korea's trade ministry said that it planned to hold the fourth round of trade talks with Mercosur as Seoul plans to expand its trading network with emerging countries and revitalize its exports.**

During the meeting, which will be held from Tuesday to Friday in the South Korean port city of Busan, discussions will focus on exchanging details of a free trade pact covering products, services, and investments, according to the Ministry of Trade, Industry, and Energy of South Korea.

Seoul's exports to the four Mercosur countries reached US\$5.6bn in 2018, down 13.7% from the previous year, according to data compiled by the Korean International Trade Association.

South Korea mainly exports chips, auto parts, and mobile devices to South American countries. In return, Asia's fourth largest economy imports iron ore and grain.

The country has sought to diversify its free trade network with emerging countries to revitalize its struggling exports. Amid rising protectionism, South Korea's exports fell 21.8% in the first 20 days of September and are expected to fall for the tenth consecutive month of the year.

**Between September 11 and 23, Minister Tereza Cristina (Agriculture, Livestock, and Supply) led a mission to the Middle East. The entourage passed through four countries: Egypt, Saudi Arabia, Kuwait, and the United Arab Emirates.**

During this period, the minister met with government officials and businessmen. New imports of Brazilian products such as dairy products, fruits, honey, and nuts were announced. Tereza Cristina also met with investors to discuss business opportunities in logistics projects in Brazil.

In 2018, agricultural exports to 55 Arab countries totaled US\$16.13bn, representing 19% of the total foreign sales of Brazilian agro. Trade can grow even more with investments and businesses throughout the supply chain, such as machinery, stockpiling, technology, and innovation.

In Egypt, Minister Tereza Cristina announced the opening of the market for Brazilian dairy products. Expected since 2016, the entry of products from Brazil could reach a market of 100m consumers. The beginning of the process of importation of Egyptian grapes and garlic to Brazil were also announced. Other topics of the meeting were the importation of oranges through Brazil and the sending of goats and sheep. The countries began negotiations for an agreement between Embrapa and Egypt's research center. The meetings in Cairo also discussed lower export tariffs and standardization of health certificates.

In Saudi Arabia, Minister Tereza Cristina has finalized agreements that expand the export agenda of Brazilian agribusiness products to the kingdom. SFDA, the Saudi health authority, authorized the purchase of nuts, egg products, and increased access to Brazilian fruits. Together, the products represent a potential market of over US\$2bn.

In a meeting with Saudi investors, the minister highlighted the infrastructure investment opportunities in Brazil, such as highways and railroads, which will help make Brazilian

agribusiness even more competitive. Investors want more dialogue with Brazilian businessmen to broaden the investment agenda and also mentioned the interest in bringing Brazilian technology to Saudi Arabia. Tereza Cristina also spoke with authorities about a bilateral agreement on technical cooperation in agriculture and exports to the Arab country.

Brazil may now export honey to Kuwait. During the minister's visit, the government of that country announced the opening of the market for Brazilian honey, a permit that had been awaited since 2016. To enable the exchange, the government of Kuwait completed the health certification of honey.

The issuing of export certificates and technical cooperation in the area of fisheries and aquaculture were also discussed at the work meetings attended by the minister. According to Tereza Cristina, Embrapa can contribute to this mission, as it has two captive fish research and breeding centers. Brazilian exports to Kuwait in 2018 were US\$209.4m, equivalent to 215,463 tons.

In the last country of the mission to the Middle East, the minister presented opportunities for infrastructure investment in Brazil, aiming to solve bottlenecks faced by agribusiness. During meetings in Abu Dhabi, projects under the Investment Partnership Program were detailed. Among the projects presented are Ferrogrão and the West-East Integration Railroad, railway corridors that will be important for the flow of grain production and transportation to ports.

In Dubai, the minister attended the seminar of the Arab Brazilian Chamber of Commerce. Tereza Cristina showed the trade and investment opportunities in Brazil. She said there is room for Brazil and the United Arab Emirates to work together.

**On 09/23, the Federal Government published in the Official Gazette Decree N° 10,025, which provides for arbitration to settle disputes involving the federal public administration in the port, road, rail, waterway, and airport transport sectors.**

The arbitration decree is complementary to the so-called Relicitation Decree (N° 9,957), published on August 7, which includes the friendly termination of the partnership agreement and the conclusion of a new negotiation adjustment for the venture, under new contractual conditions and with new staff. Both rules bring more legal certainty to contracts and the provision of services by reducing the risks of judicialization.

Pursuant to Decree N° 10,025 of September 20, questions may be submitted to arbitration relating to the restoration of the economic and financial balance of the contracts; the calculation of indemnities arising from the termination or transfer of the partnership agreement; and the breach of contractual obligations by any of the parties. Preference will be given to arbitration in cases where the divergence is based on eminently technical aspects; and where delay in the final settlement of the dispute may adversely affect the proper provision of the service or the operation of the infrastructure; or inhibit investments considered as priorities.

The accreditation of the arbitral chamber shall be carried out by the Attorney General of the Union and shall depend on the following minimum requirements: being in regular operation as an arbitral chamber for at least three years; have recognized repute, competence, and experience in conducting arbitration proceedings; and have its own regulations, available in Portuguese.

## Oil and gas

**Argentine company YPF is loading a tanker with LNG that will be exported to a floating liquefaction terminal capable of processing the equivalent of 2.5m m3/day, according to a company representative.** The representative said that YPF, the country's largest gas producer, is looking for a buyer for the cargo in October.

LNG export is a new business for the state-owned company, which is seeking to explore a growing supply of natural gas from the Vaca Muerta shale deposit. The terminal, which was installed earlier this year, has already shipped a LNG shipment to the market as a test.

The company's plan is to expand its gas outlets to avoid over supplies as production exceeds domestic demand. Vaca Muerta, one of the largest shale gas deposits in the world, recovered Argentine gas production to 144m m3/day in July, after a low of 113.7m m3/day in 2014.

Daniel Gonzalez, CEO of YPF, said the LNG floating terminal is important as it will provide a new selling point for just under 5% of national production. But as production increases (the government expects production to double to 260m m3/day by 2023 from 2018 levels) there will be a need to export even more supplies. "If we want a major development of Vaca Muerta for gas, we clearly need a liquefaction plant," Gonzalez said about a proposed large-scale terminal.

He said that a decision to proceed with the US\$5bn project in four to five years could be made in 12 to 18 months, depending on factors such as the future of LNG prices.

YPF said it expects production of Vaca Muerta to grow by 7% by 2023, which could lead to a significant oversupply. Based on these projections, S&P Global Platts Analytics estimates that Argentina's excess production could reach an average of 25m m3/day during the southern hemisphere's summer months, which could withstand increased pipeline and LNG exports.

## Logistics

**Santos Brasil is implementing a new technology in its container export operations: OCR reading (optical character recognition).** The system replaces manual typing of container data, increasing safety and productivity, reducing errors, and speeding up the process of dispatching cargo.

The idea came when the Port of Santos Customs issued Ordinance 134 of March 2018, stating, that containers with export cargo should be photographed before being opened. From then on Santos Brasil developed the new system, which allows its employees to use an application installed on a tablet to read the seals before the containers are opened by the IRS.

According to Ricardo Abbruzzini, Director of Technology and Innovation of the Company, in addition to meeting the Revenue rules, the new app gives more security and speed to customs processes in the company. "Reading OCR seals on tablets decreases the incidence of typos, as before, when the data was filled by the surveyor manually," he explains.

The app is already in use in Santos Brasil's logistics area, where the results were very positive: the reading of the seals, which took an average of 7 seconds before the use of the system, was now

done in 1.43 seconds, with 83% accuracy. The next step will be to implement the application in Tecon Santos and, later, to expand its use for reading the unloading seals (importation).

## Other cargo

According to a report made by the shipping agency Williams Brasil, the line of ships waiting to load sugar in Brazilian ports has increased. There were 28 ships in the week ending on September 18, compared to 26 during the week before, on September 11. According to the report, it was scheduled to load 946,639 tons of sugar, against 964,197 tons the previous week.

Most of the sugar must be shipped by the Port of Santos (SP): 749,195 tons, or 79% of the total. Then comes the Port of Paranaguá (PR) with 164,412 tons (17%); and Maceió (AL) with 33,000 tons (4%). The sugar cargo to be exported is of the VHP variety. The agency's report takes into account vessels that are already moored, those that are offshore awaiting mooring, and those expected to arrive by October 2.

During the second week of September, the average daily revenue from Brazilian sugar exports was US\$17.62m between the 9th and 15th. Compared to the August 2019 daily average of US\$21.95m, a 12.3% decrease was observed in the value obtained daily by sugar exports in the accumulated average from September up to the 15th, which is US\$19.25m.

In comparison to September 2018, which had a daily average of US\$37.33m, there was a drop of 48.4% in the average daily value of exports of September 2019. With ten business days recorded in September until the 15th, 688,200 tons of sugar (raw and refined) were exported in the period, with a total revenue of US\$192.5m and an average price of US\$266.70 per ton of raw sugar and US\$378.40 per ton of refined sugar.

The following chart, made from DataLiner data, shows Brazilian sugar exports from January 2015 to July 2019:

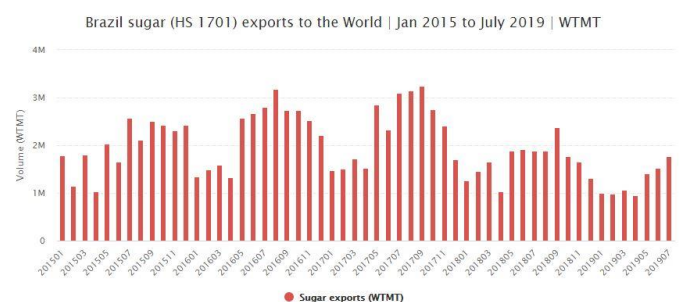


Chart Source: DataLiner/Datamar

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