

**Main news**

**In an interview with A Tribuna, the National Secretary of Ports and Waterways Transportation, Diogo Piloni, said that the privatization of the Port of Santos is among his priorities in the coming months. Check out the following main points of the interview published in A Tribuna.**

**What are the Federal Government's plans for the Port of Santos?**

We see the Port of Santos as a priority for the Secretariat. The minister (of Infrastructure, Tarcísio Gomes de Freitas) has also reputed the theme as of national interest and the justification of this is obvious. The Port of Santos is of great economic importance to the country. We are working on different fronts, but all of them with a very similar bias, which is to bring the private initiative to invest in the Port, be it in models of lease agreements – and there we have a portfolio of lease projects to be bid: the area of Libra, area in Alemoa, Outeirinhos, Saboó, a series of areas liable to lease, and obviously allocating in these contracts to be bid some investments in superstructure and some cases of infrastructure of the Port.

**What about the port infrastructure?**

We have the prospect of discussing the access channel concession, which is in the process of receiving proposals from various stakeholders. And we have the discussion of the privatization model, which has as one of its premises the measurement of values that will enable reinvestments in the infrastructure. This is obviously in access channel, berths, road, and rail access. We cannot forget about the necessary expansions at Portofer so that we have a cargo flow that is not impeded by a bottleneck in the Port of Santos. Outside Porto, the railway concessionaires are in the process of investing. We had the North-South bidding, we had discussions of extension of MRS contracts in São Paulo. So there are huge proposals for investments in rail concessions and the Port cannot be a bottleneck at all for the growth of the rail modal participation in cargo logistics arriving at the Port of Santos.

**And how is the process of privatization of the Port going?**

The Port's privatization process is well advanced. We are in discussions with BNDES to be our partner in hiring consultants that will be necessary for us to study the most appropriate model for the Port. Our expectation is to have the consultants hired by the end of the year with a study meeting. It should take up a few months from the year 2020. We should have somewhere around six or seven months of study and then we begin the process of bidding, the roadshows, the public consultations, the TCU (Union Court of Auditors) consultation, which leads us to believe that the process should be completed in the year 2021 with all the stages completed.

**Is the transfer of management from the Port of Santos to the Ministry of Economy part of this process?**

It is part of the process, depending on the model we draw. Depending on the model, qualification in the National Privatization Program (PND) is required. In this scenario, you would have what the decree provides, an eventual passage for the management of the Ministry of Economy. But this is after all the discussion of the model, the completion of the studies, and this does not concern the Ministry of Infrastructure at all and who has

participated in the discussion of the model, given that the Ministry of Economy is one of those involved in the whole discussion of the model, whether it is a process that is qualified in PND or not. The Ministry of Economy is our main partner in defining the privatization model.

**Ports, terminals and infrastructure**

**Companies operating in the Ports of Paraná are responsible for more than half of the amounts collected by municipalities through the Services Tax (ISS).** In Paranaguá, port activity accounted for almost 66% of the amounts received with the tax, between January and August 2019. In Antonina, the participation was 67%.

The ISS focuses on the provision of services of any nature and the application of resources is determined by the Federal Constitution. Of the total collected, 60% are used freely, such as payment of servers, constructions, renovations, and public equipment, for example. Another 25% must necessarily be invested in education and 15% in health.

*Paranaguá:* data from the Municipal Department of Finance show that, in the first eight months of this year, the municipality raised about R\$103.4m in ISS. Of these, R\$67.5m was paid by companies related to the port sector.

According to Secretary Mauricio Coutinho, the tax represents almost 30% of the municipal collection. "Port activity is the backbone of the municipality's collection," he says. It is thanks to the sector that we are not solely and exclusively dependent on the transfer of the Municipal Participation Fund, like other cities," he says.

In July, the participation of services related to the Port of Paranaguá in the City Hall's cash was even higher. Of the R\$12.5m collected in the month, R\$11.5m came from port services – the equivalent of 92% of the total.

"This value is only what we collect directly from the port activity. We still have to consider all the economic movement that revolves around the sector," adds Coutinho.

*Antonina:* according to the Antonina Municipal Finance Department, from January to August, the city raised R\$6.9m in ISS. Almost 67% of the amount (R\$4.4m) came from the port sector.

**The Ministry of Agriculture, Livestock, and Supply (Mapa) published in 10/03, in the Official Gazette, Normative Instruction (IN) No. 44, which brings the criteria to be followed by ports interested in the compulsory landing of tuna and the like.**

Ports shall comply with the requirements of the Federal (SIF), State (SIE), or Municipal (SIM) Inspection Services, as provided for in Decree No. 9,013 of March 29, 2017. They shall also adapt facilities and equipment, regularize the situation with the state or municipal inspection services, provided that the respective services are recognized as equivalent to those of Mapa.

The Secretariat of Aquaculture and Fishing (SAP) will register the authorized ports and publish the list by specific act.

The normative instruction takes effect on the date of publication.

**The authorities of the Port of Buenos Aires are carrying out various infrastructure works and implementing measures to improve services and significantly reduce costs and logistics times of the site.**

Investments of US\$75m have been made in various works, such as the one at the Port's Dock F, where 10 hectares were filled with material extracted from the Paseo del Bajo works. In addition, a new port access will unify the customs area that is now spread across the jurisdiction, making it more operational and efficient.

The capacity of the Port Support Zone is being expanded by 157%. This is where the trucks wait for their turn to operate at the terminals. These improvements were made so that the 3,200 truck drivers that circulate the area daily can make good use of it.

In addition to the improvements that have been made to this site over the past four years, an agreement has recently been signed between the Port of Buenos Aires and YPF to advance the construction of a fuel outlet to fuel vehicles arriving via the newly opened Paseo del Bajo.

North of the sixth dike, 23 hectares were gained by building an external terminal – similar to those used in the around the world – that will double the current capacity of the port. Similarly, progress will be made in the construction of an exclusive cruise terminal on the first dike to promote cruise tourism.

**The latest on the legal dispute between the concessionaires Super Terminais and Porto Chibatão, of the Port of Manaus: on the October 27th, the judge of the Federal Regional Court of the 1st Region, Jirair Aram Meguerin, rejected Chibatão's appeal to suspend the decision of the National Agency for Water Transport (Antaq) that approved the request for expansion of Super Terminais.**

The Judge understood that the Agency had already examined in detail all the requests made by Chibatão that rejected the arguments of this company in a justified manner. In August, Antaq decided for the third time in favor of Super Terminais to carry out the expansion of the storage yard and the construction of a floating pier. The investment will be of R\$150m.

**The Saboó Pier, on the Right Bank of the Port of Santos, will have temporary tenants. They will be able to explore three areas for a period of 180 days, with the possibility of renewal, until the Federal Government bids these areas. To make the transitional operation possible, the Santos Port Authority (Codesp) opened, on 09/30, a selection process for the companies that will be responsible for the plots.**

The three areas to be explored are 19,000 square meters, 41,000 square meters, and 21,000 square meters. They were occupied by Valongo Maritime Terminal and Rodrimar.

According to Codesp, they can be explored together or separately. The areas are open to receive proposals from different bidders, with no restrictions on the type of cargo, as long as they comply with the legislation.

"Our goal is to maximize the use of the port structure, to offer space solutions for those who demand it and to earn the proper revenue for the Port. A port like Santos cannot make the mistake

of keeping noble areas unused," said Docas CEO Casemiro Tércio Carvalho.

#### Selection

The process of choosing transitional tenants will happen in stages. First, an offer from the interested party is required. In addition to information about the company, you must specify the amount to be offered, which includes the amount to be paid monthly depending on the size of the leased area.

It is also necessary to specify the cargo to be operated and the amount to be paid per vehicle or container within a month, as well as the minimum contractual movement.

Codesp will then disclose the data to other potential stakeholders. If other proposals are received, they will be evaluated and classified for later submission of the documents for qualification.

Then, Codesp shall review this documentation and accept a proposal. After appeals, the contract must be approved by the National Agency for Water Transport (Antaq, the sector's regulator) for the conclusion of the transition term.

**In 09/30, the Santos Port Authority launched the Notice of Simplified Selective Process for the choice of Transitional Tenants to sign a Transition Agreement, an instrument that allows private exploration of idle areas until the respective bidding processes for the assumption of the new tenant are finalized.** The possibility is provided for in Resolution No. 07/2016 of the National Agency for Water Transport (Antaq). Thus, it seeks to make operational use of public assets and meet the needs of supply chains.

The notice is available at [www.portodesantos.com.br](http://www.portodesantos.com.br) and is permanently open. The Simplified Selection Process for each of the available areas, constantly updated on the Port Authority's website, begins with the submission of an offer by any interested party that meets the conditions of participation and is carried out according to the procedure and deadlines set in the notice.

Three areas located at Cais do Saboó (former Valongo Maritime Terminal and former Rodrimar) have already been listed as available.

"Our goal is to maximize the use of the port structure, to offer space solutions for those who demand it, and to earn the proper revenue for the Port. A port like Santos cannot make the mistake of keeping noble areas unused," said Santos Port Authority President Casemiro Tércio Carvalho.

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#### Shipping

**NYK, a Japanese shipping company, conducted the first test of an autonomous ship in the world. The activity was carried out according to the International Maritime Organization's (IMO) preliminary guidelines for autonomous ships.**

The ship, called the Iris Leader, with a gross tonnage of 70,826 tons, made its way from Xinsha, China to Nagoya Port, Japan from

September 14 to 17, and then from Nagoya Port to Yokohama Port, also in Japan, from September 19 to 20.

The Sherpa System for Real (SSR) navigation system was used for this, which calculates the best maritime route based on the verified environmental conditions.

In a statement, NYK reported that during the test the performance of the SSR under actual sea conditions was monitored by collecting information on environmental conditions around the ship from existing navigation devices, collision risk calculation, determination of automatic route selection, and optimum safe and economical speeds.

According to the company, the autonomy test was conducted in accordance with IMO's provisional guidelines for this type of operation, called Maritime Autonomous Surface Ship (MASS).

**Brazil wastes enormous waterway potential by underutilizing navigable rivers from its 12 hydrographic regions. Of the 63,000 kilometers that could currently be used, practically two thirds are not. Waterway transportation in the country makes commercial use (for cargo and passengers) of only 19,500 km (30.9%) of the network.**

There is a lot of bureaucracy, excessive standards and a lack of standardized, more robust legislation. The numbers shown in this new study by CNT, General Aspects of Inland Navigation in Brazil, show that, over decades, the measures adopted did not contribute to the development of this mode.

The CNT study brings a characterization of the sector and presents its history. It also analyzes normative, institutional scenarios and government plans and programs. This will be the first in a series of special journals prepared by the Confederation that will address the country's waterway system.

From 1907 to 2019, for example, the sector underwent more than 20 changes in its management. On average, it was a change every five years. Currently, in the institutional framework of inland navigation, there are more than ten entities with a central role, only at the federal level.

In addition, resources have not been sufficient to ensure greater service delivery and better quality infrastructure. From 2001 to 2018, the maximum amount was invested in 2009: R\$831.79m. But from 2009 to 2018, there was a significant drop, and the investments actually made decreased by almost 80%, reaching R\$173.70m (in 2018). The latest CNT Transport and Logistics Plan indicates that the minimum investment required for inland navigation in Brazil corresponds to R\$166.4bn in 367 projects.

Despite wasted opportunities, Brazilian rivers have shown their potential to develop the country's economy. From 2010 to 2018, the volume of cargo carried by the waterway increased 34.8%, from 75.3m tons to about 101.5m tons per year.

### Highlights

- Brazil has 63,000 km of rivers with potential for navigation, but only uses 19,500 km (30.9%). Two thirds of this potential is not used
- Brazil does not have waterways yet, only naturally navigable rivers
- River use accounts for 20% of China and half of US use

- Mesh used was reduced by 7.1% in extension compared to 2010/2011
- Amazon Hydrographic Region has 16,000 km of navigable length (82.5% of the total navigable in the country). The Tocantins/Araguaia River Basin Region is approximately 1,400 km (about 7% of the total length).
- In the Amazon Hydrographic Region, almost 10m passengers are transported per year.
- In 8 years, cargo transportation by waterway grew 34.8% in Brazil
- A 4-barge convoy is capable of carrying a load equivalent to 2.9 railway compositions of approximately 30 wagons each or 172 trucks.
- There have been more than 20 management-related changes since 1907 – one change every five years on average. This undermines the stability of regulation and the development of the sector.
- Legislation failures are also obstacles
- Effective investments in waterways represent, on average, half of the resources committed between 2001 and 2018.
- Only 10.6% of the estimated average amount was invested in the sector's plans and programs (between 2011 and 2018).
- In 2018, R\$173.70m was invested in inland navigation. The latest edition of the CNT Transport and Logistics Plan estimates that the sector needs R\$166.4bn.

### On 10/01, ANTAQ published two notices of public hearing in the Official Gazette.

The first of these, No. 12, aims to contribute to the improvement of the proposed amendment of Normative Resolution No. 01-ANTAQ, with the goal of regulating the chartering of foreign vessels by time to replace vessels with scheduled mandatory docking. This public consultation will begin on October 3 and end on November 18.

The other, No. 13, aims to collect contributions to improve the proposal to amend Normative Resolution No. 01-ANTAQ and Resolution No. 1,811-ANTAQ, with the goal of regulating the chartering of vessels in maritime support navigation by interested parties that are not authorized as Brazilian Shipping Companies – EBNs. This public consultation will begin on October 4 and end on November 18.

### Meat

#### JBS USA will remove a Beijing-banned growth drug from its US pork supply, accelerating competition for pork exports as China struggles with a devastating pig disease.

The meat packer's move away from the drug ractopamine, a food additive, shows how companies are maneuvering to take advantage of an expected shortage in China, the world's largest pork consumer, due to African swine fever (ASF).

JBS USA, owned by Brazil's JBS SA, said it removed ractopamine from internally owned production systems in August 2018. The company will now also ban the drug from the diets of pigs owned by farmers who sell animals to JBS USA.

The Colorado-based JBS unit sells pork under brands such as Swift and Swift Premium.

Rival US pork producer Smithfield Foods [SFII.UL], owned by China's WH Group, already raises all pigs on its own and contracted farms without the drug.

"We are confident that this decision will bring long-term benefits to our producer partners and our industry by ensuring that US pork products are able to compete fairly on the international market," JBS USA said in an emailed statement.

Ractopamine is used in some countries to raise leaner pigs, but China does not allow its use or tolerate residues in imported meat. The European Union also prohibits ractopamine.

Beijing recently blocked imports of pork from a Canadian company because China's customs agency said a shipment contained ractopamine.

**Revenue from Brazilian pork exports (considering all products, both fresh and processed) totaled US\$124.4m in September, reported the Animal Protein Association (ABPA). The balance is 31.6% higher than the same period last year, with a foreign exchange result of US\$94.5m.**

The volume exported in the ninth month of 2019 reached 58,000 tons, 2.6% more than in the same period of 2018, with 56,600 tons.

In the year, pork sales exceeded US\$1.08bn, an increase of 21.1% over the balance of sales between January and September 2018, with US\$892m.

Total shipment in the period reached 524,200 tons, 12.15% above the 467,400 tons of last year.

"Sales to Asia, especially to China, keep Brazilian pork exports in a positive flow," says Francisco Turra, president of ABPA.

#### Poultry

Brazilian poultry exports (all products, fresh and processed) continue to rise in 2019, according to ABPA data. Sales revenue totaled US\$5.16bn in the first nine months of this year, up 5.7% from the same period last year (US\$4.85bn).

In volume, the balance reached 3.08m tons between January and September, 0.7% higher than the 3.06m tons in 2018.

In September, the exchange value of chicken meat shipments reached US\$538.4m, 6.9% lower than the result achieved in the ninth month of last year, with US\$578.5m. In the month, 323,000 tons were exported, 11% less than the 363,000 tons exported in the same month of 2018.

**Brazilian beef exports have resumed growth from January to September 2019. According to data from the Secretariat of Foreign Trade (Secex), released by the Brazilian Beef Exporters Association (ABIEC), shipped volumes totaled 1.23m tons in this period, 9.2% increase compared to the same period of 2018. In terms of revenues, growth was 4.6% with revenues of US\$4.9bn.**

In September, 145,000 tons were exported, with revenues of US\$609.4m. "We believe that the pace of exports is compatible with market expectations," says Abiec's president, Antonio Jorge Camardelli.

When looking at the main destinations, the highlight remains China, whose exports from January to September totaled 253,000, a growth of 11.2% over the same period last year. Sales to Egypt also boosted the accumulated result, with a 9.4% increase in volume.

**The African swine fever epidemic in China continues to boost the actions of Brazilian meatpackers. As there are still no signs that the virus is under control (on the contrary, the Chinese herd only decreases), investors have strengthened their focus on valuing the main meat companies: JBS, BRF, Marfrig, and Minerva. Together, the four slaughterhouses have never experienced such a positive tide on the stock market, and the situation of 2019 is unlikely to be repeated.**

In September, JBS's shares renewed their historical highs and the Batista family company took third place among B3's most valuable private non-financial groups, surpassing Vivo.

The month was also very positive for Marfrig, which had two new slaughterhouses allowed to export to China, which contributed to the rise of almost 32% of its shares. Marcos Molina's company also counted on the exaggerated optimism of the launch of the vegetable burger.

In this euphoric environment, the meatpackers are among the highest values of Ibovespa. This year, JBS is ahead. Securities rose 183%, the highest in the index. For investors, the bet on Marfrig yielded 101% between January and September, the fourth most relevant valuation. In seventh position is BRF, with a valuation of almost 75%.

Minerva, which is not part of the Ibovespa, was also benefited by the positive outlook for China – the Asian country cleared the company's two slaughterhouses for export in September. In 2019, the company's stock rose 96%.

At market value, the upward trend of the meatpackers meant an increase of R\$77bn. Together, the four companies are now worth R\$131bn.

According to market analysts, Chinese herd data continue to decrease. It is also worth remembering that China consumes 50% of global pork production.

In addition, the dollar has also been favoring exports. For analysts, the trend is that the stocks of meatpackers continue to surf the Chinese tide.

**Minerva S.A. has signed a memorandum to form a joint venture to explore beef business opportunities in China.**

The meatpacker said businessmen Xuefang Chen and Wenbo Ge will be partners in the venture with Minerva and its international unit Athena Foods. Details such as financial values, product volumes, and terms were not disclosed.

Xuefang and Wenbo, protein distributors in China, are already Minerva customers.

"With the establishment of this joint venture [...] the company seeks to maximize its distribution channels in China, enabling new business opportunities, and in order to meet the growing demand for beef protein in China, which today accounts for approximately



15% of all global consumption of beef,” said the Brazilian company.

Yesterday Minerva shares closed the day with a 1.6% increase, while Ibovespa fell 0.66%.

### Grain

**Productivity is the main factor stimulating the growth of Brazilian agriculture in the last 43 years. From 1975 to 2018, the sector grew 3.36% per year on average. This rate is higher than in countries like Argentina, Australia, and China. The historical average of the United States (1948-2015), for example, is 1.38%.**

The study of the Productivity of Brazilian Agriculture, from the Ministry of Agriculture, Livestock, and Supply, shows that the agricultural product increased by 3.81% and inputs increased by 0.44% in the period analyzed.

Productivity gains came mainly from investments in research, the adoption of new production systems, improvements in infrastructure, including roads and outbound production through northern ports and the increased port capacity in Paranaguá (PR) and Santos (SP), and appropriate agricultural policy instruments.

According to José Garcia Gasques, General Coordinator of Policy and Information Evaluation, of the Mapa Secretariat of Agricultural Policy (SPA), improved productivity in the field is associated, in particular, with more skilled labor and efficient use of machines and implements, with quality gains and training to perform the operations. Productivity in recent years, especially in the period 2000-2009, had a favorable performance of 3.8% per year and an output of 5.18% per year.

However, in the last five years (2014-2018), growth has slowed due to weather factors such as droughts that mainly affected grain production. The highlights were 2016 and 2018, when rice, corn, and cotton harvests were strongly affected. Economic performance was another factor that forced small growth.

“It is possible that the productivity of this period was also affected by the complexity associated with an optimal choice of inputs. This can also be accepted knowing that this period [2014-2018] was a difficult period overall, including the slow growth of the Brazilian economy in these years,” explains Gasques.

The study was updated and incorporates preliminary information from the 2017 Agricultural Census, information from annual surveys of IBGE – Municipal Agricultural Production and Municipal Livestock Survey, which allows for greater precision of estimates.

The coordinator also points out that the estimates are made based on the Total Productivity of Factors (TFP), which is the relationship between the agricultural product (perennial and temporary crops, animal production, milk, honey, silk and cocoon, in addition to slaughtering cattle, pigs, and poultry) and inputs (labor, farmland and pasture, fertilizers, pesticides, machinery and implements). The index is comprehensive and allows comparison of productivity indices across countries.

The study included the participation of Embrapa’s Secretary of Agricultural Policy of the Map, the Center for Advanced Studies in

Applied Economics (Cepea/USP), and use of data from the United States Department of Agriculture (USDA).

**Brazil exported 4.44m tons of soybeans in September, down 2.6% year-on-year and 16.5% in the month, according to Brazil’s Secretariat of Foreign Trade, Secex.**

Secex data show that Brazil exported 60.75m tons of soybeans during the first nine months of this year, down 12% when compared to last year.

Since January, Brazil has sent 76% of its soybeans to China. Other major export destinations were Spain, Turkey, Thailand, Iran, and the Netherlands.

Brazil is the world’s largest soy exporter, while China is the largest importer, accounting for over 60% of global soybean purchases.

With continuing US-China trade tensions and uncertainty looming over the US soybean crop, Brazil has a clear advantage in the Chinese soybean market, sources said. However, rising soybean prices, higher domestic demand for crushing and depleted inventories may limit the growth of Brazilian exports in the last quarter of 2019.

### Trade

**The Permanent Representatives of Brazil and Argentina alongside the Latin American Integration Association (ALADI) signed yesterday, on October 3, in Montevideo, a new trade agreement for the automotive sector. The negotiation was concluded on September 6th, in Rio de Janeiro, by the Brazilian Minister of Economy, Paulo Guedes, and Argentine Minister of Production and Labor, Dante Sica.**

The agreement was signed at the headquarters of the Latin American Integration Association (ALADI) and was called the 43rd Additional Protocol to Economic Complementation Agreement No. 14 (ACE-14) between Brazil and Argentina. The agreement was signed by the Brazilian Ambassador Bruno Bath and by the Argentine Ambassador Mauricio Devoto. To enter into force, the treaty must now be incorporated into the legal systems of both countries.

Trade in automotive products accounts for half of the exchange of goods between the two countries. In 2018, Brazilian exports of this sector to Argentina reached US\$7.5bn.

The new treaty provides for the free trade of automotive goods starting July 1, 2029, without any conditionalities. Until free trade is reached, the pact provides for gradual increases, with immediate effect, of the volumes exchanged without charging tariffs.

Currently, Brazil has bilateral agreements with Argentina and Uruguay, negotiates with Paraguay, and works towards an understanding between the four countries within the bloc. Previous understandings between Brazil and Argentina for the automotive sector were being renewed periodically. The new text, however, has an indefinite validity.

**Starting on 10/03, the Special Secretariat of Foreign Trade and International Affairs of the Ministry of Economy (Secint/ME) zeroed the rates for foreign purchases of 147**

**industrial machinery and equipment, computer goods, and telecommunications that are not produced in Brazil.** There are 136 capital goods and 11 computer and telecommunication goods in total, mainly used in the food, medicine, plastics, ceramics, metals, wood, and stamping industries.

The ordinances that cleared the tariffs were published in the Official Gazette of 10/1 and took effect on Thursday. Tax rates, which reached up to 16%, will be reduced to zero by December 2021.

Secint Ordinance No. 3,533, based on an analysis carried out by the Special Secretariat of Productivity, Employment, and Competitiveness of the Ministry of Economy (Sepec/ME), describes 136 capital goods – 135 new and one renewal – that had a reduction from up to 14% to zero in Import Tax.

Secint Ordinance No. 3,534 contains 11 new ex-tariffs for IT and telecommunications goods, which reduced rates from up to 16% to zero.

With the new list, 2,514 ex-tariffs were approved by the Ministry of Economy this year. The objective of the measure is to reduce the cost of productive investments in Brazil and to encourage job creation in the country.

**On October 03, the European Union said it would retaliate against the US decision to impose tariffs on a number of the bloc's exports, including cheese and wine.**

"If the US imposes countermeasures, they will force the EU into a situation where we will have to do the same," European Commission spokesman Daniel Rosario said today, echoing the gloomy outlook expressed by several EU governments. "This is a move that will primarily affect US consumers and companies and will make more complicated efforts towards a negotiated settlement," he added.

That's because, on Wednesday, October 2, the World Trade Organization (WTO) authorized the United States to proceed with retaliatory measures. The new rates should cover up to US\$7.5bn of EU imports.

The US government argues that illegal EU subsidies for French-based aircraft maker Airbus are preventing fair competition with Boeing in the United States. The WTO supported the argument in May 2018.

WTO rules provide that complainants may take countermeasures if the other side does not take corrective action.

Washington says it will impose up to 25% extra tariffs on agricultural products and 10% for EU aircraft. The measures will take effect on October 18.

The United States is also considering imposing additional fees for cars from European countries and other locations

### Logistics

**Five trucks carrying imported goods were successfully tracked by the Paraguayan National Customs Office (DNA) from the exit of the integrated control area of the San Roque González bridge in Encarnación to its arrival in the Ciudad del Este Free Zone.**

This was how the "Vehicle Tracking System" was put into operation experimentally, which will allow Customs greater control over national transit operations which, due to their nature and/or value of goods, imply a greater risk.

"We are really facing a milestone. We have achieved something that has been pursued for years and is an important leap for the modernization of customs controls. The seal is a physical mechanism with sensors that, by means of claws or other fastening method, are temporarily installed to detect the opening of canvas-covered containers, vans or trucks, transmitting this information to the Vehicle Tracking System," says the customs director, Julio Fernández.

The seal is reusable and transmits satellite signal that allows its geographical location to be tracked in real time. The new technology allows the DNA Monitoring Center to track cargo in real time and also inform in real time whether the transport vehicle deviates from the established route or is on its way before reaching its destination.

**Libraport, a unit of the Centro Logístico Industrial Aduaneiro (CLIA), located in the city of Campinas (SP), started a stand alone process.**

The operation consists of the company being commercially, operationally, and administratively independent. They also have a 40% equity interest in Japão Logística, which is part of the multinational group Mitsui.

New employees were hired so that administrative, financial, procurement, legal, IT, among others, may be performed locally.

The company also has a license to operate under the CLIA regime, being duly bonded by the IRS, and the first CLIA in the country to obtain the OAS (Authorized Economic Operator) certification.

"Once again we count on your usual partnership and support from our clients at this important moment in our history. Surely we are working to build an even better future. Our team remains available for any clarifications that may be necessary," concludes Bruno Barbosa, Executive Director of LibraPort Campinas.

### Oil and gas

**In August, Argentina celebrated 16 consecutive months without importing oil, because gas production during the eighth month of the year grew 7.9% and oil extraction increased 5.5%, according to the Ministry of Finance.**

"In August, gas and oil production continued to grow. Gas production in August grew 7.9% over the same month of the previous year; it's the largest production since August 2007," said the ministry.

Natural gas production was the highest in 12 years, totaling 144m m3 per day. However, conventional gas fell by 6% offset by unconventional production, which grew by 31% over the previous year, among which shale gas stood out with a 74% increase, which translates to a daily output of 36 MM m3.

### Other cargo

**Ordinance No. 4,593 was published in the Official Gazette on 10/03, extending the definitive anti-dumping duty applied to**

**Brazilian imports of fresh or frozen garlic, originating in China, for a period of up to five years.**

The Ordinance of the Special Secretariat of Foreign Trade and International Affairs of the Ministry of Economy sets a specific tax rate of US\$0.78 per kilogram. According to the publication, the measure applies to garlic classified in items 0703.20.10 and 0703.20.90 of the Mercosur Common Nomenclature, whatever the types, classes, groups, or subgroups.

The measure was first applied in 1995 and has been extended every five years following successive revisions that have shown that the termination of the anti-dumping duty on imports would most likely lead to the continuation or resumption of dumping and injury to the domestic industry.

The garlic production chain in Brazil is made up of about 5,000 farmers, of which 4,500 are from family farms. The main producing states are Rio Grande do Sul, Santa Catarina, Paraná, Bahia, Piauí, Minas Gerais, Goiás, and Distrito Federal.

Last year, Brazil produced 13.5m 10kg boxes of garlic in an area of 11,500 hectares, and imported 16.5m boxes of 10kg.

In the international market, the main exporters are China (80%), Argentina (7%), and the European Union (5%). Brazil was the 3rd largest importer in the world in 2018, behind Indonesia and Vietnam.

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