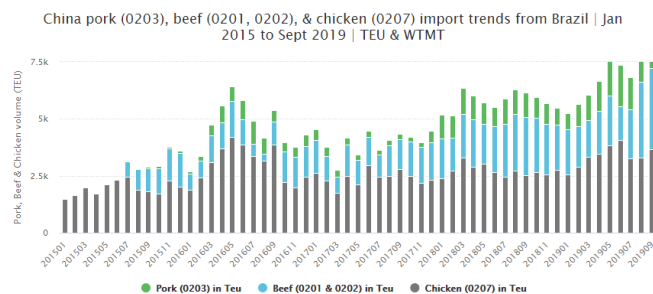


Main news

On Monday (11/04), the Minister of Agriculture, Tereza Cristina, said that China has approved seven meat packing plants in the state of Santa Catarina for the export of pig offal.

Exports can start immediately, she said on Twitter, adding that the approvals were the result of negotiations during President Jair Bolsonaro's visit to China last month.

The following chart, based on DataLiner data from Datamar, shows Brazilian beef, pork, and chicken exports from Brazil to China from January 2015 to September 2019:

**Ports, terminals and infrastructure**

The municipality of Balneário Barra do Sul, on the north coast of Santa Catarina, could get a port venture linked to a business and services complex. The project is called "Super Porto BBS".

According to potential investors, the business could occupy an area of 25.5m m2. The planned investment amounts to R\$4.8bn. The large project foresees the construction in stages of 15 port terminals to meet long-term demands arising from the expansion of international business of companies in the region and throughout the south of the country. The venture will have an access canal that is 18 meters deep to ensure the transit of large ships.

The port industrial complex will also have industries from different segments and an area of export processing zone – an EPZ – to serve exporting companies with tax advantages in the future. The BBS port will have its own railway extension far from urban areas and three road lanes for access to BR-101.

In addition, there are also areas for logistics services for 3,000 trucks, workshops, tire repair stores, shops, and hotels. The study also foresees commercial areas, residential single family homes, schools, a university, and a hospital. An area of 8.5m m2 will be preserved.

It is worth noting that everything still has to be done: from the first legal authorizations of the federal agencies operating in the segment – such as the National Agency for Water Transport (Antaq) to environmental agencies, such as Ibama, federal, and IMA, state.

The north coast of Santa Catarina already has the private port operating in Itapoá; the public port of São Francisco do Sul; private terminals in São Francisco do Sul, in addition to the projected Porto Brasil Sul, also designed for São Francisco do Sul.

Açu Petróleo, a partnership between the Prumo Group and the German Oiltanking, hit a record in handling this year at its terminal at Açu Port, in São João da Barra (RJ). Since the beginning of the year, more than 53m barrels have been handled, surpassing the total registered in 2018, which was 40m barrels.

"We have an efficient and modern terminal that enables safe, fast, and cost-effective operation for our customers. And, increasingly, we realize that these differentials are essential in the decision making of oil companies," said Victor Snabaitis Bomfim, CEO of Açu Petróleo.

The company, which plans to close 2019 with about 65m barrels of oil handled, already has contracts with all oil companies that perform export operations in Brazil. The last to operate at the terminal was Repsol, which handled about 1m barrels produced in the Campos de Sapinhoá (Santos Basin).

With a modern infrastructure and strategic location, close to Campos and Santos basins, Açu Petróleo Terminal conducts transshipment operations in an area sheltered by breakwaters, with ships surrounded by containment barriers and next to an emergency response base, enabling reliable and safe operation with less risk of impact on the environment.

With a depth of 25 meters and licensed capacity to move up to 1.2m barrels of oil/day, Açu Petróleo Terminal is the only private terminal in the country with the capacity to receive Very Large Crude Carrier (VLCC) class ships, considered the largest in the world. Since it began operating in 2016, Açu Petróleo has already carried out 114 transshipment operations, 24 with VLCC vessels.

With the forecast of the increase of oil production and export expected for the next years, Açu Petróleo is developing a project to expand the services provided by the company. "Brazil has a big challenge for the next 10 years, which is to invest in infrastructure to support the growth in oil exports, which can reach almost 3m barrels per day. In this context, Açu Petróleo is developing a project that includes a tanking park and pipelines that will connect Açu to the Campos Basin producing fields and also to the refineries installed in the Southeast of the country," said Bomfim.

In October, the first textile cargo units destined for Paraguay were unloaded and released in the Port of Itapoá.

The operations were supported by the local Brazilian Federal Revenue Customs Ordinance in São Francisco do Sul, which was responsible for all customs control.

With the success of the operation, it is expected that the terminal will be able to move more containers to the neighboring country.

In September 2, the Port of Santos recorded the largest monthly container movement in history, up 9% from September 2018. There were 386,165 TEUs, a result just below the registered number in August 2018 (387,791 TEUs). In the overall total of tons handled, the result fell slightly, by 0.1%, over the same period of 2018, to 11.57m tons.

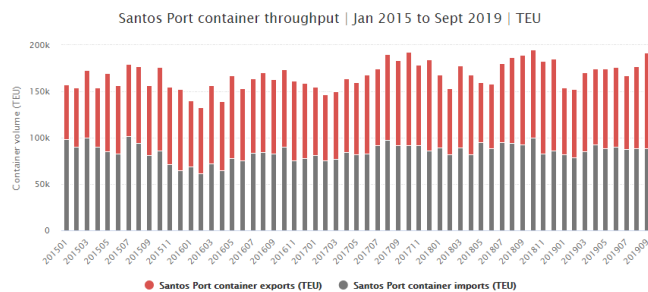
The September result can mainly be attributed to the contractions in bulk sugar (-34.6%), bulk soybean meal (-39.4%), and bulk soybean (-34.9%) shipments, which was also reflected in the drop in the total volume of shipments (-3.7%). The 38.2% increase in corn shipments contributed to soften the overall result of this cargo flow.

Landings, in turn, registered a 9.3% increase in volume handled. The number was impacted by higher fertilizer (+30.6%) and gasoline and diesel oil (+335.6%) loads.

In the first nine months of 2019, cargo handling at the Port of Santos reached the level of 99.98m tons, 0.4% less than in the same period last year (100.40m).

Shipment flow decreased 1.3% in volume, while landings remained high, with a growth of 1.8% in the period compared to the previous year. Soybean (grain and bran) cargoes maintained the largest movement (21.50m tons), although with a decrease in relation to last year (11.3%). Corn, driven by a growth of 61.3%, has the 2nd largest movement (11.10m), surpassing sugar, which recorded a decrease of 11.9% (10.22m).

In the 4th largest movement and leader in landings, fertilizer had a high of 31.4% (3.79m). The following came next: pulp (3.56m tons, growth of 6.4%); diesel oil (landing load, with a 23.6% increase and 1.72m tons); coffee (134% growth, 1.70m); citrus juices (1.58m, down 7.6%), sulfur (landing, 1.27m tons, down 22.3%) and meat (1.18m, up 126.3%).



Container handling, which grew 9% in the month, fell in the year, totaling 3.06m TEUs, 1% less than in the same period of 2018 (3.09m).

The number of ships in the Port of Santos registered 3,616 berths between January and September 2019, a 0.8% decrease compared to the same period of 2018 (3,646 berths). This resulted in a 0.78% increase in average productivity with 28,421 tons per vessel.

RESUMO DAS MOVIMENTAÇÕES DE CARGAS NO PORTO DE SANTOS						
COMPARATIVOS MENSAL E ACUMULADO						
DESCRIÇÃO	SETEMBRO			ATE SETEMBRO		
	2018	2019	VAR %	2018	2019	VAR %
EMBARQUES	8.372.791	8.065.693	(3,7)	71.885.373	70.949.405	(1,3)
DESEMBARQUES	3.206.615	3.503.626	9,3	28.514.622	29.035.409	1,8
Total	11.579.406	11.569.319	(0,1)	100.399.995	99.984.814	(0,4)
PRINCIPAIS PRODUTOS						
EMBARQUES						
Açúcar	1.911.336	1.374.845	(28,1)	11.601.185	10.216.244	(11,9)
- Em sacos	0	0	-	0	0	-
- Em contêineres	97.104	188.356	94,0	636.512	1.251.718	96,7
- Granel sólido	1.814.232	1.186.489	(34,9)	10.964.673	8.964.526	(18,2)
Alcool	56.027	71.472	27,6	543.485	692.260	27,4
Café em grãos	108.138	201.140	86,0	726.816	1.700.702	134,0
Carnes	75.506	157.538	108,6	522.968	1.183.388	126,3
- Bovina	47.566	109.161	129,5	313.668	819.805	161,4
- De Aves	27.677	43.838	58,4	207.524	350.225	68,8
- Outras	263	4.539	1.627,5	1.776	13.359	652,1
Celulose (solta e contêiner)	418.505	438.539	4,8	3.342.709	3.557.453	6,4
Complexo soja	993.754	626.307	(37,0)	24.232.060	21.495.630	(11,3)
- Em grãos a granel	334.387	217.660	(34,9)	19.542.960	16.830.637	(13,9)
- Em grãos em contêim	7.205	17	(99,8)	36.311	12.540	(65,5)
- Farelo a granel	639.902	387.628	(39,4)	4.529.245	4.451.303	(1,7)
- Farelo em contêim	12.260	21.002	71,3	123.544	201.151	62,8
Gasolina	161.172	125.458	(22,2)	916.508	1.069.091	16,6
Milho	1.934.647	2.683.839	38,7	6.879.518	11.096.837	61,3
- Em contêineres	4.270	16.505	286,5	40.798	37.496	(8,1)
- Granel sólido	1.930.377	2.667.334	38,2	6.838.720	11.059.341	61,7
Óleo combustível	58.452	102.329	75,1	1.133.033	917.001	(19,1)
Óleo diesel e gasóleo	131.831	60.224	(54,3)	1.407.548	910.228	(35,3)
Sucos cítricos	201.023	182.465	(9,2)	1.714.770	1.584.193	(7,6)
- Em contêineres	17.526	26.527	51,4	131.793	175.367	33,1
- Granel líquido	183.497	155.938	(15,0)	1.582.977	1.408.826	(11,0)
Sub-Total Embarques	6.050.392	6.024.156	(0,4)	53.020.600	54.423.028	2,6
Outros	2.322.399	2.041.537	(12,1)	18.864.773	16.526.377	(12,4)
Total Embarques	8.372.791	8.065.693	(3,7)	71.885.373	70.949.405	(1,3)

DESEMBARQUES						
Aduo	447.326	584.091	30,6	2.883.702	3.788.903	31,4
Alcool	15.797	1.412	(91,1)	238.618	44.384	(81,4)
Amonia	19.015	32.008	68,3	232.468	221.117	(4,9)
Enxofre	196.778	121.611	(38,2)	1.631.761	1.267.463	(22,3)
Fosfato de cálcio	29.999	98.157	227,2	595.657	714.597	20,0
GLP	88.761	55.664	(35,8)	607.185	496.200	(18,3)
Metanol	19.418	11.859	(38,9)	120.801	79.874	(33,9)
Nafta	17.225	3.802	(77,9)	105.899	78.886	(25,5)
Óleo diesel e gasóleo	42.374	184.587	335,6	1.394.359	1.723.077	23,6
Sal	136.647	100.870	(26,2)	742.586	715.828	(3,6)
Soda caustica	83.306	94.810	13,8	752.811	756.648	0,5
Sulfato dissódico	76.105	70.125	(8,3)	493.357	410.029	(16,9)
Trigo (grãos e farelo)	109.994	45.407	(58,7)	1.080.841	843.683	(21,9)
Sub-Total Desembarques	1.279.745	1.404.403	9,7	10.880.045	11.140.689	2,4
Outros	1.926.870	2.099.223	8,9	17.634.577	17.894.720	1,5
Total Desembarques	3.206.615	3.503.626	9,3	28.514.622	29.035.409	1,8
Total Geral	11.579.406	11.569.319	(0,1)	100.399.995	99.984.814	(0,4)
CONTÊINERES (EMBARQUES E DESEMBARQUES)						
Unidades	223.172	237.705	8,5	1.947.524	1.905.682	(2,1)
TEU	354.271	386.165	9,0	3.091.227	3.060.044	(1,0)
Tonagem	3.927.902	4.293.360	9,3	33.922.903	33.915.215	(0,0)
FLUXO DE NAVIOS						
Atracados	399	415	4,0	3.646	3.616	(0,8)
Obs.: Não obstante a movimentação de algumas cargas ocorrer principalmente no embarque, também podem ser desembarcadas e vice-versa. Para efeito de classificação (emb./desemb.) e lançamento neste quadro, foi considerada somente a tonagem de maior incidência, bem como a natureza de carga de maior incidência (exceto quando especificado).						

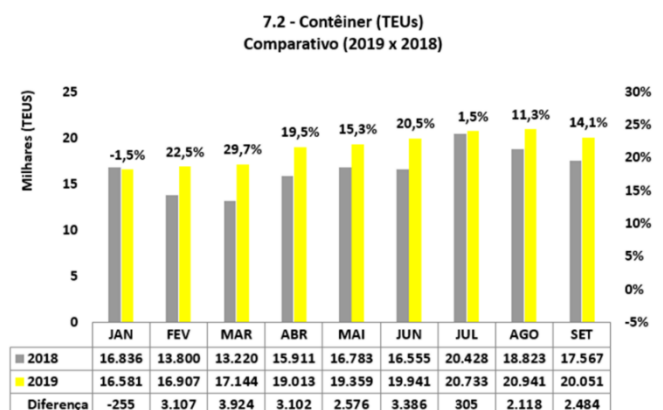
Chilean public ports activity decreased by 2.25% from January to September 2019, compared to the same period of 2018.

According to the latest statistics from the Public Business System (SEP), in the nine months already completed, the port enclosures moved 36.18m tons against 37.02m tons on the same period last year.

The drop in handling, at least in terms of tonnage, occurred in almost all measured cargo segments except bulk. Thus, the overall fractional load decreased from 4.29m tons in 2018 to 3.94m tons in 2019. Meanwhile, containerized goods totaled 25.02m tons this year and 25.42m tons last year.

Bulk cargo increased to 7.22m tons, compared to 7,21m tons last year between January and September.

Container circulation (TEUs) at the Port of Victoria jumped in 2019: from January to September, cargo handling increased by 13.8% over the same period of the previous year. There were 170,670 against 149,923 in 2018, a difference of 20,747 TEUs. Container import and export services are concentrated at the Terminal Vila Velha (TVV).



Last week, Codesa reported an increase in solid bulk handling: up until September 2019, there was a growth of 6.8% compared to the same period last year. In the year, cargo handling at the Port of Vitória was positive by 0.9%, totaling 4.97m tons.

The data are from Codesa's Planning and Development Coordination (Coplad).

The project aimed at concentrating the solid bulk rail unloading on the Paranaguá Export Corridor into an exclusive modal hopper is gaining new momentum. After three months of analysis of the proposal presented by the Engineering and Maintenance Board, in partnership with Rumo, the complex's port operators are interested in moving forward to consolidate the proposal.

Ports of Paraná's CEO, Luiz Fernando Garcia, has already received some considerations, but the terminals have committed to bring together their technical teams, with the public company's Engineering Directorate and Rumo, to define how aerial connections would be made to the new hopper, the rail connections, the best location and position of the rail terminal, and also the operating rules of the new Corridor equipment.

"If we want to grow, as the forecasts indicate, we need to have adequate rail reception. It is an important modal segment that today, in the port, is still underused. Once we train and improve the railroad, we gain the logistics of the port," says the CEO of Ports of Paraná.

The project was presented by Ports of Paraná to representatives of the Paranaguá Export Corridor Terminals during Atexp's monthly meeting in July.

The proposal is to build a hopper (facility to receive and dispose of solid bulk to the conveyor belts) exclusively for the unloading of trains in the Paranaguá Port Export Corridor. The solid bulk, such as soybean, corn, and bran, coming by rail would arrive in this structure and follow to the terminals by conveyor belts.

In principle, it would be three independent lines of belts. Each can hold up to 60 wagons of different products simultaneously. These conveyor belts would be connected to the terminals leased by Ports of Paraná and the other terminals could be interconnected to the system or operate together.

The project benefits the entire logistics chain – ports, operators, transporters – with increased unloading capacity and reduced costs, as well as for the entire community.

For the population, the immediate improvements generated by this reorganization of the railway discharge in the Paranaguá Port Export Corridor will be the elimination of road and rail interference; increased security; fluidity in urban circulation; and noise reduction, especially those generated by train horns.

According to the director of the Board of Directors of the Paranaguá Export Corridor Terminals Association (Atexp), André Maragliano, also manager of Cargill in Paranaguá, with the increased annual railway discharge, the perspective is to further increase the movement through the Corridor. "Today we are already hitting around 20m tons. The project allows us to move to somewhere around 23 to 25 m tons, without other investments, without the increase of new terminals," he says.

A new meeting, already with the feedback from the interested terminals, was scheduled for November 28th. "Now let's sit down together, terminals, Rumo and Appa, to find the best layout that meets everyone's needs, which will make this hopper and

conveyor belts that will connect it to all the terminals as viable, efficient, and productive as possible," says the operator.

Shipping

Hamburg Süd will apply additional charges to its customers for the use of cleaner fuel starting on December 1st.

The carrier noted, in a statement, that the Environmental Fuel Fee (EEF) will be applied as a result of the costs associated with the new fuel, which will be used to comply with IMO 2020 regulation, aimed at reducing sulfur emissions from fuels.

According to Hamburg Süd, the rates were calculated using the price difference between high sulfur content fuel and low sulfur content fuel.

The estimated difference is of US\$193.08 per ton. In this regard, the carrier indicated that, until a reliable price index for fuels with a sulfur content of 0.5% is available, Hamburg Süd will have a 0.1% diesel rate deducted for US\$50/ton.

Greek-flagged ship Bouboulina might be responsible for the oil spill on the beaches of the Northeast, prosecutors said in a statement sent to the Federal Court, that based the search and operation carried out on Friday on two companies linked to the vessel.

In court, the prosecutors narrate all the work that led to the suspicion surrounding the vessel.

"In this regard, it is crystal clear that there is strong evidence that NM BOUBOULINA, from DELTA TANKERS LTD., was the ship involved in the oil spill that generated a marine pollution unprecedented in Brazilian history," the prosecutors said.

"There are also strong indications that the company DELTA TANKERS, the NM BOUBOULINA commander, and crew have failed to communicate to the appropriate authorities about the leakage/release of 'crude oil' into the Atlantic Ocean that has polluted hundreds of Brazilian beaches."

At the request of the Federal Public Ministry, the Federal Court authorized searches and seizures at Lachmann Maritime Agency and Witt O'Brien's, both based in Rio de Janeiro, which would have links with the suspected oil tanker.

Federal Police Delegate Agostinho Cascardo, one of those responsible for Operation Mácula, under which the search and seizure warrants were fulfilled, said that the two companies based in Rio de Janeiro are not in the suspicion of the oil leakage, but would have links with the Greek-flagged ship.

"The two companies are addresses that are linked to the company, they are representatives, consulting companies, they are not in principle suspects of crime. These are people who may have files and data that are useful for the Federal Police investigation," the delegate told a news conference.

The delegate said he had sent five requests for international cooperation to five different countries via Interpol to investigate the ship who allegedly caused the oil spill in Brazilian waters. He pointed out that this is one of the lines of the investigation.

Cascardo said that, based on research data, the oil may have been discarded between July 28 and July 29, 730 kilometers off the coast of Paraíba. He said that it is not possible to know the reason for the disposal of the material, since, although the materiality of the crime is well defined, the circumstance of the crime is unknown.

The delegate stated that the ship can carry 80,000 tons of oil, not one of the largest for this type of use. "What has arrived on the Brazilian coast is a small fraction," he said.

Meat

BRF has signed a memorandum of understanding with the Saudi Arabian Investment Promotion Agency (Sagia) to invest about US\$120m to build a chicken processing plant in the country.

"The company estimates the value of the investment to be about US\$120m, which will allow BRF to expand and consolidate its presence in the Saudi market," said BRF in a securities document.

The idea is for the factory to produce breaded chicken, marinades, hamburgers, among others. The investment comes amid the Middle East's efforts to ease its reliance on chicken imports.

In the Middle East, BRF has 5 factories and 11 distribution centers, as well as over 6,000 employees.

Grain

Argentine corn exports reached a record between March and October 2019, with 35.5m tons according to the Nation's Ministry of Agriculture, Livestock, and Fisheries.

Argentine maize sales reached 36.50m tons until October, which meant a 69.7% increase over the same period of the 2016-17 harvest, when the record of 21.5m tons had been reached.

"This mark achieved by corn is the result of public-private articulation and changes in public policies for the grain sector, after the government eliminated taxes and limits that many years ago reached their shipments, added to technology," said the Minister of Agriculture, Livestock, and Fisheries, Luis Miguel Etchevehere.

Considering the volume of corn shipped between March 1 and October 15, 2019, 27.35m tons left Argentine ports, against 19.36m tons shipped during 2017, the year of the last record in that same period. Thus, there was a 41.3% increase in shipments compared to the previous record.

Also, according to the country's Ministry of Agriculture, "the excellent prospects for exporting Argentine corn are also projected for the 2019/20 crop, as so far exporting companies have registered sales totaling 11.40m tons, against the 4.31m tons, corresponding to the 2018/19 harvest, registered on the same date."

"On the other hand, Argentinian corn reaches 106 destinations so far, consolidating itself as the third world exporter of the product, with great recognition for its quality," added the Ministry.

Soybean planting in Brazil reached 46% of the estimated area for the 2019/20 crop, which began to be planted in mid-

September, lower than the 60% seen last year, said AgRural on Monday (11/04), citing the scarce rainfall.

Despite the slower planting rate compared to 2018, the works exceeds the five-year average for the period, at 45% of the estimated area, AgRural added.

This season, Brazil is expected to reap a record crop of 121m tons, after a 1.3% increase in planted area to 36.4m hectares.

With 84% of the planted area in Mato Grosso, the main grain producing state in the country, and an increase of rainfall in Paraná, where planting reached 60% of the area, now all eyes turn to Mato Grosso do Sul, according to AgRural.

Although planting advanced well last week, to 58% of the area, the state received little rainfall, which forced some farmers to replant, AgRural said.

There are also concerns about planting the country's second corn crop, which occurs after the soybean harvest, the consultancy said, referring to the situation in Mato Grosso do Sul.

If the rains expected this week are confirmed, sowing of soybeans in southern Mato Grosso do Sul will end within the first half of November, allowing corn to be planted within the normal window of the region, which runs until mid-March, added AgRural.

However, the ideal would be that the planting of the "small harvest" of corn would occur until the end of February, to avoid the productivity from being more susceptible to the reduction of rainfall and possible frosts from May, concluded the consultancy.

Minister Tereza Cristina (Agriculture, Livestock, and Supply) announced on 10/30, during the meeting of the National Council of State Secretaries of Agriculture (Conseagri), the approval by the Senate of a loan of US\$195m from Inter-American Development Bank (IDB) for investments in the Brazilian agricultural defense system.

"Yesterday I received the good news, after suffering and sweating, that we were finally able to approve a Senate funding of US\$195m to help the Brazilian health defense," she told state secretaries gathered at Mapa headquarters in Brasília. "It is not a grant, but it is at low interest rates, and this is very important to organize the health system as a whole," added the minister. "We will now fight in the Ministry of Economy for this money to come (soon)."

Tereza Cristina asked the agriculture secretaries to warn the governors about the importance of the health issue. "We need to work under the same norms. We cannot have two Brazils in sanitation," warned the minister. "It is up to us to bring income and new investments. We have to think big," she said, referring to the possibility for all Brazilian states to export their agricultural products, especially to China, Brazil's main trading partner.

"We are setting up at the Ministry a China core that will work in a half day and half night time zone to serve them, so we have to deliver," she said. Tereza Cristina reported that during the meeting in Beijing last week, Chinese President Xi Jinping asked President Jair Bolsonaro to help solve their problem (animal protein supply caused by the decimation of part of the herd affected by African swine fever). "He (the Chinese president) asked Brazil to enable more plants to export meat to China; we were able to authorize 25 refrigerators; they want more," she

said. “We can grow a lot more in other chains besides meat, soybeans, corn, and cotton – and not just for China,” added Tereza Cristina. The minister also informed that the Chinese want to import coffee from Brazil. “Help us bring more coffee to China. That’s what I heard,” she reported.

“It’s up to us to be proactive,” warned the minister. “It’s no use thinking that the Chinese need our animal and vegetable protein if we don’t have sanitation. It is no use having good production and good hygiene if we do not answer the questionnaires (sanitary, required for export). We will end up leaving room for others who can fill paper better than we do; help me with that,” she appealed to the agriculture secretaries.

The Senate’s authorization for the Brazilian government to contract up to US\$195m in foreign credit operations with the Inter-American Development Bank (IDB) was published in today’s Official Gazette. The proceeds of the credit operation are intended to partially finance the Agricultural Defense Modernization and Strengthening Program – ProDefesa.

World coffee production in coffee year 2018-2019 amounted to 168.72m 60kg bags, of which 102.68m bags are arabica coffee, equivalent to approximately 60%, and 66.04m bags are robusta coffee, equivalent to approximately 40%. If a comparison is made with the previous coffee year, whose harvest was 162.85m bags of coffee, being 100.88m of arabica coffee and 61.90m of robusta coffee, it appears that these volumes represent increments, respectively, of 3.7% of total production, 1.8% of arabica coffee volume and 6.7% of robusta coffee volume.

Specifically in relation to robusta coffee, it has been observed that in coffee year 2018-2019 the volume produced in the world increased by 4.14m bags compared to the 2017-2018 volume. In this same context, it can be seen that the Brazilian production of robusta coffee had a similar volume increase, because in 2017 the harvest was 10.72m bags and in 2018 it was 14.17m bags, which generated a physical increase of 3.45m bags. This increase in Brazilian robusta coffee production indicates a recovery in the harvest of this type after the severe drought that occurred in previous years in Espírito Santo, Brazil’s largest producer of coffee, which negatively affected production.

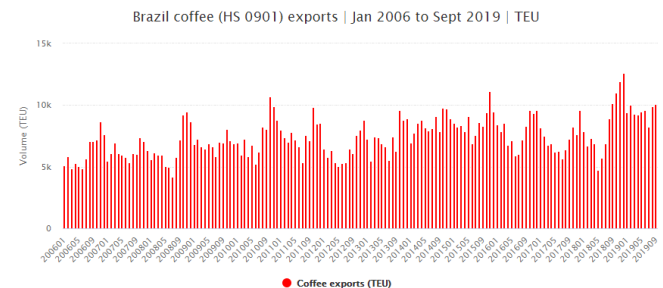
Thus, given the significant participation of Brazil in world coffee production, which accounts for approximately 1/3 of world production, it can be inferred that this increase in the Brazilian crop has contributed to the increase in world robusta coffee production. Extrapolating this same analysis for the Brazilian robusta coffee crop in 2019, it is also possible to deduce that the increase in robusta coffee production should not have such expressive growth in this crop, which is estimated at a volume equivalent to 14.52m bags, that is, growth of only 2.5% compared to 2018.

The data and statistics on world and Brazilian coffee growing that allowed these analyzes to be made were extracted from the Coffee Market Report September 2019, from the International Coffee Organization – ICO, and from the Brazilian Coffee Monitoring – Third Survey – September 2019, from National Supply Company (Conab). These documents are available in full at the Coffee Observatory of the Café Research Consortium, coordinated by Embrapa Café.

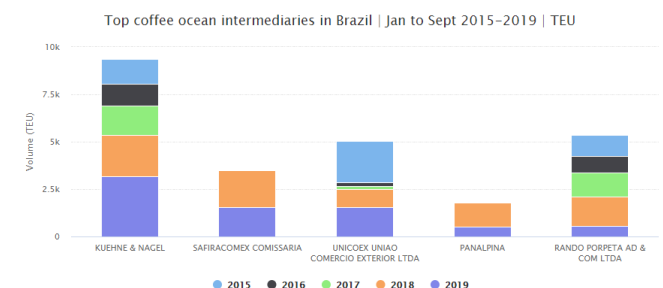
According to the mentioned Coffee Market Report September 2019, supply growth in coffee year 2018-2019 was reflected in

the increase in exports, since in the first eleven months of this coffee year the volume sold abroad was 9.2% higher than the coffee year 2017-2018, with 120.28m bags shipped. From October 2018 to August 2019 Arabica exports exceeded the same period of 2017-2018 by 11.3%. Robusta shipments increased by 5.6% to 42.84m bags in the first eleven months of coffee year 2018/19. For the purposes of this analysis, the ICO coffee year covering the period from October to September is being considered.

Coffee



Intermediários nas exportações de café:



Fonte dos gráficos: Dataminer/Datamar

In the same context of world coffee production performance, in relation to consumption alone, the Organization estimates that global coffee consumption will increase by 2.1% in this coffee year of 2018-2019, as it should reach a physical volume equivalent to 164.82m 60kg bags. Stratifying this global volume of consumption, the ICO points out that consumption in importing countries increased 2.4%, reaching 114.51m bags, which corresponds to 69.5% of consumption on the planet. And, in relation to exporting countries (coffee producers), consumption increased by 1.3% to 50.31m bags, representing 30.5% of world consumption.

Ores

Vale may once again operate the Alegria mine in the Mariana Complex in Minas Gerais, which was closed in March 2019. The company said today (11/01) that it has received the Mine Operations Interdiction Term by the National Mining Agency (ANM), suspending the effects of interruption in the operation made at that time.

According to the company, the authorization releases the capacity of about 8m tons of iron per year (Mtpa) of the approximately 50m (Mtpa) that were paralyzed, as presented in Vale’s 3Q19 Performance Report and will enable the partial return of the dry operations at the Alegria mine. “With the resumption, approximately 42 Mtpa of iron ore production capacity is still paralyzed,” Vale said in a statement.

To ensure a safe return to operations, Vale estimated the increase in production volume in 2019 to be 1 Mt, with no impact on expected total sales this year. The increase in production will occur in the coming years.

"For the next few years production will gradually return, in addition to the margin over volume strategy," said Vale.

Vale has, however, confirmed its guidance [of the company's own estimates for future results] "of iron ore and pellet sales of 307-332m tons for 2019, expecting them to be within the lower limit and center of the estimate."

On 10/31, Vale informed that it has preventively triggered the Level 1 emergency protocol of the Forquilha IV dam, located at Mina Fábrica, in Ouro Preto (MG). According to the National Mining Agency (ANM), the protocol does not require evacuation of the population downstream of the dam.

The decision is a precautionary measure, derived from Vale's own assessment, and agreed on with external enforcement agencies, due to an anomaly identified at the dam during routine inspection. With the new facts observed, the expectation is that the structure's Statement of Condition of Stability (DCE) becomes negative. The Forquilha IV dam has not received tailings since February this year.

According to Vale, the triggering of Level 1 of the Forquilha IV dam does not impact the 2019 production plan, and it is certain that the plan to resume production of approximately 50 Mt remains unchanged, as presented in Vale's Performance Report of 3Q19, as it does not foresee the disposal of tailings in the structure in the coming years.

Trade

Fiat Chrysler and Peugeot's parent, PSA, plan to join forces in a merger of equals that will create the world's fourth-largest carmaker, seeking the scale to fund heavy investments in new technologies and cope with slowing demand.

Fiat Chrysler (FCA) and PSA announced on 10/31 that they intend to reach a binding deal to create a US\$50bn automotive group that will have shares listed in Paris, Milan, and New York. The chief executive of the new group will be current PSA chairman Carlos Tavares and the chairman of the board will be current FCA chairman John Elkann.

In Brazil, the combined group is expected to surpass General Motors and Volkswagen in vehicle sales. From January to September, FCA and PSA registered 395,500 licenses compared to GM's 345,750 and Volkswagen group's 304,600, according to Fenabreve data.

In Brazil, Fiat's largest market outside Italy, FCA has two vehicle factories – Betim (MG) and Goiana (PE) – with a total capacity of about 1m cars per year, as well as two engine factories capable of producing 1.4m thrusters each year. PSA has an automotive hub in Porto Real (RJ), including vehicle and engine factories.

The group will feature the brands Fiat, Jeep, Dodge, Ram, Chrysler, Alfa Romeo, Maserati, Peugeot, Citroen, DS, Opel, and Vauxhall, including popular, luxury cars, SUVs, and commercial vehicles.

The announcement came less than five months after the FCA dropped talks on a merger with Renault.

With the merger, FCA will have access to PSA's most modern vehicle platforms, helping the group comply with stricter pollutant emission standards, while Europe-focused PSA will benefit from FCA's lucrative business in the United States and in large markets like Brazil.

Jefferies analyst Philippe Houchois said the achievement of a merger of equal parts means PSA will pay a 32% premium to take control of FCA.

FCA shares jumped more than 11% in Milan while PSA shares in Paris plunged as much as 14%.

PSA and FCA said they expect to conclude the deal in the coming weeks. The deal will create a group with sales of 8.7m vehicles per year that will be behind Volkswagen, Toyota, and Renault-Nissan.

The two automakers, which also have vehicle factories in Brazil, aim to save 3.7bn euros, of which 80% will be achieved in the first four years of the deal. The companies did not mention closing factories.

Chile has given up hosting an Asia Pacific Economic Cooperation (APEC) trade summit in November and the COP25 climate summit in December because of several weeks of violent riots, President Sebastián Piñera said on 10/30.

The APEC summit would bring together 20 world leaders, including US President Donald Trump and Chinese President Xi Jinping in November 16 and 17. The United Nations Conference on Climate Change (COP25) would have happened from December 2 to 13.

"This was a very difficult decision, a decision that causes us a lot of suffering because we fully understand the importance of Apec and COP25 for Chile and the world," Piñera said in a short statement at the La Moneda Palace in Santiago.

Riots, arson, and anti-inequality protests this month left at least 18 people dead, 7,000 arrested and damages of about US\$1.4bn to Chilean companies. The subway in the capital suffered at least US\$400m in damage.

In a scenario in which Piñera's popularity has reached its lowest level, Chileans are calling for new protests and the United Nations is sending a team to investigate allegations of human rights abuses.

The cancellation of the trade forum took the Trump government by surprise, a White House official told Reuters.

The official said Washington learned of the decision through news reports and is seeking more information.

An unprecedented survey by the National Confederation of Industry (CNI) with leading Brazilian exporters to the countries of Mercosur, Argentina, Paraguay, and Uruguay showed that over 60% of them face customs difficulties to enter neighboring economies. Companies complain of the excessive time for the clearance of goods, excessive documentation, formalities, and fees and charges, in addition to the lack of transparency in the norms.

According to CNI's Director of Industrial Development, Carlos Abijaodi, this problem will only be reduced with the signing of the Trade Facilitation Agreement between Mercosur members. The deal reduces bureaucracy and attacks the main common non-tariff barriers between partners. The industry is expected to sign this agreement at the presidents' summit in early December. It would be the first major delivery of the Bolsonaro government in Mercosur.

"Mercosur customs rules need to be modernized. There are commitments that the four countries in the bloc have already adopted in other international agreements, but have not yet negotiated with each other. Brazil needs an ambitious facilitation agreement, with concrete definitions of deadlines, and tax cuts and bureaucracy commitments to boost trade and integration in the region," says Carlos Abijaodi.

Brazilian exporters are still paying taxes that are not consistent with international rules for exporting to Argentina, Paraguay, and Uruguay. These include the 2.5% statistical rate for exports to Argentina, the consular rate for Uruguay, which can reach 5%, and for Paraguay, it ranges from US\$2 to US\$30 per document, such as a commercial invoice, certificate of origin, and bill of lading. Bilateral agreements with other countries (such as Mercosur-EU and Uruguay Mexico) already exempt exporters from these countries from these taxes in Argentina and Uruguay, which puts Brazil at a disadvantage.

The losses of Brazilian exporters in 2018 alone exceeded US\$500m. "It makes no sense for Brazilians to pay a fee within Mercosur that their competitors are exempt," adds Abijaodi.

The trade facilitation protocol may also shorten the deadline for the release of goods, which according to exporters' report today can reach 30 days in Argentina and Paraguay and 20 days in Uruguay.

The Protocol may also further increase transparency in the block. More than 50% of exporters say that the lack of transparency and information about fees, charges, and rates on the official website is the main problem related to information disclosure in Mercosur. Entrepreneurs also face data difficulties on export procedures and rules for the classification and valuation of goods through official channels.

For CNI, to be innovative, the agreement must include devices with common criteria and a joint schedule in the development of the Single Window and Authorized Economic Operator Programs. The industry needs these models to communicate to reduce import and export lead times.

For the Brazilian industry, the agreement should also provide customs clearance within 48 hours after the arrival of goods, standardization of records and certifications, and maximum deadline for the collection of fines for violation of customs rules. Another expectation of the industrial sector is that the fees and charges are disclosed to the user on the official websites of the countries, in an organized structure and in the official languages of the bloc. "Mercosur is important for the Brazilian economy, we need to accelerate and innovate in this agreement," explains the director of CNI.

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Your contributions, criticisms, suggestions and, if you do them, press releases, will be welcome. Contact: datamarweek@datamar.com.br

Tel + 5511-3588-3033

Datamar Consultores Associados Ltda.

Rua Fuchal 203, 9th floor

Vila Olímpia, São Paulo – 04551-904 – SP