Main news

Brazil, the world's largest soybean supplier, is exporting at a slower rate this December compared to the same month last year, when it exported a total of 4 million tons. So far, in December 2019, daily soybean exports averaged 166,800 tons, in comparison to December of 2018, when the average was 203,500 tons per day.

This drop in Brazilian soybean exports may have been driven by China, the world's largest grain consumer, who has recently resumed consumption of US soybeans as part of trade negotiations between the two countries.

The current partial trade agreement between the US and China may not be a good sign for Brazilian soybean farmers, who export almost 75% of their production to the Asian country.

Ports, terminals and infrastructure

Last week, two vehicle-carrying ships arrived at the port of Itajaí. The first, from Argentina, brought 1,070 vehicles from General Motors. The second, from Mexico, arrived on the 27/12 with 397 Tracker and Equinox units. All in all, since June 2018, 31 vessel calls have been registered and the number of imported vehicles has exceeded the 36,400 unit mark.

"This year we expanded the general cargo movement and next year we will intensify it even more, creating a very interesting mix of cargoes for the port. This ensures work for the port worker, the carrier, the forwarder, the shipping agent, and the whole city benefits as a result", said the superintendent of the Itajaí port, Marcelo Werner Salles.

After unloading and inspection, the cars are driven to customs clearance areas and sent by car haulers to their responsible dealers.

Brazil's water authority ANTAQ, will hold a public consultation to receive suggestions regarding the tender of a terminal in the Port of Maceió named MAC10 between January 10 and February 23, 2020. The terminal's vocation is for handling, storing and distributing liquid bulk cargoes, especially sulfuric acid.

The legal drafts and technical documents will be available at the following website: portal.antaq.gov.br/index.php/acesso-a-informacao/audiencia-publica-2/.

Contributions may be sent to ANTAQ until 11:59 pm on 02/23/2020, exclusively by electronic means.

The material received by ANTAQ will be made available to interested parties at portal.antaq.gov.br.

The Rio de Janeiro Port Authority (CDRJ), which runs the ports of Rio de Janeiro, Itaguaí, Niterói and Angra dos Reis, registered a 14.5% increase in revenues in 2019,growth in revenue. Total sales exceeded R$ 500m, an all-time record for the company.

According to figures released by CDRj's Market Intelligence and Statistics Management, revenues were R$ 64m higher than 2018 (December 2019 revenues were estimated).

In the Port of Itaguaí alone, revenue grew 26.7%. The increase was driven by larger volumes moved by steel company Companhia Siderúrgica Nacional (CSN) combined with a rise in the price of iron ore and the stronger dollar. Another important factor was the handling of dry bulk cargoes at the Sepetiba Tecon terminal, a container operator. Total amount of those cargoes moved added up to 660,000 tons.

A shipment of beach iron was made for the first time via the Multicargas Terminal (T-MULT) at Açu Port. The 20,000-ton shipment was sourced in Ouro Branco (MG) and was loaded onto the MV Nordseine vessel, destined for Spain. Another 30,000 tons are being stored at the terminal, and will be exported in two separate shipments.

According to Açu Port`s commercial operations manager, Filipe Segantine, the new cargo reinforces Açu as a logistics alternative for the Southeast Region, especially for the Minas Gerais market. "In the last quarter alone, Açu has started exporting two new types of mined commodities, thus balancing import and export volumes and optimizing the logistics flow of the terminal. As a private initiative, we are able to meet the specific requirements of each client, not only offering efficient and quality service, but also careful planning in accordance with demand", said Segantine.

The operation was performed at an average loading rate of 11,000 tons per day. With this latest shipment, the volume of cargo handled at T-MULT grew by 20% in 2019 compared with 2018. The terminal also doubled the number of vessels received in 2019 compared with the previous year, reaching 47 vessels to date.

"The results of T-MULT are very satisfactory. We are ending 2019 surpassing the results of previous years, thanks to the expertise of the terminal's professionals, along with the use of high productivity equipment, and always having safety and sustainability as non-negotiable standards," stated Marcelo Patrício, the port`s general operations manager.

Since its inauguration in 2016, the T-MULT terminal has handled 2.11m tons, with 65% of this having the state of Minas Gerais as its origin or destination. During this period, the terminal received 123 vessels and shipped almost 63,000 truck loads. Other features of the terminal are that it has 182,000 m^2 of bonded area, a depth of 14.5m and is approved to receive vessels with a draft of up to 13.1m. It has 500m of pier, with 340m of it currently operational.

The Argentine Naval Prefecture has authorized the Puerto La Plata Management Consortium to operate container ships up to 337 meters long and 48.31 meters wide, callIng exclusively at the TecPlata terminal.

"The administration's main achievement here, aside from further developing operations at TecPlata, is that the maximum vessel LOA has been increased. Previously a city council resolution limited the operation to vessels up to 230 meters long. We have extended that to 320 meters and, days ago, we almost reached 340 meters. If we cannot receive ships that are operating in the services in this region, we do not exist as a port. We work in line with navigation safety requirements and with the Prefecture's endorsement", said José María Dodds, acting chairman of the Puerto La Plata Managing Consortium.

Last week the Geopotes dredging vessel arrived in Santos to restart dredging services at the Port of Santos. The dredger

will be used to re-establish depths at berths at liquid bulk and minerals terminals on Barnabé Island and Alemoa, which were depths were deemed too shallow.

According to the national secretary of Ports and Waterways, Diogo Piloni, the dredging works were under review by the Brazilian Navy. "In November, analysis of the underwater terrain was finalized and the Hydrographic Survey results were published, highlighting that some locations were too shallow," he said.

As a result, the National Department of Transport Infrastructure (DNIT), part of the Ministry of Infrastructure, extended the term of the contract signed with the Van Oord / Boskalis consortium to August 2020 so as to provide continuity of services in pursuing the desired depth. and contractual objective. DNIT Executive Director André Kuhn explained that the contract was set to expire on February 2, 2020, but was extended for six months.

Meanwhile, the a tender for hiring the company that will perform maintenance dredging at the port is being finalized.

Itaqui Port has reached 25 million tons of throughput in 2019, about 12% above 2018. It was among the five best years ever registered for the port. Furthermore it was considered in the top 3 for environmental performance according to Antaq, the water authority. The four main cargoes moved (fuel products, soybeans, pulp and fertilizers) represented R$ 37.5 billion over the last 12 months.

Liquid bulk alone (petroleum derivatives, LPG, caustic soda), accounted for R$ 12 billion, followed by soybeans at R$ 11.2 billion. Pulp cargoes represented R$ 2.7 billion and fertilizer imports accounted for R$ 1.2 million. With these results, Itaqui is among the top 3 ports in Brazil soybean exports and first placed among the Arco Norte ports.

This year also saw four major new expansion projects started in the port (second phase of the Tegram Grains Terminal, plus expansions of the pulp, fertilizer and liquid bulk terminals) as well as the approval by Federal Government of the tender of four new liquid bulk terminals.

2020 Expectations - In 2020, the expanded Tegram terminal will double grain throughput capacity. Operations at Tegram are carried out at berth 103 and from 2020, berth 100 will also be used. By the end of the expansion, the terminal will have a capacity of 14 million tons / year.

In addition, the tender of four new fuel terminals, under the Federal Government's Investment Partnership Program (PPI) will double storage at the port and should take place in the first half of the year. Private investment is estimated at $450 million.

In 2019 the Port of Pecem moved two thousand wind mill blades throughout the year. The number is more than three times higher than in 2018, when 683 blades were shipped to windmill farms located in other states in Brazil, as well as in the United States and Europe.

According to José Alcântara Neto, coordinator of operations, "the Port of Pecém is structured, in partnership with operational service providers, to hire specialized labor and the use of equipment. Everything is done to get things right, from unloading to storage in the yard to boarding on ships. "

"This increase in shipping blades is a consequence of having Wobben Wind Power and Aeris Energy set up in the industrial area of the Pecém Complex. Wobben manufactures its parts for Aeris and produces for Vestas and GE, two major global players in the renewable energy sector, "says Alexandre Holanda, Logistics Development Assistant at Pecém Industrial and Port Complex.

Currently, an area in the port is used exclusively for storage of the wind blades produced in the Industrial Complex. The blades are between 45 and 62 meters long and are as many as 90 blades can be loaded on each vessel.

Wind blades handled in 2019 by the mentioned companies are as follows:

282 – Wobben
691 – GE
1027 – Vestas

From January 6 to February 19, 2020, Antaq will hold a public consultation and hearing regarding regulations for ship to ship operations, also known as lightering, as well as general transportation of petroleum, petroleum products, natural gas and biofuels.

The legal drafts and the technical documents of the public consultation will be available at: http://portal.antaq.gov.br/index.php/acesso-a-informacao/audiencia-publica-2/.

Please note that contributions may be sent to Antaq until 11:59 pm on 02/19/2020, exclusively through an electronic form available at http://portal.antaq.gov.br.

Shipping

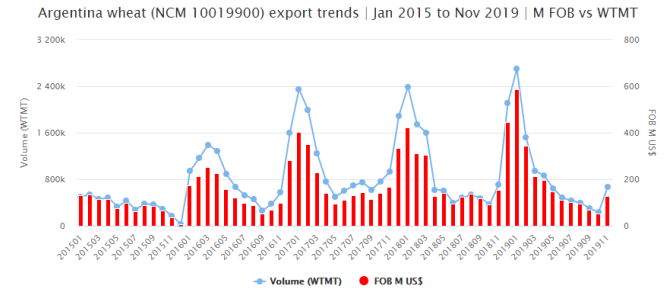
According to Argentina's Ministry of Agriculture, Livestock and Fisheries (MAGyP), foreign sales of wheat recorded in December 2019 – the beginning of the wheat crop – reached 3.9 million tons, an all-time record.

However, the country is struggling to get the wheat out of the Paraná River, as the river's depth in parts is currently half of its historical average for December, forcing grain-loading ships at the Gran Rosario terminals to sail only partly full.

The height of the Paraná River in Rosario, according to data from Argentina's National Water Institute (INA), has been about 1.55 m in recent days. This height is 1.7 m below the normal height for the period. INA's forecasts for next week are of a small increase, with estimates of 1.65 meters for the coming days.

Although navigating the main channel does not present great difficulties, the current low volume of water makes port maneuvers rather risky. Depending on the daily height of the water, ships may leave Gran Rosario terminals with as much as 40% less cargo than a full ship. This efficiency loss requires important logistical adjustments for exporting companies, increasing their operating costs.

The following chart, with data from Argentina's National Institute of Statistics and Census Indec, shows the country's wheat exports from January 2015 to November 2019:



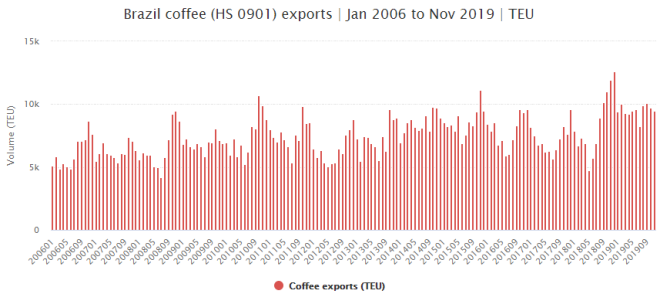
Fonte do gráfico: Indec

Grain

In 2018, Brazil, a world leader in the coffee industry, produced 61.7 million 60-kg bags of coffee, of which thirty-six million were exported, mostly as green coffee, resulting in US$ 5.15bn in revenues. Following the EU-Mercosul Trade Deal Brazil's exports are set to grow considerably.

According to the Brazilian Coffee Exporters Council (Cecafé), out of the above total, about 17.5 million bags (49%) were shipped to the European Union, specifically to markets in Germany, Italy, Belgium, France and Spain.

The below chart, based on Datamar DataLiner data, shows Brazilian coffee exports from January 2015 to November 2019:



Fonte: DataLiner/Datamar

The trade deal, signed in June 2019, should benefit Brazilian coffee producers, removing tariffs currently charged for coffee exports to the EU. When the agreement becomes valid (it must first be approved by both trade blocs' parliaments), Brazilian coffee, currently taxed at 9%, will gradually have its tax reduced, until it is freely traded after four years, making Brazilian products more competitive in the European market.

The European Union was the second largest destination for Brazilian instant coffee exports in 2018 (466,000 60-kg bags), losing out only to the United States (644,000 60-kg bags). Abics (the Brazilian Association of the Soluble Coffee Industry) projects a 35% growth in export volume over the next five years.

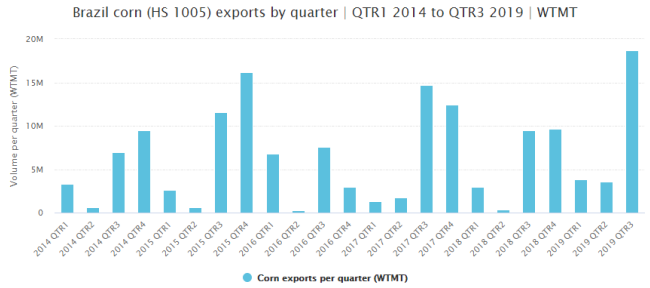
According to the agreement, a substantial percentage of EU green coffee imports for roasting (40%) and of soluble coffee (40% to 50%) must come from Brazil. This will allow Europeans to sell roasted and soluble coffee to Mercosul countries tax free.

According to the US Department of Agriculture (USDA), Brazilian corn consumption is expected to reach 66.3 million tons by 2020.

Due to the outbreak of African swine flue and the ensuing decimation of China's pig population, the USDA predicts that Brazil's national demand for corn will grow, an effect of increased animal feed demand as Brazilian meat exports grow to supply the gap in China.

Another reason for an increase in Brazil's demand for corn is the rise in corn ethanol production. According to the National Corn Ethanol Union (UNEM), Mato Grosso will inaugurate five corn ethanol plants in 2021.

The following chart made from DataLiner's data shows corn exports since 2014:



Fonte do gráfico: DataLiner/Datamar

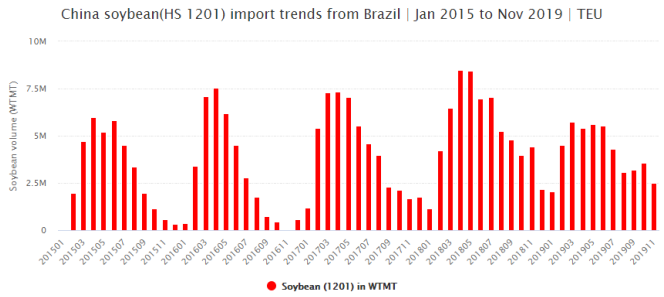
Argentina, a major corn exporter, has already sold much of its 2020 harvest to trading companies that will export the product and, according to the USDA, the 2020 crop will be around 50 million tons.

Preliminary data from China's customs service indicates that soy imports reached 8.28 million tons in November. The volume is 53.8% higher than what was reached in the same month of 2018.

China bought 2.56 million tons of soybeans from the United States in November, which was almost double the volume it bought in October, which was 1.15 million tons. During this period, the exemption of tariffs for soybean purchase had not been issued by the Chinese government. In November of 2018 there was no record of US purchase,as during the period the trade war between the two countries set the tone of the negotiations.

According to the Chinese agricultural database CoFeed, Brazil remains China's largest soybean supplier, with 3.9 million tons imported in November.

The following chart, based on Datamar DataLiner data, shows Brazilian soybean exports to China month-to-month, from January 2015:



Fonte do gráfico: DataLiner/Datamar

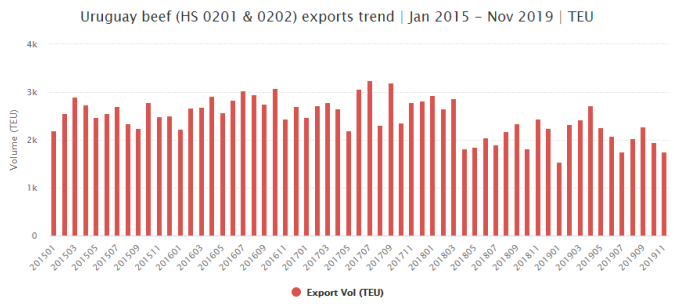
Rising price - According to Reuters, the most traded US soybean futures contract rose on Thursday (12/26), reaching its highest price since June 2018, with optimism about US-China trade. US traders and farmers expect China's largest soy importer to increase grain purchases in the US following the announcement of Phase 1 of the two-country trade agreement, which includes Beijing's commitment to increase purchases of American agricultural products.

Meat

According to Inac, Uruguay's National Meat Institute, Uruguayan beef exports increased 7.9% in 2019, as a result of a US$ 25m brand-positioning marketing plan played out in China, the United States, Germany and Japan.

Subsequent to the investment, Uruguay has been able to raise its beef prices from $ 4,000 per ton to $ 5,000 per ton and its export volumes from 400,000 to 500,000 tons.

The following chart, made from Datamar's DataLiner data, shows Uruguayan beef exports month by month:



Fonte do gráfico: DataLiner/Datamar

In addition to the brand positioning campaign, other measures adopted by Uruguay included the approval of a meat safety and transparency law.

DatamarWeek is our weekly newsletter. Previous editions can be downloaded at www.datamarnews.com
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