

Main news

**Brazil's Inland Revenue division has announced some measures that will improve customs procedures for cargoes in transit within Brazil. For example, cargoes moving from a sea port to a 'dry' port in the interior of the country. Or cargoes that are simply moving through Brazil but have origin and destination outside Brazil.**

The measures aim to bring efficiency to Brazil's foreign trade processes, reducing costs and time taken on importing procedures. Some of the main measures adopted include:

- The creation of a functionality to allow documents to be attached electronically with the Customs Transit Declaration (DTA), eliminating the need to submit papers.
- New functionality for customs authorities to receive documents via the system.
- Integration of the Portal Siscomex and Siscomex Transito systems, allowing the DTA to be linked with the scanned documents (linking the DTA with the dossier containing the documentation).
- Guidance provided to stakeholders via the Customs Transit Manual on the government's website. Especially on topics related to the document attachment functionality and details of the new procedures.
- Publication of Normative Instruction RFB nº 1.918, which brings adjustments to the text of IN SRF nº 248/2002. The latter regulates customs transit rules, and the normative instruction provides the legal adjustment necessary.

Ports, terminals and infrastructure

**The Port of Suape set a new historical record in 2019 handling 23.8 million tons of cargo, up 2% compared to the previous year when 23.4 million tons were handled. A previous record had been broken in 2017, when 23.6 million tons.**

The result is sign of economic recovery, but is also directly associated with a cargo diversification strategy by the port management. Containerized cargoes at the port also set a historic record, registering a 5.7% rise, from 5 million tons in 2018 to 5.3 million. This was equivalent to 4.7% growth in TEU (from 454,721 to 476,304).

The amount of liquid bulk cargoes (fuels, LPG, mineral oils, etc) handled remained stable, growing 0.1%, rising from 17.624 to 17.634 million tons. As a result, Suape consolidated its position as the largest liquid bulk port in the country. Liquid bulk cargoes represent 74% of all cargo handled at the port and are the main reason that Suape is the main cabotage port in Brazil. The port is used as a hub, attending large ships and distributing cargoes to other terminals on smaller ships.

Break bulk cargoes grew the most out of all types of cargo, closing the year with 386,500 tons, a 54.8% increase. In the previous year

the total handled was 249,600 tons. Break bulk cargo includes commodities such as sugar in bags (346% growth), tower and wind turbine equipment (increase of 323%), steel sheets and coils (increase of 77%), billets and vehicles, among others. The large increase in break bulk cargoes was driven by sugar exports to Africa and Turkey, as well as steel shipments to Colombia, Peru, Jamaica and Canada.

Dry bulk cargo registered 5.5% growth, closing the year on 490,800 tons, 25,000 tons more than in 2018. The rise was driven by the first coke shipment from the Abreu e Lima Refinery (RNEST), carrying 31,000 tons to China. Wheat and slag make up the rest of the dry bulk cargoes. The number of ships that called at the Port of Suape rose from 1,461 to 1,474 in 2019.

Imports increased 8.7% in 2019, totaling 5.62 million tons, 450,000 tons more than in 2018. Cargo exports fell 5.3%, totaling 2.33 million tons last year compared to 2.46 million in 2018. One of the main factors driving the drop was the vehicles sector, which fell to 46,721 units in 2019, 19,563 units less than in 2018. This drop was caused by the economic crisis in Argentina, the main destination of Brazil's vehicle exports via Suape. Despite the drop, Suape continues to be the port that handles the most vehicles in the Northeast.

**New business** – 2019 was marked by the opening of three projects in the Suape Complex. Aché Laboratórios Farmacêuticos opened the first stage of its factory in October. Built on an area 250,000 square meters, the new plant will produce, package and distribute medicines to the entire Northeast region. Investments are in the order of R \$ 660 million.

In May, Camil Alimentos, a rice, beans and sugar processing plant, was inaugurated. With an investment of R\$ 22 million and 170 direct and indirect jobs, Camil has 6,500 m<sup>2</sup> of built area and a production capacity of 10,000 tons per month. At the end of the year, SIW Kits Eólico started its operations, occupying 7.66 hectares of area and generating 40 direct and 30 indirect jobs. The industry came to integrate the Suape wind farm, initially serving LM Wind Power, a manufacturer of wind blades that belongs to the GE group and has been operating in the Suape Complex since 2013.

**Prospects for 2020** – The expected return of managerial autonomy to the Port of Suape will be one of the milestones of 2020. At the end of December last year, the port filed that request with the National Secretariat of Ports, proving its compliance with the indicators established in Ordinance No. 574 / 2018 of the Ministry of Infrastructure, which created the Port Authority Management Index (IGAP). The response is expected to come out in the first half of the year.

The participation of a private partner in the management of the Port of Suape is important. A study on the feasibility of the initiative was agreed between the State Government and the Ministry of Infrastructure. The idea is for the private sector to take over management of the port area, with the State remaining the ultimate owner.

The move is seen as important for Suape to be able to speed up the bidding processes for new terminals, to manage port leasing contracts and to inspect operators. An answer is expected towards the end of the year as the matter evolves throughout 2020.

Another great expectation for this year is the bidding for the lease of the second container terminal at the Port of Suape. The process went through adjustments in the TCU and should be launched by Antaq soon. Tecon 2 should receive R \$ 1.2 billion in private investments and will play an important role in enhancing Suape as a national hub port.

Three truck sorting yards will also be inaugurated this year with 500 static spaces each.

Another initiative that will be consolidated this year is the implementation of SuapeGeo. The project will unite several technologies such as geoprocessing and geolocation, among others. As a result it will consolidate information on Suape's territory and on the dynamics of how it interacts with the different players. One of the gains will be the more precise identification and characterization of the geographical space, helping to negotiate areas for companies to set up, in addition to supporting the fight against deforestation and invasions.

There is a prospect of resuming the implementation of the Suape Branch of the Transnordestina Railway, as the State Government has been building deals with the Ministry of Infrastructure to find a solution to the continuity of the work.

**The governor of Mato Grosso do Sul, Reinaldo Azambuja, said the inauguration of the new port terminal in the municipality of Porto Murtinho is scheduled for February 24.**

Once exports begin flowing from the terminal, FV Cereais, which owns the terminal, intends to consolidate itself as one of the largest exporters in the state.

The company, currently based in Dourados, exports around 1.2 million tons of soy and corn per year at the moment. Following the investments made in the terminal, which reach R\$ 110 million, the group will have the capacity to handle two million tons per year of grains and sugar.

To take advantage of the barges that use the river system, the group will import fertilizers from Uruguay. An experimental shipment was already executed in 2018, when 2,000 tons were imported. Savings amounted to about 8% compared to imports via the Port of Paranaguá, and then transported by truck.

**In 2020, Portos do Paraná, a public company, plans to pay at least R\$22.66 million to the Paranaguá municipal authority, thus finally becoming debt free.** This refers to the ten further installments that were due for a debt accumulated between 2014 and 2018, and will be paid monthly from January to October. This also includes the current annual permit fee for its location, valued at R\$3.7 million.

After seven years without paying for its port location permit, the company managed to negotiate its debt down from R\$77 million to R\$25 million. In 2019, more than R\$10 million of this debt was paid, which was historic. The amounts due were related to municipal taxes that started to be charged in 2014, when the former APPA changed the legal nature of an autarchy to a public company. "There was an active debt of R\$77 million. In addition to renegotiating this amount in the special Tax Recovery Program (Refis), we ended years of administrative litigation and reached a consensus that part of what was charged would be waived," says the legal director, Marcus Vinícius Freitas

**According to data released by the Santos Port Authority's (SPA) Tariff and Statistics Management, the Port of Santos registered a record breaking performance in 2019. The result is both for general traffic as well as containerized cargo.** Total throughput reached 134,010,492 tons while containerized cargo reached 4,165,248 TEU (standard measure for 20-foot containers). Both general traffic and containerized cargo broke records last year. Total numbers grew by 0.64% while containerized cargo grew 1.04%, respectively.

SPA Operations Director Marcelo Ribeiro recalls that in 2019 the monthly record was broken twice: "There were 12.74 million in July and 12.78 million in October", he says. The director also highlights the actions taken: "We have increased inspection and released public berths for new operations in order to increase productivity and maximize usage.

These initiatives led to a drop in the length of ship lines waiting to berth at the Port of Santos: "The daily average number of vessels in the bar waiting to enter the estuary fell from 80, in March, to 55 in October and finally 45 in December", concludes Ribeiro.

**Throughput in December** - In December, containerized cargo, rose 9.8%, setting a new record for the month, up to 364,390 TEU. These figures surpassed the previous largest results, achieved in December 2018 (331,730 TEU). Total cargo handling also went well and reached 10,211,886 tons, confirming its second largest mark, second only to the record reached in December 2018 (10,843,180 tons).

The record breaking numbers are definitively driven by discharging operations. With 39,655,404 tons, they showed a growth of 2.1% over 2018 (38,820,812 tons), while shipments maintained the same performance of the previous year.

In the total for the year, the most prominent goods among the discharged cargoes that showed growth were fertilizer (5,632,365 tons, +23.0), diesel oil and diesel (2,506,596 tons, + 33.6%) and phosphate from calcium (1,007,272 tons, + 28.6%).

In terms of cargo shipped, operations with corn (16,595,410 tons, + 31.1%), coffee beans (2,274,350, + 85.4%) and meat (1,683,772 t, +116, 8%).

Container operations had a great year. The monthly total in TEUs was already mentioned (364,390, + 9.8%), and units reached 224,922, up 7.2%. The monthly total in tons was 3,975,894 tons, almost 40% of total cargo for the month and up 3, 6%. In the year so far, as well as the 4,165,248 TEU, the historical record was also set for cargo tonnage, with 45,987,430 tons, 34% of the total cargo handled in the Port of Santos in 2019, and an increase of 0.3 % compared to 2018.

Analysis of the number of ship calls saw that in 2019 there was a slight decrease of 0.2% in relation to 2018, with 4,842 vessels. The average consignment registered an increase of 1.26%, up to 28,495 tons per ship.

RESUMO DAS MOVIMENTAÇÕES DE CARGAS NO PORTO DE SANTOS  
COMPARATIVOS MENSAL E ACUMULADO

DESCRIÇÃO	DEZEMBRO			ATE DEZEMBRO		
	2018	2019	VAR %	2018	2019	VAR %
EMBARQUES	7.428.161	6.910.026	(7,6)	94.338.950	94.355.088	0,0
DESEMBARQUES	3.415.019	3.301.860	(3,3)	38.820.812	39.655.404	2,1
<b>Total</b>	<b>10.843.180</b>	<b>10.211.886</b>	<b>(5,8)</b>	<b>133.159.762</b>	<b>134.010.492</b>	<b>0,6</b>
<b>PRINCIPAIS PRODUTOS</b>						
<b>EMBARQUES</b>						
Açúcar	942.524	1.230.545	30,6	15.063.910	14.234.405	(5,5)
- Em sacos	0	0	-	0	0	-
- Em contêineres	120.714	126.701	5,0	915.408	1.745.977	90,7
- Granel sólido	821.810	1.103.844	34,3	14.148.502	12.488.429	(11,7)
Alcool	71.061	56.603	(20,3)	806.403	857.043	6,3
Café em grãos	214.147	210.654	(1,6)	1.226.985	2.274.350	85,4
Carnes	118.651	185.070	56,0	775.507	1.683.772	116,8
- Bovina	86.426	132.491	53,3	492.286	1.189.550	141,6
- De Aves	31.238	50.220	60,8	280.465	474.382	69,1
- Outras	987	2.369	139,1	3.756	19.840	428,2
Cellulose (scota e containerizada)	431.499	560.089	29,8	4.652.155	5.002.881	7,5
Complexo soja	794.434	1.001.015	30,9	26.691.829	25.680.395	(6,0)
- Em grãos a granel	182.617	434.476	137,9	20.574.662	18.758.663	(8,8)
- Em grãos em contêineres	5	3	(41,5)	36.341	12.837	(64,7)
- Farelo a granel	585.982	541.822	(4,3)	5.911.258	6.050.938	2,4
- Farelo em contêineres	15.890	147.714	55,8	169.568	264.951	57,4
Gasolina	147.654	62.853	(57,4)	1.265.096	1.408.878	8,8
Milho	2.074.078	1.218.551	(41,2)	12.662.487	16.595.410	31,1
- Em contêineres	4.404	3.499	(20,8)	54.263	64.573	18,8
- Granel sólido	2.069.674	1.215.052	(41,3)	12.608.124	16.530.837	31,1
Óleo combustível	74.596	85.701	20,2	1.290.983	1.195.427	(7,4)
Óleo diesel e gasóleo	179.776	124.531	(30,7)	1.938.427	1.295.357	(33,2)
Sucos cítricos	236.737	150.122	(36,6)	2.375.389	2.185.713	(8,0)
- Em contêineres	19.496	30.807	58,0	179.009	275.194	53,7
- Granel líquido	217.241	119.315	(45,1)	2.196.380	1.910.519	(13,8)
Sub-Total Emarques	5.255.207	4.889.792	(7,0)	65.760.181	71.822.633	4,4
Outros	2.172.954	2.020.244	(7,0)	25.558.769	22.532.455	(11,8)
<b>Total Emarques</b>	<b>7.428.161</b>	<b>6.910.026</b>	<b>(7,0)</b>	<b>94.338.950</b>	<b>94.355.088</b>	<b>0,0</b>
<b>DESEMBARQUES</b>						
Aduco	720.076	495.979	(30,9)	4.581.015	5.632.365	23,0
Alcool	5.721	695	(87,9)	249.792	48.412	(80,6)
Amonia	33.686	32.007	(5,0)	314.844	332.152	5,5
Enxofre	167.388	171.167	2,3	2.129.403	1.748.235	(17,9)
Fosfato de cálcio	32.998	97.692	195,1	783.557	1.007.272	28,6
CLP	30.836	46.346	50,3	788.689	648.413	(17,8)
Metanol	18.956	15.466	(18,4)	180.286	119.740	(33,6)
Nafta	6.754	6.719	(0,5)	131.213	93.249	(28,9)
Óleo diesel e gasóleo	198.940	241.620	21,5	1.876.190	2.506.595	33,6
Sel	88.369	47.986	(45,9)	965.716	692.801	(28,1)
Soda caustica	81.534	116.324	42,7	964.651	1.023.104	9,9
Sulfato dissódico	15.093	66.846	342,9	618.584	562.759	(9,0)
Trigo (grãos e farelo)	115.330	80.223	(30,4)	1.313.945	1.162.646	(11,5)
Sub-Total Desembarques	1.915.681	1.422.569	(25,8)	14.918.085	15.777.744	5,8
Outros	1.899.338	1.879.291	(1,1)	23.902.727	23.877.660	(0,1)
<b>Total Desembarques</b>	<b>3.415.019</b>	<b>3.301.860</b>	<b>(3,3)</b>	<b>38.820.812</b>	<b>39.655.404</b>	<b>2,1</b>
<b>Total Geral</b>	<b>10.843.180</b>	<b>10.211.886</b>	<b>(5,8)</b>	<b>133.159.762</b>	<b>134.010.492</b>	<b>0,6</b>
<b>CONTÊINERES (EMBARQUES E DESEMBARQUES)</b>						
Unidades	209.789	224.922	7,2	2.564.811	2.586.082	(0,3)
TEU	331.730	364.360	9,8	4.122.243	4.165.248	1,0
Tonagem	3.837.510	3.975.894	3,6	45.950.602	45.987.430	0,3
<b>FLUXO DE NAVIOS</b>						
Atracados	418	404	(3,3)	4.853	4.842	(0,2)

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).

Summary of cargo handling at the Port of Santos

The Estivas sugar mill is carrying out a pilot project in the Port of Natal for sugar exports. On January 20, the ship "ITHAKI", arrived at the port to receive 12,000 tons of refined sugar bound for Mauritania, Africa.

Since October 2010, the Estivas mill has not exported sugar via the Port of Natal. Now the company intends to reinsert sugar as one of the products exported by this terminal, adding fruit and ores, among other products.

Brazil's Port of Itapoá saw an increase in containers throughput in 2019 up to 439,000 units. Imports and transshipment were the drivers at the terminal, rising 25% and 46%, respectively. Just over 217,000 units were either imported or trans-shipped, the largest volume of cargo moved by ports in Santa Catarina.

Another highlight of 2019 was the increase in cabotage shipments. Cabotage at Itapoá has grown every year since the beginning of the Terminal's operations. As a result, in 2019 an all-time cabotage record was set, with more than 30,000 units handled, up 24% on the previous year.

The main drivers for growth were completion of the terminal's expansion plans and the introduction of new services reducing transit times between ports in the region. These factors should place Porto Itapoá as the largest container terminal in Santa Catarina, and help it become established as the third largest terminal in Brazil.

This jump in the rankings would be published in the monthly reports of ANTAQ, Brazil's waterways' authority. Up to November 2019, ANTAQ's numbers marked Itapoá's growth as the largest among Brazil's five main ports. Final disclosure of 2019 figures should take place in the first week of February, when December data will be published.

According to Cássio Schreiner, President of Porto Itapoá, 2019's results are historical. "Porto Itapoá has only been in operation for 8 years, and we are already one of the largest container terminals in the country," he says. "We understand that this achievement is the result of assertive planning enhancing the special characteristics of Itapoá, with its natural calling in Babitonga Bay, added to a relationship of trust and true partnership with shipowners, importers and exporters".

In 2019, the Port of Paranaguá moved more sugar, grains and bran in train wagons than in trucks. While rail transport increased 4.53%, road transport fell 3.84% for the same products.

In 2018, a total of 111,468 wagons discharged products at the Port of Paranaguá. In 2019, this total rose to 116,514 railcars.

The number of trucks, however, decreased by 3.84%. In 2018, 421,270 vehicles were loaded with soy, corn and bran. In 2019, this number dropped to 405,085 trucks.

It is to be expected that the use of railways will grow even stronger in the transport of cargo from the interior to the port terminals of the State.

"Our goal is to equalize participation of the two transport modals over the coming years. We strongly believe in rail's operational capacity and we are working together with the port community", says Luiz Fernando Garcia, CEO of Portos do Paraná.

The share of rail cargo in 2018 was 20.92% while 79.08% travelled in trucks. In 2019 this increased to 22.34% rail cargo to 77.66% by trucks.

Railway operations at the port of Paraná are carried out by Rumo, which serves 22 terminals on 43 different lines, operating around 800 wagons. In addition to dry bulk exports, these terminals also operate in dry bulk imports, dry bulk (fertilizers), liquids (fuels) and General Cargo (Cellulose and Container). Each has a different static capacity and productivity.

The line of ships at the Port of Santos fell 44% in 2019 compared to the previous year. According to SPA (Santos Port Authority), previously known as Codesp, this is due to increased efficiency at the Santos berths. According to the agency, the daily average of vessels waiting to enter the port fell from 80 in March to 55 in October. In December, it fell to its lowest level yet, to 45 vessels. The numbers take into account ships that are previously scheduled to berth as well as those that anchor without an appointment.

As the queue fell throughout the year, cargo handling increased. Preliminary figures indicate a 0.7% increase in cumulative data for 2019, up to to 134 million tons, a new historical record for the port.



"We have increased inspection and released public berths for new operations with a view to increasing productivity in the berths and maximizing their use," says the director of Operations for Santos Port Authority (SPA), Marcelo Ribeiro.

**The Port of Vitória exported 820,000 tons of pig iron in 2019, a 29% year-on-year increase in the volume handled. The operations were carried out at berth 905, at public terminal Paul, in Vila Velha.**

Pig iron arrives at the port via rail from Minas Gerais and is loaded straight onto vessels waiting at the pier. As a result of its close proximity to Minas Gerais, the port of Vitoria receives a large share of its pig iron exports. On average the state produces about 2.3 million tons per year, 35% of which is shipped via the port.

Last year, having won the bid for the contract, Multilift Logística was the port operator for all pig iron cargo operations at the Port of Vitoria. The bidding process for the contract was organized by the Minas Gerais State Iron Industry Syndicate (Sindifer), in conjunction with CODESA.

All cargo handling equipment used for loading the cargo is owned by Sindifer, including a rail hopper, conveyor belt system and ship loader. It is however Multilift's responsibility to provide maintenance of the entire loading system, therefore guaranteeing the efficiency and working order of the equipment which is over 50 years old.

**A survey by Brazil's Ministry of Infrastructure found that three out of the country's seven federally-run port authorities reversed financial losses in 2019 and registered a profit. They were the SPA (Santos Port Authority), formerly known as Codesp, which manages the Port of Santos (SP). Codeba (Companhia Docas da Bahia), which manages the ports of Salvador (BA), Ilhéus (BA) and Aratu (BA). And CDP (Companhia Docas do Pará), which manages the ports of Santarém (PA), Miramar (PA), Itaituba (PA), Vila do Conde (PA), Belém (PA), Outeiros (PA) and Óbidos (PA). According to the study, the consolidated result of all seven companies drastically improved, seeing a reduction from a loss of R\$ 1 billion to a loss of R\$58 million.**

The state of Pará's CDP went from a loss of R\$33 million in 2018 to a profit of R\$35 million last year. Codeba, reversed its loss of R\$ 11.4 million to a profit of R\$ 9.7 million. And lastly, the SPA posted a profit of R\$150 million in 2019, after having registered a loss of R\$ 468 million in 2018.

According to the national secretary of Ports and Waterway Transports, Diogo Piloni, "This is the result of improved management, reduced payrolls, contract optimization, increased revenue and price adjustments. Some companies that were damaged for years have managed to reverse their results. Even those that did not post a profit, have managed to improve their financial results", he said.

The survey also pointed to a 1% growth in Brazilian port movement between 2018 and 2019. Data used for the study was consolidated based on figures from Antaq (National Waterway Transport Agency) and port authorities. Finalized data was used for the months up to October 2019 while estimates were taken for November and December.

The study also found that 19 terminals registered an increase in the volume of cargo handled. Santarém (PA) saw the most growth, up 30.7% in 2019, followed by the Port of Itajaí (SC) with an increase of 23.2% in relation to 2018. The Port of Vila do Conde (PA) came third, with a 19.3% increase in cargo volume.

Dry bulk cargoes were responsible for the growth seen at the Port of Santarém, accounting for almost all of the 12 million tons transported in 2019. Dry bulk was also the main driver at the Port of Vila do Conde, representing 73% of the total handled last year. Both ports are managed by CDP (Companhia Docas do Pará). At the port of Itajaí the products most handled were wood, derivatives and chicken on the export side. In imports the main cargoes were plastics, rubber and chemicals.

According to Piloni, the only reason the results were not even better was because of the rupture of the VALE dam in Brumadinho (MG), in January last year. As a result of the breach, iron ore exports were severely diminished across the country. "Additionally, the outbreak of swine fever in China, the main consumer of Brazilian soy, impacted the volume of grains exported," he said. In any case, out of the 19 ports that posted a profit, there was a 6.1% growth in throughput. Volumes rose from 296 million tons in 2018 to 313 million tons in 2019.

**Sector projections** - In 2020, in addition to the privatization process of Codesa (Companhia Docas do Espírito Santo), SPA, and the administrator of the Port of São Sebastião (SP), the government plans to hold 15 auctions – nine port terminals have already been qualified by the PPI (Investment Partnership Program). Forecasts are that by 2022, 28 auctions will have been held, raising investments of around R\$3.8 billion.

**Brasco, a Wilson Sons Group company, has entered into a partnership with APM Terminals Pecém to set up a temporary logistics base at the Pecém Industrial and Port Complex. It will be the first offshore port support operation carried out in the port of Ceará.**

Scheduled to start in the first half of 2020, the logistics base will support the drilling of a well in block CE-M-717. The location of the well is in the Ceará Basin and it will be operated by Premier Oil, a British oil company. Storage of cargo, water supplies and other consumables for the offshore platform will be available. Additionally, waste management and tank cleaning services will also be offered.

The Pecém Industrial and Port Complex is located between the municipalities of São Gonçalo do Amarante and Caucaia, 60 kilometers from Fortaleza. Last year, the port terminal handled 18.1 million tons of cargo. A new berth is also expected to begin operating in the first quarter of 2020, to support the offshore operations.

### Shipping

**On 22/01, at ANTAQ (National Waterway Transport Agency) in Brasília, the director general of the organ, Mário Povia, Brazilian director of the German Technical Cooperation Agency (Deutsche Gesellschaft für Internationale Zusammenarbeit – GIZ), Michael Rosenauer, signed an agreement to gather knowledge aimed at protecting port areas against the impacts of climate change. Such impacts can bring considerable loss to the sector such as physical damage and shutdowns.**

The studies will form a foundation for action to be taken in protecting the port environment. The cooperation period is estimated to be 18 months, and will be supported by the Institute for Space Research (INPE-MCTI) and the Infrastructure, Economy and Environment Ministry.

The German Technical Cooperation Agency operates in Brazil with a focus on renewable energies and energy efficiency, as well as the protection and sustainable use of tropical forests. Its line of action includes sustainable urban development and financing opportunities for investments in favor of the climate. Other activities are the implementation of regional and global programs and now protection of port areas against climate change too.

**A study developed by Brazil's ANTAQ waterways authority has found that protectionist restrictions to cabotage occur all over the world. The study was conducted by the Management of Development and Studies (GDE), part of ANTAQ's Superintendence of Performance, Development and Sustainability (SDS).** It aims to foster regulatory options to increase competition in container transportation in cabotage. The study found that restrictions on cabotage exist in all the geographical regions of the globe and in states with different political, economic and legal systems. Such restrictions mainly refer to the entry of foreign-flagged ships and the ownership and registration of foreign ships.

According to the agency, cabotage protectionism exists along the coasts in about 80% of the world (comparing the coastlines of nations with cabotage with the coastlines of nations without cabotage) and in 70% of the member states of the Maritime Organization Council International (International Maritime Organization – IMO).

The study found that Brazil is among the countries that exercise policies that protect the maritime cabotage industry. However it also allows the entry of foreign shipowners under controlled conditions. This also occurs in France, Germany, Italy, Greece, Portugal, Spain, Finland, Sweden, Russia, India, Canada, Mexico, Uruguay, Argentina, Chile, among others.

Another finding is that countries with similar coastlines to Brazil and able to develop an effective coastal navigation system have, to some degree, measures which protect their coastal navigation. Some of these countries are: Turkey, India, Italy, Mexico, China, Greece, the United States, Japan, Russia and Canada.

The study also presents an extensive bibliography review, which summarizes the main reasons cited by countries for adopting protectionist or liberalizing measures on cabotage shipping.

**According to a report by alphaliner.com, the global container fleet is expected to grow considerably in 2020. Estimates are for a 3.5% increase in capacity this year compared to the previous year, taking the global fleet to 24.05 million TEUs.** The biggest driver in that growth will be the addition of new vessels to come on-stream which will represent 1.14 million TEUs. Most of the larger, newly built vessels are likely to be delivered on schedule, with delays expected only on smaller vessels intended for intra-regional cargo transportation.

Scrap is expected to reach 300,000 TEUs this year, up from 207,500 TEUs in 2019. Whilst the scrap rate is expected to remain slow in the first half of the year, it should increase in the second half.

According to the study, shipping companies will have to manage their fleet growth carefully to avoid adding too much capacity to the market this year. Amongst the major shipping lines, MSC and Maersk have the largest number of vessels that are currently being modernized with purifiers, whilst HMM, CMA CGM and Evergreen will introduce the largest number of new vessels this year.

### Grain

**The drought in Australia, the loss of production in Russia, the logistical problems in France, the unfavorable climate for the new harvest in the United States, Europe and the Black Sea regions, and even greater demand from Asian countries are some of the factors that are driving up wheat prices worldwide.**

Argentina, the main supplier of wheat to Brazil, was the country most favored by the general situation. They benefitted from the strong increase in demand, increased competitiveness in the international market and the rapid commercialization of this harvest by local producers. A total of 75% of the newly harvested crop of 18.5 million tonnes has already been sold, leaving a low volume that can be exported.

As a result this led to a sharp rise in Argentine wheat prices, that reached almost 26% over the last 60 days, from US \$ 190 per ton FOB to US \$ 240.

Brazil's national wheat, has, in turn, followed the increase of international prices, mainly due to the sharp 33% drop in production in Paraná, due to drought and frost climate issues.

Wheat prices in Paraná increased from R\$ 850 per ton to R\$ 1,000 (+ 18%), and in Rio Grande do Sul they increased from R\$ 700 per ton to R\$ 900 (+ 28%) in a few weeks.

There is also supply pressure in large markets such as São Paulo and Minas Gerais, which have already sold their entire national crop.

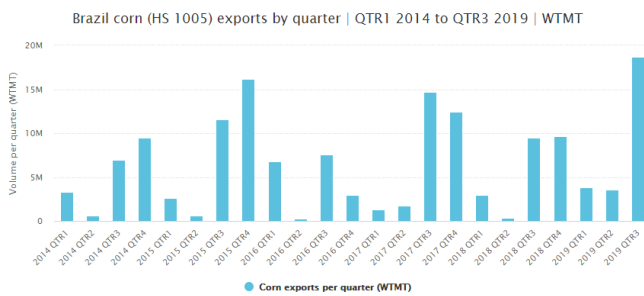
According to Abitrigio, this turbulent period will continue at least until the beginning of the next harvest in mid-September.

A further important factor for Brazil's market is the large devaluation of the real against the dollar, which jumped from R\$ 4.00 in early November 2019 to the current R\$ 4.18 (+ 4.5%).

For Abitrigio, there is now a strong cost pressure on Brazilian wheat mills, which should drive a significant increase in flour prices over the coming weeks.

**GMAZ, the Grain Millers Association of Zimbabwe, has purchased 100,000 tons of maize from South Africa and Brazil. The first shipment of the cargo is due to arrive in the country next week.** According to the president of GMAZ, Tafadzwa Musara, the corn was acquired through free funds, after a decision made by the government in December 2019 to allow the country's mills to do so. "The country's current demand for corn is 80,000 tons," he said.

Brazil is a major world exporter of corn. The following graph, uses DataLiner data to show quarterly cereal exports since 2014:



Fonte do gráfico: DataLiner/Datamar

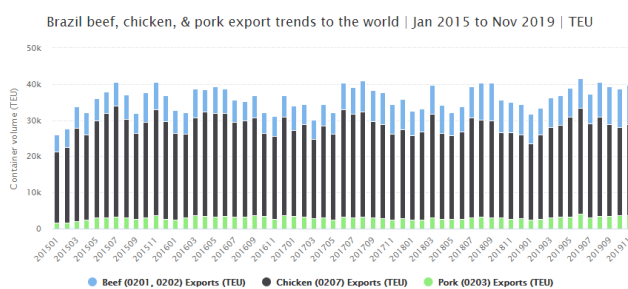
### Meat

**According to a report published in Brazil's Folha de S. Paulo, some Chinese beef importers are trying to renegotiate previously agreed prices for meat that has already arrived in China from Brazilian and Uruguayan exporters.**

Uruguay's farmers' associations has complained that the discounts would total about \$ 60 million and would lead to a drop in cattle prices.

The report also states that some Brazilian plants recently authorized to export to China are facing financial difficulties as a result of requests for renegotiation. In these cases, the Brazilian companies invested in new infrastructure in order to be granted export status but are not being paid. China dramatically increased beef imports in 2019, after the African swine flu virus decimated much of its pig population, prompting the country to seek alternative protein.

The following graph, made with DataLiner data, shows Brazilian meat exports from January 2015 to November 2019:



Fonte do gráfico: DataLiner/Datamar

According to the report, some Brazilian beef exporters are trying to reroute cargoes that have not yet arrived in China to other destinations, such as Iran.

### Other cargo

**According to data released by the Central Bank of Paraguay, banana exports across the country in 2019 broke a record.** In 2000, the country exported 66 tons of bananas to the Argentine market. This developed to 32,694 tons exported in 2015, at an average price of US \$ 254. In 2019, banana exports broke the record at 66,730 tons, for US \$ 11.7 million.

Recently, Paraguay authorities confirmed the Chilean market was opened to Paraguayan bananas. The country sent its first shipment of 1,248 cardboard boxes to Chile.

Paraguay's main competitors for banana exports are Ecuador and Bolivia. Bolivia was affected by an internal conflict in the second half of last year, which ended up benefiting Paraguay.

**According to Abiquim, the Brazilian Chemical Industry Association, Brazil imported US\$44.1 billion in chemical products last year, equivalent to 47.6 million tons. This is a 2% year-on-year increase in value and 5.4% higher by volume compared with 2018, reaching record import levels according to Abiquim.**

Arab countries are significant exporters of fertilizers. According to data from the Arab Brazilian Chamber of Commerce, the Arab block made fertilizer sales of over US\$2 billion to the Brazilian market in 2019. By volume this equates to 7 million tons, a 2.7% rise compared with the previous year. Morocco is the largest exporter to Brazil from this region.

**Exports** - Abiquim reported that Brazilian exports of chemical products were at US\$12.6 billion in 2019, an 8.1% drop compared to the previous year. One reason is the difficult economic situation in Argentina – traditionally the main regional market for Brazilian chemicals. This led to a 6.6% increase in the deficit in the chemical trade balance which has been steadily growing over the past four years, reaching US\$31.5 billion in 2019.

### Trade

**Tereza Cristina, from the Agriculture, Livestock and Supplies Ministry, was in New Delhi (India) on Thursday (23/01) for a seminar on Opportunities in Energy and Mining. At the event, the minister promoted the idea that India and Brazil should form a partnership to expand the production and use of ethanol.**

According to Tereza Cristina, Brazil and India are responsible for approximately 55% of global sugarcane and 35% of sugar production. With regards to ethanol, Brazil manufactures more than 30 billion liters per annum and is the world's second largest producer, whilst India produced was only 1.5 billion liters in 2018. "In this context, there is an enormous potential for cooperation between our nations. An increase in ethanol production in India would bring, in addition to the socio-economic benefits already observed, great environmental gains," said Cristina.

According to the minister, India's increased production of ethanol would help stabilize the global price of sugar which is currently falling. "The possibility of cooperation with India will serve to support the creation of the global ethanol market. From India's perspective, there would be gains as it would lead to a reduction in pollution in large cities, a greater supply of renewable energy and reduced dependence on oil imports". Also at the meeting were the Mining and Energy Minister, Bento Albuquerque, Brazil's ambassador to India, André Aranha Correa do Lago, and India's Minister of State, R. K Singh.

**Food security** - Tereza Cristina was also present towards the end of a meeting on Partnership in Food Security, which brought together representatives from the Indian Food Importers Forum and the Brazilian Animal Protein Association (ABPA). The United Nations estimates that India is set to become the most populous country in the world by 2030, overtaking China. Given this projection, the minister pointed out that Brazil is able to become the main supplier of animal protein to India.

Brazil made its first chicken export to India last year, with 33 tons exported. Cristina believes that Brazilian exports to the Indian market have the potential to grow at an average rate of 7% per year, but this depends on import taxes being reduced. "For our strategic trade partnership in chicken meat to be established, it is essential to reduce import tariffs. In the case of frozen whole chickens, India levies a 30% tariff on imports from Brazil, whilst for frozen cuts the tariff reaches 100%. India recently opened its doors to accept pork imports although sales have not yet been made, largely due to the 30% import tariff. The complex system for issuing import licenses still makes the process too time consuming and costly", said Cristina.

**On January 22, U.S. President Donald Trump threatened to impose high tariffs on European Union car imports if the bloc did not close a trade deal.**

Trump had previously made threats to tax European auto imports, with the intention of getting better terms in the US-Europe trade relationship. Trump has repeatedly postponed the application of tariffs.

"I met the new head of the European Commission, who is excellent. And I had a great conversation. In an interview at the Davos World Economic Forum, Trump said 'look, if we don't get something, I'll have to take action' and the action will be very high tariffs on your cars and other things that come into our country."

Ursula von der Leyen succeeded Jean-Claude Juncker at the end of 2019 as the EU's top official, becoming the first woman to hold the post.

**Data released by Brazil's Foreign Trade Secretariat (Secex), part of the Ministry of the Economy on January 20th, shows total foreign trade values reached US \$ 5.864 billion in the third week of January.**

Exports totaled US \$ 2.524 billion, while imports reached US \$ 3.340 billion. As a result, an US \$ 816 million deficit was registered. In the accumulated result for the month, total trade reached US \$ 16.760 billion, with US \$ 8.847 billion in exports and US \$ 7.913 billion in imports. The result represents a surplus of US \$ 934 million.

Check out the full trade balance data below:

Período	Dias Úteis	EXPORTAÇÃO		IMPORTAÇÃO		CORR. COMÉRCIO		SALDO	
		Valor	Média p/dia útil	Valor	Média p/dia útil	Valor	Média p/dia útil	Valor	Média p/dia útil
Janeiro (até a 2ª semana)	7	6.351	907,2	4.573	653,2	10.923	1.560,4	1.778	254,0
1ª semana (01 a 05)	2	2.893	1.446,4	1.129	564,3	4.021	2.010,7	1.764	882,1
2ª semana (06 a 12)	5	3.458	691,5	3.444	688,8	6.902	1.380,3	14	2,7
Acumulado no ano	7	6.351	907,2	4.573	653,2	10.923	1.560,4	1.778	254,0
Janeiro	7	6.351	907,2	4.573	653,2	10.923	1.560,4	1.778	254,0
Janeiro/2019	22	18.085	822,0	16.388	744,9	34.473	1.566,9	1.697	77,1
Dezembro/2019	21	18.155	864,5	12.555	597,9	30.710	1.462,4	5.599	266,6
Var. % Jan-2020/Jan-2019		10,4		-12,3		-9,4		4,8	229,2
Var. % Jan-2020/Dez-2019		4,9		9,3		6,7		-68,2	-4,7

Fonte: Secretaria de Comércio Exterior (Ministério da Economia)  
Jan-2020: 22 dias úteis; Jan-2019: 22 dias úteis; Dez-2019: 21 dias úteis.

According to the data published, average exports in the third week reached US \$ 504.8 million. This is 44.1% below the average of US \$ 903.3 million registered up to the second week. This is due to a decrease in sales in three product categories. Semi-manufactured products fell 49.1%, from US \$ 141.5 million to US \$ 72 million. The drivers were semi-manufactured products made of iron or steel, cellulose, gold in semi-manufactured forms, leather and hides, and ferro-alloys.

In the basic segment, the fall was 43.3%, from US \$ 453.7 million to US \$ 257.3 million. The main drivers were iron ore, crude oil, crude cotton, beef, pork and chicken, iron ore, copper. In manufactured products, the decrease registered was 43%, from US \$ 308.1 million to US \$ 175.5 million. The main drivers were airplanes, acyclic alcohols and their halogenated derivatives, fuel oils, earthmoving machinery and equipment, aluminum oxides and hydroxides.

On the other hand, imports rose by 2.2% in the same comparison. The third week average reached US \$ 668 million, higher than the average up to the second week, which was at US \$ 653.4 million. The increase is mainly due to the increase in spending on fuels and lubricants, pharmaceuticals, copper and its works, beverages and alcohol, as well as steel.

**Between January 12th and 17th, inspectors from the GACC, China's General Customs Administration, inspected melon producing farms in Rio Grande do Norte and Ceará. The Chinese organization deals with plant and animal health issues and visited Brazil's two largest melon producing states.**

The inspections are a result of the trade agreement reached in November between Brazil and China which sees Brazilian exports of melons exchanged for imports of Chinese pears. It was at the BRICS summit in Brasilia a few months ago that the health protocols were signed between Presidents Jair Bolsonaro and Xi Jinping. The purpose of the inspection was to check the plantations are free of fruit flies.

In addition to the farms, the Chinese group visited packing houses and laboratories. They were accompanied by representatives from the Agriculture, Livestock and Fisheries Ministry (Mapa), the Agricultural Defense Agency of the State of Ceará (Adagri) and the Agricultural Defense and Inspection Institute of Rio Grande do Norte.

Reports suggest that the Chinese delegation appeared satisfied after the inspection and, therefore, it is hoped that Brazil will soon start exporting melons to China, the world's largest market for that particular fruit. In 2017 it consumed about half of all global production, equivalent to 17 million tons in 2017. If Brazil were to capture a market share of just 1% it's melon exports would double.

In 2018, Brazil exported around 200,000 tons of melon to several countries, such as the United States, Chile, Argentina, Uruguay, Russia and the European Union. The Brazilian harvest coincides with the off-season in China.

DatamarWeek is our weekly newsletter. Previous editions can be downloaded at [www.datamarnews.com](http://www.datamarnews.com)

Your contributions, criticisms, suggestions and, if you do them, press releases, will be welcome. Contact: [datamarweek@datamar.com.br](mailto:datamarweek@datamar.com.br)  
Tel + 5511-3588-3033

Datamar Consultores Associados Ltda.

Rua Fuchal 203, 9th floor

Vila Olímpia, São Paulo – 04551-904 – SP