

**Main news**

**Despite the coronavirus, Brazilian agribusiness exports have been growing apace this year with pork exports showing the biggest percentage increase and soya exports to China heading up the volume statistics.**

**The rise in Brazil's exports of agribusiness** - On the export side, Brazil has bucked the trend of international trade despite deteriorating economic, political, and Coronavirus health crises and, according to several carriers and government sources, the agribusiness success story looks set to continue for the rest of 2020.

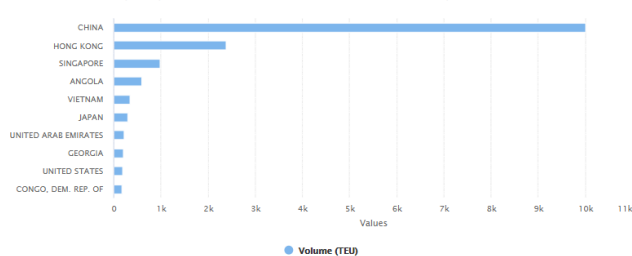
According to the Ministry of Agriculture, Brazil had its best April for agribusiness exports since 2013 and the Association of Private Port Terminals (ATP) noted that the overall trade surplus for the first four months of this year was US\$19.7 billion, some 14.56% higher than the same period of 2019, although this is also due to falling imports.

Heated demand, especially from China, saw Brazil export 36 million tons of soya during the first three months of this year, according to Cargonave, the maritime agency, up 100% on the same period of last year.

And leading the way outside of the soya arena are pork exports. In fact, Brazilian pork exports smashed through two barriers during May of this year: they registered more than 100,000 metric tons and totaled more than US\$200 million in revenue for the first time in a calendar month, according to the Association of Brazilian Animal Protein (ABPA).

Bolstered by African Swine Flu devastating domestic reared pigs in China, and the ongoing trade war between Donald Trump's USA ( the world's second-largest pork exporter with US\$5.22 billion in sales and a 15.8% share of the overall market) and China, Brazilian exporters have made the most of favorable circumstances and during the first four months of this year, 10,002 TEU of pork was shipped to China and another 2,385 TEU to Hong Kong, according to Datamar's statistics.

Top 10 pork destinations from Brazil | Jan 2020 to Apr 2020 | TEU



Fonte: DataLiner (Para solicitar um demo do DataLiner clique aqui)

With total worldwide exports from Brazil for the period totaling 16,257 TEU that gives the two Chinese destinations a massive 76.19% market share. The next best is Singapore with a paltry 6%. With Russia slashing its share of the market over the past three years, from 43% in 2017 down to just 0.13%, Brazilian pork shippers have become very dependent on the Chinese market.

Francisco Turra, the president of ABPA and a former Agriculture Minister (for 18 months between 1998 and 1998, under President Fernando Henrique Cardoso), said that May's pork exports were

52.2% higher than last year, and revenue was up 58.4%, achieving US\$ 227.9 million.

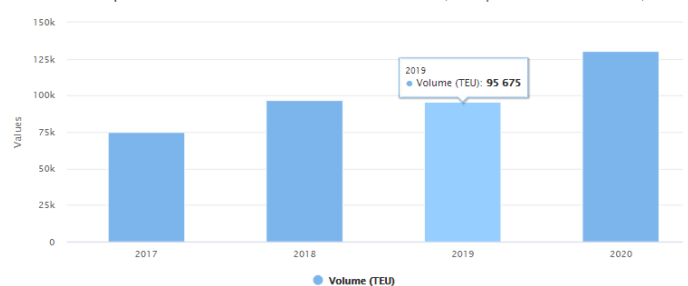
In the accumulated result for the year (January to end of May), pork exports reached 383,200 tons, 34% above that achieved in the first five months of 2019. In terms of revenue, the balance was 54.8% higher, with US\$878.3 million in 2020, according to ABPA figures. At this rate, Brazil is very likely to surpass Belgium and become the world's seventh-largest exporter of pork, according to CIA figures in the US.

"We surpassed for the first time the level of 100,000 tons and US\$200 million in a single month. Although extremely positive, it was a behavior expected by the sector for this year (due to early orders from swine flu-stricken China), even with the confrontation of the pandemic. While the sector maintains domestic supply and brings foreign currency to the country in this moment of severe crisis, sales to the international market contribute to reduce the increase in production costs," said Turra.

The effect of increased exports on container shipping...

Such has been the success of meat exports in general to China and the Far East (chicken and beef as well as pork) that reefer equipment shortages have led to a number of Extra Loaders being deployed to bolster the available stock of containers for stuffing in Brazil.

Brazilian export of Reefer container to China and Far East | 1st quarter 2017 to 2020 | TEU



Fonte: DataLiner (Para solicitar um demo do DataLiner clique aqui)

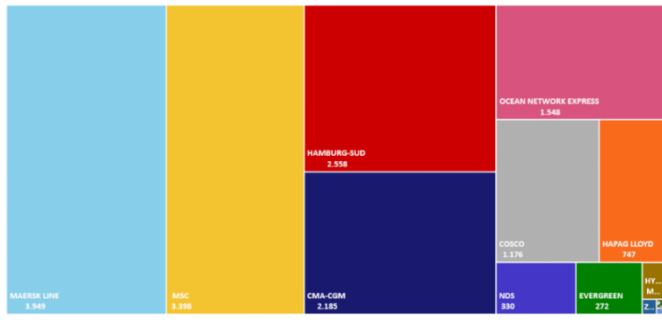
Source: DataLiner (To request a DataLiner demo click here)

None more famous than the arrival of the APL Paris (operated by CMA CGM) at Itajai, rather than Santos, owing to vessel length restrictions. Other carriers have also inserted Extra Loaders to keep up the supply of reefer boxes to their shipper clients in Brazil, especially in the southern states [Parana, Santa Catarina, and Rio Grande do Sul] which are the engine room for chicken and pork exporters. Beef exports predominate out of Santos, where shortages have not been so pronounced.

To funnel empty reefers back to Brazil some carriers (including Maersk Line and Hamburg Sud) have used spare capacity on their European services and then transhipped back to South America. Some carriers also utilize spare capacity to Europe northbound by transhipping full reefer boxes, adding 10 to 14 days to the usual transit time of 35 days from Brazil to China.

Maersk Line handled 3,949 TEU (24.3% market share) of port exports during the first four months of this year (Datamar data) while MSC handled 3,398 TEU (20.9%) and Hamburg Sud 2,558 TEU (15.74%). CMA CGM shipped 2,185 TEU (13.44% share) during the same period.

The following graph shows the amount of pork exported per carrier in TEU from Jan-Apr 2020:



Source: DataLiner (To request a DataLiner demo click here)

...and freight rates

Owing to stringent capacity control by the leading carriers on the trade lane – Maersk Line, CMA CGM, MSC, and Hamburg Sud – insertions of Blank Sailings have been made and freight rates for reefer export boxes have remained strong. A brief survey of eight freight forwarders and two carriers revealed a spot price range of between US\$3,800 and US\$4,200 per FEU, between June 19 and June 23, for one FEU of pork shipped from Santos to Shanghai.

One senior manager for one of the carriers involved in the ECSA-China trade lane told Datamar that this range was “about right for the spot market”, which has been fluctuating since the start of the year, but the long-term freight rate was much lower and long-term contracts, signed in April and for “significant and regular volumes” were more in the region of US\$3000 per FEU.

These fluctuations, in terms of dry TEU, were backed up by Xeneta, the container ocean and air freight benchmarking and pricing platform, which indicated that a dry TEU from Shanghai back to Santos on the spot market had dropped from US\$2500 plus at the start of 2020 down to just US\$1000 in late April, early May before pushing back up to around US\$1500 per TEU in early June. During this time the long-term (mostly contract) rates have held steady at US\$1600 since the start of the year, after falling from US\$2100 at the turn of the year. The early year highs were due to some Chinese ports being closed to deal with coronavirus outbreaks, causing a backlog.

Patrik Olstad Berglund, the CEO of Xeneta, told Datamar that China to Brazil had been “somewhat volatile as usual” since the start of this year.

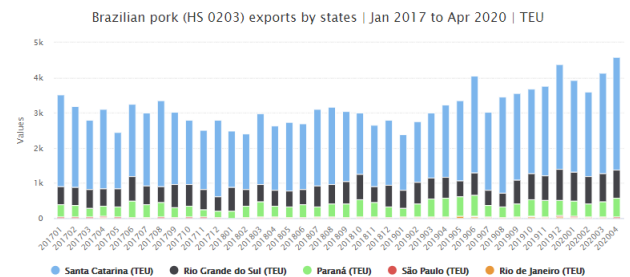
“The carriers have done quite well during the Corona crisis balancing supply and demand so that long term rates are holding up quite well,” said Berglund. “The equipment shortage situation did allow them to jack up the rates for a while.”

Both Berglund and carrier executives added that the fall in demand for oil means bunker prices are coming down and this has also kept freight rates lower than they would otherwise be and the surplus of oil means prices may even come down in future months, even with tight capacity controls.

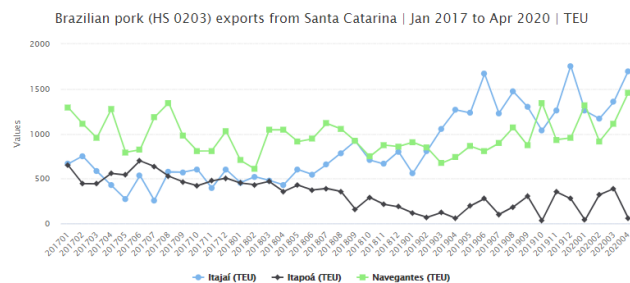
These rates from China are relevant to the pricing and availability of reefer boxes in Brazil as they affect the ability of carriers to return empties from their Chinese destinations.

Pork exports out of Brazil are heavily concentrated in the south of the country and Datamar data shows that the three southern states account for an incredible 98% of all shipments: Santa Catarina leads the way with 68% followed by Rio Grande, with 19.9%, and then Parana, with 10.8%.

The Itajaí Port Complex (which includes Portonave in Navegantes, on the right bank, and AP Moller Itajaí in Itajaí itself, on the left bank) handled 10,280 TEU for the first four months (4,802 TEU for the former and 5,478 TEU for the latter) to give them a 63.24% share of all Brazilian exports. The next best is Rio Grande with a nearly 20% share. Porto Itapoá has seen its share fall from 16% plus in 2017 to just under 5%, despite adding extra reefer capacity, as Hamburg Sud and Maersk Line have switched several services from Itapoá to the Itajaí port complex.



Fonte: DataLiner (Para solicitar um demo do DataLiner clique aqui)



Fonte: DataLiner (Para solicitar um demo do DataLiner clique aqui)

### Ports, terminals and infrastructure

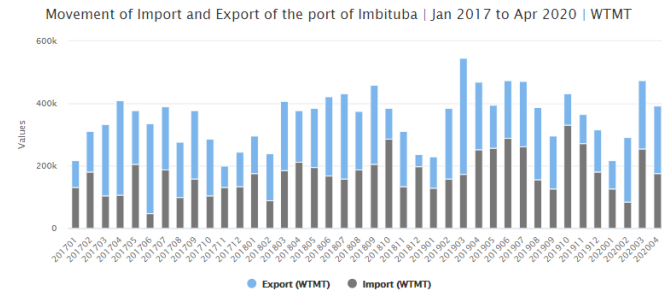
**Last week, the Port of Imbituba carried out a special unloading operation for wind equipment. The import arrived from China on board the DA GUI, which docked at Pier 2 of the port. During the special operation, the technical team of port workers moved 3 blades there were approximately 67 meters long and 5 parts of the tower that, when assembled, will form the wind turbine. Three components were also unloaded (hub, nacelle, and drivetrain) as well as a container with equipment for the assembly of wind turbines. The handling of large project loads is an ability that the public port had been preparing for.**

At the beginning of the year, large transformers and generators were also shipped. In this operation, the ship’s own cranes were used, as well as special carts to move the parts to the storage yard. The port operation was carried out by the operators Simetria Logística and Santos Brasil, the lessee of the General Cargo Terminal of the Port of Imbituba. The ship was managed by Wilson Sons.

The equipment will be transported to the Honda Energy Wind Farm in the city of Xangri-Lá (RS), where there are already nine

wind turbines. Founded in 2014 by the Honda Automóveis subsidiary in Brazil, the park produces 100% clean and renewable energy that is distributed to the company's factory, offices, and research and development center.

The following graph shows movement at Imbituba port between January 2017 – April 2020:

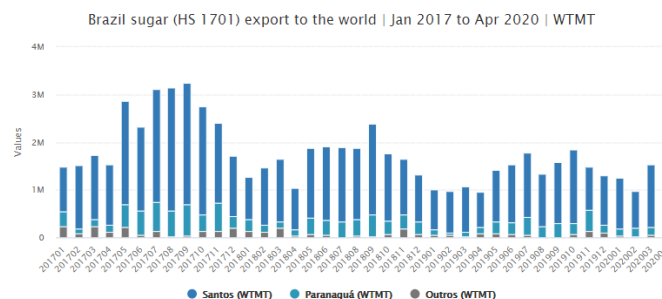


Fonte: DataLiner (Para solicitar um demo do DataLiner clique aqui)

**Cargo handling through the Port of Santos reached a record high for the month of May, registering 12.98 million tonnes – 13.9% more than the previous record set in 2017, and 18.1% higher than May 2019.** The significant increase in May volumes raised the accumulated total handled during the five-month for 2020 to 58.00 million tonnes. This is 8.2% more than the highest cumulative total for the same period, which occurred in 2018, and 11.5% more than the same period last year.

May's results were driven by a robust 27.6% increase in shipments, led by the 40.2% growth in soybean and grain exports (4.50 million tonnes), the largest share of the complex's total movement, and 94.3% in sugar shipments (2.25 million tonnes), the second-largest cargo handled by Santos. For the five-month cumulative total, the picture is similar, with shipments showing a high of 13.7%, also driven by soy complex (18.86 million tonnes), which grew by 22.4%, followed by sugar (6.67 million tons). tons) with an increase of 35.1%. All this is comparative to last year's figures.

The following graph shows Brazilian sugar exports month by month, with emphasis on the ports with the greatest movement of the commodity:



Source: DataLiner (To request a DataLiner demo click here)

Another highlight of the shipments was the 209.6% growth in fuel oil (246,500 tonnes) in the month, increasing the total in the five-month period by 70.6% (881,350 thousand tonnes). On the import side, there was a 67.3% growth in fertilizers (653,300 tonnes), leading to an increase of 32.2% for the five-month cumulative total year-on-year (2.14 million tonnes).

Container operations, which declined in the month, remained high when looking at the cumulative five-month period, which totaled 1.71 million TEU, also a new record for the period, surpassing the highest performance in 2017 by 1.2%, and by 8.3% compared to the first five months of 2019.

Vessel calls came to 403 in May, totaling 1,996 for the Jan-May period, with growth of 2.0% and 1.9%, respectively for both periods year-on-year.

**According to the Infrastructure Minister, Tarcísio Freitas, the government intends to use the early renewal of Vale's two railroad concessions to enable the completion of two other projects in the sector: the Nova Transnordestina and the West-East Integration Railway (Fiol).**

The extension of contracts for the two railroads operated by the mining company – Estrada de Ferro Carajás (EFC) and Estrada de Ferro Vitória-Minas (EFVM) – has already been submitted to a public hearing and had its proposals forwarded to the Federal Audit Court (TCU), which has not yet finished its analysis.

Using a cross-investment mechanism that is permitted by a law enacted in 2017 and regulated by presidential decree last year, the government had already announced the requirement, as a compensation for the contract being extended by 30 years, for the construction of two new railways by Vale: a stretch of the Midwest Integration Railway, from Água Boa (MT) to Mara Rosa (GO), and a new line between Cariacica and Anchieta (ES).

The novelty is that, even with these two projects (later they will be auctioned to some operator), there will still be a concession amount due by Vale as a counterpart to the early renewal. This money should be paid to the Federal Government. Tarcísio revealed that he intends to use the surplus of funds for the purchase of tracks for the unfinished work of Transnordestina, which was recently resumed, and in section 2 of the Fiol, between Caetité and Barreiras (BA).

“There will still be a free grant. We have to close the amount with TCU, but it will give a boost to these two works”, said Tarcísio.

**The Industrial Port Complex of Suape is implementing a new technology that will increase the safety of vessel mooring maneuvers and improve their efficiency when docked.** The Platform for Supporting Safety and Management of Ship Maneuvers (SMA), monitors everything from the predictability of the vessel's arrival at the port and then the dock, to navigation for mooring and approaching the Liquid Bulk Piers (PGLs), which is the most critical moment of the maneuver. The installation started two months ago and is in operation at PGL 3B.

Laser sensors installed on the berths, specifically in PGLs 2A, 2B, 3A, and 3B, will be responsible for indicating the speed of approach to the pier accurately, informing pilots of the status in real-time of the vessel's bow and stern speeds in a numeric and colored LED display. The platform – whose operation will be carried out by Transpetro Suape – also monitors the port's meteorological conditions, through environmental instrumentation. Monitoring takes place in accordance with Petrobras' safety, efficiency, and communication rules.

The project was developed by startup NavalPort, a company owned by Porto Digital that specializes in generating knowledge and solving complex problems, especially in the areas of port

operation. “The platform monitors the vessel globally, from the arrival planning to the mooring, by monitoring the stresses in the ship’s moorings. During the stay, there are estimated times for each stage (anchoring, maneuver, mooring) and the system monitors all phases, informs Petrobras about the efficiency and possible deviations of each vessel”, explains Marco Santiago, CEO and Founder of NavalPort. The startup has been incubating in Suape since 2017 when it started looking for solutions for the port area.

**Suape port growth** - Even in the face of the pandemic caused by the new coronavirus, the Port of Suape showed an increase in its total cargo handled in May 2020, at 2 million tonnes – an increase of 11% when compared to the same period of 2019 when the port registered 1.8 million tonnes. The highlight for liquid bulk was an increase of 16.5% in May. In the accumulated result for the year, Suape grew, even more, registering 10.5 million tonnes handled in the five months to May, representing 21% year-on-year growth. There was also growth in May compared to May 2019 for both coastal (cabotage) and long haul navigation. The first grew 7%, registering 1.3 million tonnes. Long haul shipping rose 22%, with a total of 690,238 tonnes handled. The movement of containers, the second largest in the port, registered 37,546 TEU in the month, which represents a slight drop of 1.3% compared to year-ago levels.

**Argentina’s Transport Ministry and the Port of Buenos Aires have announced a series of discounts on port charges for cargo and passenger ships arriving at the national port. The measures seek to bring a positive impact to the port in facing the pandemic caused by the coronavirus.** The measures were put in place by the director of Buenos Aires Port, José Beni, and they establish partial and progressive discounts of up to 50% of the general tariff for cargo ships using the port and will be retroactive to January 1st of this year.

When it comes to cruises, anticipating the start of the season and with the objective of having more passengers, the general port use fee for vessels as well as the charges for dock usage will be reduced by 25% for international cruise liners, amounting to a bonus of 100% for vessels over 315 meters long. In addition, these vessels will receive a 100% discount on the passenger fee, the use of a scanner, and the security fee. Accompanying these measures, a 50% reduction in the basic waterway toll rate was agreed, both inbound and outbound, on the Buenos Aires-Atlantic Ocean section.

“On instructions from the Ministry of Transport, Mario Meoni, and understanding the exceptional situation that is occurring in the world and the influence that our port has on the country’s economy, we decided to implement measures that promote the arrival of more tourists and more cargo to our country”, Said José Beni. In addition, he stressed that he is working with cruise companies and shipowners to implement the sanitary measures necessary for activities to be carried out safely and without risk of contagion.

The Port of Buenos Aires is the only national port that Argentina has and the main containerized cargo operator in the country. In addition, during the cruise season, it receives about half a million tourists. See the following table for the ranking of the main ports in Argentina:

Ranking of container handling in Argentine ports | Jan 2020 to Apr 2020 | TEU

PORTOS	TOTAL
BUENOS AIRES	295.060
ZARATE	26.498
ROSARIO	17.686
SAN ANTONIO ESTE	10.534
USHUAIA	6.878
PUERTO MADRYN	5.459
BAHIA BLANCA	3.412
PUERTO DESEADO	2.470
MAR DEL PLATA	1.766
BARRANQUERAS	350
SANTA FE	262
LAS PALMAS +AR	198
CAMPANA	48
CORRIENTES	34
COMODORO RIVADAVIA	8
CALETA OLIVIA	7
CONCEPCION DEL URUGUAY	2
RIO GALLEGOS	2
LA PLATA	1

Source: DataLiner (To request a DataLiner demo click here)

At the beginning of the current administration, the authorities of the only national port had to carry out the process of extending the terminal’s concessions to guarantee, in addition to jobs, Argentine production, and foreign trade.

The following chart shows that the Port of Buenos Aires registered 6.66% growth in the handling of containerized cargo in TEU in the first four months of 2020 compared to the same period in 2019:



Source: DataLiner (To request a DataLiner demo click here)

**This week, the National Bank for Economic and Social Development (BNDES) received seven proposals from different companies to act as technical advisers for the privatization/divestment project at the ports of Santos (SP) and São Sebastião (SP).** In early May, the bank had signed a contract with the Ministry of Infrastructure to carry out studies for new port management and development models. The results of the studies are expected to be released in the first quarter of 2021. The auction is expected to take place in 2022.

The expectation is that privatization of port management will generate a greater flow of investments and more dynamism in port activity, in addition to the modernization and improvement of service levels, increased efficiency, more competitiveness (internal and external), and incorporating best international practices. When signing the contract with the BNDES, the bank was responsible not only for the studies and for the modeling of the privatization of port development, but also for holding public hearings and the auction, until the contract is signed between the public sector and the chosen private partner.

**On June 22, a joint operation to repress soy theft was carried out at Rio Grande Port. The port's security, together with the military brigade's environmental patrol, used information from the police intelligence to arrest three individuals caught in the act, one of whom is a minor in age.** The two oldest individuals, aged 20 and 24, were taken to the penitentiary. The agencies also retained the vessel used for theft, as well as the stolen product.

**Barge used for soy theft** - According to the port, security will be intensified during the period when there is greater shipment. Soy exports have allowed Rio Grande Port to handle a record amount of cargo between January-May 2020. Soy exports across the country grew 34.9% in this period, compared to the same period last year, with more than 15.5 million tons of grain being transported in total. Considering all types of cargo, the difference between 2019 and 2020 is a 4.62% increase in handling at Rio Grande. In May alone, 4.29 million tonnes of all types of cargo were shipped.

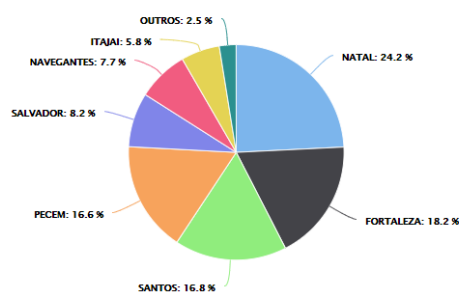
**On June 17, the Institute for Sustainable and Environmental Development (Idema) issued the Operation Regularization License (LRO) for the Port of Natal, administered by Companhia Docas do Rio Grande do Norte (CODERN).** The process of obtaining the license began in 2011. Over the years, several studies, documents, technical analyzes, and requests have been carried out in order to make attaining the license possible. "This environmental licensing will provide us with more security to attract new customers," says CODERN's CEO, Elis TreidlerÖberg.

Currently managed by the Companhia Docas do Rio Grande do Norte (CODERN), the Port of Natal is the largest in the state of Rio Grande do Norte, and therefore very important for the region. In the first four months of 2020, the port was responsible for 24% of Brazil's total fruit exports via maritime.

DataLiner data shows that between January-April 2020, the port exported 5,864 TEU. The main products exported during the period were melons, watermelons, and fresh papayas, reaching 3,179.4 TEU, followed by pineapples, dates, and figs at 1,144 TEU.

The following graph shows Brazil's fruit exports by port for Jan-Apr 2020:

Brazil Fruit (Chapter 08) exports to the world | Jan 2020 to Apr 2020 | WTMT



Source: DataLiner (To request a DataLiner demo click here)

## Shipping

**From August 1, Robbert van Trooijen will be the new Director-General for Latin America and the Caribbean at A.P.Moller-Maersk. The executive takes over after five years as head of Maersk Asia Pacific, where he was responsible for the activities of land and maritime logistics and for a team of**

**more than 7,000 employees.** He is currently Chairman of the Sealand Council in Asia and will assume the role of Chairman of the Sealand Council in the Americas, based in Panama.

Lars Ostergaard Nielsen, who is leaving office, will lead the newly created area of Liner Operations Cluster (LOC), which includes the three regions of America – Central, North, and South. "The new configuration shows that when entering two regions who have strong complementary skills, our operations in the Americas will provide us with a broader view of the business and allow us to continue to serve our customers even better through a collaboration between Operations and Commercial," concludes Lars. O. Nielsen.

**A survey carried out by the Infrastructure Ministry based on statistical data from the National Waterway Transportation Agency (Antaq) pointed out that the coronavirus pandemic did not impact cabotage shipping, which registered an increase of 11.3% between January and April of 2020, compared to the same four-month period last year.** In total, + the sector transported 60.8 million tons during this period. According to the survey, the growth in cabotage handling was driven by transportation of liquid and gaseous bulk (10.1%) – with emphasis on the oil and oil products sector -, as well as a 58.1% increase in the transportation of solid bulk in the first four months of the year.

Looking at general cargo movement, the port sector also registered a 3.7% increase during this period, with 65.2% of cargo operated by private ports and 34.8% by public ports. In tons, the total volume transported was 340.4 million. It is worth noting that the movement of liquid and gaseous bulk increased 15.1% in the period.

According to the folder survey, even after January registering a year-on-year fall of 30% in the transport of iron ore and soybeans, the sector showed recovery in the following months, with the iron ore maintaining levels similar to the previous year, and oil and soybeans impacting the final positive result.

**Cargo handling at public ports** - In the broken down analysis of port authorities that manage public ports, data for January-May shows that Companhia Docas do Pará (CDP) had a 30% increase during this period compared to year-ago levels, the Port of Suape (PE) increased 21.1%; Portos do Paraná, which manages the ports of Paranaguá (PR) and Antonina (PR), rose 20.5%; in addition to the SPA, port authority of the Port of Santos (SP), which registered a 12% growth in the accumulated period.

The ports managed by Companhia Docas do Espírito Santo (CODESA), Companhia Docas do Rio de Janeiro (CDRJ) and Companhia Docas do Estado da Bahia (CODEBA) had a greater impact on movements, since they represented losses of 15.68% , 34.37% and 6.27% respectively.

## Grain

**The Ministry of Agriculture, Livestock, and Supply (Mapa) has said that so far, after monitoring the locust cloud route, it has not entered Brazilian territory.** According to the agency, it remains on the alert together with the technical teams of the Federal Superintendencies of Agriculture and of the state agencies of Agricultural Defense in the states of Paraná, Rio Grande do Sul and Santa Catarina, in addition to agricultural federal surveillance units located on the border with Rio Grande do Sul.

On the 25th of June, the Ministry of Agriculture issued a decree declaring a state of phytosanitary emergency in RS and SC, but mainly as a precaution. In addition, this measure aims to allow a more agile mobilization of human and financial resources to promote any eventual need for pest control. A technical manual of guidelines on pest control actions adapted to Brazilian conditions was also released, supported by scientific data, with the appropriate training of agents involved in an eventual outbreak of the pest in the country.

According to the meteorological data for the Southern Region of Brazil, the forecast for the next few days is that it is unlikely that the cloud will advance into Brazilian territory. If this occurs, internal monitoring will be carried out to keep an eye on the situation.

**Chinese customs data indicates that Chinese soy imports from Brazil (now its largest supplier), reached its highest level in two years in May. China is the world's largest importer of soy.** Data from the General Administration of Customs of the Asian country indicate that the country imported 8.86 million tonnes of Brazilian soybeans in May, the highest volume since May 2018, and 41% more than the 6.3 million tonnes imported in May 2019. Brazilian soybean imports also grew by 49% in comparison with April.

Meanwhile, China's soy imports from the United States fell almost 50% in May 2020 compared to May 2019, totaling 491,697 tonnes. It is the lowest monthly count since January 2019. Now, China is expected to turn to the United States as the Chinese try to fulfill their agreement to boost agricultural purchases under the phase 1 trade pact with the Americans – Beijing repeated its commitment during talks in Hawaii last week.

The peak period for US shipments to China traditionally occurs during the last four months of the calendar year, and China has historically completed more than 40% of its entire year-long purchases from the United States during this window.

**The European Union reported that it reduced a tariff applied on imports of corn by 55%, to 4.65 euros (US\$ 5.24) per ton. The reduced tariff, which came into effect on June 23, also applies to imports of rye and sorghum.** The EU is one of the largest global importers of maize, which is used mainly as animal feed.

The bloc had reinstated an import tax on April 27, after cereal prices in the United States reached a ten-year low and brought the cost of corn imported from the US below the price level set by the EU. The measure marked the end of a zero-rate period for imported corn by the bloc. After that, the bloc raised its tariff again on May 5, to 10.40 euros – a default initial rate of 5.27 euros.

With this mechanism, the EU is able to adjust tariffs, since the 10-day moving average of import prices is variable, and to remove the rate when the quotations again exceed the established range.

**The National Service for Health and Agrifood Quality in Argentina (Senasa) alerted the Ministry of Agriculture, Livestock and Supply (Mapa) about a cloud of locusts that is close to the border with Brazil. According to the climate monitoring that has been carried out by Argentine specialists, the plague should continue towards Uruguay.**

Even so, considering the proximity with Brazil, the Ministry of Agriculture issued a warning to the Federal Superintendencies of Agriculture, so that the state agricultural defense agencies can take appropriate measures to monitor and guide farmers in the region, especially in the state of Rio Grande do Sul, with regard to any eventual need for pest control measures if the cloud invades Brazilian territory.

This pest has been present in Brazil since the 19th century and caused great losses to rice crops in the southern region of the country in the 1930s and 1940s. Since then, it has remained in its "isolated" phase that does not cause damage to crops, as it does not form the so-called "locust clouds". It recently caused damage to agriculture in South America, in its gregarious phase (cloud formation).

The factors that led to the resurgence of this pest in its most aggressive phase in the region are still being evaluated by experts and may be related to a combination of climatic factors, such as temperature, rainfall, and wind dynamics.

**After announcing its intention to nationalize oilseed processor Vicentin two weeks ago as a plan to rescue the heavily indebted company, Argentine President Alberto Fernandez has been facing a series of protests from Argentine companies.** This has forced him to present a new proposal in which the government of the province of Santa Fé will assume the responsibilities of the company to avoid nationalization by the federal government. "For us, expropriation is a tool to recover the company and not an end in itself. If there is an alternative plan that achieves the same objective, I will be happy to hear and analyze it", said Fernandez in an interview with a local radio.

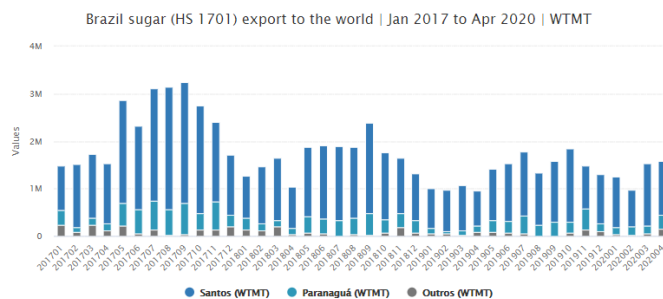
Under the new proposal, control of Vicentin would be achieved through provincial channels, rather than federal nationalization, which means that Fernandez would not need approval for the Congressional plan, where he does not have a majority. The plan for the province of Santa Fé occurred because heavily agricultural municipalities fear that other nationalization processes will take place with the center-left government. Vicentin owes approximately US\$350 million to grain suppliers, while the company's overall debt, including local and foreign banks, is estimated at US\$1.5 billion.

### Sugar & Ethanol

**After 15 years, the Port of São Sebastião, located on the north coast of São Paulo, has resumed its sugar transporting operations. According to the State Secretary for Logistics and Transport, João Octaviano Machado Neto, a partnership was established with Raízen to enable this type of operation.**

Operations began again in May with a shipment of 15,000 tons of sugar to Gambia, Africa. Another 75,000 tons of bagged sugar is also scheduled to be shipped to Africa and the Mediterranean through a partnership with Raízen. Expectations for 2020 are that the port will handle 250,000 tons of bagged sugar and 250,000 tons of bulk sugar. It is worth remembering that in the last few months the average waiting time for loading ships with sugar at the Port of Santos has been up to 45 days, which may have led companies to seek new alternatives to export their goods.

In the past three months, most of the global sugar market has turned to Brazil, which is producing record volumes of the commodity. Mills have given priority to sugar over ethanol after the Brazilian fuel market had a drop in demand due to social isolation measures related to the coronavirus pandemic. The following graph shows Brazilian sugar exports on a monthly basis, with emphasis on the ports with the greatest movement of the commodity:



Source: DataLiner (To request a DataLiner demo click here)

In the Port of São Sebastião, the general cargo movement grew 3.6% during the pandemic. From March to May this year, 144,000 tons of cargo were transported, whereas during the same period last year 139,000 tons were shipped.

### Economy

**The Mexican Ministry of Economy reported on Thursday, June 25, that the start of a free trade agreement between Mexico and Brazil concerning heavy vehicles has been delayed by three years.**

In the declaration, the Mexican government mentioned the coronavirus but did not explicitly establish a correlation with the pandemic due to the delay in beginning the agreement. The pact was scheduled to start on July 1, 2020, but was postponed to July 2023.

The World Trade Organization (WTO) reported on Tuesday, June 23, that world trade of goods fell to a record low in the first months of this year due to the Covid-19 pandemic, but it is not the worst possible scenario. The agency predicted in April that global trade would decline by between 13-32%, before recovering by 21% to 24% in 2021. According to the agency, the volume of merchandise trade shrank by only 3% in the first quarter, and initial estimates point to a decline of 18.5% in the second quarter.

The WTO said that governments reacted more quickly than in the crisis of 2008 and 2009, and support for income encouraged consumers to continue spending. Some sectors, such as automobiles, have fallen sharply, but others, such as electronics, have held up well. If trade grows 2.5% per quarter for the rest of the year, the most optimistic projection of a 13% decline could be made, although this is still even worse than at the height of the financial crisis in 2009, when trade declined by 12.5%.

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