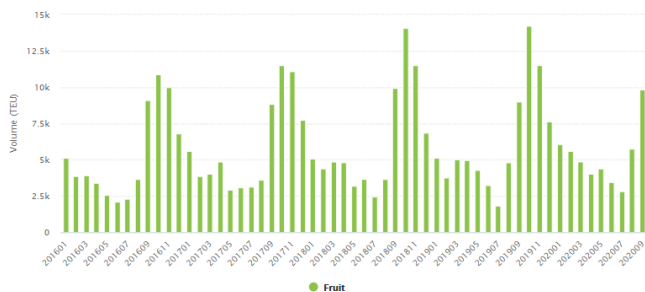


### Main news

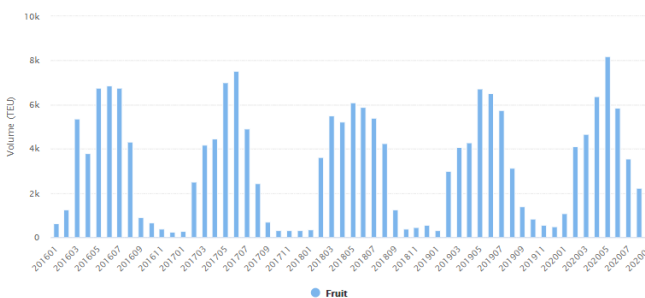
Brazilian fruit exports registered a 10.7% increase (46,767 TEU) during the first 9 months of 2020 in relation to the same period last year, according to a survey carried out using DataLiner data. Argentine exports, however, grew only 5.24%, as can be seen in the graphs below:

Brazilian Fruit Exports (HS 08) | Jan 2016 to Sept 2020 | TEU



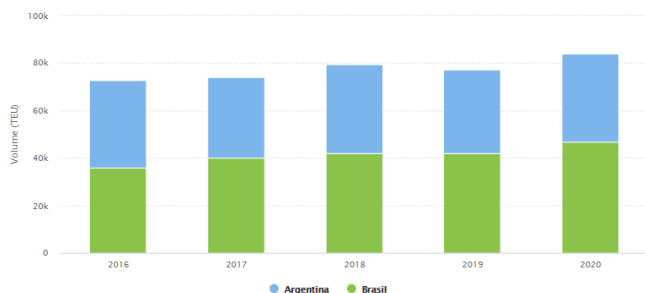
Source: DataLiner

Argentine Fruit Exports (HS 08) | Jan 2016 to Sept 2020 | TEU



Source: DataLiner

Fruit Exports (HS 08) from Brazil and Argentina | Jan to Sept 2016-2020 | TEU



Source: DataLiner

In 2020, Brazil was the largest exporter of fruit on the East Coast of South America, exporting 52% of the total, followed by Argentina, exporting 41%, and Uruguay, exporting 7%. Brazil also leads fruit imports, importing 86% of all fruit imported for the region, followed by Argentina, importing 9%, and Uruguay, importing 6%. Despite this, the amount of fruit exported by Brazil in 2020 is much higher than imports: 46,767 TEU exported against 8,217 TEU imported.

### Top destinations

The Netherlands was the main destination for Brazilian fruit between January and September 2020, with a 9% growth in comparison with the same period in 2019. In second place is the United Kingdom, which increased its imports in 2020 by 14%. The biggest increase, however, is in the volume exported to Russia, which was 169% more than in 2019. This was followed by

France, whose imports grew 145% over year-ago levels. On the opposite side, exports to Saudi Arabia fell 68% and exports to Ukraine fell 59% compared to 2019.

The 'melon, watermelon, and papaya' category was the busiest fruit category during the period, increasing by 16% in relation to January to September 2019. Brazil signed an agreement with China at the end of 2019 that permitted the export of melon to the Asian country. In return, the Chinese were able to sell pears to the Brazilian market. The acts were signed after the bilateral meeting of Presidents Jair Bolsonaro and Xi Jinping, within the XI BRICS Summit, in Brasilia. The melon export agreement is symbolic, as it is the first understanding with China regarding fruit.

In addition to melon, exports of fresh dried grapes grew 32% in 2020. Banana exports, on the other hand, fell 16% for the period.

Mangoes recovered in the second half after beginning the year with a fall in exports. In addition to a greater demand for fruit, other countries that export mangoes, such as Côte d'Ivoire and Senegal, had shorter harvests; since Brazil produces year-round, it was able to serve buyers in the windows that opened.

In October, Bolivia opened its market for table grapes and Brazilian avocado.

### Ranking of Brazilian Fruit Exports | Jan to Sept 2019-2020 | TEU

Fruit	2019	2020	% Change
0807 - MELONS AND PAPAWS	13.495	15.719	16%
0804 - DATES, FIGS, PINEAPPLES, AVOCADOS, GUAVAS, MANGOES AND MANGOSTEENS	10.073	10.594	5%
0805 - CITRUS FRUIT	7.478	8.652	16%
0808 - APPLES, PEARS AND QUINCES	5.440	5.904	9%
0806 - GRAPES, FRESH OR DRIED	1.840	2.432	32%
0803 - BANANAS	1.832	1.539	-16%
0801 - COCONUTS, BRAZIL NUTS AND CASHEW NUTS	1.063	1.120	5%
OTHERS	833	807	-3%

Source: DataLiner

The Port of Natal, as it is located close to fruit-producing regions, mainly melon, occupies the leading position in exports, followed by Pecém, Santos, and Fortaleza.

With the beginning of the fruit season, for the second year in a row, Porto do Pecém is receiving the shipping line that connects Porto do Pecém with ports on the Mediterranean Sea, with the exclusive objective of exporting fruit. The line is part of the WMED service, operated since last year by MSC - Mediterranean Shipping Company, with the following route:

Spain: Valencia (9 days); Barcelona (11 days); Italy: Genova (13 days); Livorno (14 days) and Gioia Tauro (16 days).

According to MSC, this is also the only service with a direct stopover between a port in northeastern Brazil and Italy. The route meets the growing demand of fruit growers who export part

of their production to European countries, especially melon, produced in Ceará and Rio Grande do Norte, and mango and grapes, produced in the São Francisco River Valley.

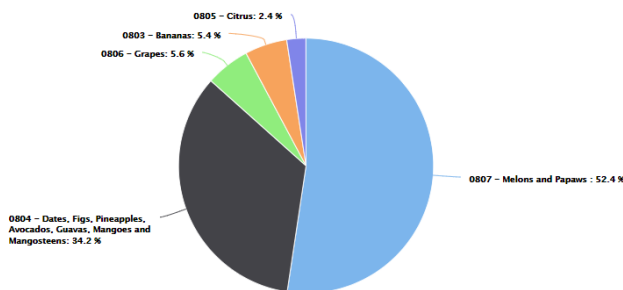
Main Brazilian Fruit Exporting Ports (HS 08) | Jan to Sept 2020 | TEU



Source: DataLiner

Also according to DataLiner, the 'melon, watermelon, and papaya' category leads exports in the Port of Natal and is responsible for 52.4% of the total exports. This category of fruit is followed by dates, figs, pineapples, avocados, guavas, mangas, and mangosteens, responsible for 34.2% of exports.

Main Fruits exported by the Port of Natal | January to Sep 2020 | TEU



Source: DataLiner

### Ports, terminals and infrastructure

**On November 18th, the new portainer, Super Post Panamax, arrived in Porto do Rio de Janeiro to be used in MultiRio's container terminal. Manufactured by ZPMC, the crane left the factory in Shanghai, China, in early October.**

Due to the equipment's dimensions, which, added to the vessel's, reach 102 meters in height, the operation required special procedures and authorizations. One of the important considerations was the safety of landings and takeoffs at Santos Dumont airport near Guanabara Bay where the port is located.

Business units of the company Wilson Sons de Agenciamento Marítimo e de Rebocadores participated in the delivery. Wilson Sons was responsible for the shipping agency which brought the equipment to Brazil on the ZHEN HUA 23. "It is work that requires planning, with the organization of a large volume of information and routines," highlights Márcio Panisset, manager of the division of the Maritime Agency at Wilson Sons.

The company's tugboat business unit worked on the mooring maneuvers of the 243.85-meter ship. Four tugs were used in the operation which took a little over two hours. It was a complex job due to the size of the equipment.

With the arrival of the equipment, MultiRio now has five portainers in addition to the current three mobile harbor cranes (MHCs).

The new equipment was designed to serve the largest ships that frequent the east coast of South America, as well as the next generations of vessels. It has a 65-ton capacity and is able to lift containers 49 meters high and move them horizontally by 67 meters.

**The State Council of the People's Republic of China recently published Notice 2020 # 225, "Preventative and Comprehensive Disinfection Plan for Importing Food Into the Cold Chain".** The notice requires all relevant authorities – beginning with Chinese customs – to intensify the work of thoroughly inspecting and disinfecting to effectively prevent the spread of COVID-19 through food imports via the cold chain.

As a result, CMA CGM informs that in all Chinese ports, the Nucleic Acid Test (NAT) inspection and disinfection requirements may become more frequent and more stringent in reefer cargo imports. This can eventually lead to delays in customs clearance and release of reefer imports and trigger possible congestion at ports where the supply of reefer plugs begins to be restricted, leading to additional costs to the consignee's account to be paid at the time of delivery.

Also according to CMA CGM, the Chinese ports of Huangpu have already experienced congestion due to stricter inspection and disinfection requirements for reefer cargo imports. Most of the reefer plugs have already been used, so all CMA CGM Group carriers will no longer accept refrigerated cargo reservations bound for Huangpu, China, effective immediately and until further notice.

For containers in transit, the recommendation is to contact a local representative to change the unloading/destination port.

**The Port of Suape opened a public call for bids for individuals or companies to donate necessary studies for the implementation of a new Liquefied Petroleum Gas (LPG) terminal.** The process was published in the Official Gazette of the state and on the Suape website ([www.suape.pe.gov.br](http://www.suape.pe.gov.br)), on the 18th. Studies must be received within 30 calendar days, counting from the publication. The terminal will be deployed in an 82,000 m<sup>2</sup> area in Porto Organizado, served by a pipeline, where operators are already handling liquid bulk derived from oil. The growing demand for the product and the characteristics that make Suape a hub for liquid bulk, including LPG, justify the need for a new terminal.

According to data from the National Union of Liquefied Petroleum Gas Distribution Companies (Sindicás), about 30% of the LPG consumed in the country is imported, and most of it enters the Port of Suape which supplies the Northeast (with the exception of Bahia), part of the North, and Southeast. From January to September 2020, LPG grew by 2.4% compared to the same period last year, with 1,633,606 tons handled, and a 4.71% increase in the number of landings. According to the National Agency of Petroleum, Natural Gas and Biofuel (ANP), in the same period, Brazil consumed more than 5 million tons of the product, with the Northeast responsible for 25% of this demand.

Suape has a 7,500-ton tank onshore and a 45,000-ton cistern tanker that is currently in the Liquid Bulk Piers, with the availability of an area to expand the park. The gas is received by Transpetro, which receives and stores it, distributing it to the fillers installed in the port and supplying it to the end customer.

The companies Nacional Gás, Liquigás, Ultragás / Bahiana, Supergasbras, and Copagaz operate as fillers in Suape.

“The new terminal will receive, store and distribute LPG by road to meet the demand of consumers in the Northeast, and will send it to other regions of the country by cabotage. In addition to its location and infrastructure, Suape is one of the country’s main distribution centers, specializing in liquids and gases. These studies are necessary to define the best modeling for the lease of the area”, explains the president of Suape, Leonardo Cerquinho.

The studies for the new terminal should at least cover the LPG market analysis activities in Brazil and in the world; products and services of the gas sector company; revenue, cost projections, and investments; profitability, competition, and its advantages, customer consumption rate; internal rate of return; cash flow; industry trends; working capital; net present value; necessary manpower; payback; billing, and a detailed study of LPG terminals in other ports.

The donation will also include studies that will be used to model the project: market studies; engineering studies; operational modeling studies; environmental studies and assessments; economic and financial valuation studies, and legal modeling studies.

**The movement registered at the Port of Itajaí (public berths and APM Terminals) in October reached historic levels. Since 2013, the port has not handled such a large number of TEU, going from 39,103 TEU in October 2019 to 52,185 in 2020, an increase of 33%. The tonnage movement also increased. In the same period of the previous year, 433,475 tons were handled against 565,311 tons in 2020, an increase of 30%.**

“Comparing the monthly handling we had in 2016 – which was 16,000 TEU and our worst movement – with the data from October 2020, we have experienced a growth of 225%. No Brazilian port has grown so much,” highlights the superintendent of the Port of Itajaí, Marcelo Werner Salles. In terms of stopovers, October was also the busiest month this year, with 39 ships moored.

In 2020, even with the Covid-19 pandemic, the exchange rate issue, and no records of Roll-On/Roll-Off operations, the Port of Itajaí demonstrated significant advances and record figures. “Despite these adverse conditions, the Port of Itajaí has had a very positive year, and we expect to maintain this growth in the coming months, ending 2020 with this average 14% to 15% growth”, points out Heder Cassiano Moritz, General Director of Logistics Operations for the Superintendence of the Port of Itajaí. He reinforces that the movement presented in 2020 has exceeded the numbers forecast three years ago, when works, such as the new Evolution Basin, had yet to be completed.

#### **Historical index for the Port Complex of Itajaí and Navegantes -**

In October, the Itajaí and Navegantes Port Complex registered a movement of 129,311 TEU and 1,431,200 tons. Since 2013, the Complex has not registered such a busy month. It was a jump of 17% in TEU and 15% in tonnage, compared to the same period last year, when 110,072 TEU and 1,245,222 tons were handled.

“The positive numbers that we see on the right margin can also be felt in the complex. In the accumulated result for the year, we see a growth of 12% in relation to 2019, and we project growth of 13% for the end of the year”, completes Héder.

Portonave registered 47 stopovers and moved 852,085 tons and 77,146 TEU, a growth of 7% and 9%, respectively, compared to the same period last year when 797,450 tons and 70,969 TEU were handled.

At Teporti, three stopovers were carried out, and 7,800 tons were moved; at Poly Terminais, one stopover was registered and 6,004 tons were moved; in Barra do Rio and Braskarne there were no stopovers in October.

In October, the main cargo direction was outgoing, and exports made up 63% of the containers handled. The main products exported were chicken, meat, wood, and by-products. The emphasis was on meats, which presented a growth of 51.8% in the movement in relation to October 2019.

Imports accounted for 37% of the loads, with mechanical and electronic products, chemicals, textiles, and misc. being the main imported products. Chemical products increased by 80.5% over the same period last year.

**On the night of November 18, a car accident inside the Port of Rio de Janeiro left four dead. According to Companhia Docas do Rio de Janeiro (CDRJ) the accident occurred on the stretch in front of the 10/11 warehouses.** A service vehicle that was transporting Pennant Serviços Marítimos employees lost control in a rainstorm and fell into Guanabara Bay. The accident left four dead. A survivor managed to get out of the car before the sinking.

According to witnesses, the company’s driver was maneuvering to take workers away when the car began to slip. Many people were on site at the time because of the shift change.

Witnesses at the scene said the car hit a side guard before falling into the water and sinking. It is not yet possible to say if there was a mechanical failure or if the ground was too slippery.

Activated by the Port Guard, rescuers from the Labor-Management Agency (OGMO) and the Fire Department provided first aid to the survivor, who is out of danger. The heavy rain that fell in Rio made it difficult for firefighters to work. As it is a ship-arrival area, the region where the car sank with the occupants is quite deep.

The Military Police, the Port Captaincy, and the Civil Police were also on site. The bodies were sent to the Legal Medical Institute (IML) at 02:51, following the standard procedure provided for fatalities. The car will be taken out of the water and the responsible authorities are investigating the causes of the accident.

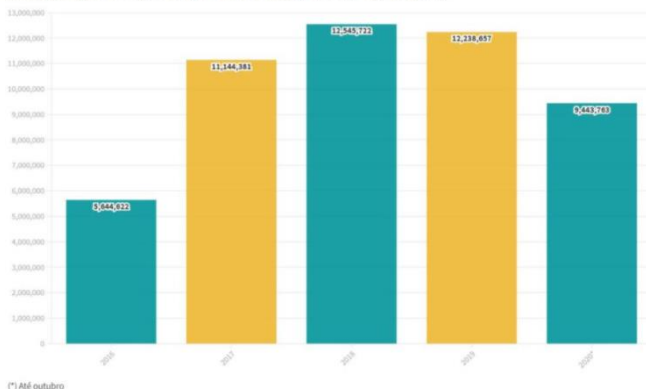
**In October, the Ceará Export Processing Zone (EPZ), a subsidiary of Complexo do Pecém, reached the historic mark of 50 million tons of cargo handled. The only EPZ currently operating in Brazil, the company started production in 2016.**

In total, the Ceará EPZ has handled 51,017,144 tons and did not stop functioning even during the Covid-19 pandemic crisis. Last month alone, more than 1.02 million tons passed through the company, an increase of 7.96% compared to the 949,200 tons handled in September.

Throughout 2020, more than 9.4 million tons have already been handled by the Ceará EPZ. Of this total, the product handled the most was iron ore, with 3.57 million tons handled. Following iron

ore were steel plates produced by Companhia Siderúrgica do Pecém (CSP), with 2.23 million tons handled, and mineral coal, with 1.70 million tons handled. Together, these items were fundamental to the record levels handled at the Ceará EPZ, which also houses the companies Phoenix do Pecém and White Martins.

Movimentação de cargas da ZPE Ceará ao longo dos anos (toneladas)



**Top destinations** - With its logistics fully integrated with the Port of Pecém, which is located just six kilometers (km) away, the Ceará EPZ is able to quickly and efficiently send and receive goods from the main destinations in the world, including the United States, Europe, and the Middle East. In fact, the United States has been the major importer of products from Ceará's EPZ in 2020 and has already imported 749,400 tons.

In addition to the United States, China is another major trading partner of the Ceará EPZ. The Asian country imported 444,100 tons of goods processed at the company between January and October this year. Canada is in third place and has imported 208,400 tons so far, followed by Belgium (167,700 tons), South Korea (140,400 tons), and Mexico (129,200 tons).

**Expansion** - To further expand its cargo handling, the Ceará EPZ began expansion works in June of this year. Called Sector 2, the new 137-hectare area will be located approximately four kilometers from the EPZ's customs clearance area and will be focused on attracting small and medium-sized businesses.

Expected for the first half of 2021, the first module of the Ceará EPZ expansion will span 23 hectares and will require an investment of R\$ 25 million. The area will be divided into lots of varying sizes and will have the same operational process as Sector 1.

### **The incorporation of increasingly larger vessels into shipping fleets has brought changes to navigation in South America, with a decrease in maritime services for the region and a greater concentration of transshipment operations in Brazil.**

This is Wilson Sons' perspective on what is happening at Tecon Rio Grande. According to the company, the terminal, which is strategically located and has the infrastructure to receive large ships, became a stopover for transshipment operations in the Southern Cone. From January to September 2020, 9% of TEU handled by the unit were related to transshipment.

The terminal receives the main maritime lines that connect the Mercosur region with the most important foreign ports in Europe, Asia, and North America. "Tecon Rio Grande is now moving towards being a cargo-concentrating terminal. Good accessibility to the port, strategic location, and high average productivity make the service even more competitive", explains the terminal's CEO, Paulo Bertinetti.

From January to September this year, Tecon Rio Grande recorded an average productivity of 94 movements per hour. The recent dredging carried out at the Port of Rio Grande to increase the draft will allow the further expansion of transshipment operations at the site.

Tecon Rio Grande has an area of 735,000 m<sup>2</sup> and 900 meters of linear pier (three berths), with an annual handling capacity of 1.4 million TEU. The equipment includes nine ship-to-shore (STS) dock cranes and 22 rubber-tired gantry (RTG) yard cranes. The terminal uses the Navis N4 operating system for managing the port terminal.

**On November 16th, the Minister of Infrastructure, Tarcísio Gomes de Freitas, signed the contracts for cellulose terminals auctioned in August (STS14 and STS14A) with Eldorado Brasil Celulose and Bracell Celulose.** The leases yielded R\$ 505 million in grants to the Federal Government under a 25-year contract. Investments in the terminals are expected to reach R\$ 420 million – including railroad access – with another R\$ 110.9 million in fixed leases to Santos Port Authority (SPA), the port administrator.

STS 14 was bought for R\$ 250 million by Eldorado Brasil, which will invest another R\$ 186.9 million in the area. By leasing STS 14A, Bracell Celulose offered R\$ 255 million and expects to invest R\$ 193 million. Construction is expected to begin in early 2021.

Brazil is the largest producer of cellulose in the world, a product with the highest annual growth rate in the Port of Santos. With the improvements, the handling of this type of cargo should jump to 5 million tons per year.

"We have to celebrate the signing of these two contracts, they are the first auctions held after the start of the pandemic. At the end of the day, we are celebrating trust in Brazil," said Tarcísio.

The Minister reinforced the importance of the Federal Government's concession program which plans more than 50 auctions in 2021. Included are two liquid fuel bulk terminals (STS08 and STS08A), which can yield about R\$ 1.2 billion. The project, awaiting approval by TCU for the publication of the concession notice, is considered the largest port lease in the last 15 years.

"The Port of Santos will undergo a revolution with new accesses and terminals that are part of the preparation to become the port of the future. We want the Port of Santos to be the largest in the southern hemisphere," said the minister. "A port that was causing us losses now gives Brazil a profit. It made a profit last year and will make a profit again. That comes from record movement every month, even during the pandemic."

**On November 16th, Tereos and VLI inaugurated two sugar warehouses valued at R\$205 million that were built in the terminals of the Port of Santos and in the city of Guará (SP), as a result of the partnership established by the companies.** With a capacity of 240,000 tons, the two warehouses were essential for supporting the estimated 60% increase in Tereos exports this season, reaching a volume of 1.15 million tons of raw sugar.

The warehouse located at the Luiz Antonio Mesquita Port Integrator Terminal (Tiplam), an asset of VLI located in Santos, has the capacity to store 115,000 tons of raw sugar. The second

warehouse, also completed this season, is located at the Guar terminal, a VLI structure in the interior of So Paulo state, in the region where Tereos industrial units are located. The facility has a capacity of 125,000 tons, of which 80,000 tons are destined for the storage of Tereos sugar.

To officially mark the inauguration of the two projects, the companies held a restricted event at Tiplam, respecting the sanitary recommendations due to the Covid-19 pandemic, with the participation of the Minister of Infrastructure, Tarcsio de Freitas.

The constructions are part of the long-term agreement signed by the two companies in June 2018, with investments of R\$ 145 million by Tereos and R\$ 60 million by VLI, which provides for a transport capacity of 1 million tons of raw sugar per year. In May 2019, Tereos began to ship the full volume of its raw sugar via VLI's integrated rail system. The sugar loads depart from the Guar terminal through the railway system operated by VLI to Tiplam.

"In a challenging time due to the pandemic, the completion of the new sugar warehouses, in partnership with VLI, was essential for supporting the increase in our sugar exports. In addition to increasing the competitiveness of our logistics, this investment allows a reduction of 220,000 tons in annual CO2 emissions", commented Jacyr Costa Filho, member of the Global Executive Committee of Tereos.

"We are very pleased to complete the project and celebrate this achievement. The partnership guarantees greater competitiveness and reliability to Tereos through a multimodal logistics service that integrates the sugar chain from the plant to the ship. VLI already handles about 1/3 of the sugar exported through the Port of Santos. We want to continue growing and assisting the sector with increasingly efficient logistics," said the president of VLI, Ernesto Pousada. VLI handled 19% more sugar in the first half of 2020 compared to the same period in 2019, and the expectation in the medium and long term is to increase the volume due to the increase in capacity coming from the new warehouses.

**On November 16, DP World Santos and Suzano officially inaugurated the new pulp complex installed on the left bank of the Port of Santos, the result of a partnership between the two companies. The ceremony, attended by the Minister of Infrastructure, Tarcsio de Freitas, was restricted and followed the sanitary recommendations due to the Covid-19 pandemic.** It marked the inauguration of the most recent installation of the terminal, which began operations in April. In six months of operation. Pulp already accounts for 15% of DP World Santos' revenues.

The complex received investments of R\$ 700 million and has 35,000-square-meter warehouses and static capacity for more than 150,000 tons of raw material. The new facilities also include a new viaduct intended for road interconnection between the warehouse areas and the terminal wharf area, and the expansion of the wharf section, which was expanded from 653 meters to 1,100 meters, allowing the terminal to receive up to four ships simultaneously.

**A survey carried out by ATP (the association of private port terminals) with data from ANTAQ (the national waterway transport agency) pointed out that the movement of private**

**port terminals increased by 10.6% in the 3rd quarter compared to the 2nd quarter of this year.** Between July and September, 205.03 million tons were handled, 19.7 million tons more than in April, May, and June.

According to ATP, this growth was driven by solid bulk, which registered an increase of 15.8% and increased by almost 18 million tons. Ores and cereals also had increased movement, points out the entity, with increases of 26.8% and 693.8%, respectively.

According to ATP, the biggest expansion was from Porto Sudeste (54.6%) with an increase of more than one million tons, followed by MRN's Trombetas Terminal (39.7%), and Vale's Terminal Martimo de Ponta da Madeira (34.3%).

"It is a positive result and it proves the relevance of private port terminals for the flow of national production. Even with the crisis caused by the pandemic, we are growing and keeping the sector up," said the president of ATP, Murillo Barbosa.

In comparison with the third quarter of last year, private port terminals registered a growth of 1.4%. The main weight in this result is the 6.8% increase in liquid bulk handling. Also highlighted was the movement of mineral fuels and organic chemicals, both with an increase of 8%, points out the ATP.

**The number of ship moorings this year at facilities operated by Portos do Paran reached 2,179 last week, a figure that represents an increase of almost 6% compared to the same period last year, according to Portos do Paran. The volume handled this year to date totals 51.5 million tons.**

Portos do Paran also stated that the number of vessels moored and in operation at this time is close to the 100% occupancy rate of the piers in both ports, indicating an intense flow; on the last day of November, there were 21 ships moored in the units.

"In view of the demand, which is very high, we do a good job of programming and this helps us to optimize our space," said the Director of Operations at Portos do Paran, Luiz Teixeira da Silva Jnior.

Exports of agricultural commodities from Brazil gained strength in 2020, given the strong external demand – especially from China – and the devaluation of the dollar against the real, which makes local products more competitive.

Data released by the National Association of Cereal Exporters (ANEC) last week showed that from January to October, Paranagu was responsible for shipments of 14.07 million tons of soybeans, compared to 11.3 million in all of 2019. In October, shipments of soybean meal through Paranagu were approaching the 2019 full-year levels, with 4.6 million tons already shipped.

Corn exports from Portos do Paran, however, amount to 1.6 million tons so far in 2020, compared to the 5.6 million tons exported during the full year of 2019, according to ANEC.

### **Shipping**

**During the third quarter, A.P.Moller – Maersk improved profitability across the board and provided a strong cash flow, despite the negative impact of the COVID-19 pandemic on global economies.** The company's EBTIDA (earnings before

interest, taxes, depreciation, and amortization) grew 39%, registering US\$ 2.3 billion with revenue decreasing 1.4% to US\$ 9.9 billion. The performance increase was based on strict cost controls, agile capacity management, a strong focus on offers to customers, and greater acceptance of digital services. There was also a sequential recovery in demand compared to the second quarter.

“Although COVID-19 negatively affected activities in most of our businesses, our disciplined execution of the strategy led to solid gains and cash flow growth in the third quarter. At the same time, we were able to further integrate and simplify the organization in Ocean & Logistics, we closed the acquisition of KGH Customs Services, and continued the integration of the Performance Team, supporting our strong financial performance in Logistics & Services”, says Søren Skou, CEO of AP Moller – Maersk.

The main driver of performance this quarter was Ocean, which, despite a 3.6% decrease in volume, improved profitability by US\$ 511 million to US\$ 1.8 billion, reaching an EBITDA margin of 25.4% due to an agile deployment, continuous capacity, lower costs, and a temporary spike in short-term freight rates due to a sudden recovery in demand on some routes.

The performance was largely supported by Logística & Serviços, which took advantage of strong demand in supply chain management, intermodal, and the acquired performance team. In the third quarter, Logistics & Services revenue grew 11% and profitability increased by 44%, reaching an EBITDA of US\$ 131 million, above the US\$ 91 million in 2019, despite the restructuring costs of US\$ 40 million. In Terminals & Towage, the company recorded lower volumes and revenues.

**Share buyback program** - According to the company, given the strong performance and cash generation, the Board of Directors decided to initiate a new share buyback program for DKK 10 billion (approximately US\$ 1.6 billion), over a period of up to 15 months, with the first installment (US\$ 500 million) due to start in December. The remainder of the share buyback is subject to shareholder approval at the next Annual General Meeting in March 2021.

**A Chinese company entered the competition to control a section of the Paraguay-Paraná Waterway, joining four European companies seeking to win the concession to deepen the draft and provide maintenance on approximately 1,238 kilometers of the river course beginning in 2021.**

The Paraguay-Paraná Waterway is a structuring axis for international trade in Argentina, but also in neighboring countries, since the waterway crosses about 3,600 kilometers, also connecting Bolivia, Brazil, Paraguay, and Uruguay.

According to AFP, the Chinese Shanghai Dredging Company wishes to obtain the concession for the work between the confluence of the Paraná and Paraguay rivers and the Rio de la Plata. These gigantic infrastructure works will require an estimated investment of US\$ 3.8 billion, according to the Rosário Stock Exchange.

The Chinese company will have to compete with the current dealership, the Belgian Jan De Nul, who has been in charge for 25 years, as well as with Dredging International, also from Belgium, and with Boskalis and Van Oord, from the Netherlands.

The stretch in question is 1,238 kilometers long, with approximately 25 exporting ports and a movement of grains that last year reached 92 million tons. About 80 million tons left the ports on ships and the rest on barges descending from the North loaded with Brazilian, Bolivian, and Paraguayan grains stated Alfredo Sesé, a Rosario stock exchange specialist, to AFP.

80% of the 120 million tons of grains and cereals produced by Argentina are exported from the ports of Grande Rosario.

The main challenge is the improvement of the southern section which connects the ports to the Atlantic. Some sections must be deepened to allow the entry and exit of ships with greater cargo capacity. “The draft with normal water is 34 feet and the depth in critical passages is 36. It is expected to reach 42 feet in depth in specific areas,” said Sesé.

**The Maritime Safety Committee (MSC) of the International Maritime Organization (IMO) approved a circular letter recognizing protocols to ensure the safety of travel and changes in ship crews during the coronavirus pandemic.**

In the protocols developed by the sector, general measures and procedures are established to ensure that ship crew changes and voyages can be carried out safely during the pandemic.

Hundreds of thousands of seafarers are currently trapped onboard ships with their service contracts extended beyond the maximum lengths accepted under international treaties. A similar number of seafarers are waiting to join the ships.

The protocols also emphasize the need for governments to designate seafarers as essential workers, providers of essential services. The protocols (previously published in a Circular Letter) include practical measures for entering and leaving vessels, including the need to adhere to and strictly comply with the COVID-19 test and quarantine requirements and measures to prevent infection on board ships. It is a document that must be updated based on the pandemic's progression.

The decision to publish the crew change protocols through an official IMO Circular (MSC.1 / Circ.1636) was one of the measures taken by the Committee to support the efforts of United Nations agencies, the maritime industry, and Governments to deal with the crew-change crisis, a very serious humanitarian issue for seafarers that threatens the security of maritime transport and global commercial traffic.

Up-to-date information on national contact points and ports that facilitate crew changes will be available in a new module of the Integrated Global Maritime Information System (GISIS) of IMO, after the Committee's decision.

The Committee also agreed that the IMO, in collaboration with the International Labor Organization (ILO) and the International Civil Aviation Organization (ICAO), develop a universal textless logo that allows seafarers to identify and access specific resources and loading/unloading processes onboard ships, in port, and in transit. The logo will result in long-term benefits, steering seafarers to safer situations and actions.

### Grain

**On November 18, President Jair Bolsonaro passed a resolution by the National Energy Policy Council (CNPE)**

**authorizing the use of imported raw materials to produce biodiesel. The decision states that ANP (national agency of petroleum, natural gas, and biofuels) may permit the use of imported raw material in public auction notices, which would be “of interest to the national energy policy”.**

The country is experiencing a shortage of soybeans due to increased exports of the grain, and soybean oil accounts for 70% of the raw material for biodiesel.

According to UBRABIO, the Brazilian biodiesel, and bio-kerosene union, the sector needs the product to participate in the December public bid, which will offer biodiesel for the first two months of 2021. “In view of the times that we live in, what should really happen is we should import oil because importing grain would require internal processing, which would require more time,” said a representative of UBRABIO.

When the Brazilian soybean crop begins to be harvested in January, the expectation is that imports will decline since the domestic supply is expected to increase heavily.

Brazilian imports of soybean oil had already soared to 67,300 tons in October, compared to 10,600 tons in the same period last year.

These arrivals from the previous month raised the year-to-date total imported by the country to 104,200 tons of soy oil, versus less than 30,000 tons in the same period of 2019. Argentina and Paraguay supplied most of the product imported in 2020, with 81,300 and 22,800 tons, respectively, according to government data.

In a note, the Superintendent Director of UBRABIO, Donizete Tokarski, affirmed that “Brazil is already importing soybeans, this release for use in the production of biodiesel will help to adjust an imbalance that should extend until the beginning of next year with the delay in the soybean harvest that should happen in January”.

The government’s decision, as put forward, is not unanimous in the sector. According to ABIOVE (the Brazilian association of vegetable-oil industries), the measure is not clear about deadlines and creates uncertainty.

“The publication of the resolution as it is, however, without specifying the date, volume, and deadline for importation, implies a change in rules that generate unnecessary instabilities, impairing the predictability and security of investments,” ABIOVE stated.

For the association, which represents traders and processors, the release of imported raw materials for the production of biodiesel “must be urgently and adequately restricted to (auction) L77 to avoid jeopardizing the sector’s long-term development”.

According to ABIOVE, the measure as it stands puts at risk the industrialization of soy in Brazil, the production of soy bran, and the supply of the animal protein chain; this will eventually impact Brazilian consumers.

**A cargo of 19,600 tons of paddy rice contaminated with live insects is being held on a ship at the port of Imbituba, in Santa Catarina. The “Amaliya”, which left the port of Georgetown in Guyana, docked on Saturday.**

According to the port press office, an inspection by the Ministry of Agriculture identified the live insects in the shipment; preventing the start of the port operation. “The vessel is receiving proper phytosanitary treatment and must wait until it meets the requirements of the Ministry of Agriculture. The phytosanitary measures determined by the Ministry are standard in the importation of cargoes of agricultural interest, and aim to protect Brazilian agriculture from the entry of exotic species into our ecosystem”, informed the port.

The name of the trading company that made the purchase was not disclosed, but, of the total, 16 thousand tons are destined to Urbano. The deal was stimulated by the exemption from the Common External Tariff (TEC) for imports of up to 400,000 tons of cereal from outside Mercosur, an attempt by the government to curb the increase in domestic prices. In the case of paddy rice, the TEC was 10%.

Urbano stated that it made the purchase because the Guyanese rice is similar to Brazilian rice. Renato Franzner, commercial director of the company, stated that the product was “properly treated” and that by November 20th it should be released for unloading. Before reaching the consumer, it will still benefit from further treatment.

More loads of rice are expected. In Imbituba, the schedule shows that the ship “Ekaterina” is at anchor with 18,800 tons of cereal from the USA. Two rice vessels are still expected for the first week of December – one with 27,000 tons coming from Thailand, and the other with 9,500 tons from the USA.

From January to October, Brazil imported 675,000 tons of paddy rice, 6.8% more than in the first ten months of 2019. Exports totaled 1.7 million tons in the period, an increase of 57.4%.

### Meat

**China is starting to curb its appetite for imported pork as it regains its domestic stock and domestic meat prices are beginning to fall. Added to this are consumer concerns about the presence of Covid-19 on food packaging that arrives from other countries.**

For more than two years, Chinese breeders have battled outbreaks of African swine flu, a highly contagious hemorrhagic disease that reduced the country’s domestic pig herd in 2019 by 41%, or more than 100 million animals. This drop caused pork prices to double. The African swine fever virus is not harmful to humans, but it is almost always deadly in pigs and there is no vaccine or cure for it.

Swine fever outbreaks are still occurring, but the country has moved to repopulate its pig farms, adding 60 million pigs since early 2020, according to China’s national statistics office. Animals have been imported from Europe to increase pig herds, new farms have been built, and large commercial operations are expanding production.

China’s pig population currently stands at 370 million compared to about 430 million before the detection of African swine flu in the country in August 2018.

The country is the world’s largest producer and consumer of pork and has increased meat imports – including beef and sheep – to help cover the domestic deficit. In the first ten months of 2020,

China imported US\$ 25.4 billion worth of meat, an increase of 75% over the previous year. This was advantageous for the meat industry that saw demand drop due to the closure of restaurants around the world.

Growth has slowed recently, and October import volumes have returned to February levels, according to data from China's customs administration. One reason for this is Covid-19. Since June, when the virus first appeared in a Beijing market for seafood, meat, and vegetables, Chinese authorities have identified traces of Covid-19 on imports of chilled and frozen foods, especially on the packaging.

This led to large-scale inspections and tests of food imports. Some meat production facilities had to stop exports to China after workers at their processing factories contracted Covid-19.

### Economy

**The Brazilian government suspended concessions on imports of certain products from Costa Rica on November 17. The measure will represent a 27.68% surcharge on imports of Costa Rican products such as chocolates and teas. The decision is supported by the WTO Safeguards Agreement.**

The measure was taken through a CAMEX (chamber of foreign trade) resolution in retaliation to Costa Rica's decision to apply unjustified safeguards to sugar it imports from Brazil that results in a surcharge of 27.68% on the Brazilian product.

In a joint note signed by the Ministry of Foreign Affairs, Ministry of Economy, and Ministry of Agriculture and Food Supplies, the authoritative bodies state that "before the measure was applied, the Brazilian government sought to negotiate an agreement with Costa Rica that would avoid restrictions on bilateral trade, which has not yet been possible."

Costa Rica's safeguards affect Brazilian exports are valued at US\$ 3.7 million per year, according to the latest data (August 2019 to July 2020). The Brazilian measure, implemented in the form of an increase in import tariffs identical to that applied by Costa Rica for Brazilian sugar, will fall on exports from that country in the amount of approximately 950 thousand dollars and may be withdrawn or supplemented in light of the progress of the negotiations between the two countries.

The note also states that "the Brazilian government will remain committed to seeking a negotiated solution that will go towards strengthening and expanding commercial ties with Costa Rica".

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*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, 4th floor*

*Vila Olímpia, São Paulo - 04551-904 - SP*