

**Main news**

**The project to build the bridge that will link both banks at the Port of Santos, connecting Santos to Guarujá, is waiting to be granted an environmental license** so that it can get underway.

According to estimates by Ecovias, the company that manages the Anchieta-Imigrantes System (SAI), and the Logistics and Transport State Secretariat of São Paulo, the approval should be granted by the end of 2019.

The announcement of the project to build the bridge was made almost a year ago and Ecovias will be responsible for both, in exchange for the contract extension it holds with the State for managing SAI.

The concessionaire submitted the detailed studies on the work in December 2018 to the São Paulo State Transport Regulatory Agency (Artesp), which is analyzing the proposal and will give guidelines for the next steps.

According to Cetesb, the application for a Preliminary Environmental License is being analyzed. "Cetesb is waiting on information complementary to the licensing process, with no established deadline in place," said the organ's spokesperson.

According to the current project, the bridge will be about 7.5 km long, starting at the entrance to Santos at the 64th km of the Anchieta highway, and ending near the access to Barnabé Island, in the Continental Area of Santos, about 500 meters from the Guarujá toll, at the 250th km of the Cônego Domênico Rangoni Highway.

The estimated cost of the work is R\$2.9bn, with the bridge being 85m high and having 325m between pillars, a requirement stipulated by the State Government to allow activities at the Metropolitan Airport of Baixada Santista to not be hampered (in the District of Vicente de Carvalho, Guarujá) and to not impact port operations.

This is the third attempt being made by the São Paulo government to directly access the islands of Santo Amaro (Guarujá) and São Vicente (Santos). Other projects previously presented were a submerged tunnel under the estuary and a bridge in the ferry boat region.

According to the State Government, the current model presents the best cost-benefit scenario as it will be quicker to implement and have a lower environmental impact.

**Ports, terminals and infrastructure**

**Resolution nº31/2019, which regulates the information supplied by terminals to the Port Price Monitoring System** – APP, of the National Water Transportation Agency (ANTAQ), was the subject of a meeting in late May between the agency and representatives of the port terminal associations.

The tool, which makes the average prices charged at port terminals throughout the country to be known, will integrate the Port Performance Indicator System – SDP, with the Agency's statistical data.

At the meeting, the Brazilian Association of Port Terminals (ABTP), the Brazilian Public-Use Containers Terminals

Association (Abratec), the Association of Private Port Terminals (ATP), the Brazilian Liquid Terminals Association (ABTL), and the National Federation of Port Operators (Fenop) have opposed the new rule.

The associations also filed an administrative appeal alleging that they should not be forced to report the prices charged, since they are private enterprise. This is still being analyzed by ANTAQ.

According to the schedule defined by the agency, the terminals must join the system by 15 June. However, besides more time to adjust to ANTAQ's rules, terminal representatives have requested that the agency formulate a document specifying the confidentiality of the information provided, with the data to be used exclusively for statistical purposes.

The director general of ANTAQ, Mario Povia, said the agency could prepare a resolution stipulating the confidential nature of data. As for delaying the deadline for sending the information, which is scheduled for this September, Povia promised to present the plea for evaluation by the other directors.

"With our own data, we will no longer have to resort to the World Bank to know about the prices charged at our port terminals," Povia said.

Last April, ANTAQ put the Port Price Monitoring System currently under test, on its website. The Agency will monitor the monthly information sent by the terminals, having the prices charged in the previous two months as reference. The survey will cover prices charged for storage, patio and docking services, starting with containers.

**Judge Ruy Eduardo Almeida Britto, from the 6th court of the Public Treasury, suspended the expansion contract for the Container Terminal at the Port of Salvador.** The injunction was obtained through a public lawsuit.

Britto considered that the absence of authorization from the Municipal Environmental Council (Coman) prevents the works from going forward.

Although Coman has an advisory role it should be consulted in the authorization of works that have an environmental impact. In this case, the agency understood that the expansion of the Port of Salvador would cause great damage to the environment of the city as it does not comply with the Municipal Coastal Management Plan.

According to the decision, the city must suspend the license and the work must be stopped immediately, with a daily fine of R\$5,000 for Tecon.

**The Port of Buenos Aires initiated a national and international public bidding process** to find an operator for the port. The opening of the bidding process follows the approval of specifications by the Argentine Ministry of Transport.

The winning organization will be responsible for executing the expansion works that are already underway, representing an investment of US\$760m in the first 10 years.

The Modernization Plan requires a total public and private investment of US\$1,910m, consolidating the provision of port services for the next 50 years under one operator. The

concessions of the three current operators will expire in May 2020.

Modernization of the port will double cargo handling capacity, improving regional connectivity.

On October 2, the bidding envelopes will be opened and the new operator's concession will begin in December 2019.

The Port of Buenos Aires intends "to optimize national logistics, through a competitive port, that will have the capacity to receive larger ships and with lower costs".

According to the port, "the refurbished area will have a flexible and modern layout, capable of adapting to market needs over the next 50 years, and will double the current cargo handling capacity, taking into account environmental and quality standards."

Once the concessionaire for the Port of Buenos Aires has been chosen, as it will be a single operator, the maximum tariffs will be established in the contract to ensure greater transparency and competitiveness.

**Codesp – Santos Port Authority – finished the first four months of 2019 with a profit of R\$68.139m.** The performance is far better than registered in the same period last year, when the organization recorded a profit of just R\$1.238m.

According to the Port Authority the result is a combination of increased net income, which reached R\$317m in the first four months of the year, up 16.5% year-on-year, as well as cost reduction implemented by the company's management this year.

The result for this period is the best in the last 18 years, the period of time for which records are available for comparison. The balance sheet was published on Tuesday (28 May) in the federal government's Official Gazette.

Codesp expects to maintain the organization's financial health and seek new business opportunities, such as concessions for infrastructure services and new auctions to lease areas, together with national and international investors.

Codesp also intends to continue with tight control over costs and contract reviews, as, according to the organization, it needs to increase cash flow to meet new obligations, such as dredging and possible expenses with Portus (Codesp's employees supplementary pension plan).

"Due to such expenses and the possible creation of PDD (Provision for Doubtful Debts), it is likely that the result of the coming months will be affected and will not be as significant as the first four months", according to Fernando Biral, administration and finance director of the Port Authority.

**Codesp employees (Companhia Docas do Estado de São Paulo) have suspended the strike scheduled for Wednesday, May 29.**

The decision was taken during a meeting at the headquarters of the Port Administration Employees Union (Sindaport) on Tuesday night (05/28).

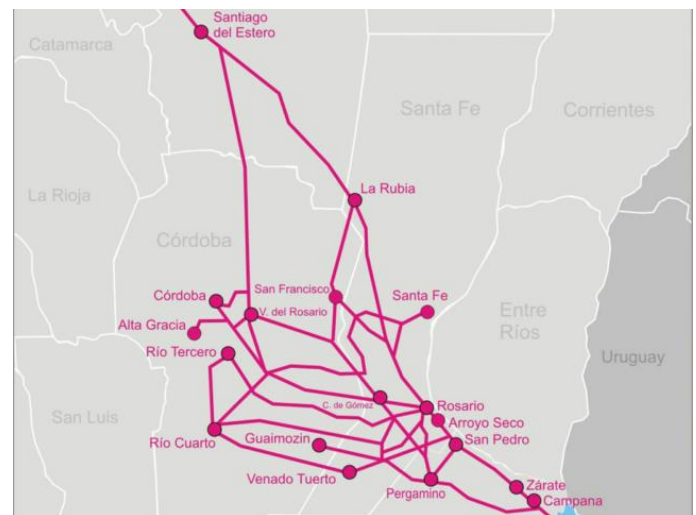
"We will not give up on night shift pay rates, as well as the additional for holiday and overtime. The rest, we can negotiate," said Sindaport president Everandy Cirino dos Santos.

According to Sindaport, Codesp's initial proposal was for a reduction on the night hours additional pay from 50% to 20%, holiday bonus from 50% down to one third, the reduction in overtime pay rates from 100% to 50%, and a 50% reduction in the extra meal voucher paid in December. Moreover, Docas called for an increase the share active employees pay into their health plan from 45% to 50% and retirees from 65% to 85%.

### Logistics

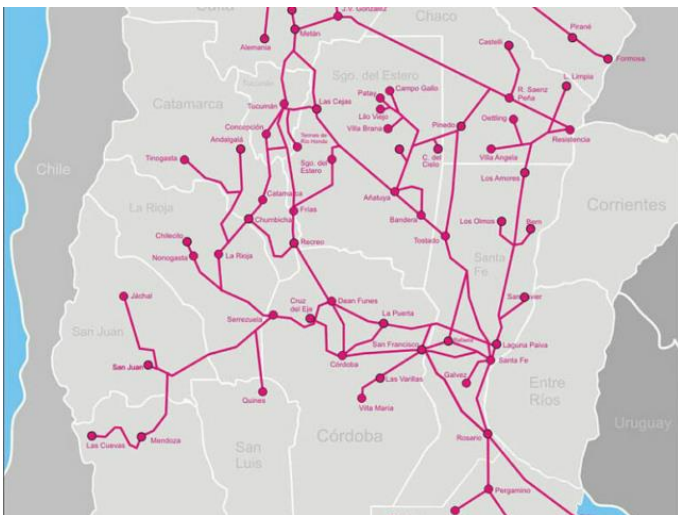
**Argentina is to invest US\$100m so that the freight train link between Gran Rosario's port terminals does not have to enter Santa Fé, in the state capital of the same name.**

According to a statement made by Argentina's Transport Ministry, the investment will be used to readjust the route, meaning eliminating 62 level crossings, taking the train via a new route that will allow for an increase in speed, reducing travel time by eight hours.



Source: Wikipedia

With this, the journey that currently takes 10 hours will be cut down to 2.5 hours and will carry more cargo, allowing 8-10 trains pulling 100 wagons each to travel the route each day, thus almost doubling current capacity.



Source: Wikipedia

As a result of the work, freight trains will avoid entering densely urban areas of Greater Santa Fe's metropolitan area and will be able to travel along the new road sector in better safety and speed conditions.

### Shipping

**Petrobras announced that it will run tests starting in June to prepare its refineries to meet the sulfur cut proposed by the International Maritime Organization in 2020.** It issued a statement saying, "During the testing period, the marine fuels to be presented in the Port of Santos will likely contain a lower viscosity."

The use of lower-sulfur fuels – the International Maritime Organization (IMO) has limited the sulfur content in fuel used by ships to 0.5% starting January 1st, 2020, for vessels that do not have an exhaust gas cleaning system. This has caused the shipping industry's fuel prices to rise.

Currently, the fuel sulfur content is 3.5%. This represents a new challenge for ship-owners throughout the world, who must figure out how to deal with this new policy.

The shipping companies hope the International Maritime Organization (IMO) will extend the deadline for this adjustment. Fuel prices will affect end consumers and other services, but change is essential to help preserve the oceans.

Seeking to streamline its operations and optimize vessel schedules, **CMA CGM has decided to temporarily adjust the schedule for its NEFGUI service**, with CMA CGM SAINT LAURENT being the first vessel affected (ETA on June 15 2019 at the port of Natal).

From this vessel, the NEFGUI service will call every fortnight at the Port of Natal with an estimated return to weekly vessel calls from August 17 2019 with vessel CMA CGM CAYENNE.

Therefore, the next vessels calling at Natal will be the following:

- CMA CGM BRASIL, ETA 22 June
- CMA CGM CAYENNE, ETA 06 July
- MARFRET MARAJÓ, ETA 20 July
- CMA CGM BRASIL, ETA 03 August

According to the company, during the weeks with no calls at Natal, CMA CGM will accommodate load/discharge cargoes in Fortaleza.

SouthBound	
Port	Transit Time
ALGECIRAS, <a href="#">ES</a>	0
LONDON GATEWAY PORT, <a href="#">ESS</a> , <a href="#">GB</a>	4
ROTTERDAM, <a href="#">NL</a>	5
LE HAVRE, <a href="#">FR</a>	7
PHILIPSBURG, <a href="#">AN</a>	17
PORT OF SPAIN, <a href="#">TT</a>	18
DEGRAD DES CANNES, <a href="#">GF</a>	22

Source: CMA CGM

CMA CGM is also reinforcing its Europe/Caribbean and Latin America services in order to meet its customer's requests.

NorthBound	
Port	Transit Time
DEGRAD DES CANNES, <a href="#">GF</a>	22
VILA DO CONDE, <a href="#">BR</a>	27
FORTALEZA, <a href="#">BR</a>	30
NATAL, <a href="#">BR</a>	32
ALGECIRAS, <a href="#">ES</a>	42

Source: CMA CGM

EUROSAL and PCRFB will be upgraded in order to provide the best possible coverage of the Caribbean and the West Coast of South America; with capacity increases (including reefers) and competitive transit times.

NEFGUI will remain dedicated to Leewards, Trinidad, French Guiana and North Brazil.

These services will all benefit from the new CMA CGM Coldstore, a cold chain logistics warehouse of 10,000 square meters, located in the heart of London Gateway Port.

### Trade

According to the Brazilian Institute of Geography and Statistics (IBGE), **Brazilian Gross Domestic Product (GDP) fell by 0.2% in the first quarter of 2019** in relation to the fourth quarter of 2018.

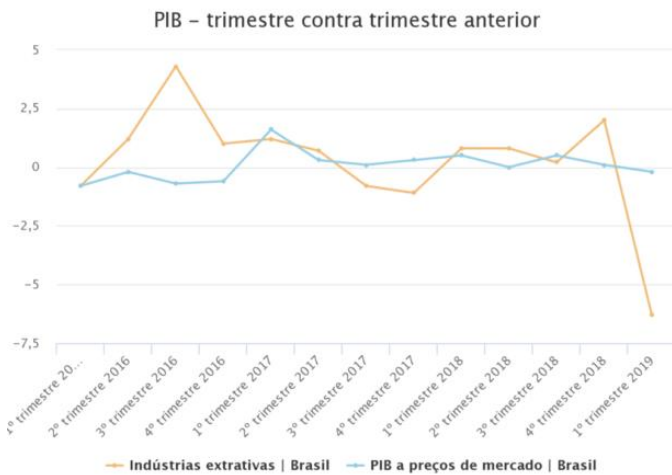
This was the first negative result in this type of comparison since the fourth quarter of 2016 (-0.6%) and was largely caused by the reduction of industry (-0.7%) and agriculture (-0.5%).

A strong fall in the mining industry (-6.3%) also weighed heavily on the result. "The Brumadinho incident and the consequent state of alert on other mining sites affected the entire industry," explains the IBGE Quarterly Accounts Manager, Claudia Dionísio.

The manufacturing (-0.5%) and construction (-2.0%) industries also affected services, which varied by 0.2%.

Two major groups of activities were also negative: trade (-0.1%) and transport and storage (-0.6%). "These activities depend largely on industrial production and reflect its performance in the

quarter, which was negative for all economic categories,” says Claudia.



Fonte: IBGE – Contas Nacionais Trimestrais

Source: IBGE

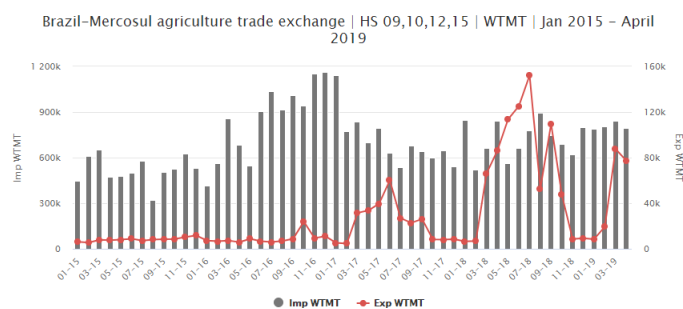
Other service activities have had positive results, such as information and communication (0.3%) and financial activities (0.4%).

Agriculture also had a negative variation in the period (-0.5%). Important harvests in the first quarter caused declines in the annual production estimate, such as soybeans (-4.4%) and rice (-10.6%), while maize and cattle raising had positive results.

Compared to the first quarter of 2018, household consumption increased by 1.3%, mainly due to the improvement in consumer credit and the increase in salaries during the period.

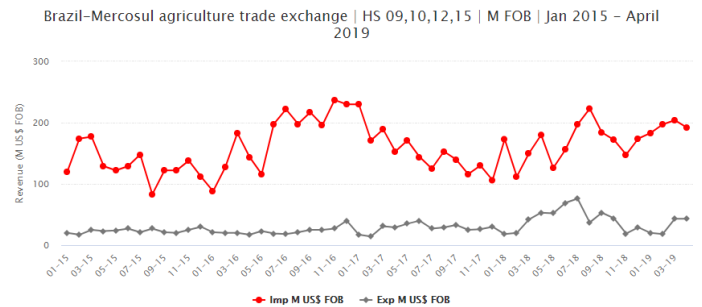
On May 28th and 29th, the Agriculture, Livestock and Supply Minister Tereza Cristina, participated in the 37th Meeting of the Southern Agricultural Council (CAS), in Santiago.

The purpose of the CAS is to coordinate actions of agricultural ministries in Argentina, Bolivia, Brazil, Chile, Paraguay and Uruguay, by defining priorities for the agricultural and livestock agenda. The council also intends to adopt positions on topics of regional interest and communicate the adoption of the agreed actions.



Source: DataLiner

At the event, Tereza Cristina highlighted the performance of agricultural cooperatives in Brazil, and mentioned a memorandum of understanding signed with Chile to allow for organic products to be traded between the two countries.



Source: Secex

Other issues discussed at the Chile meeting were barriers to the free movement of goods in the region and technical cooperation between the CAS and international organizations.

Still on the Ministry of Agriculture, the adviser to the Department of Studies and Prospecting of the ministry’s agricultural policy organ, Marcelo Guimaraes, took office on Tuesday (28/05) as president of the G20 Agricultural Market Information System (Amis). The handover took place during the 15th meeting of the Amis Information Group in Rome.

Amis is an initiative of G20 (Group of 20 richest countries) which aims to increase the transparency of international agricultural markets and promote greater coordination of agricultural policies, especially in times of crisis.

**The Arab Brazilian Chamber of Commerce (ABCC) reported that around US\$1bn in products were exported by Brazil to Arab countries in April this year.**

A total of US\$980.4m was recorded during the first month of the second quarter, an increase of 40.3% year-on-year, representing around 2.7m tons.

To date, the figures released are also being seen as the best exporting month for Brazil since 2014.

According to the ABCC, most of the exports went to the United Arab Emirates (UAE), generating around US\$239.15m, at approximately 282,700 tons.

Exports to the Kingdom of Saudi Arabia generated US\$177.2m (249,280 tons) and to Egypt generated around US\$92.8m (183,000 tons). The value exported to Oman and Bahrain reached US\$63.49m (801,230 tons) and US\$51.7m (535,750 tons) respectively during the same period.

“The positive figures that we have posted for the month of April demonstrates the strong trade ties that we continue to maintain with the Arab region,” said Rubens Hannun, President of the Arab-Brazilian Chamber of Commerce.

Some of the top exported goods recorded in April include meat, corn, beet sugar, iron ores and concentrates, aircraft, satellites, live cattle, bovine meat, coffee, petroleum oils, soybean oil, soda or sulphate, plastering materials, lime and cement, organic chemicals and fish.

With the objective of discussing business opportunities in the agricultural sector, Alexandre Ghisleni, the director of the Agribusiness Promotion Department of the Ministry of Foreign Affairs, visited the Arab Brazilian Chamber of Commerce on Monday (27/05).

According to the executive, the expectation is to work with the Chamber to deepen trade relations with the Arabs, to establish a partnership between the government and the private sector to explore new markets and maintain current markets. "Our intention is that there is a follow-up (of the meetings between the government and the Arab Brazilian Chamber)."

Among the topics discussed at the meeting were the trade values between countries, food security, as well as other business possibilities such as the triangulation of commercial opportunities involving Brazilian technological knowledge in agribusiness and Arab investment, which can be applied in partnership with countries in Africa.

In order to increase the value added of Brazilian exports to the Arab countries, issues such as agricultural management technology and strategic partnerships were addressed.

### Meat

**BRF signed a memorandum of understanding with Marfrig on Thursday (May 30) for the two companies to evaluate the possibility of combining their businesses.** If successful, the merger will result in a company that will be among the industry leaders in Brazil, the United States, Latin America, the Middle East, and Asia.

BRF and Marfrig will have 90 days, which can be extended by another 30 days, to carry out deeper studies and define the terms of a final agreement.

The company resulting from the merger should have a higher level of corporate governance and will adopt policies that seek Investment Grade Rating.

The preliminary terms of the transaction do not consider any cash disbursement, being based on an exchange of shares that will result in the attribution of 84.98% of the resulting shareholding to BRF shareholders and 15.02% to Marfrig shareholders.

The understanding is that the merger represents complementarity for the two companies in their business segments, geographic and protein diversification, and risk reduction. According to Reuters, the goal is to create a complete protein portfolio to compete with global giants such as Tyson Foods and JBS.

According to estimates by investment bank BTG-Pactual, the merger will result in a new global meat giant, with revenues of almost R\$80bn, of which 1/3 corresponds to the US beef segment, 1/3 corresponds to Brazil's beef and pork market and the remaining 1/3 to BRF's international arm in the Middle East and Asia.

If the merger goes ahead, it will reinforce the companies' commitments to cost reduction, the improvement of capital structure, the focus on Brazil and the Halal Market (products certified according to Muslim procedures), innovation, the expansion of product range in Brazil and in other international markets, and reinforce the stability of the management model.

### Grain

**Brazil's corn exports are set to reach record highs this year, driven by two factors: an unprecedented delay in corn**

**planting in the US**, the world's largest producer and exporter, and Brazil's high production during this period.

According to Conab – The National Supply Company – this year's forecast was to export 31 million tons of corn, even before the problems of excessive rainfall faced by the US. But this figure is now set to increase. The amount of Brazilian corn exported during the last harvest reached 24.8 million tons.

"We began the harvest needing to export at least 30 million tons. Now exporting has become even more important given the large volume that we will harvest," said Daniely Santos, a market analyst at Céleres, when commenting on estimates of historic Brazilian production levels of around 100 million tons.

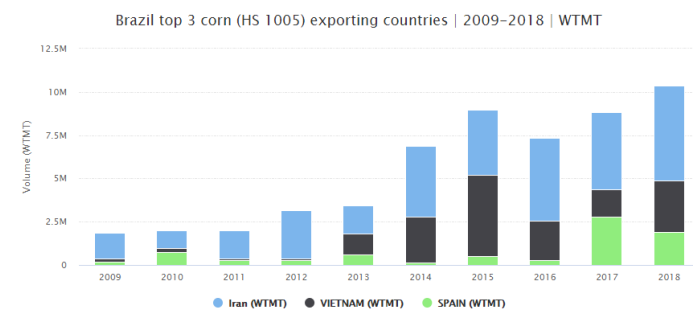
Brazil's rainy weather has boosted the corn crop's yield, which was already expected to be high, with a good planting window after an anticipated soybean harvest.

Last week, Agroconsult reported a 2 million ton increase in its forecast, to 100.4 million tons. "Although we expect an increase in local consumption due to the increase in animal protein production, the need to export is big, there will be plenty of corn to export. This scenario of large exportable surplus causes prices to move towards export parity," said Itaú BBA senior agribusiness analyst Guilherme Bellotti.

"Previously, prices had a discount in relation to export parity, and now with this historical delay in US planting, contrary to expectations there will be a tightening in US supply," he added.

Besides Brazil, other countries such as Argentina and Ukraine also have good crops and will compete in markets that the US fails to supply. Today, however, Brazilian corn is highly competitive.

The National Cereal Exporters Association (Anec) recently projected corn exports at 30 million tons for this year.



**According to information from AgRural this Thursday (30 May), soybean prices are the best so far this year in some areas of Brazil.**

According to the company, some factors can influence the price of the grain. One is the fact that soybeans, corn, and wheat remain stable after the USDA (United States Department of Agriculture) showed that the weather is continuing to punish US farmers.

In addition, as a result of the rains, soybean planting in Brazil this year has proved to be the 2nd slowest in history; only 1990 was slower.

The forecast for June predicts less rainfall and higher temperatures for the sector.

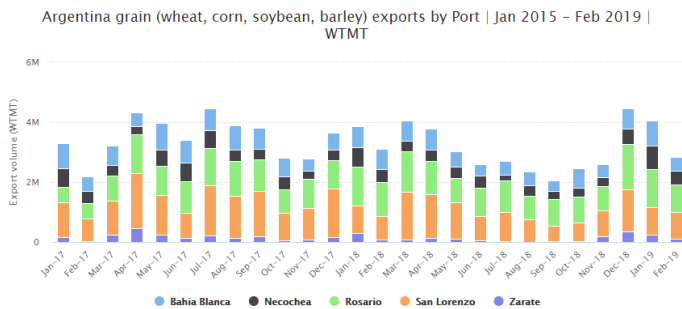
**A national strike in Argentina on Wednesday, May 29, halted work in the country's main grain ports, as well as bringing airports to a standstill.**

The strike, called by the main unions in Argentina, aimed to protest against the austerity measures adopted by President Mauricio Macri.

The popularity of the center-right leader has been hurt by high inflation, unemployment and weak currency (peso).

According to Reuters, grain exports stopped at the Port of Rosario, one of the most important agro-industrial regions in the world. As a result, trade between Argentina and other countries was practically non-existent.

The following chart, with data from the Argentine Subsecretariat of Markets, shows the export of grains from the main ports of Argentina from January 2015 to February 2019.



This is not the first time that exports from the Port of Rosario have been interrupted. In February 2018, trucker owners went on strike briefly to attempt to force the adoption of minimum grain hauling rates.

At the time, the strike also affected the operation of grain mills in the province of Santa Fe, where 80% of the country's agricultural exports are processed, transported and loaded onto ships.

With 6.8m tons of soybean exports in 2018-19, Argentina ranks third in this category, behind Brazil and the United States, according to the US Department of Agriculture.

### Oil & gas

**Brazil's Petrobras will ship crude oil to China in June and July to respond more quickly to demand from local refiners.**

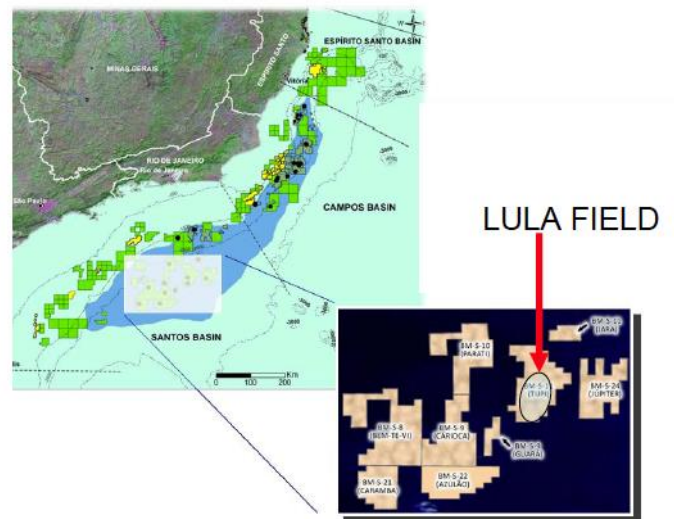
The company has leased fuel storage tanks in the port city of Qingdao, which will allow the sale of small quantities of oil promptly to the local market.

Initial crude oil shipments from the Lula and Búzios fields are expected to reach China in late June and early July. The company's goal is to gain share among China's independent refiners known as "teapots".



Source: Petrobras

Petrobras chartered the VLCC ("very large crude carrier") Maran Cleo, which is scheduled to arrive in Qingdao on June 24. The VLCC contains 2m barrels of crude oil from the Lula field, part of which has already been sold. The rest will be stored.



Source: Petrobras

Another Petrobras VLCC will arrive in Qingdao between July 10 and 15 and contains about 1m barrels of crude from the Búzios field for storage.

**The Argentine government has issued a new approval for YPF to export natural gas from Neuquén to Chile, up to a maximum of 1.7m cubic meters per day. This figure is in addition to 3.5m cubic meters per day that had already been authorized a few days ago, from the same areas and to the same destinations.**

The decision was ratified by the Government's Energy Secretariat Resolution 287/2019, which authorized the state oil company to sell from the El Porton and/or Loma La Lata areas – Sierra Barrosa, located in the Neuquen Basin. The destination is the Global Energy Supply Company (AGESA) of Chile.

It is worth noting that this authorization is valid until May 1, 2020, or until the maximum total value equivalent to that volume is reached for the total number of days authorized.

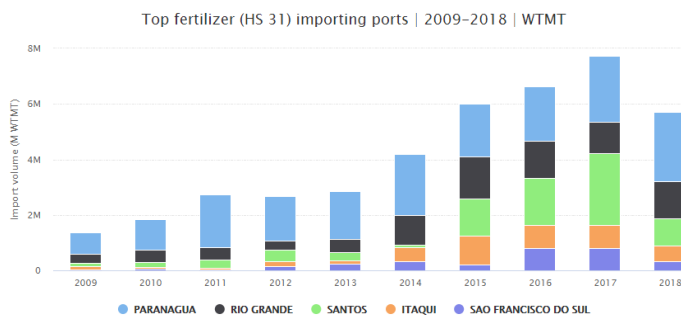
The gas that will be supplied to Chile will be subject to interruption when there are internal supply needs.

### ***Other cargo***

#### **The Fertilizers Project, designed by railroad operator Rumo in partnership with JM-Link, hit a significant operational record for fertilizer imports in the month of April.**

Vessel Theresa Hebei unloaded more than 72,000 tons of fertilizers at the port of Santos from the Belarusian Potash Company (BPC), passing the previous record of 71,000 tons registered last November.

Responsible for managing the country's main grain export corridor, which connects the production chain in the Midwest to the Port of Santos, Rumo developed a round-trip commercial strategy. This involves some of the wagons which have unloaded grains at the port returning to Rumo's terminal in Rondonópolis (MT) with fertilizers. "Our projection is that in 2019, around 50% of fertilizer imported into Mato Grosso will arrive by the railroad," said Jose Eduardo Grandi Cavalcanti, Sales Executive at Rumo.



Source: [DataLiner](#)

Rumo estimates handling approximately 2m tons of fertilizers in 2019. The amount is equivalent to almost 23,000 wagons, which represents about 50,000 truck trips on the roads to Rondonópolis.

In partnership with JM-Link, Rumo has already invested more than R\$200m in infrastructure at its terminal in Santos. The facility has the capacity to unload up to 7.5m tons per year and is structured with two railway lines that can unload eight wagons at the same time and two independent conveyor belts which can handle 1,200t/hour and have a static capacity of 64,000 tons.

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