

Main news

According to a report published by the 'Estadão', Petrobras has made its biggest discovery in Sergipe since the pre-salt in 2006. It expects to extract 20 million m³ of natural gas per day from the six fields, equivalent to a third of total Brazilian production. The finding is expected to generate US\$7bn in annual revenues for state-owned and member companies, estimates Gas Energy. According to the Estadão, in the government's assessment, the finding could help put into effect the 'cheap energy shock' plan promised by the economy minister, Paulo Guedes – a plan to reduce the cost of natural gas by up to 50% and 'reindustrialize' the country.

The report says that the government believes that in a short time, Sergipe will produce the cheapest gas in Brazil. Firstly due to the increase in production, and secondly by the start-up of rivals of the oil company, such as ExxonMobil, which has exploration projects in the region. Another factor will be the presence of gas import companies, which will also compete for the outflow infrastructure. In this way, the trend is to reduce the transportation tariff and hence, also the final price of the product.

Felipe Kury, director of the National Agency for Petroleum, Natural Gas and Biofuels (ANP), classifies the potential of the Sergipe-Alagoas Basin as "very promising". Besides the six Petrobras fields, the ANP believes that there are other areas in the region that may have oil and gas that, in the coming years, may result in new relevant discoveries. According to data from the Ministry of Mines and Energy, to delimit the reservoir and build a gas pipeline to the coast, Petrobras is expected to spend US\$2bn this year. The state-owned company has not disclosed plans for the region.

Clarifications from Petrobras

On Monday June 17, Petrobras issued a statement regarding media reports on the discovery of natural gas in the Sergipe Basin. In the note, the company clarifies that in recent years six deepwater discoveries have been confirmed in the Sergipe Basin: Cumbe, Barra, Farfan, Muriú, Moita Bonita and Poço Verde. According to the statement, the 2019-2023 Business and Management Plan contemplates the budget for the installation of a production system, with studies on this project being in its initial phase.

The Company is conducting a Discovery Assessment Plan for these areas to evaluate the productive potential of its oil and natural gas reserves, and a long-term test in the Farfan area is planned for this year, in order to gain better information on characterization of the rock-reservoir and fluids in the area to help studies.

Ports, terminals and infrastructure

Last week, **newly expanded Pier C was inaugurated in the Port of Montevideo (Uruguay).** The structure was enlarged by 180m, with a width of 34m and a draft of 14m, generating a dam of 540m. In addition, a three hectare patio was added to be used as a support area. Since Dike D is already multipurpose, the strategy is to have more docks and support areas to avoid falling into a bottleneck in infrastructure.

Pier C will carry out operations involving containers, cattle and cars amongst other goods. The initiative required investments of

US\$148.7m in pier C and US\$82.5m in D, totaling US\$231m and included dredging work.

The Reicon group, a logistics operator in the Amazon region, and Manobraso Serviços Marítimos, specialized in hoisting and maritime operations, **entered into a partnership to acquire a self-propelled crane vessel in Belém (PA) named 'Rio Branco'.**

This is an equipment installed on a floating structure and used in ports for maneuvering, transporting, loading or offloading heavy cargo loads without the need to dock the ship at the quay.

The 'Rio Branco' has a lifting capacity of 200 tons, as well as a rigging system, auxiliary generators and accommodates up to 12 crew members as well as fresh water and fuel tanks.

The vessel will serve customers in the 'Northern Arch' region, mainly Maranhão, Pará, Amapá and Amazonas in various maritime operations, such as salvage, expansion of maritime terminals and project cargo movements.

Argentina's General Customs Directorate (DGA) has revealed plans that the Port Authority of Santa Fe (EAPSFE) has to create a customs storage area for general cargo and containers. The work will complete the services offered by the Santa Fe terminal just under 6 months after the proposal was submitted.

Through resolution 153/2019, the Department of General Customs Operations approved the feasibility of the project, allowing the authorization of a tax warehouse. The project had been presented on January 27. The warehouse is almost 34,000 m² in size and will receive a pallet scanner as well as a mobile truck scanner, which will be operated by a private company starting in 2021.

From now on, there will be a focus on compliance with all legal requirements for warehouse authorization, such as the physical and operational conditions of the area, warranty issues, sanctioning regime, and the characteristics of tanks, silos and cold rooms.

The president of the Santos Port Authority, Casemiro Tércio Carvalho, presented the results of the first 100 days of management. Among the results achieved in this period, one of the highlights was net income of R\$68m in the first four months of this year, the best result in decades. Other highlights included savings of R\$7.5m per year due to eight renegotiated service contracts, and the prospect of saving a further R\$5m per year, due to better personnel and time management.

In relation to the market, Tércio emphasized the work developed by his commercial team, which signed three transition contracts with terms renegotiated in favor of the Port Authority. Court injunctions in favor of terminals operating precariously despite expired contracts were overturned, which will allow new investments to flow to the port. He also emphasized the elaboration of a proposal for a new tariff structure to use of the canal, following criteria for charges based on gross tonnage. The proposal is expected to be presented to the Port Authority Council (CAP) within 45 days.

Tércio also highlighted commercial actions aimed at attracting new cargo to the port, through the prospection of productive chains. Regarding this, he announced the opening of a commercial

office in China, the renewal of the 'Santos Port Authority' brand, and preparation of new leases for areas where contracts are almost expiring.

According to the CEO of the Paraná Ports Administration, it is to resume studies to implement the unified system for identification, tracking, and authentication of goods in the state. He said that the Ports of Paraná are pioneers in the implementation of the structure. The technology has been in place since 2015, in the installed antennas and in the dock access gates. "Porto is already structured to receive this system. Now, we will discuss with the Secretary of State for Finance which sectors to continue. The idea is to segment, starting with what is most critical and urgent for the state. All this will be done by dialoguing and joint planning with the port community," said the CEO.

This initiative by the Paraná Ports is in line with the Brazil ID program, which proposes the integration of the logistics chain to improve and streamline the flow of goods and supplies via the intelligent use of data. The technology allows for integration that benefits not only port management and surrounding municipalities, but also reduces risks, impacts, costs and improves the quality of life for the population.

Brazil ID

Through a technical cooperation agreement signed on August 31, 2009, the Ministry of Science and Technology, the Federal Revenue Service and the States of the Union created the Merchandise Identification, Tracking, and Authentication System, named 'Brazil-ID', which is based on the use of Radio Frequency Identification (RFID) technology.

The objective is to develop and implement a technological infrastructure of hardware and software that guarantees the identification, tracking, and authentication of goods produced in and circulating in Brazil, with the use of RFID chips.

With this, it will be possible to standardize, unify, interact, integrate, simplify, reduce bureaucracy and accelerate the process of production, logistics, and inspection of goods throughout the country.

Tecon Santos, a container terminal managed by Santos Brasil, handled 100,743 containers in May, reaching record levels since August 2013. According to Marcos Tourinho, the commercial director of Santos Brasil, this growth reflects possible growth in Brazil's economy. "The container sector is a market thermometer and, when we exceed 100,000 containers handled in the first month of the period considered high season in national ports, this indicates a possible re-heating," he said.

In the first quarter of this year, Tecon Santos was the only container terminal at the Port of Santos to show growth. During this period, overall container handling at the port fell 12%, whilst Tecon Santos posted a 1.5% increase, with 218,533 additional containers shifted. The company's market share at the Port of Santos reached 42% in April.

The following DataLiner graph shows the container throughput trends for Santos Brasil in the first four months of 2019. This graph does not include cabotage, transshipment and empty container data.

Santos Port Authority launched a bid to receive donations in the form of projects, surveys, investigations and technical studies on a model to use in providing a concession for the Port of Santos access channel. This is the first step towards a possible concession, an initiative considered essential for increasing the port's efficiency.

The port authority will not incur any cost of the studies and will not be required to use them. "The intention is that it be a democratic way of structuring the concession so that the bid is launched as close as possible to what the port and community need," said the CEO of the Port Authority, Casemiro Tércio Carvalho. The interested parties have 30 calendar days to request authorization to prepare the studies and another 100 days to submit them to the Port Authority.

The company expects to launch the bid for the channel concession in 2020, which is expected to cover activities such as dredging for maintenance and increasing the draft of the channel, evolution basins and mooring berths, tugboat services, environmental monitoring and remediation, and emergency responses amongst other things.

Logistics

Brado Logística, owned by Rumo, is to start using Brazil's first double stack train wagons. With the ability to stack two 40-foot containers or two 20-foot containers and one 40-foot container, these wagons will be used along the rail link between Sumaré (SP) and Rondonópolis (MT), which comprises the Paulista and North administered by Rumo. The company invested R\$30m in acquiring 74 wagons, which can carry any type of cargo since they support three types of containers: dry, reefer and isotank.



The wagons will allow capacity along the Sumaré-Rondonópolis stretch increase by around 40%. The model enables a more sustainable operation, with significant gains in productivity and profitability, transporting more containers on the same train and reducing operating costs and, consequently, freight costs. The double stack are manufactured by American company Greenbrier Maxion, which has Brazilian headquarters in Hortolândia, in São Paulo State.



Ministério da Infraestrutura 
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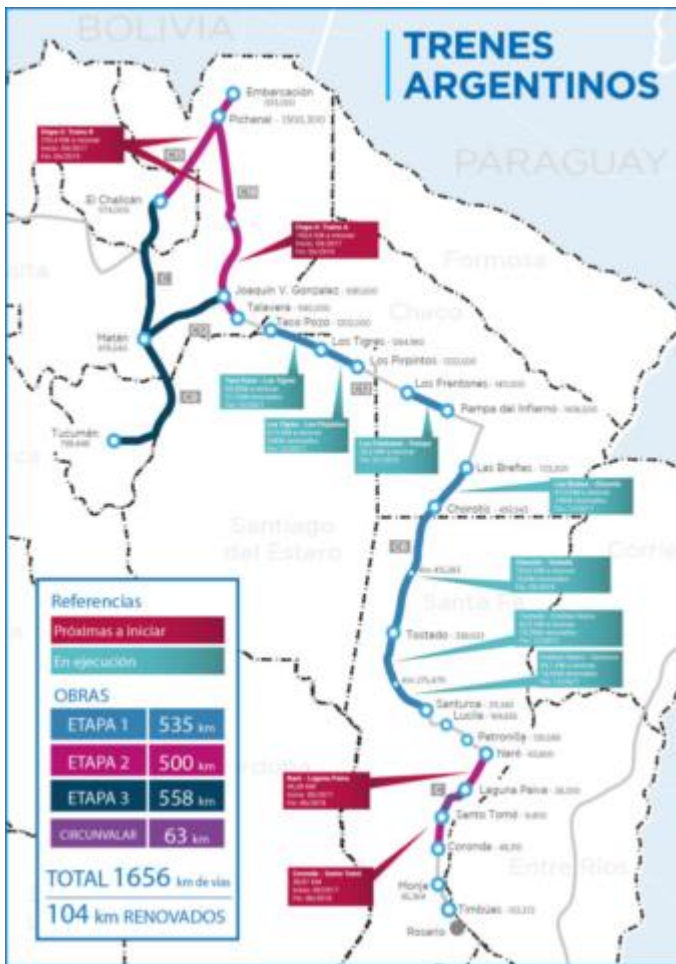


Replying to @MInfraestrutura

Durante a visita ao terminal ferroviário de Rondonópolis (TRO), o ministro @tarcisiogdf e o dir. geral do @DNIToficial conheceram a operação double stack, modalidade de transporte intermodal de mercadorias, onde dois contêineres são empilhados no alto de cada vagão. Veja  

 167 12:36 PM - Jun 14, 2019

The use of freight trains in Argentina increased by 19% in the first five months of 2019 compared to the same period last year, having carried 8,363,288 tons between January and May.



In the year to date, the most prominent company in rail transport is Trenes Argentinos Cargas (TAC), a company owned by Argentina’s Ministry of Transport, followed by Fepsa. In the first five months of this year, TAC’s cargo handling rose 95% compared with the same period in 2015 (2.1m tons instead of 1.05m tons).

Investments

Belgrano Cargas – an Argentinian railroad company – increased its network by 700 km, to 1,700 km. The US\$3bn investment required for this was the largest in the country in recent times.

Trenes Argentinos Cargas invested in renovating its fleet, gaining 3,500 wagons and 107 new trains.

During the G-20 summit, a trade agreement with the Chinese company CRCC was signed by Argentina for the renewal of the San Martín Line. With an investment of US\$1.09m, 1,020 kilometers of rail will be recovered, linking the Cuyo region to the ports of Rosario and Buenos Aires. The works are expected to generate 3,800 jobs.

MRS Logística and Novelis América do Sul have signed a five-year contract to transport containers by rail with the volume guaranteed. Expectations are that commodities to be transported will mainly be laminated aluminum coil and recyclable aluminum products.

The new contract is part of Novelis’ expansion project for its main Brazilian plant in Pindamonhangaba (SP). With an investment of

R\$650m, the project foresees an annual increase in the production capacity of aluminum plates by 100,000 tons of recyclable aluminum by 60,000 tons. With the expansion, the plant will have an annual production capacity of approximately 680,000 tons and 450,000 tons for recycling of the metal.

The production capacity increase will be backed by improvements in the company’s logistics infrastructure, with an exclusive terminal to be built to connect Pindamonhangaba’s unit to the MRS Logística line. This serves three of the country’s main ports – Santos, Itaguaí (RJ) and Rio de Janeiro (RJ) and is scheduled to be completed by the end of September. With this project, Novelis will be able to cut carbon dioxide emissions by up to 73% compared to road transport.

Shipping

Syndarma – National Union of Maritime Shipping Companies – released a note to report that the member companies of ABAC – Brazilian Association of Cabotage Shipowners – requested that the Union be dismissed in June.

According to Syndarma, “the entity, founded in 1934, and which acts in defense of the maritime shipping economic category representing the companies that operate in coastal and maritime support navigation, feels sorry that such an important segment of navigation is leaving the union, although it complies with the request for ABAC to be free to act directly with the aim of strengthening the cabotage sector.”

The move is thought to be motivated by the fact that the cabotage entity and the union have different interests. “One of them, according to sources, would have been the proposal for a provisional measure that would make vessel imports exempt from taxes such as II, PIS, Cofins and make ICMS more flexible. Industry officials have also expressed concern about the number of draft legislation and provisional measures that would in practice make vessel charter rules more flexible, especially in coastal shipping.”

SINAVAL – The National Syndicate for Offshore and Naval Construction and Repair – has issued a technical note on laws 423/2014, 2948/2019 and 3221/2019 that are in the making, which propose amendments to law no. 9,432 (formed in 08/01/1997) regarding the organization of waterway transport.

The new bills aim to allow Brazilian shipping companies to acquire new and used vessels in the international market and to eliminate restrictions on chartering foreign vessels, with exemptions on import taxes (II, PIS, Cofins, and ICMS). According to Sinaval, the bills will be damaging to the regulatory framework of Brazilian navigation and naval shipbuilding, which has been the object of extensive and lengthy government negotiations with all stakeholders and has worked perfectly for the past of 20 years.

The union fears that privileges will be created for companies that have never invested in these sectors and now intend to operate with undue advantages, to the detriment of domestic and foreign shipping companies that previously took a risk by investing in Brazil. The letter is signed by the president of Sinaval, Ariovaldo Rocha, and was registered and addressed to the minister of infrastructure, Tarcisio Freitas.

Trade

Brazil wants China to invest in infrastructure projects as long as investors create local jobs and comply with Brazilian rules, the country's vice president, Hamilton Mourão, told Reuters in an interview. Mourão met with Chinese leader Xi Jinping in China last month as part of efforts to maintain close ties with Brazil's main trading partner.

Mourão said that Brazilian infrastructure is hampering productivity and that Chinese investment is welcome as long as it follows local rules. "A Chinese company cannot get here and bring 100,000 Chinese to work in Brazil," he explained. He added that he did not speak to the Chinese about any infrastructure projects in particular during his trip, but that he saw room for Chinese investments in rail, road and port projects.

On the trade war between the United States and China, Mourão described Brazil's position as "pragmatic and flexible", seeking to make decisions in the Brazilian interest without taking sides.

According to a report released last by the Ministry of Agriculture, **agricultural exports generated US\$9.8bn in May 2019 – a 1.7% dip in relation to the US\$9.97bn exported in May 2018**. The reduction in export revenues was mainly due to the decrease in the price index of Brazil's agribusiness exports, which declined 9.1%. On the other hand, an increase in volume helped avoid a larger drop in the value exported, which actually increased 8.1% over the same period comparison.

There was a 22.5% increase in exports by other sectors, causing agribusiness' share of exports to from 51.6% of the total value exported in May 2018, to 46.1% in May 2019. Imports of agribusiness products rose from US\$1.08bn in May 2018 to US\$1.18bn in May 2019.

Participation by the five main sectors for Brazilian agribusiness exports was down from 90% in May last year, to 85.3% in May 2019.

Soy

The top agribusiness export is soybean complex, responsible for 46.1% of the total value exported in May 2019. This was a 22.2% decrease from US\$5.81bn in May 2018 to US\$4.52bn in May 2019.

Meat

Foreign sales of meat increased 27.5% in May 2019, from US\$1.11bn in May 2018 to US\$1.41bn in May 2019. Chicken was the main meat exported, generating US\$650.42m in exports (+ 27.1%). Other significant meats exported were beef (US \$ 573.32 million, + 24.0%); pork (US \$ 142.64 million + 56.5%); and turkey meat (US \$ 4.71 million, -40.8%).

Cellulose

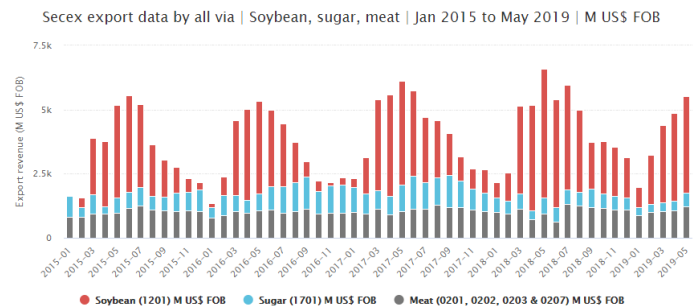
Exports of forest products hit a record for May 2019, with US\$1.37bn in exports. This is a 23.6% increase on the US\$1.11bn exported in May 2018. The main product exported by the sector was pulp, generating US\$859.18m – an 18.0% year-on-year increase.

Sugar and alcohol

Sugar and alcohol was ranked fourth among the main agribusiness exporting sectors. Exports totaled US\$618.63m (-10.3%), with sugar accounting for US\$540m (-14.9%) and alcohol for US\$77.6m (+ 51.2%).

Coffee

In fifth place was coffee. The sector hit record exports of green coffee (195,900 tons) and soluble coffee (7,600 tons) for the months of May. Brazil had a record coffee production in 2018, with 61.7m 60kg bags.



Imports

Agribusiness imports increased from US\$1.08bn in May 2018 to US\$1.18bn in May 2019 (+ 9.0%). The main agricultural products imported by Brazil were wheat (US\$95.65m, + 14.5%), paper (US\$75.73m, + 7.4%), ethyl alcohol (US\$74.28m), salmon (US\$46.24m, + 10.4%), clothing and other cotton textile products (US\$ 44.54m, + 3.2%), malt 36.77m, + 32.0%), potatoes prepared or preserved (US\$34.62m, + 33.6%), wine (US\$34.12m, + 14.2%), palm oil (US\$30.5m, -37.3%), natural rubber (US\$30.41m, + 0.5%), and olive oil (US\$30.11m, -13.8%).

Brazilian Foreign Minister Ernesto Araujo and Morocco's Foreign Minister Nasser Bourita signed agreements on May 13 to boost bilateral trade and expand investment in both countries.

During the first five months of this year, Brazil accumulated a US\$113m deficit in bilateral trade with Morocco. With the agreement it seeks to reverse the situation in its favor. The agreements involve direct investment, air transport, cooperation between diplomatic academies, defense, double taxation, exchange and application of agricultural technology and triangular trade negotiations.

According to Chancellor Ernesto Araújo, the agreements are positive because they strengthen bilateral dialogue and build policies based on a solid legal statute instead of abstract ideas. Morocco's ambassador to Brazil, Nabil Adghoghi, stressed the importance of the agreements as a legal framework designed to facilitate bilateral relations. He said, "now it will set up a cooperation structure between Brazil and Morocco aimed at expanding not only trade but also stimulating negotiations on investments and projects."

Brazil's foreign minister Ernesto Araújo, and Uruguay's Rodolfo Nin Novoa, signed a bilateral agreement aimed at avoiding double taxation on transactions between the two countries. The bill still needs to go through Congress before being brought into effect. The agreement, called the 'Convention to Eliminate Double Taxation in Relation to Taxes on Income and Capital and to Prevent Tax Evasion and Elim,' limits the tax

jurisdiction of the two countries by eliminating or minimizing the possibilities of double taxation of income.

The convention also incorporates the Organization for Economic Cooperation and Development's (OECD) Project on Erosion of the Tax Base and Profit Transfer (BEPS), as well as other relevant recommendations of the project. The agreement also includes a specific article to combat tax evasion and abuse of the convention. Brazil has agreements to avoid double taxation with 37 countries, of which 33 are already in force.

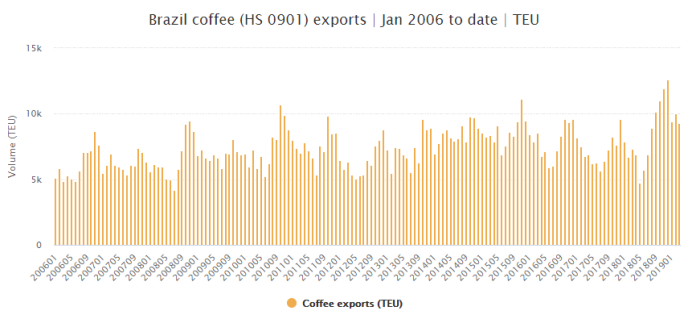
Coffee

The volume of Brazilian coffee exported in May 2019 grew 103.5% compared to May 2018, according to Cecafé, Brazil's Coffee Exporters Council. The result includes green, soluble, roasted and ground coffee.

Despite this, the average price per bag exported was the lowest for May since 2015, according to the agency, with the average price per bag at US\$118.26, a 22.6% year-on-year drop. The fall in price was caused by a glut in the coffee supply on the world market, with prices continuing to fall to historical lows.

According to the Foreign Trade Secretariat (Secex), the improvement in coffee shipments in May compared to the same month last year was expected, considering that 2018 exports were hampered by low supply and the impact of the truckers strike.

The following graph uses Dataliner data to show the monthly trend in coffee exports between 2006 and April 2019:



Meat

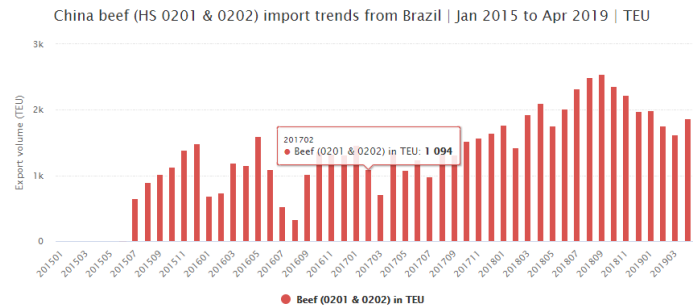
China is to allow imports of Brazilian beef again, which was suspended since June 3, due to the report of an atypical Bovine Spongiform Encephalopathy (BSE) known as 'mad cow disease', detected in Mato Grosso.

China is the only Brazilian beef importing country which has a health protocol that requires a temporary suspension of meat imports when an atypical case of BSE is detected. The Minister of Agriculture, Livestock and Supply, Tereza Cristina, reaffirmed that she will continue negotiating a new protocol with the Chinese health authorities.

The disease was observed in a 17 year old cow. All BSE-specific risk material was removed from the animal during emergency slaughter and incinerated at the slaughterhouse itself. Other products derived from the animal were identified, located and seized preventively, with no product entering the human food chain.

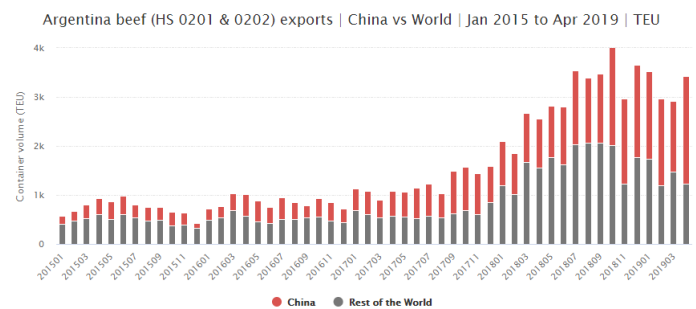
The World Organization of Animal Health (OIE) requested additional information from Brazil regarding this case, which showed that there is no health risk. Beef supplies to other countries remained uninterrupted.

The following DataLiner chart shows the trend in Brazilian beef imports by China from January 2015 to March 2019.



The Argentine business chamber for meat and meat products (CICCRA), reported a 90.7% year-on-year growth in frozen beef exports to China in the first four months of this year. According to CICCRA, of every four kilos of beef Argentina exported, three were sent to China. The volume exported was the second highest for this period in 24 years.

Other major Argentine beef importers are Chile, Israel, Germany, Russia, Netherlands, Brazil, and Italy, according to the report. Currently, China is Argentina's second largest trade partner and the biggest market for agricultural exports.



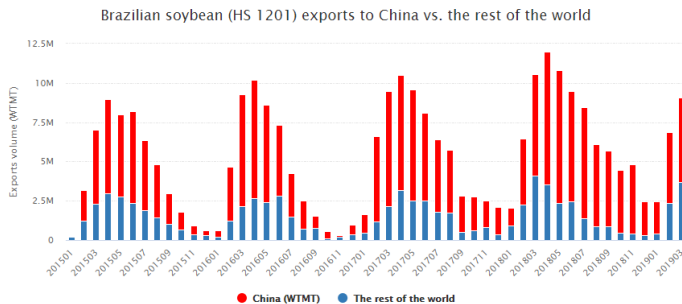
Grain

According to the National Supply Company (Conab), even with the Chinese importing soy almost exclusively from Brazil, demand from the Asian country for Brazilian soy fell 5% during the first five months of 2019 compared with year-ago levels due to the impact of the African swine flu. China bought 26.31m tons of Brazilian soybean exports during the period, accounting for more than 70% of the Brazilian soybean sales, according to data from the Foreign Trade Secretariat (Secex).

Due to commercial tensions between China and the United States, China imported more from Brazil and Argentina than the US. Brazil is the largest producer and exporter of soybeans in the world, while China is the largest importer, accounting for more than 60% of global soybean purchases.

Due to the swine flu, Chinese soy demand is expected to fall by a total of 8.5% in 2019 to 86m tonn, according to Conab. S&P Global Platts Analytics estimates a 15% annual decline in China's soy imports to 80m tons. Conab's latest report points out that

Brazilian soybean production is expected to reach 114.8m tons, 3.7% lower than the 2017/2018 result.



A vessel carrying 50,700 tons of soybeans from Brazil docked last week at the port of Panjin in Liaoning province in northeastern China, marking the start of using the site to receive imported grains. The port of Panjin, the fifth largest grain port in Liaoning, is among the nine ports approved by China's General Administration of Customs on May 8 to deal with and oversee grain imports.

After the Panamanian vessel 'Alantas' docked at Panjin's grain terminal, the grain unloaders transported the commodity to a fully enclosed conveyor at a speed of 700 tons per hour. The grain was sent directly to oil mills owned by Liaoning Huifu Rongxing Protein Technology Co. Ltd.

Panjin is the main grain and oil by-products distribution center in China, with a number of food processing facilities from internationally known companies such as BeidahuangGroup, Yihai Kerry, Beijing GrainGroup and COFCO.

Lower logistics costs

China Grain Reserves Group Co. Ltd. is one of the companies that installed its largest grain warehousing facility in Panjin, with advanced equipment and technology for storage and logistics as well as grain and oil processing.

Before the port of Panjin was put into use, foreign ships had to dock at the port of Yingkou, 131 km away. "Compared to the previous unloading at Yingkou port, our company can save 3 million yuan (US\$ 433,900) in logistics costs per ship to receive imports in Panjin," said Xu Dianjie, head of Huifu Grain and Oils Group.

The Food Supply and Statistics Agency (Conab) announced that the 9th Grain Crop Survey for 2018/2019 indicates Brazil's production could reach 238.9m tons. According to the agency, this represents a 4.9% year-on-year increase, equivalent to 11.2m tons more than the 2017/2018 crop.

The survey highlighted growth in the area planted, which is estimated at 62.9m hectares, a 1.9% increase over the previous harvest period. The biggest increases in the planted area are for soybeans at 672,800 hectares, corn at 795,300 hectares, and cotton with 425,000 hectares.

According to Conab, the first corn crop harvest is estimated at 26.3m tons, with production in the Southern region accounting for more than 45% of this total. Even so, the data shows a 2% decrease in cultivated area, especially in the states of Minas Gerais, Maranhão, and Piauí. The second corn harvest was up 31.1%, driven mainly by growth in Mato Grosso, Mato Grosso do

Sul and Paraná. The cultivated area also increased by 6.9% compared to the 2017/18 crop.

Soybean production is expected to reach 114.8m tons, 3.7% less than in 2017/2018. According to Conab, the largest production (78%) is in the Midwest and Southern regions. The survey shows 1.9% growth in the area planted.

Oil & gas

The oil regulator ANP announced preliminary rules for a major oil auction in the Santos Basin pre-salt areas. Also, the date was postponed from October 28 to November 6. The preliminary rules will be in subject to public consultation until July 3, according to the ANP. A public hearing will take place in Rio de Janeiro on July 5.

The auction comprises production-sharing contracts for an area spanning 1,385 km². The prospects are areas close to the fields included in the Rights Transfer agreement signed by the government with Petrobras. The contracts must be signed by March 2020, according to the ANP.

In 2010, Petrobras received the right to the equivalent of up to 5bn barrels of oil equivalent (BOE) in the pre-salt areas. However, as the volumes discovered were significantly larger, the government is auctioning the surplus.

Protests against pension reforms

More news on Petrobras is that the company's oil tankers started a strike in eight Brazilian states last Friday as part of protests across the country against a proposed government pension reform, according to union group FUP.

Workers at nine refineries, including Reduc in Rio de Janeiro and Paulínia in the state of São Paulo, participated in the strike, which also affected a Petrobras port terminal in Pernambuco and a fertilizer factory in Bahia. In the Campos Basin, in Rio de Janeiro, the workers kept operations to a minimum. In addition to trying to block changes in public sector pensions, FUP said that oil workers were protesting against the privatization of Petrobras' system.

Petrobras approved the review of the periodicity of readjustments in diesel and gasoline prices at its refineries.

From now on, the price adjustments will take place without defined periodicity, according to the market conditions and analysis of the external environment. According to Petrobras, with this brought into immediate effect, it will allow the company to reduce current diesel prices in line with international price variations in recent days.

According to the statement released by the company, the principles that guide the practice of competitive prices, such as import parity price (PPI), margins to remunerate the risks inherent to the operation, level of market participation and mechanisms of protection through derivatives are maintained.

Sale of mature land fields

More news on Petrobras is that the company reported it has begun the non-binding phase of the process to sell all its holdings in 27 mature land fields, located in Espírito Santo, known as Polo Cricaré.

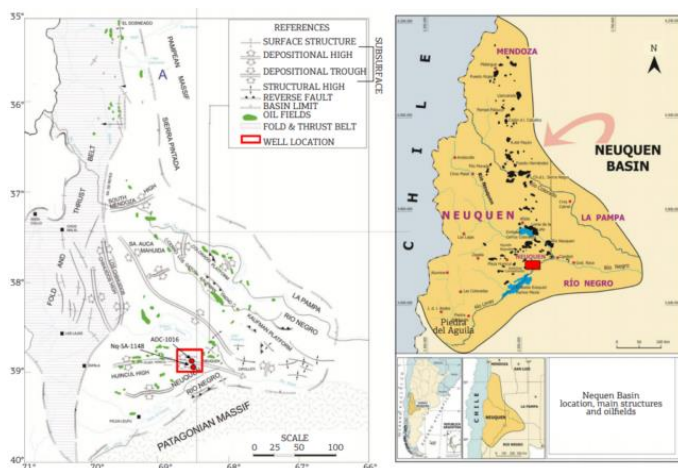
At this stage of the project, stakeholders qualified in the previous phase will receive instructions on the divestment process, including guidelines for preparing and sending non-binding proposals, as well as access to a virtual data room containing more information about the region.

The Brazilian and Bolivian government signed an agreement to supply 1.1m cubic meters of gas from YPFB (Yacimientos Petrolíferos Fiscales Bolivianos S / A) to the Termelétrica Fronteira. It is to be built in the Ladário region of Mato Grosso do Sul by Camaçari RJ Participações at a cost of US\$300m.

The project involves Camaçari building a thermoelectric plant with the capacity to generate 266.4 megawatts of energy and participate in the New A-06 energy auction, to be carried out by Aneel (National Electric Energy Agency) on September 29. The company must provide documentation proving that there is enough gas available to keep the unit running continuously. According to the secretary of Environment, Sustainable Development, Production and Family Agriculture, Jaime Verruck, the contract guarantees gas demand for Camaçari, thus ending a negotiation process that began more than two years ago with Bolivia.

In addition to discussing the thermoelectric plant, the government is working to make UFN3, a nitrogen fertilizer production facility under construction in Três Lagoas (also dependent on gas), to make direct purchases of fuel. Its consumption was estimated at 2.2m cubic meters per day. The unit, which began to be built in 2011 and had works stopped in 2014, was in the process of selling to a Russian group, which ended due to legal barriers. On-site investments already exceed R\$4bn, with 81% of the project now completed.

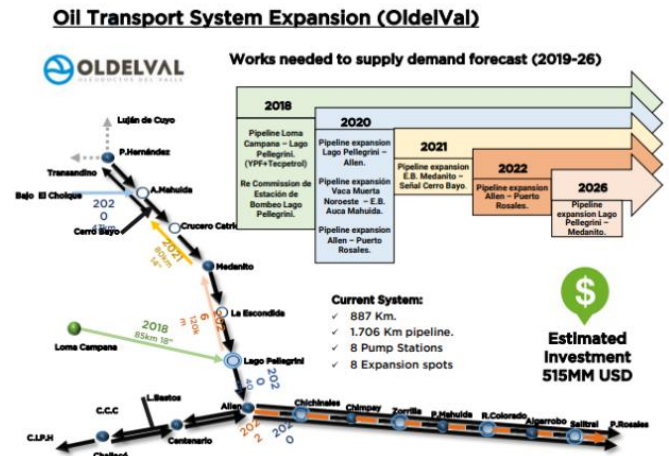
According to Mauricio Macri, Argentina's president, in July the country will launch a tender for a large pipeline that will serve the Vaca Muerta region. The measure will be key to establishing gas exports.



In March, Argentina's Energy Secretary Gustavo Lopetegui said the Vaca Muerta pipeline would transport up to 22m cubic meters of gas per day and predicted that the auction would be launched in April.

The pipeline is scheduled to end near the port city of Rosario, on the Paraná River. The expectation is to cost about US\$2bn.

The auction will be launched in the first half of July, with results expected by October.

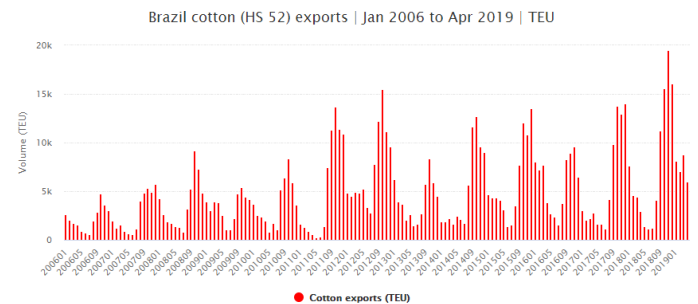


Vaca Muerta, which is roughly the size of Belgium, is one of the largest onshore oil and gas areas in the world, although it is still in the early stages of development. Macri sees Vaca Muerta as an opportunity to move Argentina away from natural gas imports and become a major exporter. In early June, state energy company YPF SA made the first export shipment of liquefied natural gas from Vaca Muerta.

Oher cargo

Cotton exports registered strong growth in May, with shipments reaching 81,500 tons, 340% more than in May 2018. Revenues reached US\$138.6m, up 310% during the same period comparison. The data was released by the Foreign Trade Secretariat (Secex) of the Economic Ministry. Performance was also strong in April, 71,800 tons shipped, representing 152% year-on-year growth in volume and 145% in revenues (US\$122.4m).

The average price per ton exported last month fell slightly compared to April from US\$1,704.80 to US\$1,700.40. In May 2018, the average price had been US\$1,826.20. The cumulative total exported in the first five months of 2019 was 447,500 tons, generating US\$764.7m.



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