

**Main news**

**With the aim of increasing cabotage transportation, the Ministry of Infrastructure is planning a provisional measure that wants,** among other measures, to allow the operation of flagship vessels from other countries in order to reduce the cost of this type of transportation.

Currently, EBN (Brazilian Shipping Company) can operate with its own vessels or with foreign chartered vessels that suspend its flag, which means that the external vessel will be configured as a Brazilian vessel, thus following the rules from Brazil.

With the cabotage provisional measure, foreign ships will be able to operate in cabotage without suspending the flag. To do this, EBN would have to create a foreign subsidiary and charter the ships of this foreign company, filling two thirds of the crew with Brazilians.

However, there is a controversial point in the proposal: to reduce costs, the subsidiary could settle in a country where there are not many requirements to register ships, the so-called "flag of convenience". This is similar to what companies do in tax havens, but in shipping, which is common in countries like Liberia and Panama.

Once this problem is solved, the expectation is that cabotage transport will gain more competitiveness.

**Ports, terminals and infrastructure**

**The Paranaguá Port Export Corridor, a system through which grains and bran are handled, will be remodeled and modernized to meet the growing demand of Paraná's agribusiness.** The structure was built in the 1970s. Last Thursday (08/15), Governor Carlos Massa Ratinho Junior was in Paranaguá and authorized the bidding of the basic project of the works.

He noted that, when completed, the modernization will increase the export capacity of the Port of Paranaguá by 40%. "It will give tremendous speed to shipping operations. Parana's agribusiness has doubled in size every ten years and the Port of Paranaguá, which is the largest exporter of grain in South America, has to keep up with production growth," said the governor.

At the event, held at the administrative headquarters of the public company Ports of Paraná, Ratinho Junior also announced the entrance of the port administration in the UN Global Compact and launched the online Negative Debt Certificate service and the contest for the design of a tourist building.

The governor recalled that Paraná became the first state in Brazil to receive autonomy to manage exploration contracts of organized port areas.

**Operational gain**

According to the CEO of Ports of Paraná, Luiz Fernando Garcia, the modernization of the complex will optimize the operational gain of the port. "This means lowering the cost of the logistics chain. The ports of Paraná will become very interesting and more efficient for producers," he explained.

**Productivity**

The basic project for the Export Corridor repowering works will be the basis for the executive project and the works that will increase grain and bran shipping capacity through the Corridor's three exclusive berths by 33%. Higher productivity means shorter uptime, higher vessel turnover, and lower cost throughout the chain.

The objective of the investment is to develop a new system, so that the current productivity of 3,000 tons/hour per berth goes up to 4,000 tons/hour. To this end, the project includes six new conveyor belts and the acquisition of new electromechanical equipment.

In addition to gaining more power and productivity, the Export Corridor will operate with better environmental practices and achieve greater operational and work safety. The new belts will be enclosed, ie. protected to prevent loss of cargo, city dirt, and damage to air quality and the environment as a whole by dust. The same project includes all the necessary works for the Export Corridor to operate at full capacity.

**The Ministry of Infrastructure published Ordinance 530 last Wednesday (08/14), which will ensure sound legal bases for public administration and private initiatives to make investments in the organized Brazilian ports.** The expectation is that the new regulation can bring up to R\$5bn of investments to the sector.

The measure was announced by the Minister of Infrastructure, Tarcísio Gomes de Freitas, along with the National Secretary of Ports and Waterway Transportation, Diogo Piloni, during a meeting with industry representatives in Brasilia. The new regulation incorporates the management of the port lease agreements to the advantages brought by Decree 9.048/2017, called Port Decree. In addition to unlocking port operations, the ordinance meets 70 items of determinations and recommendations of the Federal Court of Accounts (TCU) between 2015 and 2018, which had not yet been implemented in the Ministry's regulations.

For Minister Tarcísio Gomes de Freitas, the ordinance of Brazilian ports investments removes all possible weaknesses that may have been raised in the process of drafting the new regulatory framework. "The goal is to provide more predictability, reduce risk, improve the business environment, and pave the way for new investments," explained Freitas.

The 127 articles that make up the normative framework bring clear and transparent rules for greater legal certainty for the market and for decision-making by public managers. The new regulation was built after intense debate by the Ministry of Infrastructure, TCU, and market players.

In the evaluation of TCU's Secretary of Port and Railway Infrastructure Inspection, Jairo Cordeiro, the ministry's work to compile the pending issues with the Court of Auditors was comprehensive. "We hope the ordinance will bring legal certainty, regulatory stability, and unlock investments for the port sector," said Cordeiro.

Among the main topics addressed by the new ordinance are the permission for the lessee to make investments in the common infrastructure of the port, the possibility of incorporating

successive extensions to existing contracts, the establishment of greater freedom to make investments in the leased area, and the regulation of area substitution as an instrument of management and planning of the organized port.

The announcement of the measure included the Brazilian Private Terminals Association (ABTP), Brazilian Association of Liquid Terminals (ABTL), National Federation of Port Operations (FENOP), Association of Private Port Terminals (ATP), Brazilian Public Container Terminals Association (ABRATEC), Brazilian Association of Terminals and Enclosures (ABTRA), National Agency for Water Transport (ANTAQ), and the Federal Court of Accounts.

**The Thematic Chamber of Infrastructure and Logistics (CTLog), of the Ministry of Agriculture, Livestock, and Supply presented a project to build a multimodal port terminal, with the possibility of a port back-up area exceeding 300m square meters, minimum natural draft of 25 meters, and with easy access by rail and waterway.**

The Alcântara Port Terminal is expected to receive investments of around R\$10bn by 2024.

The new port in Maranhão will be able to move, initially, 140m tons/year in four berths. For comparison, the Ponta da Madeira (MA) terminal, Brazil's largest terminal, handled 198m tons in 2018.

The first stage would be occupied by loads of ore and grain, which would benefit from the 25-meter natural draft discovered in the region. This channel in St. Mark's Bay gives direct access to the ocean for 400,000 gross tonnage vessels, the largest to dock in Maranhão.

According to the project, the multimodal solution includes a deepwater port, the Alcântara Terminal (TPA), and a railroad, the Maranhão Railway.

**The National Agency for Water Transport (ANTAQ) auctioned three more port areas this Tuesday (08/13), at B3 in São Paulo.** Two areas in the Port of Santos – STS13A, for the movement and storage of liquid bulk, especially fuels, and STS20, for the movement and storage of solid mineral bulk, especially fertilizers and salts -, and PAR01, in the Port of Paranaguá, which will be used for general cargo handling and storage, especially paper and pulp. The grants worth totaled R\$148.5m. The investments will initially be R\$417.2m.

The STS20 area was won by the consortium Hidrovias do Brasil Holding Norte S/A. for R\$112.5m, after fierce dispute, bid by bid, with the TRH Consortium. The difference between the two final proposals was only R\$500,000.

With a grant amount of R\$35m, Aba Infraestrutura e Logística S/A. won the port STS13A area auctions. The auction of terminal PAR01 was won by Klabin S/A., with the grant amount of R\$1m.

Present at the auction this morning, the Minister of Infrastructure, Tarcísio Freitas, said that the result of the events exceeded expectations: "There was intense competition. We are going in the right direction. The market is confident in driving economic policy. We are bringing more efficiency to ports."

ANTAQ Director General Mário Povia also said: "The auction was successful. The idea is not to have grant value, but to have perennial contracts, bringing good partners to the ports, generating infrastructure, employment, and income."

#### *The areas*

The 38,398 square meter STS13A area is located on Barnabé Island, on the left bank of the Port of Santos. The lease area is a mixed-use storage facility with 66 pressurized tanks for chemicals, ethanol, petroleum products, and also other complementary facilities. The total storage capacity of these tanks is estimated at 47,477m<sup>3</sup>.

The overall gross revenue of the contract reaches R\$946.18m. The amount of fixed monthly compensation is R\$158,500. The variable compensation amount (R\$/t) is R\$4.15. The investments will be of R\$110.7m. Total movement during the 25 years of the lease term should be 15.3m tons.

The STS20 area, which has 29,278.04 square meters, is located in the Outeirinhos region of the Port of Santos. The rental area is intended for the movement of solid mineral bulk, more specifically fertilizers and salt, and may handle other products such as salts, sulfates, carbonates, among others.

The overall gross revenue of the contract reaches R\$2.74bn. The amount of fixed monthly compensation is R\$776,000. The variable compensation amount (R\$/t) is R\$5.36. The investments will be of R\$219.5m. Total handling over the 25 years of the lease term should be 54.6m tons.

The PAR01 area has 27,530 square meters. The overall gross revenue of the contract reaches R\$1.089bn. The amount of fixed monthly compensation is R\$171,700. The variable compensation amount (R\$/t) is R\$2.85. The investments will be of R\$87m. Total handling over the 25-year lease term is expected to reach 22m tons.

"It was certainly another successful auction held by ANTAQ, and the third one this year. These three areas are very important to its ports. Both in the Port of Santos are brownfields, one of which is out of operation and the other is operated under a precarious contract. Contractual regularization will bring valuable investments to the port. In the port of Paranaguá, we will have a new player to operate a cargo that has already entered the country's export agenda," said CPLA President Bruno Pinheiro.

#### *STS13A*

The auction of the area STS13-A, located in the Port of Santos, had a bid higher than R\$35m from the proposal of Aba Infraestrutura e Logística S/A., winner of the auction. However, the Brazilian Company of Terminals and General Warehouses, which offered the highest bid was disqualified. The company filed a writ of mandamus to participate in the auction. The court granted it to them, in part, allowing their participation. But the company would only be able to buy the area if it were the sole proponent.

Item 22.14 of the Auction Notice provides that "companies or economic groups with relevant market share may only be declared winners if there is no other bidder who has submitted a valid bid". The Brazilian Company of Terminals and General Warehouses LTDA already has three areas in Barnabé Island.

## Shipping

**Maersk posted a 17% increase in earnings before interest, taxes, depreciation, and amortization (EBITDA) to US\$1.4bn in the second quarter compared to the same quarter last year.** Revenue rose slightly to US\$9.6bn, which is on par with last year, and underlying profit increased to US\$134m from US\$15m in the second quarter of 2018.

“The second quarter had solid progress. EBITDA was up 17% and cash flow improved 86% over the previous year, driven by Ocean’s continued recovery,” says Søren Skou, CEO of A.P. Moller-Maersk.

Due to increases in freight and volume rates, Oceania’s second quarter EBITDA increased 25% to US\$1.1bn. Ocean’s business continued to recover at the best unit cost, utilization and reliability, and revenue grew 2.9% to US\$7.2bn compared to 2Q 2018.

Revenue in Terminals and Towing grew 13% to US\$957m from 2Q last year. In gateway terminals, volume in the second quarter grew 8.5% over last year, leading to higher utilization. EBITDA increased by 11%, partially offset by one-off items.

In Logistics and Services, EBITDA increased to US\$61m in the second quarter, compared to US\$52m in the same quarter last year. Revenue was US\$1.5bn, positively impacted by increased revenue from supply chain management, but offset by declining sea and air freight revenue.

## Trade

**The Ministry of Agriculture, Livestock, and Supply has published the requirements, criteria, and procedures for international health certification of plant products. The standards are part of Normative Instruction (IN) No. 19, published last Tuesday (08/13), which comes into force in 90 days.**

According to the rules, only economically valuable plant products, by-products and wastes, and exporter self controlled systems that meet the specific health requirements of the country or block of importing countries may be certified.

“The standard enables the opening of markets to Brazil, once the sanitary certification is appropriate to the dynamics of commercialization and the procedures adopted for quality compliance with the international market,” says the director of the Department of Inspection of Vegetable Products from the Secretariat of Agricultural Defense, Glauco Bertoldo.

When issuing the International Plant Health Certificate (CSI Plant), the requirements agreed or officially communicated by the importing country or group of countries are observed. Currently, we highlight the requirements for the export of peanuts, sugar, and Brazil nuts.

“In order to export peanuts to the European Union, Brazil needs to certify all the batches destined to the bloc’s member countries for hygienic and sanitary aspects. The same procedure applies to sugar exported to the Colombian market”, exemplifies the Coordinator of Plant Quality Regulation of the Secretariat of Agricultural Defense, Karina Coelho. The next product to be certified for export will be margarine.

In case the certificate needs to be replaced due to alteration, rectification, splitting, consolidation, or loss, the interested party should request it to the unit where it was issued, attaching the original certificate and other supporting documents. Only one remission request is allowed for each operation.

The Department of Inspection of Vegetable Products is already working to make the document issuance digital and so that the processing occurs with the security and speed required in international trade.

The issuance of CSI Plant does not replace the other documents required in the exportation of products of plant origin.

**According to Reuters, US President Donald Trump has postponed the plan to impose a 10% tariff on the rest of Chinese imports, which would begin on September 1. Products include cell phones, laptops, and various other consumer goods such as clothing and shoes.**

“We are doing this because of the Christmas season in case some of the tariffs have an impact on US customers,” Trump told reporters in New Jersey. “What we did was delay [the application of tariffs] so they are not relevant to the Christmas shopping season.”

The new fare will take effect on December 15th.

## Market reaction

The measure was well received by the market. American stock exchanges were up more than 1.5%.

The US Chamber of Commerce praised the postponement of tariffs and said that “it is more important than ever that both sides return to the negotiating table and commit to achieving progress towards a comprehensive and enforceable agreement.”

## Ores

**Vale has temporarily suspended the operations of the concentration plant of the beam iron ore mine of Ferrous Resources in Brazil,** which was announced on August 1, 2019, as it identified a deficiency in the documents regarding the Jeceaba municipality permit in Minas Gerais.

According to Vale, operations at the beam mine are not affected by this event and will continue as normal.

Vale also stressed that Ferrous fulfills all the requirements for the issuance of the business license and will resume its full activity as soon as the documentation is regularized. The permit is unrelated to the safety of either the dam or Ferrous operations.

The estimated impact of the temporary shutdown of Ferrous’s operations is approximately 330,000 tons of iron ore per month.

## Logistics

**Cargo handling at Santos Brasil in three of its terminals – Santos (SP), Imbituba (SC), and Vila do Conde (PA) – grew by 20.3% in the second quarter of 2019 compared to the second quarter of 2018, totaling 320,079 containers.** Long-haul operations accounted for 75.1% of total operations and cabotage operations 24.9%.

Tecon Santos handled 282,496 containers during the same period, an increase of 23.4% compared to the previous year. The growth presented was more than five times the growth of the Port of Santos in the same period, which was 4.1%.

With the volume moved in the first half of 2019, Tecon Santos presented, on an annualized basis, 80% utilization of their installed capacity and they reached 41.3% of market share, maintaining its leadership in the Port of Santos.

In the shipping routes that go through the port of Santos, the Asian services showed the highest growth, reflecting the heated trade between Brazil and China. Tecon Santos operates two of the four Asian services that currently go through the Port of Santos, representing a market share of approximately 45% on this commercial route.

In Tecon Vila do Conde, the volume of containers handled grew 21% in the second quarter of 2019, reaching 27,270 units. Long-haul operations accounted for 67.1% of total volume and grew 14.1% in the period. Exports grew 23.3%, led by shipments of manganese and copper. Imports grew 3.8%, reversing the fall from the previous quarter. Another important growth driver was project cargo operations in May and June, with the importation of equipment and machinery for two large mining companies and one hydroelectric plant located in the region.

Tecon Imbituba handled 10,313 containers in the second quarter of 2019, 30.0% lower than in 2Q18. The drop was caused by the reduction in long-haul container handling as a result of the discontinuation of the Asian ASAS service in January 2019, which ceased to exist due to the reorganization of the services of the shipowners Maersk, Hamburg Süd, MSC, and Hapag Lloyd in the South American East Coast. However, Imbituba's General Cargo Terminal (TGG) operations are offsetting this impact. In the second quarter of 2019, TCG operated 94.6 thousand tons, more than double the volume handled in the second quarter of 2018, especially in importation of steel products, bark, and export of wood logs to the Chinese market.

Santos Brasil Logística's volume of stored containers grew 9% in the same period, driven by the renewal and also the signing of new contracts throughout the quarter, mainly with customers in the chemical sector, fertilizer importers, and pesticides.

TEV handled 53,435 vehicles in the second quarter of 2019, down 33.9% over 2Q18, mainly due to lower vehicle exports from Brazilian automakers to the Argentine market. On the other hand, the mix improved with a 10.4% increase in imports, which represented 17.7% of total vehicles handled in the quarter. In the first half of 2019, the utilization of the capacity of TEV, on an annualized basis, was 68.2%.

In the second quarter, the Company presented a net profit of R\$6.3m, compared to a net loss of R\$4m in the second quarter of 2018. Consolidated net revenue grew 14.9% to R\$264.9m in the period, as a result of the increase in container handling and general cargo volumes, as well as the partial rebuilding of prices.

The Company's cash balance in the period was R\$460.3m, with a net debt of R\$19.8m. Investments totaled R\$46m, of which R\$41.3m were allocated to the Tecon Santos expansion project, which will add 220 meters to the current pier, which will be 1,510 meters long (considering the 310 meters of the TEV)

**Last Wednesday (08/14), the board of the Santos Port Authority (Codesp) received representatives of the 16 proponents authorized to donate studies to subsidize the preparation of the notice for eventual concession of the navigation channel of the Port of Santos. The meeting served to initiate the project and promote exchange of information in order to clarify any doubts.**

Applicants have 100 days from July 26 – the date on which the Company authorized the donation of studies – to deliver the documents. The donation of studies has no burdens, charges, or conditions to the Port Authority or any member of the public administration and is nonbinding.

The modeling of the eventual concession will take into account the management of the asset as a whole. "If impediments eventually arise in the process we will discuss and build a solution together," said the Director-President of the Port Authority, Casemiro Tércio Carvalho.

According to the executive, there will be Service Level Agreements (SLA) between the channel concessionaire and the Port Authority by type of service provided and a global SLA.

With this measure, the Port Authority seeks to maximize the efficiency of Port of Santos' main asset and to ensure a continuous service level. There are cases of terminals that lose up to 4 hours per day of operating time due to system inefficiencies.

"I am very pleased by the number and quality of participants. Expectations are as high as possible. Given that the Port of Santos is at an embryonic moment for its privatization, this is an excellent opportunity for interested parties to express their views on any contribution in this regard as well," said Danilo Veras, Director of Business Development and Regulation.

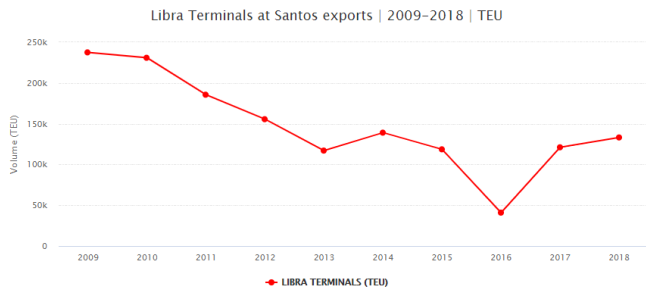
Authorization was given to 15 companies and one individual to present projects, surveys, investigations, and technical studies. They are: Argonáutica Engenharia e Pesquisa Ltda; Atlântico Sul Consultoria e Projetos S/S Ltda; Boskalis do Brasil Dragagem e Serviços Marítimos Ltda; Claudio Macedo Dreer; CPEA – Consultoria, Planejamento e Estudos Ambientais Ltda; Dragabras Serviços de Dragagem Ltda; DTA Engenharia Ltda; Future ATP Serviços de Engenharia Consultiva Ltda; Jan De Nul from Brasil Dragagem Ltda; Leonardo S.p.A; Navarro Prado Advogados; Queiroz Galvão Tecnologia em Defesa & Segurança S/A; Terrafirma Consultoria Empresarial e de Projetos Ltda; Tetra Tech Engenharia e Consultoria Ltda; Veirano Advogados; and Concremat.

**According to Tribuna, the area that was occupied by Libra Terminals in the Port of Santos must be relicited as two pulp terminals. The information was given by the national secretary of Ports and Waterway Transports of the Ministry of Infrastructure shortly after the auction of the port terminals held on Tuesday (08/13).**

"We concluded the vocational studies from the point of view of the demand of the Port and identified that the most adherent to the profile is cellulose," explained Diogo. In the next 20 days the government should launch a public consultation on the issue.

The following chart, made from DataLiner data, shows the volume exported by Libra Terminals in the Port of Santos from 2009 to 2018:





Source: DataLiner

### Oil & gas

**Norwegian company BW Offshore has been approved by the ANP (National Agency of Petroleum, Natural Gas, and Biofuels) to buy the Brazilian Maromba oilfield in the Campos Basin post-salt from Petrobras and Chevron.**

BW Offshore has plans to become an operator, not just a provider of oil services, platforms, and ships. The acquisition expands the company's operations in Brazil, where it owns two floating production storage and offloading vessels (FPSO).

The total purchase price of the oilfield was US\$115m, to be paid in three installments as development progresses.

The first is of US\$30m for Chevron and Petrobras, the second at the start of drilling activities, and the third at first oil or three years after the start of drilling activities, whichever comes first.

### Meat

**Indonesian Minister of Agriculture Andi Sulaiman said on Monday (08/12) that the Asian country would open its beef market to Brazil. The news was confirmed during a hearing with the executive secretary of the Ministry of Agriculture, Livestock, and Supply (MAPA), Eumar Novacki, in Jakarta.**

"We will meet with the other ministries to set a quota for Brazil and accelerate this process. We will go to Brazil on a visiting mission, as soon as possible, to get to know the country and the production methods. We know of the superiority of Brazilian meat in the world market," Sulaiman told Eumar Novacki.

Novacki stressed the importance of the Indonesian market by pointing out that the country has 265m inhabitants, the fourth most populous in the world, and its economy grows by about 5% per year, ie. a booming economy with a high demand for food and a low protein intake compared to the world average. Brazil also prospects for the exportation of fruits, dairy products, among others to Indonesia.

"We can support Indonesia by not only providing our high quality meat at competitive prices, but also cooperating in the field of cattle genetics, pasture breeding, industrial crossbreeding, and exportation of live feed for confinement," said Novacki.

Brazil exports to Indonesia US\$1.5bn a year (80% of our exports to the country) in agricultural products and imports US\$0.5bn. The main products exported by Brazil are soy complex (37%), sugar (25%), cotton (20%), and corn.

Indonesia exports US\$40bn a year, making it the 6th largest exporter in the world. The main Indonesian products exported are palm oil, forest products, rubber, fish, and coffee. The Asian country imports US\$20bn a year – mainly wheat, sugar, soy complex, cotton, fruits, beef, and corn.

**According to the IBGE (Brazilian Institute of Geography and Statistics), cattle slaughter in the second quarter of the year reached 8.08m, 2.4% growth compared to the first quarter of 2019 and 4.1% in comparison to the same time last year. These are the first results of the Livestock Production Statistics.**

The study has also shown an increase in pig slaughter and chicken egg production. The number of pigs slaughtered is at 11.39m, up 5.1% and 0.7% from the first quarter and the second quarter of 2018, respectively. The production of chicken eggs was 930.93m dozens, an increase of 5.8% and 2% in these same comparisons.

Chicken slaughtering, milk procurement, and leather procurement also rose over the same period last year, but fell compared to the first quarter of the year.

There were 1.43bn chickens slaughtered, an increase of 3.6% compared to the second quarter of 2018 and retraction of 1.5% compared to the first quarter of 2019.

The acquisition of raw milk by establishments operating under some type of sanitary inspection in the second quarter of 2019 was 5.86bn liters, an increase of 7.1% compared to the volume registered in the same period of 2018. On the other hand, there was a decrease of 5.4% in relation to the amount captured in the first quarter of this year.

The tanneries investigated by the survey reported receiving 8.39m whole pieces of leather in the second quarter. This amount represents a 1% increase compared to the second quarter of 2018 and a 1.1% decrease compared to the first quarter.

The definitive and state results of the Livestock Production Statistics will be released on September 12.

### Grain

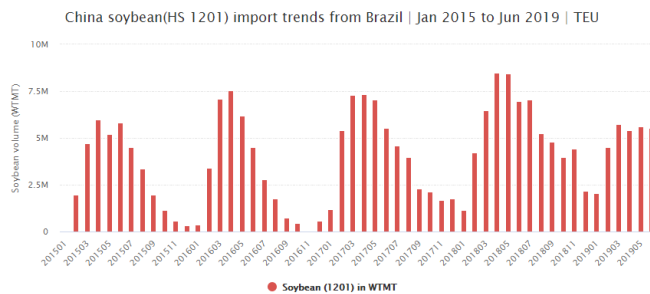
**A Chinese analyst linked to the country's government said China's top soybean buyers are able to cover their demands without importing from the United States in the fourth quarter, buying only from South American countries.**

Zhang Liwei, senior analyst at China's National Grain and Oilseed Information Center, said at a conference in the Chinese city of Harbin that even if China and the United States reach a trade agreement in the coming weeks, "We will have enough soybean supply, since we can buy it from South America."

Although demand for soybeans has declined in China due to African swine flu, which has decimated a large amount of the country's pigs, the Chinese bought more than 1m tons of soybeans from Brazil and Argentina between August 14 and 15.

In Brazil, the demand for grain also grew. According to Lucilio Alves, a Cepea researcher, the reason was the government's biodiesel auctions, as the mandatory biodiesel mix will rise from 10% to 11%, which will require more than 200,000 tons of soybean per month.

The following chart, made with DataLiner data, shows soybean exports from Brazil to China from January 2015 to June 2019:



Source: DataLiner

At the same time, demand from local processors for soy to produce animal feed should also remain strong, as Brazilian meatpacking plants will continue to demand it to produce meat and export it, also supplying demand from Asia that has had its herds compromised by the African swine flu.

Thus, according to Cepea, Brazilian soybean prices reached R\$85.40 per bag of 60 kg, the highest since mid-November and a high of 10% in the month.

### China is avoiding the purchase of American soy and intensifying the purchase of soybean from Brazil

According to Bloomberg, Chinese private and state-owned companies bought between 1.5m and m tons from Brazil.

The orders were placed after China stopped buying American soybeans because of trade tensions between the country and the United States, and because of Argentine farmers then withholding the grain as a form of protection against the currency depreciation that the country is facing because of the uncertainty of the elections.

As Brazil's premiums soar, therefore, soybean futures in Chicago are heading for a weekly loss even after the US government said the plantations are smaller than expected. Chinese buyers are buying the Brazilian commodity as they have not yet bought enough to cover their needs by October.

Although Brazil has been able to meet China's demands so far, inventories are dwindling and Beijing risks not being able to meet its needs.

Brazilian soybean stocks are expected to fall to 2.6m tons at the end of the season, the lowest in 20 years, according to Abiove. This is also below a July forecast of 5.6m tons.

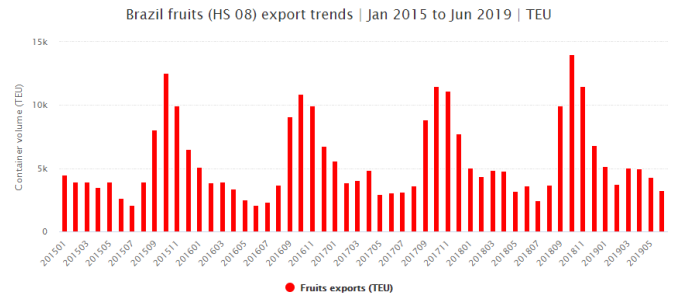
Chinese purchases of Brazilian soybeans last year increased after Beijing applied 25% retaliatory tariffs on US exports. While African swine fever this year is hurting demand for soybean meal as swine herds shrink, China is still at risk of supply shortages in the fourth quarter.

### Other cargo

**According to Valor, the favorable climate for fresh fruit production and the opening of new markets are encouraging Brazilian fresh fruit exporters, who hope, if the current pace**

**of shipments is maintained, to reach a record US\$1bn mark in 2020.**

The following chart, made from DataLiner data, shows Brazilian fruit exports from January 2015 to June 2019:



Source: DataLiner

According to data from the Secretariat of Foreign Trade (Secex) compiled by the Brazilian Fruit Growers-Exporters Association (Abrafrutas), in the first half of 2019 foreign sales grew 21% compared to the same period of 2018, reaching 429,700 tons. While revenues increased 15% to US\$384.4m.

Only 3% of Brazilian fruit production is exported, according to Abrafrutas but the entity works, together with the Brazilian Trade and Investment Promotion Agency (Apex Brasil), to prospect new markets.

75% of Brazilian fruit exports go to Europe and the United Kingdom and 12% to the United States. South Korea will start importing mango and the country is close to being able to export melon to Japan. According to Abrafrutas, the Arab countries are a market with a lot of potential.

### According to Valor, the WTO (World Trade Organization) will have to set up an investigation committee against India because of the subsidies that the country has offered to its sugar producers. The panel was requested by Brazil, Australia, and Guatemala.

The demand is on the agenda of the WTO Dispute Settlement Body (DSB) meeting. Since this is a request that has been made for a second time, India can no longer reject the installation of the panel to examine whether or not its subsidies violate international trade rules.

Brazil states that New Delhi provides subsidies that exceed its commitments in the WTO Agricultural Agreement, in addition to granting prohibited export subsidies. This knocked down international sugar prices and hurt exports from other countries.

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