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Brazil

Agricultural Situation

Container Movement in Brazil

2007

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Report Highlights:

According to the National Agency of Ports and Waterways (ANTAQ), container movement increased approximately 90 percent from 2001 to 2005 in Brazil. In 2005, local ports handled more than 5.6 million containers. No conclusive data for 2006 has been released yet; however, the forecast points to a 6.4 percent increase.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Sao Paulo [BR3]
[BR]

I. Background

Container operations started in Brazil during the 1980's when local ocean freight companies such as Lloyd Brasileira, Alianca and Libra introduced container ships. However, due to increasing costs, impacted by the hyperinflation period, and high administrative duties this kind of operation shrunk. In the beginning of the 1990's the port sector went through a deregulation period, and Portobras, the Brazilian public port agency in charge of establishing policies and administrative procedures, was restructured. The National Department of Waterway Transport (DNTE) was created, and in 1992 it was altered into the Department of Ports and Waterways (DPH), opening room for long sea shipping and other changes such as the reduction of workers' monopoly, more autonomy for private terminals and privatization of services inside public terminals.

In 1991 a port modernization bill was submitted to Congress and after two years of intense lobbying the Law nº 8630/1993 was implemented. This law regulates labour organization, cargo handling by port operators, the reorganization of the port administration, and the development of private terminals. The privatization process claimed to bring new capital into the sector to assure the necessary investments and port efficiency. After a long period in which public spending was the major resource available, the Brazilian Government (GoB) appointed the private sector as an essential source for providing capital productivity. Thus, cargo transportation through containers picked up again.

Today the top 10 Brazilian ports (Santos, Sao Paulo; Rio Grande, Rio Grande do Sul; Itajai, Santa Catarina; Paranagua, Parana; Rio de Janeiro, Rio de Janeiro; S. Francisco do Sul, Santa Catarina; Vitoria, Espirito Santo; Salvador, Bahia; Itaguaí, Rio de Janeiro; and, Suape, Pernambuco) account for 94 percent of container movement. Assuming that about 90 percent of Brazil's import and export passes through local seaports, it becomes clear that any structural change in these facilities directly impacts trade.

BRAZILIAN PORTS



Note: Blue stands for ports controlled by mixed economy company under the Federal Government, red stands for ports controlled by States and Municipalities and brown by private companies.

II. Container Movement

According to the National Agency of Ports and Waterways (ANTAQ), container movement rose 93.4 percent from 2001 to 2005 in Brazil. In 2005, local ports handled more than 5.6 million containers. Port of Santos by itself accounted for 40.4 percent of total containers, increasing its share by 11.6 percent compared to the previous year. The performance of the top 4 ports have also followed an upward trend, the ports of Santos, Rio Grande, Itajai and Paranagua accumulated growth of 25.6 percent, 15.9 percent, 13.3 percent and 10.9 percent, respectively. Among the top 5 ports the only negative result was in Rio de Janeiro, with a 5.3 percent decrease compared to 2004.

CONTAINERS MOVEMENT AT MAJOR BRAZILIAN PORTS IN TEUs (2001-2005)

PORT/TERMINAL	2001	2002	2003	2004	2005
Santos, Sao Paulo	892,802	1,068,606	1,385,421	1,749,539	2,236,580
Rio Grande, Rio Grande do Sul	346,321	438,196	522,980	572,326	666,834
Itajai, Santa Catarina	243,554	334,726	441,867	564,012	642,375
Paranagua, Parana	281,891	269,882	309,924	378,834	420,318
Rio de Janeiro, Rio de Janeiro	252,071	271,589	325,222	344,439	326,177
TOP 5 TOTAL	2,016,639	2,382,999	2,985,414	3,609,150	4,292,284
S. Francisco do Sul, Santa Catarina	176,222	258,926	281,057	305,331	280,915
Vitoria, Espirito Santo	93,203	128,451	143,564	190,535	220,761
Salvador, Bahia	106,761	134,664	169,092	191,834	208,029
Itaguai, Rio de Janeiro	16,910	20,065	27,307	132,039	187,402
Suape, Pernambuco	75,916	108,958	60,721	133,882	171,409
TOP 10 TOTAL	2,485,651	3,034,063	3,667,155	4,562,771	5,360,800
Others	439,188	458,277	503,314	436,229	297,344
TOTAL BRAZIL	2,924,839	3,492,340	4,170,469	4,999,000	5,658,144

Source: ANTAQ

Note¹: units represented include 20-Foot Equivalent Units (TEUs) and 40-Foot Equivalent Units (FEUs) converted into TEUs; Note²: "others" include the ports of: Santa Clara, Rio Grande do Sul; Imbituba, Santa Catarina; Terminal Cubatao, Sao Paulo; Sao Sebastiao, Sao Paulo; Tubarao, Espirito Santo; Ilheus, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; Fortaleza, Ceara; Belem, Para; Vila do Conde, Para; Manaus, Amazonas; Santarem, Para; Porto Velho, Roraima, and Santana, Amapa.

The predominant container size operated by Brazilian ports is the 20-foot. For the top five ports they represented in average 63 percent of the total movement in 2005. In Rio de Janeiro it corresponded to 73 percent of the total. The average weight per TEU is 10 metric tons. Taking weight as an index, Brazilian ports expanded 9.7 percent in 2005 compared to the previous year.

CONTAINER MOVEMENT AT MAJOR BRAZILIAN PORTS IN NUMBER OF CONTAINERS (2001-2005)

PORT/TERMINAL	2001	2002	2003	2004	2005
Santos, Sao Paulo	605,382	727,509	919,950	1,160,298	1,457,321
Rio Grande, Rio Grande do Sul	211,577	264,105	312,035	339,821	393,925
Itajai, Santa Catarina	142,191	192,496	254,526	318,240	360,597
Paranagua, Parana	161,672	155,200	182,644	224,864	245,789
Rio de Janeiro, Rio de Janeiro	187,773	202,716	239,002	256,759	237,020
TOP 5 TOTAL	1,308,595	1,542,026	1,908,157	2,299,982	2,694,652
S. Francisco do Sul, Santa Catarina	112,633	160,187	172,571	186,147	178,111
Vitoria, Espirito Santo	72,203	103,482	114,125	145,871	168,088
Salvador, Bahia	68,005	87,454	107,762	121,986	131,652
Itaguai, Rio de Janeiro	10,925	12,961	17,403	87,992	127,166
Suape, Pernambuco	49,708	69,556	60,721	84,538	108,869
TOP 10 TOTAL	1,622,069	1,975,666	2,380,739	2,926,516	3,408,538
Others	305,949	304,343	311,282	280,814	195,287
TOTAL BRAZIL	1,928,018	2,280,009	2,692,021	3,207,330	3,603,825

Source: ANTAQ

Note: "others" include the ports of: Santa Clara, Rio Grande do Sul; Imbituba, Santa Catarina; Terminal Cubatao, Sao Paulo; Sao Sebastiao, Sao Paulo; Tubarao, Espirito Santo; Ilheus, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; Fortaleza, Ceara; Belem, Para; Vila do Conde, Para; Manaus, Amazonas; Santarem, Para; Porto Velho, Roraima, and Santana, Amapa.

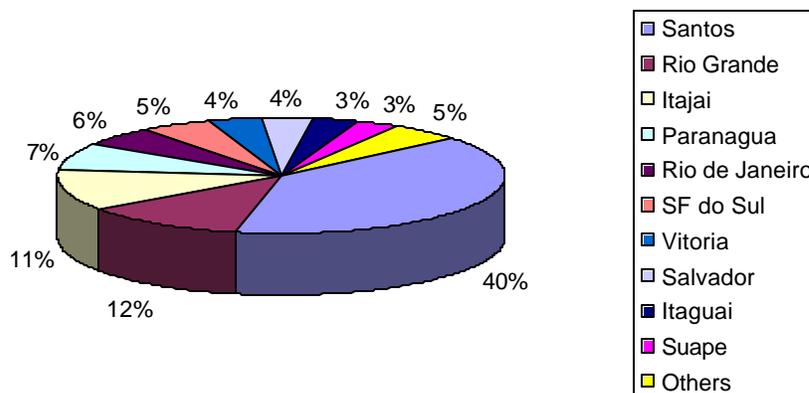
CONTAINER MOVEMENT AT MAJOR BRAZILIAN PORTS IN METRIC TONS (2001-2005)

PORT/TERMINAL	2001	2002	2003	2004	2005
Santos, Sao Paulo	9,490,694	11,614,482	14,917,761	18,852,595	23,344,005
Rio Grande, Rio Grande do Sul	2,866,859	3,530,051	4,260,867	5,098,734	4,774,732
Itajai, Santa Catarina	2,285,669	3,068,835	3,864,643	4,922,493	5,067,279
Paranagua, Parana	2,826,329	2,583,982	2,999,087	3,893,607	4,280,956
Rio de Janeiro, Rio de Janeiro	2,695,131	2,881,247	3,334,369	3,864,240	3,600,428
TOP 5 TOTAL	20,164,682	23,678,597	29,376,727	36,631,669	41,067,400
S. Francisco do Sul, Santa Catarina	160,187	2,359,483	2,494,067	2,695,648	2,550,105
Vitoria, Espirito Santo	1,102,580	1,406,165	1,727,277	2,172,652	2,520,321
Salvador, Bahia	1,095,476	1,392,496	1,520,784	1,662,570	1,737,793
Itaguaí, Rio de Janeiro	172,255	204,270	311,385	1,368,554	2,053,238
Suape, Pernambuco	787,933	1,176,761	641,289	1,452,215	1,870,034
TOP 10 TOTAL	23,483,113	30,217,772	36,071,529	45,983,308	51,798,891
Others	6,245,036	5,010,931	5,600,147	4,492,970	3,165,253
TOTAL BRAZIL	29,728,149	35,228,703	41,671,676	50,476,278	54,964,144

Source: ANTAQ

Note: "others" include the ports of: Santa Clara, Rio Grande do Sul; Imbituba, Santa Catarina; Terminal Cubatao, Sao Paulo; Sao Sebastiao, Sao Paulo; Tubarao, Espirito Santo; Ilheus, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; Fortaleza, Ceara; Belem, Para; Vila do Conde, Para; Manaus, Amazonas; Santarem, Para; Porto Velho, Roraima, and Santana, Amapa.

SHARE OF TOP BRAZILIAN PORTS IN TEUs IN 2005

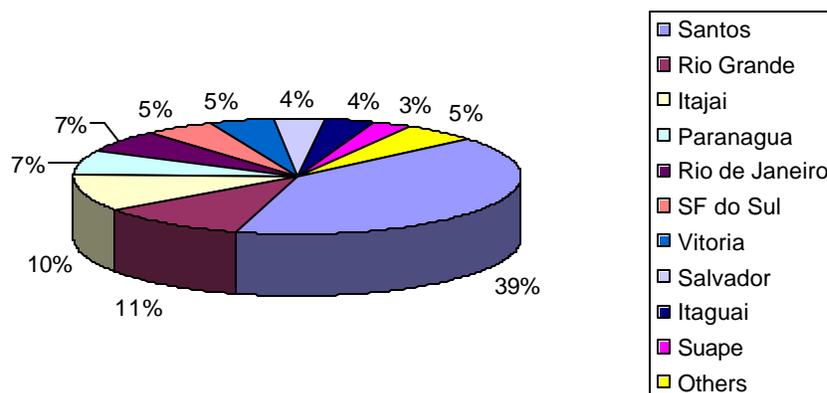


Source: ANTAQ

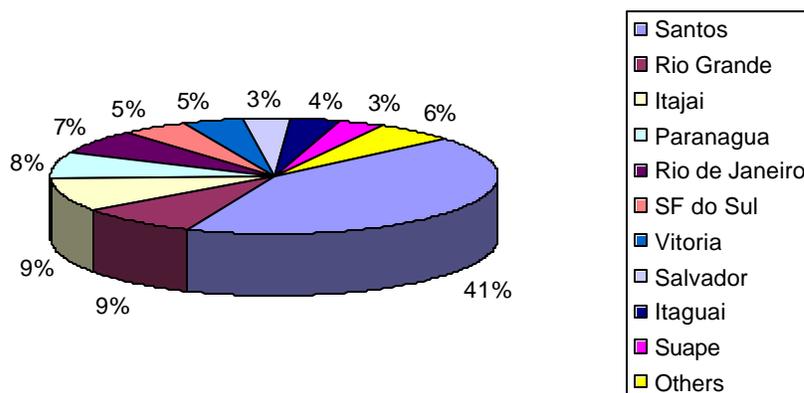
Note¹: TEUs units represented include 20-Foot Equivalent Units (TEUs) and 40-Foot Equivalent Units (FEUs) converted into TEUs

Note²: "others" include the ports of: Santa Clara, Rio Grande do Sul; Imbituba, Santa Catarina; Terminal Cubatao, Sao Paulo; Sao Sebastiao, Sao Paulo; Tubarao, Espirito Santo; Ilheus, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; Fortaleza, Ceara; Belem, Para; Vila do Conde, Para; Manaus, Amazonas; Santarem, Para; Porto Velho, Roraima, and Santana, Amapa.

SHARE OF TOP BRAZILIAN PORTS IN NUMBER OF CONTAINERS IN 2005



SHARE OF TOP BRAZILIAN PORTS IN METRIC TONS IN 2005



Source: ANTAQ

Note¹: TEUs units represented include 20-Foot Equivalent Units (TEUs) and 40-Foot Equivalent Units (FEUs) converted into TEUs

Note²: "others" include the ports of: Santa Clara, Rio Grande do Sul; Imbituba, Santa Catarina; Terminal Cubatao, Sao Paulo; Sao Sebastiao, Sao Paulo; Tubarao, Espirito Santo; Ilheus, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; Fortaleza, Ceara; Belem, Para; Vila do Conde, Para; Manaus, Amazonas; Santarem, Para; Porto Velho, Roraima, and Santana, Amapa.

There is no conclusive data released on container movement at Brazilian ports for 2006. However, ANTAQ forecast a 6.4 percent increase on TEU movement compared to the previous year.

III. Trade

Long sea shipping corresponded to 3.6 million containers, or 4.7 million TEUs, which represented 83 percent of total container traffic in 2005. During this period the total number of containers arriving in Brazilian ports reached 1.4 million. From this volume 726,000 were loaded containers, while 700,000 arrived empty. The departure situation is significantly different. Brazil's exports in 2005 totaled 1.5 million containers; 1.4 million was the total number of loaded containers on departure, while 143,000 containers left empty.

According to the US Department of Transportation Report released in March 2007, the world container traffic in 2005 reached 378 million TEUs. Brazil's share in container movement (loaded and empty TEUs) represented a modest 1.2 percent, demonstrating that the country still has a long way to go.

LOADED/EMPTY CONTAINER TRAFFIC IN TEUOR LONG SEA SHIPPING (2005)

PORT/ TERMINAL	ARRIVAL				DEPARTURE			
	20'		40'		20'		40'	
	LOADED	EMPTY	LOADED	EMPTY	LOADED	EMPTY	LOADED	EMPTY
Santos	191,033	131,405	195,711	164,575	292,675	35,011	308,792	60,251
Rio Grande	21,853	27,163	24,063	93,407	39,313	4,451	111,950	6,136
Itajai	12,671	23,232	15,280	115,445	34,997	1,100	129,530	2,479
Paranagua	20,703	-	42,843	-	32,241	-	76,405	-
Rio de Janeiro	31,095	37,308	34,521	10,173	69,740	2,612	25,104	8,464
TOP 5 TOTAL	277,355	219,108	312,418	383,600	468,966	43,174	651,781	77,330
S. F. do Sul	1,194	298	11,100	1,068	2,502	1,548	80,888	1,032
Vitoria	28,907	26,994	24,512	2,256	46,560	483	7,196	897
Salvador	9,666	4,939	5,864	13,482	17,895	813	28,528	590
Itaguai	13,268	9,506	23,356	2,234	24,988	578	10,458	6,683
Suape	13,987	2,873	12,045	3,781	6,269	524	8,374	2,593
TOP 10 TOTAL	344,377	263,718	389,295	406,421	567,180	47,120	787,225	89,125
Others	11,983	14,008	10,556	15,973	22,524	4,143	25,168	2,404
TOTAL BRAZIL	356,360	277,726	399,851	422,394	589,704	51,263	812,393	91,529

Source: ANTAQ

Note: "others" include the ports of: Santa Clara, Rio Grande do Sul; Imbituba, Santa Catarina; Terminal Cubatao, Sao Paulo; Sao Sebastiao, Sao Paulo; Tubarao, Espirito Santo; Ilheus, Bahia; Maceio, Alagoas; Recife, Pernambuco; Cabedelo, Paraiba; Natal, Rio Grande do Norte; Fortaleza, Ceara; Belem, Para; Vila do Conde, Para; Manaus, Amazonas; Santarem, Para; Porto Velho, Roraima, and Santana, Amapa.

Costs at Brazilian ports decreased significantly. According to ANTAQ, few years ago a container had a cost of US\$500. Today it is around US\$100. The time required for moving a container has also improved. Today a container is moved three times faster compared to the period prior to the privatization. The average waiting time for a containership used to be 3 days; today it takes 14 hours on average. According to industry contacts, the bottleneck is not related to efficiency or costs but expansion area. Some ports, such as Santos and Itajai, are close to the limit.

IV. Investments

Since Law n° 8630/1993 was ratified, 87 private companies have started to operate in Brazilian seaports. According to ANTAQ, private investment from these companies has reached R\$1.3 billion (US\$673 million), creating 8,500 direct jobs and 11,500 indirect jobs. Nevertheless, the major bottlenecks restricting development in this area were not resolved, as Brazilian ports are still suffering from insufficient physical space on-dock, inadequate draft and obsolete technology. To overcome these obstacles, the federal government passed into law an investment plan called Agenda Portos in January 2005 to identify the most critical needs of Brazilian ports. The following ports will be considered under Agenda Portos: Santos, Sao Paulo; Rio Grande, Rio Grande do Sul; Itajai, Santa Catarina; Paranagua, Parana; Rio de Janeiro, Rio de Janeiro; Sao Francisco do Sul, Santa Catarina; Vitoria, Espirito Santo; Salvador, Bahia; Sepetiba, Rio de Janeiro; Itaquai, Maranhao; and, Aratu, Bahia.

The Agenda Portos approved 64 small and medium size construction projects to improve the facilities of these major terminals. However, according to the Brazilian Infrastructure Association (ABDIB), only 10 percent of the projects initially approved have been concluded

to date. In addition, in 2005, from the R\$670 million (US\$347 million) allocated by the federal government for port improvement, only 33.4 percent were spent. Meanwhile the government has also pushed Public-Private Partnership (PPPS) projects to increase infrastructure investments. As recently stated by the Brazilian Association of Port Terminals (ABTP), investments needed to renovate infrastructure, installations and equipments at ports needs to reach R\$6-7 billion/year (US\$3.1-3.6 billion/year) for the next 5 years in order to make feasible an increase of 50 percent in Brazilian exports during the same period.

PROJECTION OF PUBLIC INVESTMENTS (R\$ millions)

	2007	%	2008-2010	%	TOTAL	%
Ports	684	5.1	1,979	4.4	2,663	4.6
Waterways	280	2.1	455	1.0	735	1.2
Merchant marine	1,779	13.3	8,802	19.6	10,581	18.2
Others	10,630	79.5	33,671	75.0	44,301	76.0
TOTAL	13,373	100	44,907	100	58,280	100

Source: Getulio Vargas Foundation (FGV)

To accelerate economic growth during his second term, President Lula has launched the Growth Acceleration Program (PAC), a R\$58 billion program to be invested in logistics by 2010. The PAC announcement has been received by analysts with skepticism as the same promises were made and not fulfilled in the past.

V. Post Contact and Further Information

Please do not hesitate to contact the offices below for questions or comments regarding this report or to request assistance to export processed food products into Brazil.

U.S. Agricultural Trade Office (ATO)

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Office of Agricultural Affairs (OAA)

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