



Date November 04th, 2024

Subject **Customer Advisory: Port Situation Brazil**

Dear Customer,

Why are we writing

We would like to bring to your attention current challenges of the port situation in Brazil. The Brazilian market is impacted by both geopolitical and country related factors, that are disrupting the movement of goods and complicate the logistics chain within the country. While we enter the peak season leading up to the year-end holidays in Brazil and the Chinese New Year in 2025, we would like to provide you with the latest insights to help you manage and mitigate potential disruptions.

What is the issue

Given the challenges have built up over time, and to understand their root cause, here is an overview of major port events in the past months:

Santos:

- BTP is undergoing reforms and operated at 70% capacity. Despite the completion of a seven-month renovation, the BTP terminal is operating at limited capacity. A ramp-up to full operations is expected around mid-Q4.

Navegantes:

- The Portonave terminal is undergoing modernization and is currently operating at only 50% of its full capacity. This situation is expected to continue until mid-2025. As a result, some carriers may omit or avoid this route.
- Ripple effect: Carriers are shifting to Paranagua or Itapoa due to the reduced capacity.

Itapoa, Itajai, Imbituba and Paranagua:

- These ports are operating beyond their capacities and continue to face challenges with equipment arrivals, potentially leading to additional demurrage costs and other service disruptions for companies.

Rio Grande:

- March floods impacted the entire state of Rio Grande do Sul, leading to a two-week port closure and sediment issues affecting the port's draft. Shipping companies have been forced to implement new rotations.

Vitoria, Salvador, Suape and Pecem:

- Significant increase in the import volume of solar panels and electric vehicles.
- From January to April 2024, Brazil imported 88,320 electric vehicles from China, making it the largest destination for this type of cargo.



What are the implications

Based on the above events we see the following impacts for Customers in Brazilian ports:

- **Increased Demand and Pressure on Brazilian Ports:** Seasonal higher volumes of coffee, sugar, cotton, lumber, tobacco, and fruits are straining port capacities.
- **Terminal Congestion:** Gates are opening very close to the deadline, making it difficult for exporters to deposit cargoes, leading to a backlog of transfers.
- **Omissions and Delays:** There is a rise in the number of omissions and delays in ship berthing due to reduced service capacity.
- **Depot Congestion:** Importers are struggling to return empty containers, resulting in increased storage costs.
- **Alternative Operations:** Itajaí will begin operating some services as an alternative to Navegantes in Q4, but its operational capacity is 70% lower.
- **Capacity Reduction:** Carriers are reducing capacity by deploying smaller vessels to more profitable markets.
- **Brazilian Ports Strike:** A 12-hour shutdown occurred on October 22nd.
- **Weather Disruptions:** Bad weather and fog are affecting port operations in Navegantes, Itapoa, Paranagua, Rio Grande, and Santos.
- **Reduction in free time:** In order to return equipment to the main origins, we increasingly observe a reduction in free times as an attempt to expedite the turnaround of containers, given the longer dwelling on import routes.

For more details on each port and the latest update, please check out our [monthly port situation update](#) on our website.

How DHL can help you

DHL is equipped with integrated services and alternatives to support you in various market challenges, and to manage the current challenges. This includes:

- Redex (pre-stacking) and warehousing services.
- Preferential relationships with carriers.
- Alternative routes, ports, and transportation modes to meet the needs of our customers.
- Container reutilization.
- We recommend a robust forecasting to align with current and future demand.
- To avoid extra demurrage charges, DGF is intensifying document verification to reduce documentary delays for containers.

We are also working with regulatory bodies and vendors to evaluate alternate solutions that can help manage your demand. Together, we can adapt strategies to leverage the opportunities that arise in times of high complexity.

To ensure full visibility of your shipments during this period, we encourage you to utilize **myDHLi**, our digital platform, that offers real-time cargo tracking and efficient booking management.



Despite the current challenges, DHL remains prepared and equipped with market intelligence to ensure your shipments reach their destinations safely and with high quality.

If you have any questions, please contact your local DHL Global Forwarding Sales or Customer Service representative. We appreciate your continued partnership and understanding during this time.

Kind regards
DHL Global Forwarding