## (BN) Brazil Coffee Supplies Swell After Ships for Exports Dwindle (1)

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By Fabiana Batista

(Bloomberg) -- Brazil's coffee growers just can't catch a break.

In May, a national strike by truckers stranded beans on the farm, and prices last month tumbled to a 12-year low amid a global glut. Now, a dearth of container ships at Brazil's top ports is stalling exports of a bumper coffee crop. For the world's top exporter, a shift in the global freight market means container ships arrive at ports less frequently, limiting space for less-appealing commodity cargoes including coffee, and warehouses are bulging with bean inventory. "Shipments have been postponed for days or weeks," Nelson Carvalhaes, the president of export group CeCafe in Sao Paulo, said in a telephone interview.

Luiz Alberto Azevedo Levy Jr., the superintendent director at Minas Gerais-based Dinamo, one of the largest warehouse operators, said, "If shipments won't flow faster, we'll see storage issues escalating in the next 30 days" at terminals scattered across the country, he said. "The harvest has been finished, but most of the beans are still being dried and prepared," leaving a "huge volume" heading for depots in the coming months, he said in a phone interview.

## **Rising Exports**

Brazil's coffee output this year probably surged 33 percent to a record 59.9 million bags from the previous season, according to Conab, the national supply agency. Exports may rise 10 percent to 34 million bags, CeCafe said. On Tuesday, Arabica coffee for December delivery rose as much as 2.6 percent. Shipowners are using bigger vessels and fewer trips to cut costs, Jose Candido Senna, the general coordinator of Comus, an association of port and airport customers, said in a phone interview.

Container-ship traffic at Sao Paulo's port may drop 5 percent this year after declining 35 percent from 2010 to 2017,

he said. "It's a matter of supply and demand," Senna said. "Cargoes flows are increasing while ships available are being reduced."

At the port in Santos, Brazil's largest, bigger ships arrive less frequently, Senna said. "Instead of coming every week, they are coming every 15 days or more." As vessels fill up, commodities including coffee get bumped. "They have less added value and are the first to be left behind when the ship has limited space," he said.

A deeper draft at Santos allows bigger container vessels to dock, Senna said. For those ships in the seven months ended July 31, the number berthing fell 3 percent, while imports and exports climbed 12 percent, he said.

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