

Brazil's Caramuru Invests Heavily to Reduce Cost Brazil

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Precarious highways, insufficient storage, and ports, waterways and railways lacking in investment, generate the so-called Brazil Cost, increasing the cost of freight for transport of domestic crops and reducing Brazilian competitiveness on the world market.

This logistic "chaos" is only reduced due to investment by private companies like Caramuru Alimentos, the largest Brazilian grain processor.

The company injects millions of dollars into modernization and expansion of the logistics capacity, promoting improvement of railways, ports, and storage.

In 2003, for example, the company invested US\$ 10 million in the purchase of ten GE C-30 locomotives, imported from the United States, and 300 Hopper grain wagons, with capacities for between 100 m³ and 125 m³, to be rented to Brasil Ferrovias (the Brazilian Railway operator) for use on the stretch between the city of Pederneiras and Santos port, both in the southeastern state of São Paulo.

"With the investment, we expand the hydro-railway transport capacity, more competitive than the hydro-highway system, generating operational efficiency," states company vice president César Borges de Souza.

The first phase of the logistics modernization program was finished last year, with the operation of five locomotives and one hundred wagons.

The last phase of the project is forecasted for 2006, when Caramuru will be transporting around 1 million tons of grain and ground soy on the hydro-railway system, for export from Santos port.

With raw material collected in the midwestern states of Goiás and Mato Grosso, processing takes place in São Simão, in the state of Goiás, where Caramuru has a soy-crushing unit.

From there, production is transported, through a joint venture with company Torque, on the Tietê-Paraná waterway, using a pusher tug and four flat deck barges with capacities for transport of up to 6,000 tons to the company terminals in the city of Pederneiras or Anhembi (São Paulo), from where they are transported by train. This entire hydro-railway operation generates cost reduction of between 8% and 10%.

According to Souza, the investment will also bring a positive impact to the city of Santos, reducing the flow of trucks in the port region, and generating new jobs.

At least 10,000 lorries will stop crossing the city in the first year. When the project is completed, over 30,000 lorries will stop travelling the region.

In parallel, this new investment will open new employment opportunities in the port of Santos, as loading and unloading wagons demands four times the manpower required for the loading and unloading of lorries.

"With this investment, Caramuru is making a substantial contribution to the development of regions that produce grain, to consolidation of the Tietê-Paraná waterway, and to making the port of Santos more dynamic," stated Souza.

Storage

Caramuru also invests in the expansion of their storage capacity. The company has built three more storage units increasing group storage facilities to 61.

According to the company vice president, they have also expanded another two facilities, increasing their total storage capacity to over 1.8 million tons.

There has also been investment of around US\$ 6.4 million in the expansion of their network in Goiás. Work was executed for the installation of modern drying machinery and grain hoppers, as well as other improvements. The capacity of their storage facility in Ipameri, for example, is as high as 120,000 tons.

"In reception and storage alone, we have invested over US\$ 35 million in recent years," guaranteed Souza.

The company is investing around US\$ 900,000 in the construction of the second reception line in a storage facility, in partnership with railway operator Ferronorte and in the redoing of a ship-loader in arm 38, together with companies Coinbra and Ferronorte.

"Apart from this investment in Santos port, Caramuru is also investing around US\$ 600,000 in the construction of two new silos in their São Simão industrial complex, the domestic market unit," he informed.

If the 2004 harvest had reached its estimated volume, there would have been great difficulty in transporting production, revealed Souza.

"A set of measures must be taken. It is necessary to expand storage in the productive areas, to increase railway transport, and to dredge the ports," he defended.

Example: trains that cross the city of São Paulo, in Souza's opinion, should be put on a ring going towards Santos, and it would be necessary to organize entry in Santos where there is a stretch called MRS. The onus is the time spent and the cost to exporters.

The Group

The largest grain processor with 100% Brazilian capital, and one of the 150 largest companies in the country, Caramuru, established in 1964, in Maringá, in the southern state of Paraná, went through great expansion on transferring its offices to Goiás, in the 1970's. That was when it started focussing on soy.

With revenues of around US\$ 500 million last year, the group has a capacity for processing 1.2 million tons of soy and around 450,000 tons of maize per year. Export represents 43% of group revenues, shipped mainly from the port of Santos.

The company employs 2,200 people and operates five industrial units installed in Itumbiara and São Simão, in the state of Goiás, Apucarana (in Paraná), Petrolina (in northeastern Pernambuco), and Fortaleza (in the northeastern state of Ceará).

Their industrial park refines 230,000 tons of maize, soy, sunflower, and canola oils per year, and the company storage capacity totals 1.7 million tons of grain.

At Santos port, Caramuru operates two terminals, in partnership with juice company Citrosuco and with railway operator Brasil Ferrovias, having capacities for storage of 75,000 tons and 130,000 tons, respectively.

On the market for over 40 years, the company trades over 30 million units of products under their Sinhá brand on the Brazilian market every month.

Caramuru Alimentos
www.caramuru.com

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