

Sisal Market Report Update August 2025

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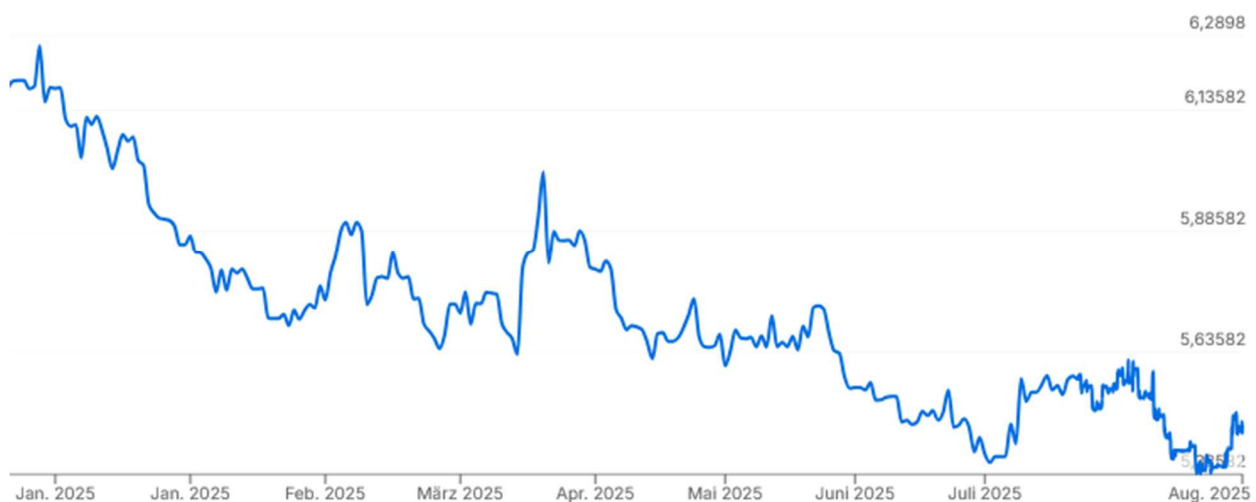
29.08.2025

BRAZIL

Export statistics for Sisal fibres from Brazil show a total of about 20.440 tons for the period January to June 2025. This is an increase of approximately 10% compared to the export volume in first half of the previous year. Exports to China dominate, accounting for around 74% of the total volume exported.

The weather conditions were generally good with regular rainfall. This is good for plant growth. However, there was also drizzle almost every day for weeks, which prevented the fibre from drying, resulting in delays in production and shipping.

The exchange rate of the Brazilian real against the US dollar has weakened by around 10% since the beginning of the year (in January, the rate was still around 6 reais to the dollar – in August, it was only around 5.40 reais to the dollar).



(source: www.xe.com)

The development in pricing is linked to the exchange rate, but the price increases for higher qualities (Type 2DB, Type 1DB) are more significant than for standard quality Type 3DB. Demand for high quality sisal remained quite strong and exceeded by far availability.

A key factor for export prices – beside the exchange rate to the US dollar - is the price level at which the fibres come from the field and are offered by intermediaries on the domestic market. This price level is still high. The quality of the fibre offered by intermediaries has also declined, and fibre that has already been brushed must be brushed again and classified for export, which incurs additional costs for exporters.

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Sea freight for shipment of Sisal fibres and products (yarns / ropes / weavings and carpets) from the port of Salvador / Bahia have remained quite stable when we look at trade lines to Europe and Mediterranean ports. However, it has become apparent that freight rates are also dependent on transit time. For example, for the same destination port, freight rates for double the transit time can be only about half as high as for faster transit times. The differences can quickly add up to USD 50 or more per tonne (for a 26-tonne payload), and it is up to the customer to decide whether to accept a higher price for shorter transit times.

Sea freight rates (especially current 'spot rates') ex Brazil to China have fallen by more than 35% since the middle of the year (based on 40-foot containers). We are currently seeing even more pronounced reductions in freight rates from Europe and Asia to China, where base freight rates of around USD 200 per 40-foot container are now "normal". However, this will only be a temporary phenomenon.

The increasing number of bookings on 'spot rates' brings along other problems as the time between bookings, deadlines for documentation and delivery of the containers is often very short – just not enough to stow and transport the containers to the port in time.

At present, it is virtually impossible to report on market developments without addressing the issue of tariffs. Brazilian Government launches 'Brasil Soberano Plan' to protect exporters and workers from US tariff increase. The strategy is composed of actions distributed under three pillars: strengthening the productive sector, protecting workers, and commercial diplomacy.

Launched by President Luiz Inácio Lula da Silva on Wednesday (August 13), the Brasil Soberano [Sovereign Brazil] Plan contemplates an initial set of measures to mitigate the economic impacts of the unilateral tariff increase over the import of Brazilian products, announced by the US government on July 30, which can reach up to 50%. The Plan is composed of actions distributed under three pillars: strengthening the productive sector, protecting workers, and commercial diplomacy and multilateralism.

Brazilian President Luiz Inácio Lula da Silva and Nigerian President Bola Ahmed Tinubu signed a series of bilateral agreements aimed at reviving trade and deepening diplomatic and economic cooperation between the two countries. The signing took place during President Tinubu's state visit to Brazil and marks a renewed effort to strengthen Brazilian – African relations amid changing global economic dynamics.

Lula emphasizing that his country wants to expand trade with Nigeria and reaffirmed Brazil's commitment to free trade. He called for greater cooperation with Africa in response to what he sees as a growing wave of protectionism and unilateralism in global markets. 'In a world that is increasingly closing its borders, Brazil wants to open doors,' Lula said, emphasising the strategic importance of Africa, and Nigeria in particular, as a key trading partner. The South American leader also pointed out that his country's trade with Nigeria had seen a 'sharp decline' over the past decade, from US\$10 billion in 2014 to US\$2 billion last year. Nigeria was Brazil's fourth-largest trading partner in Africa.

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In June both houses of the Brazilian Congress on Wednesday overturned a decree by President Luiz Inacio Lula da Silva that had increased the financial transaction tax (IOF) on certain credit, foreign exchange and private pension transactions. The move is a setback for Lula's government, which had opted for the tax increase to boost revenues and limit the extent of spending cuts needed to comply with budget rules.

Brazilian President Luiz Inácio Lula da Silva should veto a bill that would eliminate environmental permits and seriously undermine environmental human rights across the country, Human Rights Watch said in late July. The draft general environmental licensing law, dubbed the 'devastation law' by opponents, was passed by the Chamber of Deputies on 17 July 2025. If enacted, the law could accelerate oil and gas extraction, mining, cattle ranching, and deforestation in the Amazon region. "Approving projects without environmental impact assessments is a recipe for disaster," said Maria Laura Canineu, deputy director for environment and human rights at Human Rights Watch. 'The bill opens the door to very harmful impacts not only on the environment, but also on people's health and livelihoods, especially indigenous and Afro-Brazilian communities.'

KENYA

According to the Kenya Sisal Board (KSB), about 11.500 tons of Sisal fibre and Tow had been exported in the period from January to June 2025. This results in an average monthly export volume of approximately 1,900 tons. It remains to be seen whether monthly volumes will increase further in the second half of the year (based on the annual volume of fibre exported in 2024, the monthly average volume was around 2,150 tons).

The ranking of consumer countries remains unchanged, with Nigeria at the top (approx. 27% share), Saudi Arabia with approx. 14%, followed by China (approx. 10%) and Morocco (approx. 9%). The construction industry (Sisal fibres are used for plastering / gypsum works) remains the most important sales market for Kenyan Sisal fibres. Exports to this industry account for more than 75% of the total exported Sisal fibers and Tow.

With regard to exports to Nigeria, it is striking that only around 3,100 tons were exported there in the first half of the year. Based on the total volume of almost 12,000 tons back in 2024, one would have expected around 5,000 to 6,000 tons for the first half of 2025.

The port of Mombasa reports a rise in cargo volumes in first six months of 2025. From January to June 2025, the port handled 21.3 million metric tons of cargo compared to 19.7 million metric tons during the same period in 2024 - a rise of abt. 8%. The KPA has expanded the capacity of the port warehouse and invested in automation systems to ensure faster cargo handling. Freight rates from Mombasa to the most important markets for sisal exports in West Africa (and Middle East) are stable and at comparatively low levels. However, shipping companies are working almost exclusively with spot rates and there are currently repeated bottlenecks in the availability of empty containers.

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Kenya has long been considered a stable democracy in East Africa – a country with a progressive constitution, functioning institutions, regular elections and stability in a rather volatile region. But last year, the country experienced a massive youth uprising led by Kenya's Generation Z – those born in the late 1990s and early 2000s – who took to the streets and social media to demand accountability and reform from the government. Instead of implementing reforms, however, the state responded with violence. Peaceful demonstrations were met with police violence and a well-coordinated crackdown on dissent, both online and offline.

The government may not have realised that it is not traditional political forces that are driving Generation Z's rebellion. The generation of young people leading this movement has long been excluded from decision-making processes but bears the major burden of the economic uncertainty, poverty and unemployment afflicting the country. The protests of Generation Z have awakened a political consciousness that can no longer be ignored. Young Kenyans now demanding not only greater accountability, but a complete overhaul of the entire system. For sure Kenya's future will be shaped by the courage of its youth. As the country approaches the 2027 parliamentary elections, the question is no longer whether young people will get involved, but to what extent their collective voice will reshape Kenya's democracy.

TANZANIA

According to the Tanzania Sisal Board (TSB), about 18.990 tons of Sisal fibre and Tow had been exported in the period from January to June 2025. This results in an average monthly export volume of approximately 3.165 tons. If monthly export volumes remain steady, there is a good chance that Tanzania will export over 37.000 tonnes of sisal fibre this year (which would be a new record after approx. 36.000 tonnes in the years 2024 and 2023). Production and exports will certainly also be affected by weather conditions in the coming months (season of 'short rains' from the end of September to December).

The breakdown in volume exported, by destination countries, is similar to previous years. China approx. 30%, Nigeria approx. 12%, Ghana approx. 10% and Morocco and India approx. 7%. It is however noticeable that export volumes to China and Nigeria have declined.

The volume exported to countries where Sisal fibres are used in the construction sector (Nigeria, Morocco, Ghana, Saudi Arabia and further countries in West Africa) represents about 45% of the total fibre exports from January to June 2025.

The port of DaresSalaam - Tanzania's main seaport closed the 2024/25 financial year with 27.7 million tonnes, compared to 18 million tonnes in 2020/21 and 4 million tonnes more than the previous year (23.69 million tonnes), representing 15% growth, the highest since the port was established.

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As part of the Dar es Salaam Maritime Gateway Project (DMGP), the port has been expanded and major berths have been deepened to approximately 14.5 metres, so that larger vessels now have the necessary draught and can dock safely in order to meet tighter deadlines.

The Tanzania Ports Authority has also transferred some of the container traffic to the Kwala Dry Port, where customs clearance takes place inland according to the train schedule. The operational target is approximately 823 containers per day (meaning that 823 lorries are removed from urban traffic each day, while port facilities focus on rapid customs clearance of ships).

President Samia Suluhu Hassan's administration is pushing ahead with projects including a 2,560-km (1,590-mile) railway network ahead of elections due in October. Hassan, who assumed office in 2021 following the death of her predecessor John Magufuli, has confirmed she will seek another presidential term. In June Finance Minister Mwigulu Nchemba said that the East African nation's budget had been affected by the shifting policies of development partners including the United States. Washington drastically cut its aid spending on programmes worldwide earlier this year.

Planning and Investments Minister Kitila Mkumbo said economic growth was seen rising to 6% in 2025, up from 5.5% last year, helped by the start of electricity generation at the Julius Nyerere hydropower dam. Tanzania aims to attract 1,500 new investment projects worth \$15 billion by the end of 2025, targeting sectors like manufacturing, clean energy, transport, agriculture, minerals and services and tourism. This ambitious goal is supported by a strong 2024 performance, where the Tanzania Investment Centre (TIC) registered 901 projects worth \$9.3 billion, making it the country's best year for investments since 1991.

Growing frustration, rising political awareness and social media are shaping the election campaign in Tanzania ahead of the presidential election in October 2025. Tanzania's election campaign is gathering momentum – tensions in the country are rising following the arrest of Tundu Lissu, leader of the largest opposition party CHADEMA (Party for Democracy and Development). The Tanzanian Electoral Commission has excluded opposition leader Tundu Lissu's CHADEMA party from the 2025 presidential and parliamentary elections. The commission cited the party's failure to sign an agreement on the mandatory code of conduct for elections within the prescribed time limit as the reason for its decision.

Since Lissu's imprisonment, young adults in particular have been debating the political future of the East African country. At the heart of the debate is the party's provocative slogan: 'No reforms, no elections.' The opposition believes that the current electoral system favours the ruling party and is campaigning for electoral reform. For Kenyan economist James Shikwati, the motive behind the Tanzanian government's actions is clear: 'What we are seeing here is fear of what happened in Kenya in June last year, when young people demonstrated and were able to advance to the parliament building,' says Shikwati, who heads the think tank Inter Region Economic Network (IREN Kenya).

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MADAGASCAR

According to statistics from Madagascar Customs, about 2.600 tons of Sisal fibre and Tow had been exported in the period from January to June 2025. If exports continue at the same level, it is expected that the annual volume will again be well over 5,000 tonnes. When looking at exports, it is important to understand that exports are handled by two different ports. First it is EHOALA in the south of the island. Over the past decades, Sisal fibre have been exported almost exclusively through this port, which is located near the sisal plantations.

The second port, through which meanwhile about 50% of Sisal fibre exports are being shipped, is the port of TOAMASINA, located over 1,000 km further north. It must be clearly stated that the structures behind the majority of Sisal exports through this port are highly dubious - especially with regard to the procurement of raw fibre.

Looking at the destinations we see a similar trend for Madagascar Sisal as we see for exports of Sisal fibres from Kenya. Over the past two years the construction industry (Sisal fibres are used for plastering / gypsum works) has become the most important sales market for Madagascar Sisal fibres. Exports to this industry now account for more than 75% of the total exported Sisal fibers and Tow. Accordingly, the main buyers are countries such as Morocco, Saudi Arabia, Egypt and a number of West African countries.

Madagascar's COMESA membership promotes exports to the region and participation in sector programmes in energy, environment and agriculture, with COMESA support enabling up to US\$100 million in annual exports. Exports are expected to increase, particularly of minerals and vanilla, which should lead to a reduction in the trade deficit. Investment in infrastructure and the development of mining projects will increase demand for goods and equipment, which will have an impact on imports. The tourism sector is also expected to recover.

Madagascar hosted the SADC Council of Ministers from 12 to 14 August 2025 and the 45th SADC Summit of Heads of State and Government in Antananarivo on 17 August 2025. The summit's theme was 'Promoting industrialisation, agricultural reform and energy transition for a resilient SADC'. During the meeting, Madagascar also assumed the leadership of the Council of Ministers. The hosting of the summit underscores the strengthened regional confidence and the growing role of Madagascar.

Multiple tropical cyclones and storms caused flooding and significant damage during the 2024/25 cyclone season, affecting over 276,000 people (including 57 deaths) across the country, and severely impacting housing and infrastructure (including roads, leading to market disruptions), according to an internal bulletin from the National Office for Disaster Risk Management (BNGRC).

International weather forecasts suggest a timely start to the rainy season in Madagascar. Rains are expected to arrive in the Grand Southeast in October, and between November and December across the Grand South, facilitating the beginning of main season planting activities. ■

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