

### Main news

**The Foreign Trade Secretariat (Secex) of the Ministry of Economy released on Thursday, January 2, the result of the 2019 Brazilian trade balance, which showed a surplus of US \$ 46.674 billion, a 20.5% decrease compared to the same period of 2018.**

The 2019 balance is the lowest since 2015, which registered \$ 19.512 billion. In 2019 both exports and imports decreased. Exports reached US \$ 224.018 billion, down 7.5% compared to the previous year - when they totaled US \$ 239.264 billion. Imports totaled US \$ 177.344 billion, down 3.3% compared to 2018 (US \$ 181.231 billion).

According to the country's foreign trade secretary Lucas Ferraz, the main causes were the deepening economic crisis in Argentina, a major buyer of Brazilian manufactured goods, and the swine crisis in China, which reduced demand for soybeans, Brazil's main export.

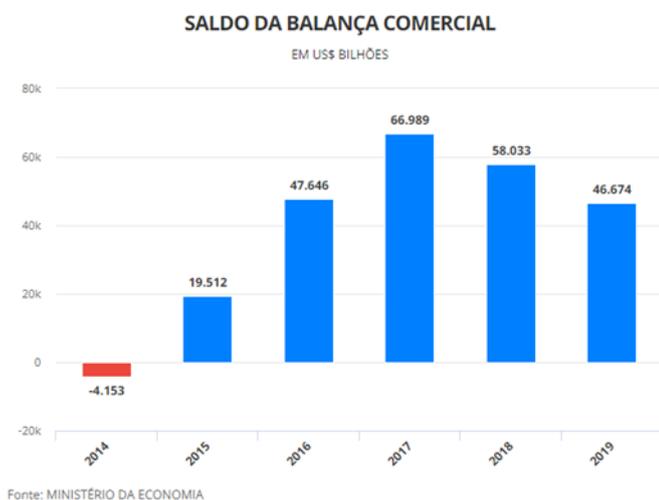
### **Main Brazilian products exported in 2019:**

- 1) Soybeans
- 2) Crude oil
- 3) Iron Ore
- 4) Cellulose
- 5) Corn
- 6) Beef
- 7) Chicken
- 8) Soybean meal
- 9) Coffee Beans
- 10) Raw sugar
- 11) Semi-manufactured iron and steel

### **Main buyers of Brazilian products:**

- 1) China, Hong Kong and Macau: US \$ 65.389 billion;
- 2) United States: US \$ 29.556 billion;
- 3) Netherlands: US \$ 10,100 billion;
- 4) Argentina: US \$ 9.714 billion;
- 5) Japan: \$ 5.410 billion.

The following graph shows Brazil's balance of trade from 2014 to 2019:



### Ports, terminals and infrastructure

**The Port of Paranaguá registered 53,098,566 tons of throughput in 2019. This figure broke the 2018 record of 53,029,221 tons. In Antonina, another port in the state of Paraná, throughput increased by 17% compared to 2018, reaching 908,377 tons.** Together the ports of Paraná had the best ever year, in spite of the drop in Brazilian soybean exports.

According to the CEO of APPA (Administration of Paraná and Antonina Ports), Luiz Fernando Garcia, "It was a challenging year, in which efficiency was crucial in maintaining the high rate of productivity. Our ports have clear rules for loading and discharging operations, excellent infrastructure and well qualified staff. We have earned the trust of the national and international markets".

According to data from Brazil's Ministry of Industry, Foreign Trade and Services, a trade surplus of almost US \$ 4 billion was registered. Exports totaled US \$ 15.4 billion while imports registered US \$ 11.6 billion.

**Grains** - Despite a 26% drop in soybean exports compared to the previous year, grains still led all exports. 2019 saw, 11,290,203 tons of soybeans shipped. The best performing cereal was corn, which grew 420%, reaching 5,670,500 tons. Meal products reached 5,175,627 tons. All in all exports of cereals broke a new record, with 20.23 million tons shipped. In Antonina Port, meal products grew 18% to 300,072 tons.

Sugar exports totaled 2,619,011 tons out of Paranaguá and 48,919 tons out of Antonina.

Malt and barley, imported via the port of Paranaguá, totaled 533,878 tons, equivalent to a 54% increase in imports compared to the previous year.

**Fertilizers** - In Paranaguá 9,393,140 tons of fertilizer were imported this year. In Antonina, a further 559,386 tons were received.

**Liquids** - Between January and December 2019, exports of liquid bulk totaled 1,375,699 tons, 23% less than in the same period of 2018. Imports were up 5% and reached 5,560,742 tons. In all, there were 6,936,441 tons of liquids handled, 2% less than the previous year.

**Containers** - Container throughput grew 12% with 432,096 units exported and 431,918 imported.

**Countries** - The main destinations for products exported through the ports of Parana were China (11.3 million tons), Iran (3.1 million), Japan (1.9 million), the Netherlands (1.7 million) and South Korea. (1.3 million).

In imports, products came mainly from the United States (3.2 million tons), China (2.2 million), Russia (1.6 million), Canada (1 million) and Morocco (981,404).

The number of ship calls in 2019 was 3% higher than in 2018. There were 2,398 calls this year, compared to 2,323 in 2018.

### According to the port authority of the ports of the state of Rio Grande do Sul, 98% of the Rio Grande Port access channel maintenance dredging is complete.

Hydrographic surveys conducted at the site indicate that more than 15.4 million cubic meters of sediment have been cleared from the channel. About 180,000 cubic meters remain to be dredged, mainly in the external channel stretches outside Barra do Rio Grande. Dredging the Rio Grande Port is the Federal Government's responsibility and it is almost done, with the only remaining step being the inspections and bathymetries. The agreement was signed in 2015 and work began in 2018. Its completion is expected in the early days of January.

Upon completing of the works, the Brazilian Navy will have to approve the 14.5 meter draft of the superport area, which will provide greater safety for port manoeuvres and will enable larger ships to call at the port.

**Summary of the Year** - Up to the month of November, the Rio Grande Port recorded 38.2 million tons of throughput. The main cargo moved was soy (both beans and meal), which reached more than 14.3 million tons.

The main destination was China, with 59.6% of all exports – the main products moved were: soybeans, cellulose, wood chips, wood and glycerin. On imports, Algeria was the main origin, with 11.2% of total imports. The main imported products were: Crude Oil, Urea and Phosphate.

"We will have a slight decrease of about 4% in Rio Grande's total throughput, however, our highlights were pulp which grew by 7.2% surpassing 3.2 million tons, phosphate, that rose by 6.4%, tobacco products, with an increase of 30.1% and wheat with a 38% increase", said the Head of Port Management, Fernando Estima. Final 2019 data is expected to be ready on January 15.

### Santos Port Authority (SPA) released cargo handling numbers for the port during the January to November 2019 period, announcing that total throughput reached 123.8 million tons, a new record for the period.

The result is 1.2% higher than the figure registered in the same period last year, when the previous record of 122.31 million tons was set. November and October numbers were high this year and countered the drop in previous months – the final result of 2019 should be in line with the record set in 2018, which was 133.1 million. Loadings during the period increased by 0.6% while discharges rose 2.7%.

Container throughput reached a record high during the period at 3,800,858 TEU, up 0.3% year-on-year. The main containerized increases were seen in sugar (103.8%), soybean meal (57.6%), citrus juices (53.2%), coffee (103.8%) and meat (127.8%).

Despite falling 7.1% compared to 2018, exports of soybeans and soymeal were the leading cargo with a total of 24.09 million tons. Corn came second with 15.37 million tons (growth of 45.2%). Sugar came third with 13.00 million tons (down 7.9%).

Taking into account the month of November alone, there was a 5.5% drop compared to the same month of 2018, with a 3.4% drop in loadings (7.66 million tons), driven by a fall in sugar and corn; and 9.9% drop in loadings (3.6 million tons), due to the fall in sulphur.

On the other hand, container throughput set a new record for the month, up 7.1% compared to November 2018, totaling 357,550 TEU. It is the third consecutive record-breaking month for container movements..

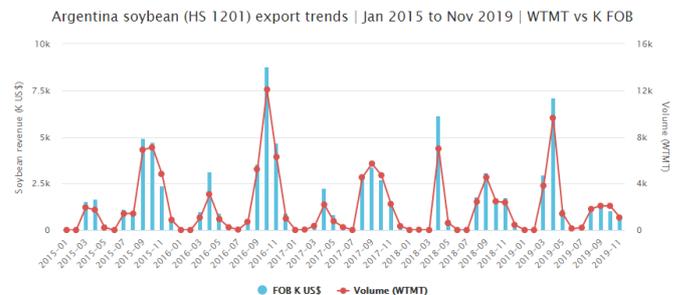
Ship calls declined in November year-on-year (396 vs. 409), but remained stable in the January to November period with 4,438 berths (three more than from January to November 2018).

### Grain

### According to the Directorate of Economic Information and Studies of the Rosario Trade Exchange, Argentine agribusiness closed 2019 with positive results, as agricultural production in Argentina's central zone was not affected by the extreme droughts that occurred in the 2017/2018 crop, when results recorded were the worst of the last 50 years.

The 2018/2019 season saw a total grain production of 142 Mt, 46% higher than the previous season (97.6 Mt). If we consider only the most important crops of the Argentine exporting agribusiness complex (soybean, corn and wheat), the totals reached were 127 Mt, considerably higher than the 84.5 Mt of the 2017/18 cycle.

The following chart, based on INDEC data, shows Argentina's soybean export trends as opposed to the FOB gained:



Fonte: INDEC

It is worth mentioning that, Argentine soybean exports benefited from the US China trade war.

Further data published by INDEC shows that exports in the last eleven months of 2019 increased 5.8% (US \$ 3,257 million) compared to the same period of 2018. Prices in the meantime fell 6.7%.

**Data from the Arab-Brazil Chamber of Commerce indicates that Brazil's revenues from cereal exports to Arab countries rose 50.3% in the first eleven months of 2019 year-on-year, with sales reaching US\$1.03bn.** Of this, corn was the highest volume cereal exported, accounting for US\$1bn by value, with growth during the same period comparison of 47.3%. By volume there was a 50% increase from 3.9m tons to 5.9m tons.

The second cereal most exported by Brazil to the Arab world during the eleven month period was rice, accounting for US\$24.4m. This is a vast increase compared with the same period in 2018 when only US\$2.9m was exported. The other cereal exported in significant quantities by Brazil was sorghum, but at a much lower value.

The Arab countries together make up Brazil's largest export market for cereal, with Egypt being the biggest market, followed by Morocco, Saudi Arabia, Jordan, Algeria, United Arab Emirates, Tunisia, Lebanon, Iraq, Oman and Kuwait. Other significant export markets are Iran, Japan, Vietnam and South Korea.

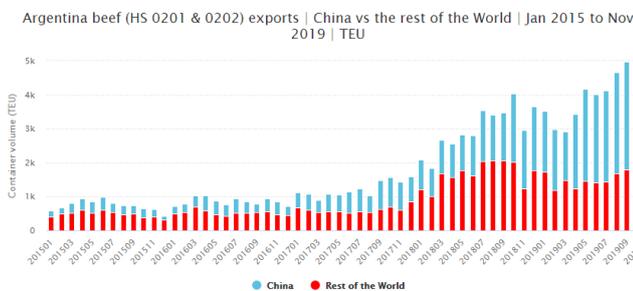
### Meat

**In 2019, Argentine beef exports reached their highest level in 14 years at 850,000 tons. This was driven by China's demand for protein, as African swine flu decimated much of the Asian pig population and it was forced to seek alternative suppliers.**

According to the latest economic report from the Argentine Chamber of Meat and Derivatives Industry and Trade (CICCRA), which used INDEC as a reference, in October, Argentine beef exports recorded the highest ever monthly volume, reaching 65.2 thousand tons.

Between January and October this year, exports reached a record 670,000 tons, 50% higher than the first ten months of 2018.

The following chart, based on Datamar's DataLiner data, shows Argentine beef exports to China and to the rest of the world from January 2015 to November 2019:



Fonte: Dataliner / Datamar

**Exchange Rates** - When analyzed in dollars, as opposed to tons, exports of Argentine beef in October reached US \$ 362.7 million, at FOB price. This is more than double that of October 2018 (\$ 160.2 million) and more than triple the average of the last 5 years for the same month (\$ 110.7 million).

From January to October 2019, sales of beef abroad brought in foreign exchange revenues of nearly \$ 2.4 billion, surpassing in just 10 months the total sales of 2018 (\$ 1.875 million). It is noteworthy that exports to China correspond to 64% of the total invoiced by Argentina.

### Sugar and Ethanol

**The third survey of the 2019/20 sugarcane crop, released by Brazil's National Supply Company (Conab), registers a 4.9% increase in productivity of Brazilian sugarcane plantations compared to the previous crop. In this harvest, the planted area decreased 1.35%, reaching 8.5 million hectares.**

According to Conab, the biggest drop was in the North region - 6.6% in relation to the area cultivated last season - followed by the South, with a decrease of 5.7%. Importantly however, despite the reduction, productivity rose, registering 75.7 tons / hectare.

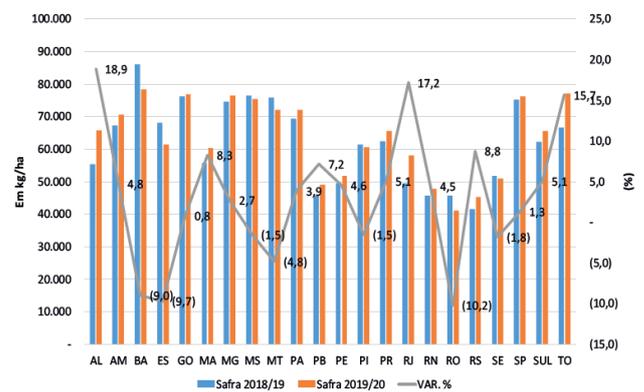
Out of the 642.7 million tons of sugarcane to be crushed in Brazil, about 65% goes into ethanol production (anhydrous and hydrated) and 35% to sugar production. Growth registered reached 3.6% over the previous crop.

Also according to Conab there is growing interest from producers in corn-based ethanol production. Production is estimated at 1.69 billion liters, an increase of 114% compared to the last crop. Additionally, the 35% of crushing destined to sugar will generate 30.1 million tons of byproducts, a growth of 3.8% for that segment.

The following graph, based on data from Conab, shows the productivity of Brazilian sugarcane in the 2018/19 and 2019/20 harvests:



Gráfico 2.3.1 Produtividade de Cana-de-Açúcar(1) Safra 2018/19 e 2019/2020



Fonte: Conab.  
Legenda: (1) Inclui produtos da Indústria Sucroalcooleira  
Nota: Estimativa em maio/2019.

### Trade

**On Twitter, US President Donald Trump said he would sign the first phase of the trade deal with China on January 15 at the White House.**

According to Trump, high-level representatives from China will be present for the signing and, at a later date, he will go to Beijing, where negotiations on phase two of the agreement will begin.

In December China and the United States agreed on the text of the first phase of the trade agreement, based on the principle of equality and mutual respect. The trade dispute between the two countries has been going on for two years.

DatamarWeek is our weekly newsletter. Previous editions can be downloaded at [www.datamarnews.com](http://www.datamarnews.com)

Your contributions, criticisms, suggestions and, if you do them, press releases, will be welcome. Contact: [datamarweek@datamar.com.br](mailto:datamarweek@datamar.com.br)

Tel + 5511-3588-3033

Datamar Consultores Associados Ltda.

Rua Fuchal 203, 9th floor

Vila Olímpia, São Paulo - 04551-904 - SP