

Main news

With regard to a lawsuit brought by the Localfrio retroport terminal against BTP (Brasil Terminal Portuário), the São Paulo State Court of Justice (TJ-SP) upheld the disputed handling fee charged by BTP at Terminal 2 (THC-2), also called the Segregation and Delivery Service (SSE). The lawsuit was intended to prove the unlawfulness of this charge. The note indicated that there was no legal relationship that would justify the payment of the fee, in addition to the lack of a legal basis, since the cargo handling was within the same box rate stipulated by the terminal.

After the goods are unloaded, there are two options: they can be stored in the port terminal itself or sent to another location. In this case, the cargo needs to be segregated and placed in a specific location on the terminal, before being dispatched to another facility. This should take place within 48 hours. The National Waterway Transport Agency (Antaq) has issued an opinion that it interprets this as another service and hence it should be remunerated.

According to the TJ-SP, "The claim to prohibit the collection of THC-2, in addition to being contrary to the regulations established by Antaq, constitutes a flagrant enrichment of customs port facilities without cause, making the port operator's activity unviable, which would have to bear all the costs of the operation, without receiving anything for the service provided", highlighted the judge, Francisco Gianquinto.

Ports, terminals and infrastructure

Due to the spread of Covid-19 in Brazil, the Santos Port Authority (SPA) has decided to take preventive measures by temporarily suspending physically meeting mooring vessels. Since March 16, demands must be requested through the Mooring Request Form that is available on the SPA website, and forwarded to the appropriate sector by email.

Instructions on how to send requests as well as the form itself are available at <http://www.portodesantos.com.br/aceso-a-informacao/documentacao/>

According to a report published by Reuters, officials and industry participants said that congestion at Chinese ports is easing, although a large build up of reefer containers has stopped the flow of fresh and frozen food and increased freight outside China. Thousands of refrigerated containers transporting meat, seafood and fruits from around the world to China have been stranded at the country's ports for weeks after Beijing extended the Lunar New Year holiday and cities across the country restricted free movement to contain the spread of the coronavirus.

With few truck drivers and workers at ports to handle cargo, refrigerated containers were trapped at ports already congested or redirected across Asia to find places where they could be connected to electricity. In recent weeks, Beijing has allowed for more travel and offered financial support to companies to restart operations. Some ports chartered trains to transport truck drivers with the aim of speeding up container delivery.

According to a document released by the country, Shanghai, the largest container port by volume in the world, and Tianjin added 7,000 new points to connect containers, expanding the storage

capacity of refrigerated cargo by 40%. About a third of the redirected cargo was brought back to China, he added.

Despite this, the global director of containers and maritime logistics for Danish carrier Blue Water Shipping stated that with many containers still stuck in Asia and shipping lines canceling voyages, a major imbalance in the market is also increasing freight rates. According to him, spot freight rates have increased by around 200% and are expected to increase even more.

Multilog became the first operator in Brazil to receive authorization via the Simplified Customs Transit Declaration (DTA-S) to carry out operations at the Port of Santos (SP) for its units in São Paulo, Campinas and Barueri.

Published by the Special Secretariat of the Federal Revenue of Brazil of the 8th Tax Region in Ordinance No. 705, the basis for qualifying is risk management requirements and control of procedures carried out in the precincts. According to Multilog's Southeast and Borders Business Development Manager, Herbert Zacatei, "This advantage is granted especially to players certified as an Authorized Economic Operator that is based on international quality and safety criteria, and brings several advantages to the logistics operation".

On March 5, Imbituba Port began the installation of electricity meters via telemetry. The project requires an estimated investment of R\$290,000, and allows for remote measurement of the amount of energy used by each port consumer, whilst sending the information to a central processing system.

Currently the Port Authority has 26 specific points of energy consumption under its management. Telemetry will be used to draw up a consumption profile at these points and help draw up an action plan for the port's electrical engineering team. "This specialized monitoring system will make it possible to plan measures to improve energy efficiency, study the distribution of consumption over time, record the frequency of power outages and supply failures, in addition to detecting the presence of systematic as well as occasional disturbances in the power network", highlights Paulo Sérgio Gonçalves, electrical technician at SCPAR Porto de Imbituba. Apart from electricity, a similar system is used to monitor gas and water supply, aviation, Formula 1, naval and space engineering processes.

Despite fears of the impact the coronavirus spread is having on the world economy, Paraná Ports registered a slight increase in cargo handling in the first two months of the year. In January and February, about 7.3 million tons of cargo was traded through the state's terminals. The volume is 1% higher than year-ago levels when 7.2 million tons were handled.

"Import and export through the ports of Paranaguá and Antonina was not affected by the effects of Covid-19. In conversation with operators in all segments, we did not receive any reports of cancellations or delays caused as a result of the disease", says the Director of Operation for Portos do Paraná, Luiz Teixeira da Silva Júnior.

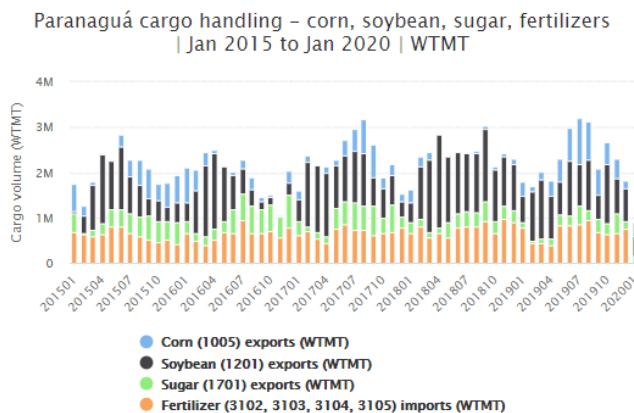
As was the case in January, the segments that grew the most in February by volume were liquid bulk and general cargo. Of liquid cargo, 1.14 million tons were traded. The volume is 21% higher than the 946,500 tons in the first two months of 2019. For general

cargo, there was a 13% year-on-year rise during the same period to 1.8 million tons compared with 1.6 million tons in 2019. Container movement in January and February was 11% higher. This year, 141,619 TEU were traded, compared with 127,796 TEU in 2019. .

Solids – Even though the solid bulk segment recorded a 7% drop in the first two months of the year to 4.36 million tons, some cargo types registered a significant increase. Sugar was one example, which rose 32% year-on-year to 183,300 tons. The main destinations were Algeria, Malaysia and Guinea.

Mooring – In the first two months of 2020, there were 344 moorings for vessels, 121 of which were containers, 119 for solid bulk, 74 for liquids, 16 for vehicles (Ro-ro and PCC) and 14 for general cargo, mainly cellulose. Of the total number of vessels that docked in the ports of Paraná in January and February, 15 were bound for China and only six came from there. During the same period last year, there were 330 moorings in the ports of Paraná. Of these, two came from China and four were bound for there.

The following chart shows the main products handled by the Port of Paranaguá since January 2015:



Fonte do gráfico: DataLiner

On March 11, the Navy initiated maneuvers to remove fuel oil from the Stellar Banner Ship, which transported around 295,000 tons of Vale's iron ore and was destined for China when it ran aground last month off the coast of Maranhão after suffering a malfunction. The vessel, which is owned and operated by South Korea's Polaris Shipping, contains about 3,700 tons of nautical fuel (bunker) and is about 100 kilometers off the coast of Maranhão.

“The method for removing fuel oil from the Stellar Banner Ship consists of a reverse supply operation with the aid of a receiving vessel,” explained the Navy. In this way, a vessel will be positioned on the side of the Stellar Banner and connected to the vessel to receive the oil. After all safety checks, pumping will start for the receiving vessels. For greater safety, a helicopter and an airplane will monitor the operation, with the support of specialists in environmental contingency. In addition, the Navy reiterated that it has a contingency plan in case of a possible fuel leak and that, to date, “no traces of oil have been observed at sea”.

255 Navy personnel are employed in the operation, in addition to other vessels and various types of equipment, including tugs and a drone with thermal camera. The Navy said that the objective is to

“solve what happened as soon as possible”, without mentioning deadlines for the completion of the maneuvers to remove fuel from the ship.

The March 10 Official Gazette divulged important news for LNG (Liquefeito Natural Gas) entrepreneurs in Brazil. The Federal Revenue Ordinance No. 3,518 / 11 now includes floating facilities anchored in Brazilian jurisdictional waters, within the areas subject to customs. In practice, these regasification vessels gained express authorization to carry out LNG foreign trade, which is imported in liquefied form, and is then transformed into gas at the floating stations that are stationed at national ports. The ordinance did not expressly authorize customs clearance, which created legal uncertainty in the environment.

LNG is a more efficient, cleaner and cheaper fuel. It is an alternative to diesel and traditional fuels. That is why it has gained so much importance in recent years. In other countries, such as the United States for example, the introduction of gas in the market has even led to the reformulation of the energy matrix. According to the infrastructure minister, Tarcísio Gomes de Freitas, the changes to the ordinance bring new perspectives for the Brazilian market. “It is now clear that the stations can be bonded and can receive imported LNG to be used in Brazil. Entrepreneurs were making billionaire investments without the legal certainty that they could invest”, he explains. According to Freitas, the Brazilian market has great potential to extract LNG from pre-salt layers. “In the future, we may stop being LNG importers and become big suppliers”, he says.

Pecém Port carried out a special operation to test how to embark the first unit of the largest wind turbine ever produced in the southern hemisphere. The 74 meter long structure required the help of several professionals from manufacturing to transporting the wind giant to Pecém.

The blades were produced by Aeris – a company in Pecém's industrial complex, ordered by Vestas, considered the world's largest producer of wind energy turbines. Approximately R\$100 million was invested in infrastructure, equipment and process development with modern project management tools. Over almost a year, more than 30 company professionals were involved in the prototype manufacturing process for the new product, completed in August last year.

Today, Aeris is a pioneer in the manufacturing process for this blade model. And on March 9 the giant blade was loaded onto the vessel called Erik, which travelled approximately ten days to the port of Boston, in the United States.

“This operation involved professionals from some of the companies operating in Pecém, from the manufacturer of the blades to the transport companies. A challenge that demanded a lot of dedication from the whole team, after all we had never loaded a wind turbine with these dimensions. We are proud of the results”, says José Alcântara Neto, Operations Manager at the Pecém Complex.

Currently, the blades produced by Aeris are exported mainly to the United States. But they are also shipped to other countries and several wind farms in Brazil through Porto do Pecém. Last year the company produced almost two thousand blades, a record for the company that has been operating since 2010 in the Pecém Complex.

The State of Bahia Port Authority, CODEBA, closed 2019 with revenues up 13.36% compared to 2018 at over R\$ 158 million. Total throughput reached 11,296,798 tons, an increase of 1.34% in relation to 2018.

This increase was driven by the Port of Salvador, which registered 9.18% growth off the back of dry bulk cargoes.

In the three ports managed by the company – Salvador, Aratu and Ilhéus – break bulk throughput grew 23.16%, mainly due to exports of eucalyptus, iron ore and cocoa from the Port of Ilhéus.

Considering the last five years, 2019 saw record monthly throughput figures in the months of January, March, June, July and October.

Brazil's Federal Court of Accounts (TCU) approved plans to open the concession of a further four terminals at the Port of Itaqui, in the state of Maranhão. The terminals IQI 101, IQI 111, IQI 112 and IQI 113 are all set up for handling and storing liquid bulk cargo, including dangerous and hazardous goods.

The country's National Waterway Transport Agency (ANTAQ) is now expected to publish the note during the coming weeks. The auction is scheduled to take place in the second half of 2020.

The National Secretary for Ports and Waterway Transport, Diogo Piloni, has emphasized the importance of Maranhão's terminals in the fuel distribution chain in the country. "The Port of Itaqui has become a reference in the distribution of liquid bulk considering its strategic geographical position and its connectivity with the rest of the country by road, rail and waterway," he said.

After the truckers strike in 2018, the Fiat Chrysler group in Brazil decided to try moving steel by ships along the coast to supply its factory in Pernambuco. The trial was successful and, since then, the company has started to use cabotage services to transport other kinds of parts to the factory's production line.

According to the director of post-sales and services at Fiat Chrysler, Luis Santamaria, who at the time served as director of logistics and purchasing for the company, the fact that the steel supplied by ArcelorMittal is rolled in the port region of Santa Catarina caught the attention of the team. The Fiat Chrysler plant in Goiana is just over 60 kilometers from the port of Recife and 120 kilometers from Suape. "A country with such a long coastline like ours needs to explore the potential benefits of cabotage," says the executive, responsible for the cabotage project.

Previously steel coils were transported more than 3,200 kilometers between São Francisco do Sul, where the ArcelorMittal rolling mill is, to Goiana. According to the steelmaker, it took 122 trucks to meet the need for 5,000 tons per month at the vehicle factory.

According to the executive, cabotage takes longer than road transport – 11 days for loading, discharging and travel versus 07 days for rail transport. But the advantage, by sea, is that a ship can carry the total cargo of the month, while in trucks the volume is fractioned. In addition, the stability of maritime transport offers less risk of damage. Abrupt braking and potholes on the roads end up damaging the coils.

According to Santamaria, transport costs are equivalent in both modalities. "But if we take into account the losses with coils crumpled at the ends, which sometimes cannot be repaired, cargo theft, accidents, increased freight and possible strikes by truck drivers, cabotage offers a great advantage", says the executive.

Based on the experience with ArcelorMittal, Fiat Chrysler started testing cabotage with other suppliers. Part of the steel is bought from Usiminas and goes to the port of Rio and from there to Pernambuco. The advantage, in this case, is smaller because it involves greater distance on roads. But Santamaria considers cabotage to be advantageous nevertheless because it represents an alternative.

Also through the port of Rio, parts began to be transported, stored in containers. "We are in contact with several suppliers to expand this mode of transport and establish a routine," says Santamaria.

Transport by ship will not entirely replace road transport. But it will be a complement. According to the executive, the plan is to make the participation of cabotage in the system of delivery of inputs and parts to the factory in Goiana in two years between 20% and 25%.

According to a note released by the Port of São Francisco do Sul, at 02h48min on 9 March, the bulk carrier AEOLIAN GRACE, which was stranded in the Lage Parcel da Torre, was successfully recovered. The vessel, loaded with 65,804 tons of soy, was stuck at a transition area between the evolution basin and internal channel. It was removed from the grounding point and forwarded to anchorage area 5, in Babitonga bay where it will undergo an inspection.

Exceptional conditions of the 'sizígia' tide, which reached 1.6 meters in height, plus support from four tugboats, an environmental emergency base, pilotage, a specialized salvage company, the Port Authority and the coordination of the Maritime Authority, all made it possible for the vessel to withdraw from its stranded position. Operations have returned to normal, vessel entry and exit maneuvers already taking place, within the current operational parameters for the Port of São Francisco do Sul.

Companhia Docas da Paraíba (Docas-PB) registered an 11.41% increase in cargo handling in February year-on-year. It registered a monthly record both for imports and exports.

Taking into account the first two months of the year, the operational balance of the Port of Cabedelo registered a 10.57% increase compared to year-ago levels. There were 14 vessels during the period and a total of 184,350 tons handled, of which 108,000 tons were solid bulk and almost 76,000 liquid bulk.

"In January, we had already registered an increase of almost 10% which is an excellent result. When we finished February, the management report already showed an increase of 11%, which is another reason to celebrate the work that the whole team is doing in the Port of Cabedelo", celebrates Gilmará Temóteo, president of Docas-PB.

The month of February also registered a pioneering movement at the Port of Cabedelo. A vessel named Sepetiba Bay docked on February 11 with the objective of transporting 28,000 tons of petcoke from Paraíba to Rio de Janeiro. The big difference is in an efficiency model that was employed with the use of metal plates

to contain the bulk, avoid material loss and provide greater agility. The operation took place in about 5 days.

Another shipment that took place was 20,000 tons of ilmenite destined for France. The ore, from Mataraca / PB, is used in pigments, metal alloys and coatings. It took about four days to load this cargo and was a significant contributor to Cabedelo Port's operating revenues.

With an investment of R\$15.5 million, logistics operator Ziranlog, of the Ziran group, has begun operations at the Suape Port Industrial Complex, generating 95 direct and 120 indirect jobs. The firm is located in the Industrial Zone, which measures 5.6676 hectares. Ziranlog stores and transports containers and, in Suape, it will directly serve importers and exporters in Porto, backing up service providers in the Complex's logistical support center.

Originally from Rio de Janeiro, Ziranlog has five other branches throughout Brazil: Guarulhos, Betim, Itaguaí, Vila Velha and Salvador. The Suape unit has the capacity to store up to 15,000 TEUs. The company has a total area of 56,676 square meters, with 54,000 square meters of patio and 2,000 square meters of physical facilities (offices). The container yard also has sockets for reefer containers. "The arrival of Ziranlog in the Suape Complex strengthens the container and storage transport segment, integrating the Pernambuco logistics chain", says Luiz Alberto Barros, Business Development Director.

Grain

Brazil is the second largest cotton exporter in the world after the USA, and has just finished planting the largest cotton area in history, with production expected to grow 2.7% to 2.85 million tons, according to figures from the National Supply Company (Conab). Forecasts are that this year Brazil has the potential to raise its export volumes by up to 2 million tons between July 2020 and June 2021. This would mean the achievement of another record after the one expected for the 2019/20 period. This forecast was made by the director of the National Cotton Exporters Association (Anea), Miguel Faus.

According to the executive, the projection already considers the impacts of the coronavirus pandemic, which started in China but should no longer affect business when the new crop is ready to be exported. It is worth noting that China is Brazil's main buyer, absorbing more than 30% of its exports. In the export trade year ending in June 2020, shipments from Brazil are expected to have grown by around 50% year-on-year, with both an increase in the harvest, and Chinese demand increasing due to the trade war with the United States, both contributing to this trend.

Faus, also an executive at US-based trading company Omnicotton, said that cotton exports from Brazil, which hit a monthly record of over 300,000 tons in January, are slowing down at the moment, but this is because most of the end of the harvest has already been shipped. "We will continue shipping, but in smaller volumes due to the end of the season. There is no effect (of the coronavirus) on shipments", he said. "And, until the new harvest reaches volume, I hope that the main problems have already been solved in relation to the virus", added Faus, in reference to the harvest that begins at the start of the second semester.

According to the Rosario Exchange, the corn harvest started just two weeks ago and is forecast to be the second largest harvest in history, with an estimated 50 million tons expected to be reaped.

Of this total, 67% (or 33.5 million tons) will be earmarked for the foreign market. It is expected that 12.4 million tons will be used as animal feed, which corresponds to 25% of production. The industry should absorb the remaining 8% of the product, or 3.8 million tons, of which 1.7 Mt should be used as an input in the production of ethanol and other uses of ethyl alcohol, and 2.1 million tons as input for dry and wet grinding as well as other industries.

If 33.5 million tons of corn are indeed exported as forecast, Argentina will have shipped the second largest volume in its history, behind the 37 million tons exported last year. With this, Argentina consolidates itself as the fifth largest corn producing region in the world for the 2019/20 harvest, behind the United States (347.8 Mt), China (260.8 Mt), Brazil (101 Mt) and the European Union (65 Mt). In value terms, at current prices, this would represent an export revenue of approximately US\$5.5 billion, about 9% below the estimated revenue of the previous year and in line with the drop in volume.

The future of international trade, however, is currently highly uncertain as a result of the COVID-19 coronavirus pandemic. Measures taken to stem the spread of the disease and fear of its effects have caused a notable decline in global consumption and a sharp correction in prices. For this reason, the correction of the export quantity and price projections is subject to adjustments.

AgRural revised its estimate for Brazil's 2019/20 soybean crop downwards to 124.3 million tons, compared to 125.6 million tons seen in the previous projection. This is due to losses caused by the drought in Rio Grande do Sul. According to AgRural, the hot and dry weather down south is expected to cause the country to register its lowest productivity since 2011/12, although the losses in Rio Grande do Sul will be "partially offset by high productivity in other States".

According to AgRural, by March 12 around 59% of the Brazilian crop had been harvested. This was a 9% increase in relation to the previous week and exceeds the five-year average for the period (57%), but not the pace of work at the same time last year (63%), said the consultancy.

Brazilian exports of soybean oil, meat (beef, pork and chicken), cotton and the sugar / ethanol combination performed well in the country's agribusiness trade balance, which totaled US \$ 6.41 billion, in February.

The share of agro in Brazil's full export volume was 39.2%, a decrease of 6.3% in comparison with the same month of the previous year.

The sector's imports totaled US \$ 1.06 billion in the month leading to a trade balance surplus of US \$ 5.35 billion, according to the Agribusiness Trade Balance, prepared by the Secretariat for Trade and International Relations (SCRI) of the Ministry of Agriculture, Livestock and Supply (Mapa).

Soy: Exports of soybean oil totaled US \$ 62 million (+ 126.5%), following rises in both the average price of the product and in the quantity sold, which reached 69,000 thousand tons.

Meat: Meat sales totaled US \$ 1.30 billion (+ 11.3%). There was an increase of 7.5% in the volume traded, with 559 thousand tons, and an increase in the average price of products in the sector at the rate of 3.5%.

“The main item traded in the month was beef, with US \$ 564 million (+ 9%). With regard to quantity, there was a decrease of 5.7% in relation to February 2019, with 131 thousand tons negotiated, “says the survey.

According to SCRI, chicken meat exports appear in the second position in the sector, with sales of US \$ 548 million (+ 5.8%).

Sales of fresh chicken meat registered a record high for the months of February, with 335 thousand tons (+ 11.5%), equivalent to US \$ 525 million (+ 6.6%) and an average price during the period of US \$ 1,567 per ton (-4.3%).

Pork exports reached US \$ 154 million (+ 55.4%), with an increase of 25.4% in volumes traded and a 23.9% hike in the average price of Brazilian goods in the period. Exports of bovine meat fresh, in turn, broke records for the months of February in value (US \$ 143 million) and in quantity (58,000 tons).

“Fluctuations in the exported values of soybeans and meats remain influenced by the disarticulation of Chinese pork production, due to the African swine fever (PSA), which has affected the country’s pig herd since 2018. The United States Department of Agriculture United States (USDA, in English) estimates that Chinese pork production in 2020 should be 36 million tons, a volume 33.3% lower than that produced in 2018 ”, says the note from SCRI.

Sugar and alcohol complex: The sugar and alcohol complex totaled US \$ 484 million, a 19.9% increase. Sugar sales were the most significant within the sector, with US \$ 389 million (+ 14.6%) and 1.31 million tonnes traded (+ 12.4%).

Ethanol revenues reached US \$ 94 million (+ 47.1%), with volumes up 46.7% (131,000 tons). The average price remains at approximately US \$ 716 per ton (-13.1%).

Cotton: Exports of cotton also performed outstandingly, up 68.3% in February and totaling US \$ 268 million. Exports of 170 million tons, at an average price of US \$ 1,578 / ton, a 7.4% reduction in value compared to the same month of 2019.

Top destination in February: Asia was ranked as the top destination for Brazilian agribusiness exports with US \$ 3.10 billion, 3.3% less than the same month in 2019.

China remained one of the top destinations, with \$ 1.95 billion. This was an 8.6% drop compared to February 2019 (-US \$ 183.04 million), and a fall in the country’s market share from 31.3% to 30.5%.

Coffee

Soluble coffee exports from Brazil reached 606,061 60 kg bags in the first two months of 2020, showing 9.17% year-on-year growth. The data is part of the monthly survey done by the Brazilian Soluble Coffee Industry Association (Abics). In January and February, foreign exchange revenue from shipments

increased 4.9% compared with year-ago levels, jumping from US\$82.542 million to US\$86.589 million.

“Development of soluble coffee exports remains steady in 2020, with growth in volume and revenue still suffering any impact from the global coronavirus epidemic”, highlights the director of Institutional Relations at Abics, Aguinaldo Lima. According to him, current shipments refer to sales made at least six months ago, “therefore, not impacting short-term exports”.

Destinations - The destinations for Brazilian soluble coffee in the first two months of 2020 were the United States, which imported 119,760 bags (+ 29.1%), valued at US\$ 16.4 million. Other top five destinations include Russia, with 69,031 bags, Japan with 45,961 bags, Indonesia with 34,001 bags and and Ukraine with 27,459 bags.

Abics director for Institutional Relations pointed out that large countries that produce coffee beans and industrialized coffee are among the main destinations. “Indonesia and Mexico, 12th in the ranking for the first two months, stand out as major customers of Brazilian soluble coffee”, he points out.

Product type - Of the total volume of soluble coffee exported by Brazil in January and February, 72.6% (439,969 bags) refer to ‘spray dried’, 21.7% (131,527 bags) to ‘freeze dried’, 3% (18,398 bags) coffee preparation and 2.7% to extracts (16,167 bags).

According to estimates by the Brazilian Institute of Geography and Statistics (IBGE), Brazil’s coffee crop this year is expected to total 57 million 60 kg bags. This represents 14.2% growth compared to 2019. The agency raised the estimate 1% compared to January.

Arabica coffee production is expected to reach 42.3 million bags, a similar forecast compared to the previous month, which would represent an increase of 22.3% in comparison with 2019 due to the year of positive bienniality of the species, which alternates years of high and low production.

Robusta coffee production is expected to reach 14.8 million bags, down 4.1% from the previous year, but above the estimated 14.2 million bags in January.

In Minas Gerais, the main Arabica coffee producing state in Brazil, the variety harvest is expected to advance 26.4% year-on-year, to 31.2 million bags.

In São Paulo, the second largest Arabica producer, production is expected to grow 6.6% compared to 2019, to 4.7 million bags.

In robusta coffee, production is expected to fall 6.2% in Espírito Santo, 5.9% in Minas Gerais and 1.4% in Bahia, with a 4.1% increase estimated in Rondônia, according to the IBGE.

The following chart shows coffee volumes shipped abroad from February 2006 to February 2020:

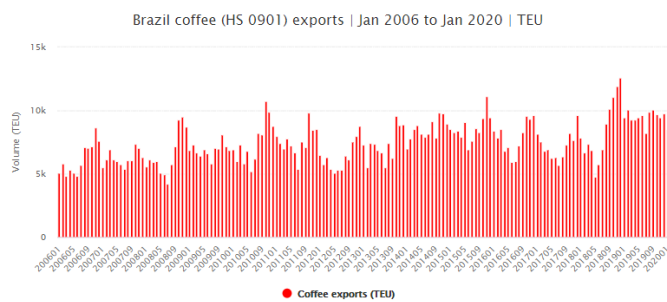


Chart source: DataLiner

Trade

Brazil registered a trade surplus of US\$329 million and total trade flow of US\$7.4 billion, in the second week of March. According to data released on March 16 by the Foreign Trade Secretariat (Secex) of the Economic Ministry (ME), exports reached US\$3.9 billion and imports US\$3.5 billion. During the month, exports totaled US\$8.7 billion and imports US\$7.3 billion, with a positive balance of US\$1.3 billion and a trade flow of US\$16 billion. For the year to date, exports totaled US\$39.5 billion and imports US\$36.8 billion, with a positive balance of US\$2.7 billion and a trade flow of US\$76.3 billion.

Analysis of the week - The export average in the second week reached US\$770 million, 20% below the average of US\$962 million in the first week, due to a drop in exports of semi-manufactured goods, commodities and manufactured goods. On the import side, there was a 7.6% decrease in the second week's average (US\$ 704.2 million) over the first week's average (US\$762.4 million), mainly explained by the reduction in spending on fuels and lubricants, pharmaceuticals, organic and inorganic chemicals, motor vehicles and parts, optical and precision instruments.

Analysis of the Month - There was a 5.6% decrease in exports in the second week of March 2020 (US\$866 million) year-on-year, due to the decrease in sales of several product categories such as commodities and manufactured goods. On the other hand, sales of semimanufactured products increased. In relation to February 2020, there was a 4.7% decrease.

On the import side, the daily average until the second week of March 2020 was 6.1% higher than year-ago levels at US\$733.3 million. This was due to increased spending on aircraft and parts, electronic equipment, organic and inorganic chemicals, plastics and construction, and mechanical equipment. There was a 0.5% decrease in imports compared with the same period in February.

The Center for Advanced Studies in Applied Economics (Cepea), part of Esalq / USP, pointed out in a new study the great potential that Brazil has to expand exports to the Arab world. According to the survey, the main product that has this potential is meat. The text is part of the Food Security Study in the Arab World – Potential of Brazilian Agribusiness, done in partnership with the Arab Brazilian Chamber of Commerce. Esalq is the Luiz de Queiroz Higher School of Agriculture at the University of São Paulo.

The text highlights that the Brazilian trade balance with the countries of the Arab world has remained in surplus since 2009. Between 1997 and 2019, Brazilian exports to these countries grew, on average, by 8.8% per year, while imports evolved at the

slower pace of 5.1% per year. The main products exported by Brazil last year to the region were sugar, chicken, giblets and pieces of frozen chicken, iron ore, corn and chilled and frozen boneless beef, which represented about 70% of the total.

According to Rodrigo Damasceno, a researcher on agricultural policies at Cepea who participated in the study, one of the strategies to increase this trade is to pay attention to adding value. "In the case of meat, not only freeze and export, but also have some degree of industrialization to add value to the product. In addition, this market has other requirements that may even have a spillover effect for other nations, not just the Arabs," explained Damasceno, about opportunities in the halal market.

The analysis points out bottlenecks that are common to Brazilian exports as a whole, such as the national infrastructure, especially at ports. Another point highlighted is the strengthening and integration between actions in the public and private sectors. "This is an important point. We feel that Arabs are very fond of these relationships, and of companies that have representatives in their countries. In this respect, the bovine chain can be better structured. This is necessary to strengthen the sector", explained the researcher.

Among the positive actions, Cepea pointed out the technical visits made by the Brazilian government in the last year. In the agricultural sector, the missions went to Egypt, Saudi Arabia, Kuwait and the Emirates and resulted, for example, in authorizations for Brazilian exports of dairy products, sheep and goats to Egypt, chestnuts, egg products and fruits to Saudi Arabia and honey, to Kuwait. In Saudi Arabia and the Emirates, Cepea highlighted the opportunities for investments in infrastructure, in particular Ferrogrão and the West-East Integration Railway.

According to Damasceno, in order to overcome the obstacles and increase trade with the Arabs, one must work with medium and long-term goals. The researcher recalls that studies from the Ministry of Agriculture pointed out that for 5 to 10 years the trend is to maintain 2% to 3% growth in exports and meat production in Brazil.

According to the World Trade Organization's "Barometer of Trade in Services" published on March 11, the spread of the coronavirus is weakening global trade in services.

According to the barometer, a score of 100 indicates growth in line with medium-term trends. A score above 100 suggests growth above the trend, while scores below 100 indicate a decline.

The latest published score is 96.8 points, lower than the 98.4 recorded in September, suggesting growth below the trend in world services trade.

The WTO notes that the indicator does not yet fully capture the economic impact of the virus "and is likely to decline further in the coming months".

The barometer seeks to show changes in standards in the service sector which accounted for a quarter of global trade in 2018 at US \$ 5.8 trillion.

The biggest declines among the components of the index were seen in air travel (93.5) and container transport (94.3). Growth in these sectors was already at moderate prior to the epidemic. The drop in the container freight component was influenced by lower shipment volumes in Asia.

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

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