Main news

On Saturday (06/04), Brazil's President issued a decree relating to the safety of port sector workers during the coronavirus pandemic. The measure was published in the Federal Official Gazette and is valid for 120 days.

The measure alters the way in which outsourced workers are drafted in to carry out loading and unloading operations at the ports on demand. Currently, they are recruited from amongst large crowds at the terminals, which is not recommended in times of pandemic. The new measure requires that labor-management agencies must recruit remotely by using new technologies, so that the individual only comes to the port when work is to be carried out.

Another detail of the measure is that workers may not be recruited who show flu-like symptoms or a cold; are diagnosed with COVID-19; are pregnant or lactating; aged sixty or over; and who have immunodeficiency or respiratory diseases or chronic or severe pre-existing diseases.

Thus, the measure ensures that workers who are in the situations mentioned above have the right to receive a monthly compensatory payment of 50% of the monthly average received between October 1, 2019 and March 31, 2020. The cost of paying the indemnities will be borne by port operators who request workers, who will be entitled to a discount on port tariffs equivalent to the indemnity to be paid, or readjustment of their contracts. The labor-management agencies will be responsible for calculating, collecting and passing on to the beneficiaries the amount to be paid.

Finally, in order not to cause interruptions in operations in case of unavailability of independent workers, it is foreseen that port operators that are not served can freely hire workers with whom they have an employment relationship, for several functions. The maximum term of the contract will be 12 months, and the temporary nature of the measure due to the pandemic must be made clear.

Ports, terminals and infrastructure

Maersk has told its customers that it will apply a Destination Congestion Charge (CFD) of US$1000 per container for all Reefer cargo destined for Manila, Philippines. This is because the port of Manila has been severely impacted by reduced productivity, resulting in limited availability of reefer plugs. CMA CGM made a similar announcement last week.

The fee is valid on reservations as of April 6 (date based on the price calculation date) for non-FMC corridors and from 1 May for FMC corridors. Maersk said it would accept reefer cargo reservations bound for Manila only on the condition that would not guarantee how the cargo is directed, or be responsible for delays in delivery.

This week, 1,276 Onix and Onix Plus cars manufactured by GM in Gravataí are being exported via the Port of Rio Grande in two separate operations. On April 4, the Jasper Arrow docked at the port to load 216 units bound for Colombia. The other shipment will be made by the Gral San Martin, which will transport 1,060 cars.

The port operator responsible for the land operation involving the Jasper Arrow is Nexus and the onboard part will be handled by Sagres Operations Port. Nexus will also handle land operations involving the Gral San Martin, whilst the Orion Maritime Agency will handle onboard activities. Together, the operations are expected to last approximately 24 hours, and will involve 90 independent workers and 40 port operator employees. In 2019, the Port of Rio Grande handled a total of 31,722 vehicles.

The National Ports and Water Transport Secretary of the Infrastructure Ministry, Diogo Piloni, recognized that there is a lack of reefer containers in Brazil, as stated by entities related to agribusiness. In an interview with Globo Rural, he said that shipowners are organizing themselves to meet this need. And it ruled out risks of paralyzes at Brazilian ports caused by the advancement of the coronavirus pandemic. He added that the government had taken measures to ensure the health and safety of port workers.

According to him, the government is preparing a provisional measure that addresses issues related to the removal of independent workers who are part of the risk group and offers compensation support for unworked time. "Although the provisional measure has not been published, the Federal Government has already issued a decree establishing cargo transportation as an essential activity, and hence not subject to any kind of stoppage, be it of labor, or by embargoes from governors," said Piloni.

On 01/04, the Federal Audit Court (TCU) approved two projects to lease cellulose terminals at the Port of Santos (SP): STS14 and STS14A. Together, the two will receive investments in the order of R$420 million. The next step is the launch of the public notice for the auction, which should take place in the second half of this year.

The two terminals will be leased for 25 years. Both are located in a paved area in the Macuco region, on the right bank of the Port of Santos. STS14 has approximately 31,000m^2 and, after the works to be done, will have a static storage capacity of 97,000 tons of cellulose and the potential to handle 2 million tons per year. STS14A has an area of approximately 34,000m^2 and, after modifications, will have a static capacity of storing 125,000 tons of cellulose and the potential to handle 2.6 million tons per year.

The National Secretary for Ports and Water Transport, Diogo Piloni, emphasizes the relevance of the pulp production chain in the country to merit structuring these projects for concession. "Brazil is the second-largest producer of pulp in the world. In 2019 alone, 21.2 million tons were produced, of which 14.7 million (70%) were directed to the foreign market. Aware of the importance of this chain for our economy and of the fundamental role of ports for the transportation of this cargo, we work non-stop to make the two new areas available ", says Piloni.

To provide an alternative as well as more efficient land and sea logistics opportunities to Brazilian producers looking to send goods to Asia, Maersk has launched its first Eastbound intercontinental train from St. Petersburg port in Russia to Vostochniy port, a deepwater port in the Sea of Japan that connects to China, Japan and Korea by sea.

The overall transit time of the new intercontinental service from ports in Northern Europe to Asia will be between 23 and 32 days, reducing by half a traditional ocean route of 52 to 57 days. This means goods by sea can move from Rotterdam to Russia before being loaded onto a train that crosses more than half of the world in one trip.

The first intercontinental train, which departed last weekend, was loaded with plywood and chemical products from the FCT port terminal in St. Petersburg to VSC terminal in the port of Vostochniy in Russia's Far East (both terminals are part of the Global Ports group). Upon arrival to Vostochniy, containers will be loaded on Maersk's short-sea vessels for delivery to Korea and Japan.

"The AE19 service provides our customers not only with a faster delivery solution, but also a lower cost than airfreight. So far, the service has been used for westbound shipments from Asia to Europe only, however as the service has been experiencing a steady growth since the beginning of 2020, it has further enabled shipments in the opposite direction from Europe to Asia as well. Customer demand to develop the Eastbound service, especially within the automotive, technology, chemicals and industrial verticals, has further led to the launch of this service", shares Kasper Krog, Head of Intercontinental Rail at A.P. Moller – Maersk.

Maersk provides its customers with flexible transport solutions, enabling them to find the most suitable options to transfer their goods. The customers can easily switch transport modes between Ocean and Rail solutions, which allows them to react quickly to changing market demands.

On March 26, the Infrastructure Ministry concluded an agreement to remedy the deficit in the Portus pension fund, which serves 10,000 participants from dock companies across the country. The proposal has already been sent to the unions involved and to the Attorney General's Office (AGU). The agreement is expected to be acted upon starting in April.

Currently, Portus has a deficit of R $ 3.3 billion. The proposal foresees an investment of approximately R$1.7 billion by sponsors (dock companies). Participants, in turn, will pay part of their responsibility through the suspension of the death benefit to the beneficiaries; a 100% discount on the net annual bonus (thirteenth); and freezing of the nominal amount paid as a retirement supplement. The proposal was prepared by the ministry in partnership with the National Superintendency of Complementary Welfare (Previc). After evaluation by the unions, it was presented and approved by the sectors and is to be signed as an agreement.

Portus was created in 1979 by the defunct Portobrás (holding company that centralized the administration of Brazilian ports), with the objective of supplementing the social security benefits of port workers. Due to financial deficits, it suffered intervention. The fund even ran the risk of liquidation, a measure that led the Ministry of Infrastructure, the sponsors and unions to come up with the current proposal.

On March 30, a twelfth special maneuver took place in the Itajaí Port Complex`s new evolution basin with vessels up to 306 meters long and 48.50 meters wide. All maneuvers were regulated and authorized by the Maritime Authority and monitored by the Superintendency of the Port of Itajaí, Port Guard, Navy, Pilotage, Port Terminals (APMT and PORTONAVE), shipowners, shipping agents and tug companies. With this, after approval by the Navy, the Port of Itajaí and the Port Complex will be ready to receive large vessels of 350 meters in length.

All special maneuvers carried out in the new evolution basin used ships that already operate in the local complex, and which will be successively replaced by ships from 336 to 350 meters in length. The total amount invested in this first stage of the road access adjustment work was R$174.6 million, of which R$129 million came from the Government of the State of Santa Catarina through the State Department of Infrastructure, R$40.1 million from the Port of Itajaí and R$5.5 million from Portonave (Port of Navegantes).

According to the superintendent of Itajaí Port, Marcelo Werner Salles, this maneuver is part of a set of actions being taken to make the infrastructure of the Itajaí port complex able to serve mega-ships that are up to 350 meters in length. However, in the next phase it will start new tests with vessels that are 336 meters long and 52 meters wide. With that, the port will wait for approval by the Maritime Authority to be definitively given.

Due to the unprecedented nature of the COVID-19 pandemic and the forecast of a sharp drop in demand, members of The Alliance, Hapag-Lloyd, HMM, Ocean Network Express and Yang Ming announced that they will modify their shipping itinerary in April. It will look like this:

Asia and Northern Europe

Week 15 – FE2 null

Week 16 – FE4 and FP2 EUR null

Week 17 – null FE2 and FP2 EUR

Week 18 – FE3 and FE4 void

Asia and the Mediterranean

Week 15 – MD1 null

Week 16 – MD2 and MD3 null

Week 17 – MD1 null

Week 18 – MD2 null

Transpacific – West Coast

Week 14 – Null PN4

Week 15 – PS5 and PN4 void

Week 16 – PS4 and PS5 canceled

Week 17 – PS3 *, PS5, PN3 and PN4 canceled

Week 18 – PS4, PS5 void

* HMM does not participate in Week 17 PS3

Transpacific – East Coast (via Panama and Suez Canal)

Week 14 – EC3 null

Week 15 – EC3 null

Week 16 – EC3 null

Week 17 – EC3 null

Week 18 – EC3 null

Transatlantic

Week 15 – AL2 and AL5 null

Week 17 – AL1 and AL4 null

* HMM does not participate in the Transatlantic

According to a statement issued by the group, in addition to the trips canceled in April, members of The Alliance are currently preparing structural changes in their services for 2020 and will make their respective announcements in the coming weeks. The adjustments are based on the current market situation.

Results published by ANTAQ (the National Waterway Transport Agency) show that Porto Itapoá is in first place amongst container handling ports in Santa Catarina State. In Brazil According to data, Itapoa`s cargo handling increased 15.92% in 2019 to 735,000 TEUs, making it the third-largest container handling port in Brazil. Preliminary data released by the port in January pointed to 14% growth.

Other interesting information in ANTAQ`s report was the volume handled by the ports. In Santa Catarina, the Babitonga Bay Port Complex, which includes the Itapoá and São Francisco do Sul port terminals, represented 59.3% of all cargo handled by ports in the state. All in all, Santa Catarina handled almost 47 million tons. Of this total, Babitonga's ports handled almost 28 million tons.

CMA CGM has sent a statement to its customers stating that terminal operations and container collection at the ports of Manila and Subic in the Philippines have been slow due to the latest developments in the country, which this year has already recorded the eruption of a volcano in addition to facing the pandemic caused by the coronavirus. As a result, most of the reefer plugs at the ports are unavailable as they are already occupied. Hence, CMA CGM is being forced to divert reefer cargo to other ports.

To cover additional costs, CMA CGM will apply a surcharge (Port Congestion Surcharge) of US$1,400 per reefer container for all new reservations destined for the Manila South and North and Subic terminals, starting on April 30. Also according to the company, for containers already in transit and those that have already been redirected, a specific surcharge will be calculated at the time of reloading, as soon as the space is made available at these terminals.

The Infrastructure Ministry sent feasibility studies on concessions of two port terminals at the Port of Aratu (BA) to the Federal Audit Court (TCU). Next week, two more projects will be sent – one in Porto de Santana (AP) and another in the port of Maceió (AL). All have gone through public hearings and now expect court approval so edicts of the auctions can be released. The total expected investment in these terminals is US$468 million.

The ATU 12 terminal, in the Port of Aratu-Candeias (BA), focussed on handling solid bulk, is the one with the highest investment required at R$294 million. The site will be leased for 25 years and will be used for the movement of fertilizers, copper concentrate and various ores. It is projected to handle 2 million tons per year.

Also at the Port of Aratu (BA), the ATU 18 terminal has an investment value of R$119 million for a 15-year lease. The site will also be dedicated to handling and storage of solid vegetable bulk. The complex location serves as an outlet for production and imports from the Camaçari Industrial Pole – the largest integrated industrial complex in the Southern Hemisphere, housing more than 90 chemical and petrochemical industries, in addition to other sectors such as automotive, cellulose and copper metallurgy.

The terminal for handling and storage of solid vegetable bulk in Porto de Santana (AP), MCP02, will be leased for a period of 25 years and will require R$41 million in investments. The terminal will handle and store solid vegetable bulk, especially soybean meal which has an important role in the Brazilian trade balance.

Finally, the lease of the MAC 10 terminal, in the Port of Maceió (AL), is planned for 25 years, with an investment value of R$12 million. The terminal will be dedicated to the handling of liquid bulk, especially sulfuric acid. The demand for chemicals in the complex is influenced by the presence of the Alagoas Chlorochemical Complex, located in the municipality of Marechal Deodoro. The hub has companies operating in production of PVC, caustic soda, tubes and fittings, plastics in general segments, as well as in the production of inputs for the chemical industry.

Port operations continue as normal, with extra care being taken. This weekend, the Port of Paranaguá made Brazil's first shipment of bagged cornmeal, as 6,000 tons of cornflour is shipped to feed families in Congo, Africa. The product is from Paraná, originating in the Maringá region. A total of 240,000 bags were shipped.

According to the president of Portos do Paraná, Luiz Fernando Garcia, it is important that a diverse range of cargo is handled. "The entire logistics chain wins with a new product among exports. We have already shown that we have the knowledge, capacity, and structure to serve the general cargo segment with quality and efficiency, which is the one that has been growing the most," he says.

Cornflour has been exported for some years now via the Port of Paranaguá, albeit in containers. "Our expectations with this breakbulk shipment is very good. This new product opens a new possibility that does not depend on the harvest, as the flour uses stored corn. It is a regular product, exported all year round. This is good for the entire port community ", says Patrick Ferreira Tavares, commercial director of the Marcon group, the company responsible for loading.

According to Tavares, the operation uses 25 kg bags, such as that used for sugar. Other goods that can follow this same trend are beans, popcorn, sesame and derivatives. "We believe that there is a great possibility that they will follow the same path, due to the quantity already exported in containers", says Tavares. In 2019, 1,280 TEUs of cornflour was exported, 2,263 TEUs of beans, 1,450 TEUs of popcorn, and 130 TEUs of sesame seeds.

Certain precautions have to be taken in storing and transporting the cornflour as it is a food item for human consumption. "We have several controllers monitoring this operation, looking at quality and cleanliness in warehouses, outside the port, in trucks, in ship loaders, and in-vessel holds," guarantees the commercial director of the company. According to him, the shipment was discussed with the Operations Directorate of Paraná Ports for more than a month. "The port provided all the conditions for this operation to be carried out and it is one of the few ports in the country to have the capacity to carry out this operation," he says. The reason, according to Tavares, is that in the Paraná terminal, retro area warehouses are specialized in foodstuffs, with a static capacity of over 100,000 tons. "This allows us to maintain productivity when loading the ship. In addition, the Port of Paranaguá provides security to operators. Today we have the best structure in the country for general cargo," he says.

Grain

Agroconsult (an agribusiness consultancy) announced on 31/03 that Brazil's soybean harvest in 2019/20 should reach 123.5 million tons. The estimate was adjusted downward from the previous estimate of 124.3 million tons. The company also estimated the area to be used to grow oilseeds in Brazil would be 36.8 million hectares, compared to 36.7 million forecast in January.

The consultancy highlighted record productivity in states like Mato Grosso, Goiás, and Paraná, but cited heavy losses in Rio Grande do Sul due to drought.

Ores

Vale is at risk of postponing the resumption of production capacity due to possible delays in inspections, evaluations, and authorizations, caused by the pandemic of the new coronavirus. The company had stopped several activities after the rupture of one of its tailings dams in Brumadinho (MG) in January 2019. It was awaiting completion of safety reviews and approvals from authorities to resume operations.

Despite this, according to Vale, the pandemic has so far had a limited impact on its business, with no interruptions in Brazilian operations and at Chinese ports.

Meat

According to the Brazilian Animal Protein Association (ABPA), Brazilian chicken exports (including both fresh and processed) totaled 349,500 tons in March, representing growth of 2.6% compared to the same period last year, when 340,500 tons were exported. Shipment revenue reached US$552.5 million, 1.7% less than in March 2019, when US$562.2 million was generated. The cumulative total for the first quarter showed that 1.021 million tons were exported, a volume 8.8% higher than the 939,000 tons shipped in the same period last year. Quarterly revenue stood at US$1.6 billion, 6% higher than year-ago levels.

"Even with the impact caused of COVID-19, the sector continues to play its strategic role in helping secure food supply for the Brazilian population and for several nations around the world, several of which are also dealing with the pandemic," said Francisco Turra, president of ABPA.

Pork – Brazilian pork exports (including both fresh and processed) totaled 72,100 tons in March, as compared with 54,800 tons in March 2019. The foreign exchange balance of March exports reached US$166 million – 56.1% higher than year-ago levels.

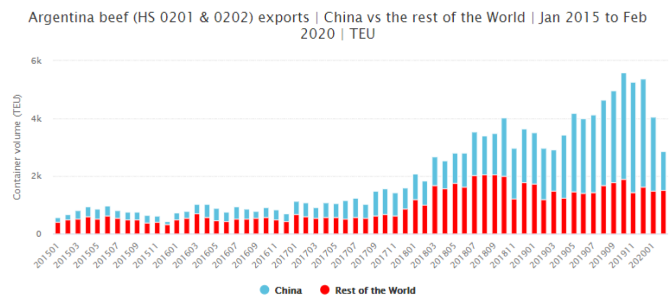
In the first quarter, the sector's shipments reached 208,000 tons – 32% year-on-year growth. By revenue, there was a 62.6% increase over the same period, reaching US$485 million, against US$298 million last year.

Reports suggest that Argentine beef shipments to the European Union have reduced to almost zero amid the global coronavirus pandemic. Sales to China, the main buyer, have dropped below 2019 levels. Meat shipments from the country had skyrocketed in recent years, driven mainly by demand from China, which helped the country bring its 2019 meat exports to US$3 billion.

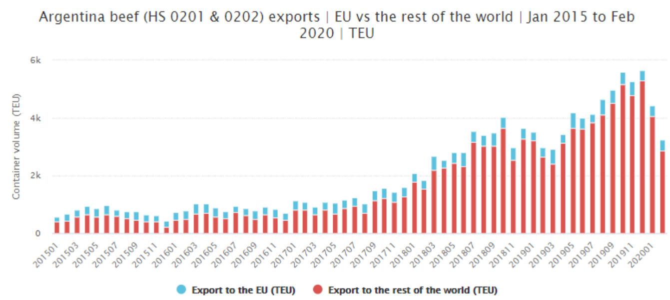
Exports jumped 50% last year, to 845,800 tonnes, with China buying about three-quarters of that volume, according to official data. The European Union accounted for 9% of sales. "Due to the impact of the pandemic, export markets have cut many of their purchases and are extremely restricted," said Mario Ravettino, president of the ABC consortium of Argentine meat exporters.

He said exports to China in March fell 15% from last year's levels, when Argentina shipped around 50,000 tons a month to meet Chinese demand. Representatives of the Argentine meat industry say the European market, now at the center of the pandemic, has seen an even greater collapse in demand, which has basically paralyzed exports to the region, which normally buys more expensive cuts.

The following graph shows Argentine beef exports to China and the rest of the world as of January 2015:



The chart below shows beef exports from Argentina to the European Union and the rest in the world since January 2015:



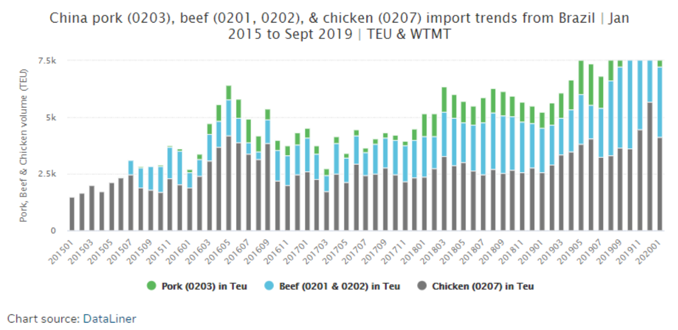
Graph Source: DataLiner

Since the beginning of the year, China has not approved any more Brazilian slaughterhouses for export due to the coronavirus epidemic. All qualifications are suspended until there is relief from the public health crisis. This action comes despite the Brazilian and Chinese governments reaching an agreement in January for a new system that aims to speed up approvals.

According to the International Affairs Secretary of the Agriculture Ministry, Orlando Leite Ribeiro, the ministry tried to contact Chinese representatives earlier this year about starting to use the new system, but at that time due to the coronavirus emerging, the General Administration of Customs China (GACC) was not functioning normally. "What is happening is a temporary mismatch. China was affected first by COVID-19 and now, when China started to return to normal, Brazil was affected by the coronavirus ", said Ribeiro.

China is Brazil's largest customer for beef, pork and chicken. Dozens of slaughterhouses approved last year have already obtained export licenses and have not been affected, said Ribeiro. China approved 25 new plants in September and another 13 in November. The new system agreed with Brazil in December allows China to carry out "virtual inspections" at the country's plants, via a remote video link, replacing the previous need for a Chinese delegation to visit the industrial units in person. An initial test using this system was carried out in September.

The following graph shows Brazilian exports of meat to China as of January 2015:



Other cargo

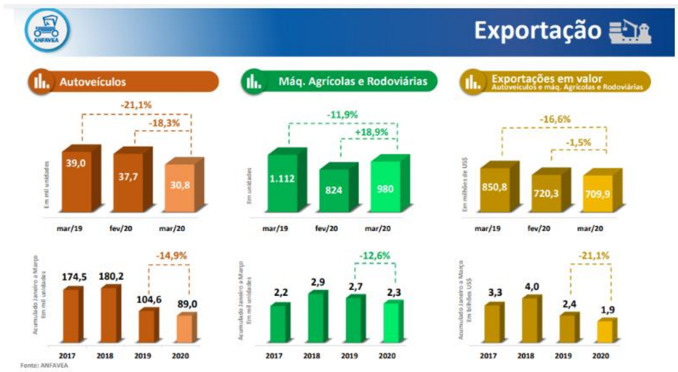
Anfavea, the National Motor Vehicle Manufacturers Association, released results on Monday (06/04) of how the industry performed in March, already heavily affected by the COVID-19 crisis in the last two weeks of the month.

After two weeks of strong activity in the domestic market, pointing to robust growth, a gradual halt in trade and factories can be observed to the tune of almost 90% of the sector's activities. "We had two very different moments in March. Until the beginning of the second half of the month sales were on the rise with 9% cumulative growth in the year until then compared to last year. But the advance of the pandemic in our country caused an interruption of activities in factories and concessionaires, that 9% growth turned into an 8% cumulative drop in the year so far by the end of the month," explained Luiz Carlos Moraes, president of Anfavea. According to him, with sales having plunged nearly 90% in the last two weeks of March, April looks rather worrying.

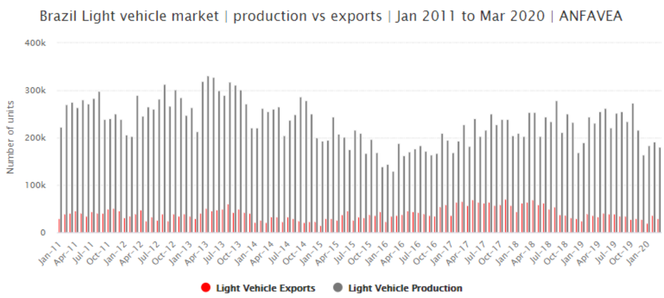
The end result was that production, exports and licenses in March 2020 dropped 21% year-on-year. In comparison with February, the drop in March was 18% in terms of jobs and exports, and 7% for production.

Essential activities - Different to cars, the market for buses and trucks as well as agricultural and road machinery, still managed to register positive growth in March, since most of the factories that produce these were functioning until the beginning of April and sales were heated due to the harvest season. In comparison with the previous month, sales increased 46%, exports 19% and production 15%. Agricultural machinery manufacturers have guaranteed enough stock to serve farmers, as their activities are considered essential, with or without a pandemic. Another activity that continues without dipping is technical assistance and distribution of parts for machines and trucks.

The following graph shows vehicle exports in March 2020 compared with February 2020 and March 2019:



The following graph shows the production and export of light vehicles from Brazil between January 2011 and March 2020:



On 03/04, Mercedes-Benz announced it decided to extend the pause in its activities in Brazil by about a week. Activities have been halted since March 23 because of the quarantine measures adopted to stop the advancement of coronavirus in Brazil. Now, instead of resuming activities on April 22, the new date for this is May 4.

In the statement, the automaker states that it will start negotiations with unions to find "labor-management alternatives to adjust costs to the current reality" of the market. The day before the announcement, the car dealers association, Fenabrave, reported a 15% drop in sales of new trucks in Brazil in March compared to the same period in 2019. Sales of buses dropped even further by 34% over the same period comparison.

The Foreign Trade Chamber (Camex) has removed import taxes on an additional 25 components and accessories used to manufacture and operate respirators and lung ventilators as well as protective masks. The measure aims to encourage supply of these items in Brazil in the fight against the COVID-19 pandemic. "The goods included in the Single Annex to this Resolution will only have the import tax reduced to zero when used in the fight against Coronavirus / COVID-19", highlights Gecex Resolution 28/2020, published this Friday (03/04) in the Federal Official Gazette. This measure complements previous reductions, adopted by Gecex Resolutions 17/2020 and 22/2020, which waived tariffs on 111 items used directly to combat the pandemic.

The new reduction covers 22 NCM codes, some of which had tariffs as high as 26%. The taxes will remain at zero until September 30, 2020. The products listed range from fabrics for the manufacture of protective masks and metallic support for breathing circuits, to gas micromixers for pulmonary ventilators, printed circuit boards and air or oxygen flow sensors for resuscitation breathing devices, as well as sensors for ventilators. and pulmonary compliance simulators to monitor ventilatory volumes and pressures.

Items such as motherboards, touch screen controller boards, touch screen panels, LCD monitors and industrial microSD memory cards are also listed, as are engines, lead-acid and lithium batteries.

Other measures

In addition to reducing import tariffs to zero to COVID-19, other measures are as follows:

– The temporary suspension, for reasons of public interest, of anti-dumping duties on blood collection tubes and disposable syringes, as well as the requirement for non-automatic licensing on the import of these products;

– Reduction to zero of the Tax on Industrialized Products (IPI) for imported goods essential to combat COVID-19;

– Simplification of customs import clearance to maintain a fast flow of supply of essential items and avoid bottlenecks in customs areas by speeding up the delivery of cargo;

– Non-automatic export licensing, for the government to monitor the supply and demand conditions of products used to combat the pandemic in the domestic market, allowing only the surplus to be exported;

– Elimination of import licenses by Secex, Inmetro and Anvisa for essential products;

– Simplification of the requirements to import medical devices, in addition to simplifying the requirements for manufacturing and purchasing priority medical devices for use in healthcare services, such as surgical masks, goggles and N-95 respirators.

The Gecex Resolution No. 28/2020 shows the complete list of products that have had their import tax zeroed.

The Foreign Trade Chamber (Camex) of the Economy Ministry recently waived import tariffs on 85 NCMs from the pharmaceutical and medical-hospital segments that are important in the flight against Covid-19. Analysis done by Datamar shows that in the first two months of 2020, 49,800 tons of these 85 NCMs have already been imported, equivalent to US$287.6 million. The ports of Santos, Itapoá, Itajaí, Navegantes and Rio de Janeiro handled 81.0% of the total volume of these products.

Import taxes were reduced to zero on kits for testing coronavirus, medical equipment and devices, and drugs such as chloroquine, hydroxychloroquine, azithromycin and immunoglobulin. Items such as ethyl alcohol, alcohol gel, pure sodium chloride, medicinal oxygen and carbon dioxide are also listed; gauze, hydrogen peroxide, paper sheets, protective gloves, sterilizer, and needles; oxygenation and intubation equipment, artificial respiration devices, thermometers, diagnostic instruments and devices, masks, protective clothing against infectious agents, safety glasses, among others.

Comparison with 2019

In the first two months of this year, Datamar data shows a 74% spike in the import of items related to the prevention and treatment of Covid-19. Some significant items in this category are medical-surgical or laboratory sterilizers (+ 2,102%), clothing and accessories (+ 290.7%) and pharmaceutical products (+ 163%).

See table below for the NCMS that grew the most:

NCM	JAN e FEV/2019 (kg)	JAN e FEV/2020 (kg)	Δ 2019 vs 2020 (variação)
3005.90.19	25	3.272	12.988,0%
8419.20.00	501	11.034	2.102,0%
6210.20.00	2.446	9.557	290,7%
3002.12.29	17.893	47.104	163,3%
9020.00.90	10.081	22.763	125,8%
3004.20.29	81.015	180.273	122,5%
2811.21.00	42.079	79.234	88,3%
2207.10.90	21.442	39.176	82,7%
4015.11.00	97.748	169.982	73,9%

Source: Datamar

Inspections on imports of vegetable products and their by-products are already being processed in a single federal government system called the Single Foreign Trade Portal. This system allows a safer and more agile control of imports. It is a concerted effort between the Ministry of Agriculture, Livestock and Supply and the Ministry of Economy, with the objective of reducing bureaucracy at Brazilian ports, whilst facilitating secure international trade.

Before this system, inspectors from the International Agricultural Surveillance System (Vigiagro) needed to access three different systems to inspect wheat flour imports, for example. The user also needed to provide the same information for different databases.

From now on, all information will be processed using the Single Foreign Trade Portal. The information is checked electronically and classified as being in the green, yellow or red channel. The Federal Agricultural Auditor then adopts measures as necessary. The initiative will allow low-risk cargo or those where control is just a documentary formality, to be released in a few minutes, optimizing the use of inspection teams to intensify inspections of products in higher-risk categories as well as perishable products that need to be released faster to maintain their quality.

Time reduction - In 2018, meat exports benefited, when the time taken for inspections was reduced from 3 days to about 5 minutes. In 2019, exports of cotton, soy complex, corn and other vegetable products benefitted from a reduction in the time taken to issue international certificates. This is the third wave of red tape being cut in the Vigiagro, which affects the entire operation of importing plant products via ports, airports and border posts throughout the country.

The initiative is the result of a partnership between Vigiagro and the Foreign Trade Secretariat – Secex of the Ministry of Economy. The Secretariat for Agricultural Defense points out that this is a measure in line with the Brazilian government's commitment to the World Trade Organization's Trade Facilitation Agreement (AFC), held in Bali during the 9th WTO Ministerial Conference, in December 2013, which went into effect in March 2016. The products using the new system can be consulted on the Siscomex Import portal.

Trade

According to the National Industrial Confederation (CNI), the global recession generated resulting from the coronavirus pandemic may reduce Brazilian exports by at least US$18.6 billion, which is equivalent to 8.25% of the US$225.4 billion exported across the country last year. The entity made initial projections based on the estimate that global GDP would shrink 1.1% in 2020. In terms of volume, the COVID-19 pandemic is expected to reduce the exported quantity by 56 million tonnes. This represents an 11% drop in relation to the volume shipped by Brazil in 2019.

The Foreign Trade Secretariat of the Economy Ministry informed that Brazilian exports would only gradually return to normal. That's because demand is low across the planet. The survey does not refer to exports to specific markets, as there is still no data available by country or region. The organization, however, informed that the impact on industrial exports will depend on the measures taken by other Latin American countries, as this is the main destination for Brazilian manufactured goods.

The trade balance in March registered the lowest positive in three years. Last month, Brazil exported US$4.713 billion more than it imported. The result is 9.7% higher than the US$4.296 billion surplus registered in March last year. The total amount exported was US$19.239 billion, a decrease of 4.7% in relation to March of last year by the daily average criterion. Imports totaled US$14.525 billion – a 4.5% decrease also by daily average.

With the March result, the trade balance accumulates a surplus of US$6.135 billion in the first three months of the year – a decrease of 33.1% in comparison with the same period last year, when the surplus had reached US$9.025 billion. The accumulated result for the year is still influenced by the month of January, when the balance registered a deficit of US$1.674 billion.

In the first three months of the year, exports totaled US$50.095 billion, a 3.7% year-on-year decrease based on the daily average. Imports totaled US$43.960 billion, an increase of 2.6% in the same period comparison. This explains the retraction in this year's balance.

Exports - According to the Foreign Trade Secretariat of the Ministry of Economy, the main products that had a drop in exports last month were corn, with a decrease of 51.1% in relation to March of last year, cellulose (-32.1%) and aircraft and aircraft components (-22%). On the other hand, sales of sugar and molasses (+ 36.4%), beef (+ 27.1%) and crude oil (+ 13%) increased. Despite the average 9.9% drop in the international price of the barrel in March, the volume of oil shipped increased by 25.4%, resulting in a 13% increase in the value exported by Brazil.

In relation to sectors of the economy, agriculture pushed exports last month, with sales growth of 6.8% compared to March 2019. Sales from the extractive industry (a category that includes minerals) fell 4%. Affected mainly by the crisis in Argentina, exports from the manufacturing industry decreased by 9.8% over the same period comparison.

Imports - On the imports side, purchases of capital goods – machinery and equipment used in production – rose 6.6% in January compared to the same month last year. Purchases of intermediate goods fell by 3.4%. However, due to the recovery of the economy, purchases of consumer goods rose 6.9%. Imports of fuels and lubricants fell sharply by 15.3%.

After the trade balance ended 2019 at a surplus of US$46.657 billion, the second-largest positive result in history, the market estimates a smaller surplus in 2020, motivated mainly by trade tensions between developed countries, which reduces global trade, and the surge coronavirus in China, the main destination for our exports.

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