

Main news

Is the pandemic caused by the coronavirus already impacting world trade? In what way? To answer these questions, Datamar carried out a study on the port calls at Brazilian ports. A monthly analysis with the corresponding month in 2019, shows that the number of container vessel calls so far remains stable. However, shipping lines indicate that there is a definite downward trend, as blank sailings are expected to rise.

Número de atracções por mês														
	201901	201902	201903	201904	201905	201906	201907	201908	201909	201910	201911	201912	202001	202002
Brazil	344	372	383	340	374	348	385	370	377	379	383	374	341	345
Santos	192	196	195	192	188	186	192	188	189	192	193	192	182	182
Paranaguá	34	48	53	55	51	48	47	50	51	48	50	54	45	47
Rio de Janeiro	144	148	149	137	145	140	143	142	143	144	143	141	136	137
Outros	289	341	347	337	345	360	379	394	385	422	372	385	360	339
Total	675	707	725	659	676	647	661	662	676	711	644	640	638	610



Número de atracções por semana (2020)														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
Brazil	177	172	171	174	176	175	172	171	174	173	172	171	170	169
Santos	107	107	106	104	105	104	103	102	101	100	99	98	97	96
Paranaguá	17	17	16	14	15	14	13	12	14	14	13	12	11	11
Rio de Janeiro	4	10	10	10	11	12	11	9	11	12	10	10	11	4
Outros	54	48	52	52	54	50	51	52	59	56	56	52	59	56
Total	177	179	172	169	169	166	163	163	164	163	162	161	160	159



Source: Datamar

The Alliance, formed by shipowners Hapag-Lloyd, HMM, Ocean Network Express and Yang Ming for example, has already announced that it will modify its shipping itinerary in April, with several trips canceled around the world.

According to LATD (Department of Commerce of Latin America) / Shanghai of Cosco, affected by the virus, the company is forecasting a downward volume in the entire market and will decrease its capacity by carrying out more blank sailings to stabilize the market. "We plan to make three blank sailings until April and May on our ESA2 line," says the company.

In addition, as fewer TEUs are being handled, some shipowners are considering reducing the number of calls, unloading all the country's cargo in a single port and from there sending it to the other ports by transshipment.

According to the shipowners, there is a fall in imports of manufactured goods from China, caused by several factors such as the rise of the dollar, and a lack of Chinese production whilst factories shut down in an attempt to contain the coronavirus. This

lack of imports, which is the 'dominant leg' of the journey between Brazil and China, is causing shipowners to wait another week until the ships leaving China for Brazil are fully supplied, reducing their fixed costs, and resulting in blank sailings.

On the other hand, shipping lines report exports, mainly to China, are still on the rise, since the Asian country is looking to restock now that the worst of the coronavirus pandemic seems to be over. As for services to the Americas, not much change has been detected.

Meanwhile, on Wednesday April 8, the World Trade Organization (WTO) announced that it estimates exports and imports to contract between 13% and 32% this year.

Ports, terminals and infrastructure

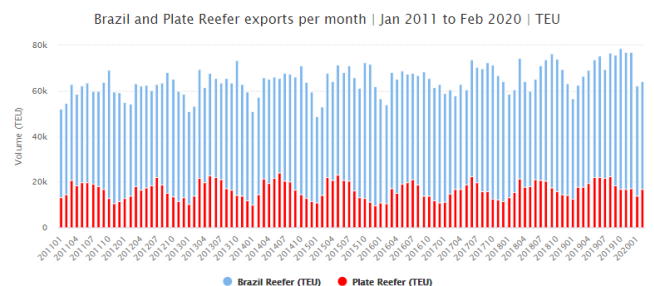
Due to uncertainties in the US market, CMA CGM America is temporarily revising its free time terms. The measures are valid for all containers unloaded in the US on (or after) March 21. As a result, CMA CGM will not charge standard container detention from March 21, 2020 until April 15, 2020. Detention will be applied again from April 16, 2020.

Detention rates will be assessed in terms of standard levels, starting at level 1 (ie rates at day 1 level). During this period, a fixed daily fee of US\$25 per chassis will be assessed for all chassis provided by CMA CGM. The implementation of this change begins immediately. According to CMA CGM, it will review the situation as it progresses and make the necessary changes.

One of the consequences of the coronavirus pandemic is the scarcity of reefer containers. This is because, since the epidemic began in China in December 2019, and affected the economy and port operations in the Asian country, there has been a decrease in the number of vessels leaving this country. This has caused an accumulation of reefer containers, leading to a worldwide shortage.

DataLiner data shows that Brazilian reefer container exports fell between December 2019 and January and February of this year. In December, Brazil exported 59,850 TEUs in reefer containers. In January, there were 48,376 TEUs and February, 47,283 TEUs.

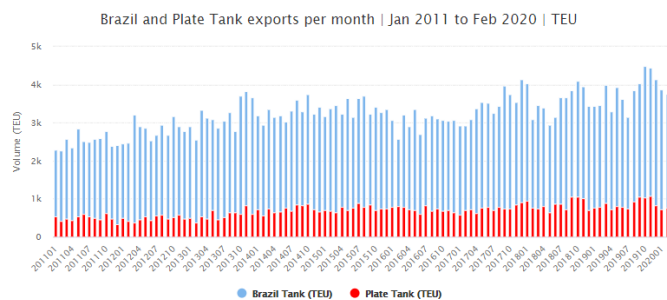
For Argentina, in December 2019 17,090 TEUs were exported. That number dropped to 13,818 TEUs in January and 16,791 TEUs in February. The graph below shows the historical trend of reefer container movement in Brazil and Argentina:



Fonte: DataLiner

Regarding tank containers, there was also a drop in exports in Brazil. In December 2019, 3,314 TEUs were exported. In January, that number dropped to 3,145 TEUs and February to 2,971 TEUs. In Argentina, 824 TEUs were exported in December 2019, 720 TEUs in January 2020 and 769 TEUs in February.

The following chart shows the historical trend of tank movement in Brazil and Argentina:



Fonte: DataLiner

The National Waterway Transport Agency (ANTAQ) authorized Ultrafértil S/A to start full operations at Warehouse 5, built at the Private Use Terminal (TUP) Luiz Antônio Mesquita – Tiplam Port Integrator Terminal, belonging to VLI and located on Cardoso Island, in Santos (SP). The company will be responsible for warehouse movement and/or storage of solid bulk (sugar). The Operation Release Term was published on Wednesday (8/4) in the Federal Official Gazette.

Warehouse 5 at Tiplam has 10,200 m² of built area and the capacity to receive 122,000 tons of sugar. The installation has systems for capturing solid waste and for draining and capturing contaminated effluents (water with sugar). The value of the investment made is approximately R\$88 million.

With the Paraná River's water level being at its lowest level in a decade, this is forcing Argentina to decrease the load carried by vessels. This comes at a time when the country's shipments were already facing problems due to the impact caused by the coronavirus pandemic. The Paraná River is the main export route for Argentine grains and by-products, which are transported from the ports and processing units of the Rosario pole, one of the largest in the world, to the Atlantic Ocean.

"The vessels (in Rosario) are still loading. What happens is that instead of embarking a load that would be normal at this time (about 34 feet deep), today they are loading at 31 feet," said the manager of the Chamber of Port and Maritime Activities, Guillermo Wade. Measured in tons, these three feet represent a decrease of about 7,500 tons of cargo on a Panamax-type vessel, explained Wade. The vessels usually leave Rosario with about 50,000 to 55,000 tons in the hold.

According to a report by the Rosario Stock Exchange, the lack of rain in southern Brazil and in affluent areas of Paraná meant that the river level in Rosario was at just 1 meter, something that had not been recorded for almost 11 years.

The National Transport Infrastructure, through the Paraguayan Waterway Administration (AHIPAR / DNIT), continues to work on the reconstruction works of the dolphin protections surrounding one of the pillars of the bridge straddling the Paraguay River, located on BR-262 / MS. This week concrete is being poured into the structure. The dolphin was damaged by a convoy of barges that damaged its superstructure and partially damaged its foundations. The accident caused a

rotation of the stakes, requiring them to be reinforced to reconstruct the dolphin.

The purpose of rebuilding the dolphin is to ensure that the bridge is used. The dolphins ensure that pillars are protected along the navigable span of the bridges against an impact from vessels. The contract for the work was signed in 2017, but due to climatic conditions (the river was at a high water level), it was necessary to wait to start services.

The Brazilian Navy authorized the beginning of tests to increase the draft from 11.7 meters to 11.9 meters in the Barra Norte channel, on the Amazon River. Ordinance 122/2020 was signed on March 30 by Vice Admiral Newton de Almeida Costa Neto, of the 4th Naval District Comand.

The president of ATP (Association of Private Port Terminals), Murillo Barbosa considers this action by the navy positive. According to him, an increase in the draft would significantly increase cargo movement and enhances the productivity of the operation, in addition to helping attract investments such as in new terminals, leading to the economic development of the northern region.

"A 20 cm increase in the draft may represent an increase in cargo transport capacity for each vessel of around 1,800 tons. In addition to allowing transport of a greater amount of cargo, the move promotes an improvement in efficiency and a reduction in logistics costs in the north of the country," explained Barbosa.

The region is a route for the transportation of the grain and ore, mainly from the midwest, and has registered an annual increase in the volume transported, driven by records in the soybean and corn harvest. After tests are concluded, the analysis resulting from the reports by the navy will be defined within 30 days.

Grain

According to the United States Agriculture Department (USDA), Brazil is expected to harvest 124.5 million tons of soybeans in the 2019/2020 season. The South American country's monthly estimate was reduced by 1.5 million tonnes.

On the other hand, the USDA increased its forecast for Brazilian soybean exports in the 2019/20 harvest period to 78.5 million tons, up from 77 million in the March forecast. The US government agency also increased its projection of soy imports by China, the largest global importer of the oilseed, by 1 million tons to 89 million tons in 2019/20.

Meat

Egypt has licensed 42 new Brazilian slaughterhouses to export meat to its market. Amongst them are 15 beef slaughterhouses and 27 poultry slaughterhouses, which can already start selling to the Arab country after authorization by Egypt's General Organization of Veterinary Services on March 31.

The agricultural attaché at the Brazilian embassy in Cairo, Cesar Simas Teles, informed that the Arab country has also renewed qualifications of 95 exporters who already participate in this market, 82 of which are beef slaughterhouses. According to Teles, the negotiation for the new qualifications involved the Secretariat

for Trade and International Relations and the Secretariat for Agricultural Defense, both from the Ministry of Agriculture, Livestock and Supply, the Brazilian embassy in Egypt and the Egyptian health authorities.

The Arab country's quest to expand its suppliers has resulted precisely in the midst of fears over food supplies running short due to the coronavirus crisis. "This negotiation had been taking place since the beginning of the year. Brazil and Egypt are negotiating and exchanging information so that the Brazilian animal inspection system can be recognized. I believe that this pandemic only accelerated a decision that was due to be taken," said Teles.

Egypt imported 51,000 tons of poultry from Brazil in 2019, with revenues of US\$67.9 million. It was also the third-largest market for Brazil's beef exports, buying 165,500 tons last year. The volume represented US\$484 million in value. In recent months, with the entry of China as a buyer market and the increase in prices of Brazilian beef, however, Egypt has been losing its ranking. "In 2019, Egypt was the third-largest market for Brazilian beef, which places this market in a very prominent position. These new plants are expected to increase Brazilian exports, but the Egyptian market is very sensitive to price and the increase in international prices has caused Brazilian exports to decrease," explained Teles.

According to the Brazilian Association of Pisciculture (Peixe BR), China enabled 11 more plants in 9 states to export farmed fish. "With this qualification, we have the real opportunity to send our products to a large consumer market, which has been the main destination for Brazilian exports," commented Francisco Medeiros, president of Peixe BR.

The companies authorized to export tilapia to China are Copacal (PR), Neptune (BA), Trout NR (MG), Vitalmar (SC), Global Food (SP), C.Vale (PR), Zaltana (RO), Frigopesca (MT), Lakes Fish (GO), Pescado DuVale (RO) and Bem Bom Pescados (GO).

"We are celebrating because we are confident in the quality of Brazilian fish, which meets the highest standards of quality and food safety. We are constantly working to improve our processes, eliminating possibilities of supply failure or irregularity," adds Medeiros.

In 2019, tilapia was consolidated as the flagship of international business, with a 19% increase in export volume. "Our production potential is huge and with the demand for fish from China, we have the chance to leverage our numbers exponentially," pointed out the president of Peixe BR.

Other cargo

The Foreign Trade Chamber (Camex), an interministerial body chaired by the Ministry of Economy, zeroed import taxes on another 41 products used to fight the coronavirus pandemic in Brazil. The list includes both medical and hospital products and supplies, as well as components and accessories used in the manufacture and operation of items to combat COVID-19. The reduction was approved in a virtual meeting held by the Executive Management Committee of Camex (Gecex) on Tuesday (7/4).

The objective of the measure is to increase the supply of goods destined to fight the pandemic, as well as of machines and

supplies used for the national manufacture of these products, increasing their availability and thus decreasing costs to the Brazilian health system. These items had tariffs of up to 26%, which will now be zeroed until September 30, 2020.

According to Resolution No. 31 of Gecex, published in the Official Gazette (DOU) this Wednesday (8/4), the first group products with zeroed rates includes drugs such as paracetamol, substances such as hospital disinfectants and equipment such as oxygen cylinders, facial cameras/temperature controllers and cardiac output monitors.

In the second group are items such as machines used to produce masks and supplies used to produce medicines. There are inputs needed to manufacture respirators and ventilators, a subgroup that has already had most of its tariffs reset via Gecex Resolution 28/2020. The new Resolution also eliminates zinc and vitamin D tariffs.

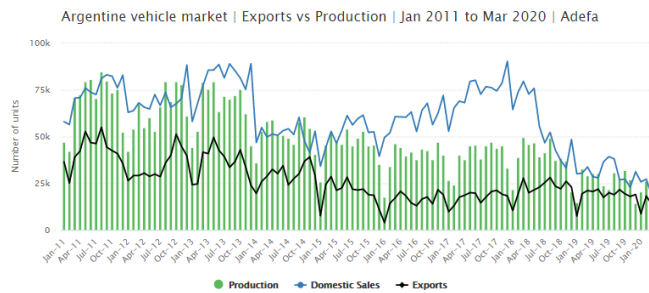
With this new reduction, there are now 177 items that have had their import taxes waived completely as part of a commercial policy to combat the COVID-19 pandemic. The first three tariff reduction lists were implemented by resolutions Gecex nº 17/2020, Gecex nº 22/2020 and Gecex nº 28/2020.

Adefa, Argentina's Vehicle Manufacturers Association, released the country's vehicle production and export figures for March. They showed that vehicle production fell 26.7% relative to the previous month, reaching 19,164 units. This was 34.4% down on year-ago levels. The sector's exports were down 23.1% compared with February 2020, at 13,928 vehicles. This is 33.9% below the volume registered in March 2019. In the first quarter, the sector produced 65,980 vehicles, which represented a 14% contraction in relation to the 76,692 units produced in the same period last year. Exports for the first quarter stood at 40,734 vehicles – a 15% decrease compared with the first quarter of 2019.

"In the face of the health crisis caused by COVID-19, the industry and all of us who are part of it, mindful of protecting the health of employees and the community in general, have taken concrete actions to mitigate the effects of the pandemic, ratifying our firm commitment to adopt preventive measures to protect health," explained Gabriel López, president of ADEFA.

In this context of responsibility and commitment, the total interruption of activity in the sector places the automotive industry, which had been facing a critical situation for some years and worsened significantly, in a position that generates concern throughout the value chain. Therefore, from the first day, several measures are being analyzed together with the government, the chain and other industrial entities, in search of mechanisms to mitigate the impact, prioritizing the protection of working capital and the most sensitive links to generate conditions so that, once the preventive and mandatory isolation measure is lifted, it is possible to resume normal activities without major obstacles.

The following chart shows Argentina's local trade as well as exports since January 2011:



Source: Adefa

Trade

The Brazilian trade balance registered a surplus of US\$ 0.882 billion and a trade flow of US\$4.743 billion in the first week of April 2020 (which included three working days), as a result of US\$2.813 billion in exports and US\$1.931 billion in imports. The data was released on Monday (6/4) by the Foreign Trade Secretariat (Secex) of the Economy Ministry. The cumulative total for the year to date shows exports at US\$52.333 billion and imports at US\$45.889 billion, with a trade surplus of US\$6.444 billion and a trade flow of US\$98.222 billion.

Monthly Analysis - On the export side, there was a 2.1% increase in the daily average for the first week of April 2020 (US\$937.54 million) compared with that of April 2019. This was due to an increase in sales in Agriculture (+ 67.1%). On the other hand, sales fell in the extractive industry (-14.3%) and in manufacturing (-14.7%).

The increase in exports was driven mainly by growth in the following agricultural products: soy (+ 80.2%); unroasted coffee (+ 37.5%); live animals (not including fish or crustaceans) (+ 38.4%); spices (+ 96.0%) and raw tobacco (+ 119.4%).

On the import side, the daily average in the first week of April 2020 was 0.8% below the same time last year at US\$643.55 million. This was mainly due to lower spending by the agriculture and livestock sector (-31.1%) and extractive Industry (-3.4%). On the manufacturing side, there was a slight increase in imports (0.5%).

DatamarWeek is our weekly newsletter. Previous editions can be downloaded at www.datamarnews.com

Your contributions, criticisms, suggestions and, if you do them, press releases, will be welcome. Contact: datamarweek@datamar.com.br
Tel + 5511-3588-3033

Datamar Consultores Associados Ltda.

Rua Fuchal 203, 4th floor

Vila Olímpia, São Paulo – 04551-904 – SP