

Main news

The Port of Santos continues to be the biggest Brazilian port for container imports as well as exports. A survey carried out by DataLiner in the first quarter of 2020 shows that Santos registered an 8.31% growth in container exports from January to March of this year when compared to the same period last year. When it comes to imports, the growth was much more modest, at 1.68%. The Port of Paranaguá is in second place in both exports and imports. In the first quarter of 2020, it exported 7.31% more TEUs year-on-year and imported 10.56% more.

But it is the activity in smaller ports that are drawing attention. The Port of Pecém, for example, registered a growth of 78.1% in container exports during the first three months of 2020 and a 38.73% increase in imports during the same period when compared to the first quarter of 2019. On the other hand, exports via the Port of Imbituba fell 71.85% in the first quarter of 2020 compared to the same period of 2019, and imports fell 73.23% during the same period comparison.

Exportações (TEU por porto)

Porto	2019	2020	Diferença %
Santos	230.255,00	249.405,90	+ 8,31%
Paranaguá	82.185,00	88.252,74	+ 7,31%
Navegantes	62.497,00	70.804,17	+ 13,29%
Rio Grande	57.778,00	52.977,00	-8,30%
Itapoá	43.767,00	39.825,58	-9,00%
Itajaí	30.060,00	34.043,33	+13,25%
Salvador	22.725,00	24.214,00	+6,55%
Rio de Janeiro	23.171,00	22.517,50	-2,82%
Vitória	14.750,00	14.932,50	+1,23%
Vila do Conde	13.718,00	11.029,00	-19,6%
Pecém	3.937,00	7.012,00	+78,1%
Porto de Itaguaí	8.690,00	6.211,00	-28,52%
Fortaleza	6.903,00	5.833,00	-15,50%
Suaape	4.533,00	5.511,00	+ 21,57%
Natal	4.544,00	5.158,00	+13,51%
Manaus	3.836,00	3.569,00	-6,96%
Imbituba	540,00	152,00	-71,85%

Importações (TEU por porto)

Porto	2019	2020	Diferença %
Santos	223.138,00	226.897,06	+ 1,68%
Paranaguá	55.285,00	61.128,00	+10,56%
Navegantes	57.950,00	55.178,00	-4,78%
Itapoá	40.887,00	50.415,17	+23,30%
Manaus	37.201,00	42.093,00	+ 13,15%
Itajaí	22.123,00	39.869,50	+80,21%
Rio de Janeiro	30.900,00	31.656,50	+2,44%
Suaape	18.608,00	22.433,56	+20,55%
Rio Grande	18.617,00	19.404,00	+4,22%
Salvador	15.470,00	17.725,50	+14,57%
Vitória	14.039,00	14.253,50	+1,52%
Pecém	6.356,00	8.818,00	+38,73%
Itaguaí	8.280,00	7.098,00	-14,27%
Vila do Conde	1.724,00	2.073,00	+20,24%
Fortaleza	497,00	474,00	-4,62%
Natal	128,00	184,00	+43,75%
Imbituba	650,00	174,00	-73,23%
Porto Alegre	116,00	107,00	-7,75%
Recife	39,00	96,00	-146%

Source: DataLiner

Ports, terminals and infrastructure

A new cycle of dredging maintenance began at Santos on Saturday, May 30th. The works are being carried out by DTA Engenharia and started with the berths at Brasil Terminal Portuário (BTP), on the right bank of the port.

The maintenance contract with DTA was signed on January 8, but it came under legal scrutiny. The preliminary injunction that prevented the work from starting was lifted on April 23 and, on April 29, the service order was signed to mobilize the berth equipment. The contract is valid for 24 months and aims to maintain the draft of the navigation channel and berths at Santos. According to the Santos Port Authority, work was started during the window of opportunity available (the period between the departure of one vessel and entry of another, when the berth is free), to allow minimal impact on moorings.

New Director of Administration and Finance at SPA - More news on the Port of Santos is that on May 29th, the port's new Director of Administration and Finance was elected. Marcus dos Santos Mingoni was elected by the company's board of directors (Consad). The executive was the financial vice president of Grupo Saraiva and CFO of Grupo SEB Educação.

On May 29th, the Planning and Logistics Company (EPL) released a tender notice for consulting services with reference to the privatization of the Port of Itajaí (SC). The winning company will make a proposal for operating the site which they will present to EPL, which will then be presented to the Ministry of Infrastructure.

The winning company will have the responsibility of carrying out the preliminary surveys for the project, such as mapping out the operational capacity of the port, tax and equity situation, as well as legal audit, amongst other things. The winning bidder should also support the tender process, promoting roadshows with investors. The estimated value of the contract is R\$2.8 million.

The Work Plan, developed in conjunction with the National Secretariat for Ports and Water Transport, established 28 months to complete the surveys. According to the schedule, the auction is expected to take place in 2022. Currently, the management of Itajaí Port is under the responsibility of the municipality of Santa Catarina. Proposals must be submitted between the 1st to 23rd of June 2020 exclusively on website: www.comprasnet.gov.br.

A legal dispute between Marimex and the Federal Government is preventing the construction of a railway reverse loop at the port of Santos (SP). The railway structure makes it possible to transfer cargo without the need to disassemble the train and is planned for in the new Development and Zoning Plan for the Port of Santos.

The venture could almost quadruple solid bulk handling to 20 million tons by improving access to 13 terminals. The problem is that the project stipulates the reverse loop as being built where the current Marimex terminal is located, which does not intend to leave the port area, even though its contract to remain expired on May 8. The company claims that the contract provided for the possibility of renewal for another 20 years. Marimex has obtained two preliminary decisions in its favor – one from the Federal Audit Court (TCU) and another from the Federal Regional Court of the 1st Region (TRF-1).

The Santos Port Authority (SPA) is preparing its defenses to present to both the TCU and the Public Prosecutor's Office and to follow the port's original plans. According to the entity, the reverse loop is a project budgeted at about R\$170 million reais and is part of a larger investment package, in the order of R\$1.5 billion.

There are other projects relying on this plan to go ahead. For example, the railway capacity that is being expanded to transport cargo such as the grain harvest from Brazil's Midwest to the Port of Santos. It is also worth remembering that on May 27, an extension of the contract between Malha Paulista and Rumo was signed, which foresees that within five years, current railroad capacity will be expanded from 35 million to 75 million tons, the majority of which is planned to be received by Santos.

Despite the current legal dispute, there are conversations about the possibility of a relocation of Marimex within Santos Port, which could help end the impasse. The company does not want to comment on the matter.

The mayor of Presidente Kennedy, located on the South Coast of Espírito Santo, signed a technical cooperation agreement with Porto Central on May 27. The agreement was one of the conditions stipulated by the Brazilian Environment and Renewable Natural Resources Institute (Ibama) in relation to the implantation of Porto Central in the municipality.

Porto Central is a private port project, owned by TPK Logística S.A, which belongs to the Polimix Organization. Its port management model will be based on the Port of Rotterdam (Netherlands). The terminal will handle several types of cargo such as liquid bulk, oil, oil derivatives, chemicals, solid bulk, iron ore, coal, and pig iron, in addition to soy, corn, wheat, and other agricultural products. It will also deal with fertilizers and vehicles.

Porto Central will also be able to move containers and because of this, it will have 30 berths. The draft will vary from 10 to 25 meters, which will allow large vessels to access the facility. The project will be implemented in four stages. The first stage will cost around R\$1.5 billion, with the other three costing around R\$5 billion.

DP World has completed the initial stages of integration with TradeLens, the blockchain-based digital container logistics platform, jointly developed by AP Moller – Maersk and IBM.

DP World aims to connect all of its 82 ocean and river container terminals, as well as its logistics division using TradeLens. In 2019, DP World terminals handled 71.2 million TEUs, onboard around 70,000 vessels. The platform aims to accelerate the digitalization of global trade, modernizing logistics processes.

TradeLens gathers data from the entire global supply chain ecosystem, including shippers, port operators, and shipping lines. It also replaces manual and paper-based documents with blockchain-enabled digital solutions. For DP World, integration with the TradeLens platform will improve the company's operational efficiency as it will bring early visibility on the flow of containers from various carriers and the time that each container will remain in the yard, allowing for better planning of each terminal.

Provisional Measure 973/20 came into force on May 28th, which exempts companies this year that are located in export

processing zones (EPZs) from fulfilling the legal requirement of having at least 80% of gross revenue linked to sales abroad. The objective of the provisional measure, according to the government, is to help exporting companies that will have difficulty meeting the minimum percentage in a scenario of global economic crisis, caused by the pandemic caused by Covid-19.

It is worth remembering that the EPZs are industrial districts, within which companies benefit from the suspension of taxes to export, among other benefits. On the other hand, at least 80% of the total gross revenue must come from exports, a rule created by Law 11.508 / 07. According to the Ministry of Economy, Brazil currently has 25 authorized EPZs, 19 of which are currently being set up, distributed across 17 states.

Companhia Docas do Rio de Janeiro (CDRJ) reactivated the North Channel of Ilha das Cabras, at Itaguaí Port, with the objective of improving the waterway infrastructure and increasing the productivity and billing rates. The interconnection channel is 9.4 meters deep and has an operational draft of 8.9 meters, being able to receive vessels that are up to 242 meters long and 32 meters wide. The channel will start operating in the next few days, as soon as the Port Authority's Normative Instruction is published.

According to the superintendent of Port Management for the Ports of Itaguaí and Angra dos Reis, Alexandre Neves, the reestablishment of the channel allows a new operational dynamic in the maneuver of vessels that access Itaguaí: "The North Channel of Ilha das Cabras creates a stretch that can work as a double track, thus encouraging growth in productivity of the terminals and the port, due to the expansion of the berth occupancy rate and an increase in cargo handling." Another relevant point, according to Neves, "is the proximity of this channel to the port expansion area, which now has a channel as a facilitator for a future project."

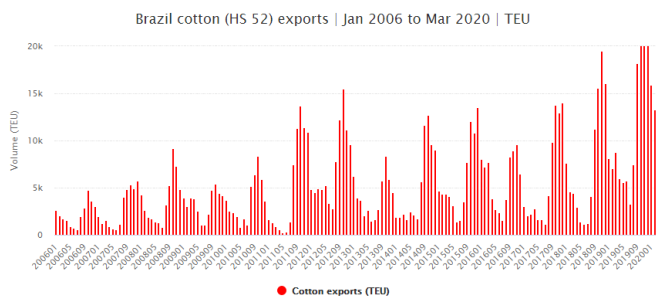
The channel had been deactivated in 2011 due to the works at the Nuclear Submarine Base and Sudeste Port's private use terminal, in order to avoid accidents due to nearby dredging. With the completion of these works, the CDRJ's port management department developed a project to reactivate the channel. Thus, new bathymetry and new nautical signaling were implemented, to reestablish navigability. After approvals by the Brazilian Navy (MB), CDRJ installed the signaling buoys and established the type of vessel permitted and the operating draft.

Itaqui port's Zoning and Development Plan (PDZ) was approved by the Ministry of Infrastructure through an ordinance that will come into effect on the first of June this year. The document was published in the Official Gazette for the 21st of May, according to which it now receives the name PDZ of the Organized Port of Itaqui 2020. Before being forwarded to the National Secretariat of Ports and Water Transport, the study, composed of a diagnosis, operational plan, and zoned areas, was validated by the Maranhense Port Administration Company (EMAP) and by the Port Authority Council (CAP).

The document shows the future development of the port, areas to be worked on, expansions, cargo mix, and, most importantly, some goals linked to the Sustainable Development Goals (SDGs). The diagnosis recommended that 77 actions be implemented, which include management and operational improvements, a proposition for port and access investments, reorganization of organized port areas, and environmental changes.

According to a report from the Paraná Ports, cotton exports via Paranaguá increased by 3,098% in 2020. In the first four months of the year, almost 11,800 tons of the product, in bales and yarns, were shipped in containers via the Paraná terminal. In the first quadrimester of 2019, only 331 tons of the product were exported via Paraná.

According to the Economy Ministry, the Port of Paranaguá was the second in Brazil in terms of volume of cotton handled, with revenues of more than US\$19.2 million. DataLiner data shows that Brazilian cotton exports are on the rise in 2020. In the first three months of 2020, Brazil exported 63.9% more cotton than in the same period in 2019:



Fonte do gráfico: DataLiner ([Para solicitar um demo do DataLiner clique aqui](#))

The cotton exported by Paranaguá originates mainly in the states of São Paulo, Mato Grosso and Bahia. The main destinations are Vietnam, China, Pakistan, Indonesia, and Turkey.

Chicken via Paranaguá - Another highlight is the export of frozen chicken via Paranaguá, with 590,000 tons exported in the first four months of this year. This represents a volume almost 6% higher than that registered in the same period last year, which was 556,800 tons.

Paranaguá remains in first place for the Brazilian port that exports the most chicken exports, with most of the meat produced in the same state as the port. The main destinations are China, Japan, the United Arab Emirates, Saudi Arabia, and Kuwait.

Beef exports through the Port of Paranaguá also increased in the first four months. This year, 116,800 tons were exported via the port, a volume 42% higher than the 82,300 tonnes exported during the same period last year. The exported beef originates mainly in the states of São Paulo, Mato Grosso and Mato Grosso do Sul. The main destinations for the product are China, Hong Kong, Israel, the Philippines, and Egypt.

On May 27th, the National Land Transport Agency (ANTT) signed a new contract with Rumo for the Malha Paulista railroad after four years of negotiations between the federal government, Rumo, and official organs, to enable early renewal.

Malha Paulista links grain-producing regions in the Midwest to the Port of Santos. The original contract, which would have expired in 2028, was renewed for another 30 years, through a series of measures that will use private resources to expand transport capacity, improve urban areas, generate jobs, and increase federal revenue. In grants alone, R\$2.9 billion will be raised through the renewal.

The investments to be made by the concessionaire amount to more than R\$6 billion in works, tracks, wagons, and locomotives

and will be made throughout the concession. With this, Malha Paulista will increase its transport capacity from the current 35-75 million tons and may reach 100 million tons in the future.

The railway system is 1,989 kilometers long between Santa Fé do Sul/SP – on the border with Mato Grosso do Sul – and the Port of Santos. These railroads transport corn, soy, sugar, soy bran, alcohol, petroleum products, and containers.

The step taken by the Itaipu hydro-electric power plant last week to open its spillway to help vessels navigate along the drought-stricken Paraná River, has had the desired effect.

According to Paraguay's Center for Maritime and River Shipping Lines, the first of the 152 barges that had been stopped for more than 50 days in the country due to the low level of the Paraná River, were able to move again. The river has recently been at its most critically low level in the last 50 years.

The entity explained that there are still around one million tons of soybeans waiting to be transported via the Paraná River. It said the country would now be able to use barges to receive fertilizers and fuels, which were previously received via ships along the river, but had started to be transported via road when the river level dropped.

It is through the Paraguay-Paraná waterway that a large part of agricultural production in Paraguay and Argentina passes through the ports of Buenos Aires and Montevideo, on the River Plate. The spillway should remain open until the end of May, which releases an average of around 8,500 cubic meters of water per second. According to the Itaipu Plant, opening the spillway is not affecting energy production because its demand has fallen due to the COVID-19 pandemic.

Last week, the Santos port authority (SPA) signed the contract to lease the STS 13A terminal to Adonai East, of the Aba Infraestrutura e Logística S/A group, thus outsourcing operations of another area at the Port of Santos.

The STS 13A is located on Barnabé Island, on the left bank of the port complex, and the lease was won by Aba in August 2019, with a bid of R\$35 million. The first installment of 25% was payable upon the signing of the contract and the rest is to be paid in five annual installments. The company gained the right to use the area (measuring 38,400 square meters and out of use for almost eight years) to store and handle liquid bulk for a period of 25 years.

Aba will pay SPA R\$158,500 per month for the lease and R\$4.15 per ton of cargo handled. According to the contract, the new area should have a minimum static capacity of 70,500 cubic meters. The estimated investment required is approximately R\$111 million. Aba already operates two other terminals at Santos. It leases the Adonai terminal, also on Barnabé Island, intended for handling liquids, and the Concais passenger terminal.

The Infrastructure Ministry signed an agreement last week to allow SCPar São Francisco do Sul Port (SC) to prepare tenders and carry out bidding procedures for the leasing of port facilities located in the organized port.

This type of delegation is provided for in Ordinance No. 574/18, which guarantees more autonomy for port authorities to carry out tenders, in addition to maximizing decentralization of organized port administration to states and municipalities.

To obtain this autonomy, port authorities must fulfill a series of prerequisites, such as reaching a minimum score of 6.0 on the Management Index for Port Authorities – IGAP. The indicator assesses the level of operational efficiency, administrative efficiency, maintenance of waterway access, and investment budget handling, among others. SCPar Port of São Francisco do Sul reached 7.5 points in the index. The ordinance also allows the ministry to identify which port authorities have been adopting the best market, management and governance practices, transparency and which have a good organizational, physical structure and functional framework suitable for port exploration. The ministry has already delegated the same powers to the Paranaguá and Antonina Ports Administration (APPA), in Paraná.

The COVID-19 pandemic, which has slowed global economic activity, has not yet reached Santos. In April the port registered its largest monthly throughput in history, at 13.4 million tons, a number 5% higher than the previous record (12.8 million tons, in October 2019), and 26.8% higher than April of 2019 (10.6 million tons).

In the first four months of 2020, throughput reached 45 million tons, marking a 9.8% year-on-year increase, and 5.5% more than the previous record (42.7 million tons, in 2018). The figures were compiled by the Santos Port Authority (SPA), and Tariff and Statistics Management. Container operations also grew by 13.6% in the first four months of the year compared to year-ago levels, with a total throughput of 1.5 million TEU.

Shipments through the Port of Santos in April totaled 9.7 million tons; an increase of 32.6%. The highlight was soybeans, for which a record 4.6 million tons were handled, 68% more than April last year. Sugar also increased by 24%, totaling 1.10 million tons, the best result since 2014. For imports April registered 3.72 million tons, marking a 13.8% year-on-year rise.

The number of vessel calls at the Port of Santos in April totaled 420, an increase of 9.7% compared to April of 2019 (383). In total there have been 30 more vessel calls this year than last year, marking a 1.9% increase.

Shipping

CMA CGM informed its customers that it is implementing the digital signature system (eSignature) for Letters of Instructions / Indemnity (eLOIs) in Brazil. According to the company, eLOIs are available worldwide to CMA CGM customers via the 'cargo loading' page on the website.

According to the company, the main benefits of the digital process are the instant processing of information, the possibility of eLOIs being accessed from anywhere and on any device, and the pre-filled form available, which makes the process simple and easy to send. CMA CGM informed that for the process to take place, there is no need to present a power of attorney, signature, and company logo.

Currently, 9 eLOIs are available on the web platform:

1. Express (Telex) Release
2. Printout of BL at destination (Appendix A and B)
3. Non-endorsed accounts
4. Adjustment of BL
5. Part load BL

6. Confirmation of release of the Special Consignee COVID19 (temporarily online)
7. Confirmation of release of the special Shipper COVID19 (temporarily online)
8. Express (Telex) COVID19 special release (temporarily online)
9. Delay in Transit

Datamar's weekly container vessel call tracker for Brazilian ports shows that in the last four weeks, there was a 2.3% drop compared to the same period last year. The downturn was greater at Santos, where container vessel calls fell 6.2% year-on-year in the four-week period.

The full data set can be viewed at www.datamar.com.br



Grain

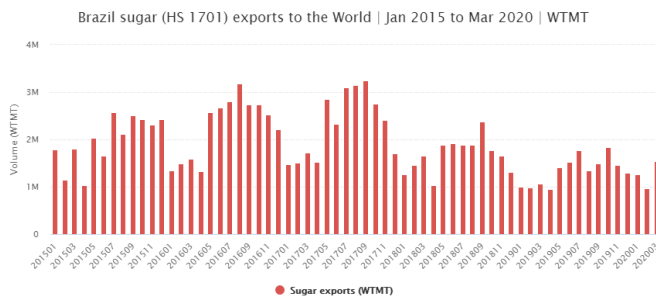
The Rosario Exchange (BCR) announced that in 2019 the shipments of grains, their by-products, and oils via Argentina exceeded 100 million tons. According to the BCR, "in a year, the Gran Rosario terminals shipped 70% of the grains and more than 90% of by-products and oils from Argentina. Noteworthy are the increases in corn and soy, in addition to soy and sunflower oils".

"Grain shipments from all port terminals in the Argentine Republic totaled 60.2 million in 2019. This number implies an increase of 19.6 million tons compared to 2018, which corresponds to a growth of 48%", added the entity. Likewise, according to the BCR, "by-product exports reached 33.7 million tons in 2019, which is a historic record for this category. When compared to 2018, there was a 20% increase, reaching 5.8 million tons. The volume exported in 2019 was 7% above the average of the last 3 years."

"With regards to vegetable oil, exports in 2019 reached 6.5 million tons. This implies a 26% year-on-year increase, equivalent to 1.4 million tons. It was also the highest value in recent years, being 13% above the average of the previous three years. This calculation includes shipments of soybean oil (of Argentine, Paraguayan and Bolivian origin), sunflower, cotton, safflower, and peanuts", added the BCR.

Cofco International announced that this year between July 1 and December 31, it will export sugar instead of corn from its 12a terminal in Santos (SP). Cofco increased its production of sugar in response to strong global demand for it.

DataLiner data shows that Brazilian sugar exports grew by 23.4% in the first quarter of 2020 compared to the same period of 2019, totaling 3.77 million tons.



Fonte: DataLiner (Para solicitar uma demo do DataLiner clique aqui)

The Chinese conglomerate’s terminal has the capacity to export 400,000 tons of sugar per month. According to Cofco, “this internal agreement will allow the company to optimize its export programs for agricultural commodities since there has been an increase in sugar production at Cofco International’s four plants in the state of São Paulo”. The company’s corn handling program will be executed according to the originally planned volumes, but at third-party terminals in the Port of Santos. “There will be no impact on soy exports, which the company plans to resume from January 2021 to June 2021 as usual.”

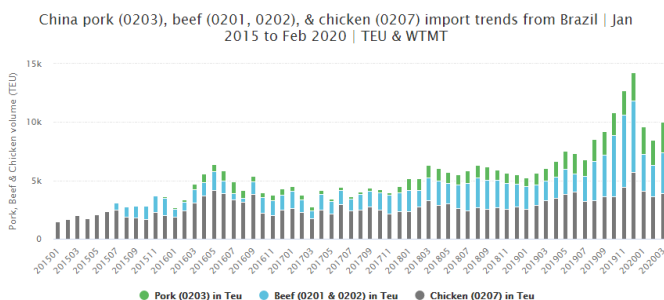
Meat

Chinese customs data shows that the country imported 400,000 tonnes of pork in April, marking an increase of almost 170% when compared to the same period of 2019. Buyers took advantage of the lower prices and stocked this product.

China imported 1.35 million tons of pork in the first four months of this year. It is worth noting that China had a sharp drop in domestic production, caused by the African swine flu, which decimated herds and kept domestic prices much higher than in other markets.

Although pork prices in China have been falling steadily since the beginning of February, they are still about double the prices of last year.

China also imported 160,000 tonnes of beef in April, up 28% year-on-year. From January to April, beef imports grew by 54%, totaling 680,000 tons, according to customs data. The following chart shows Brazilian exports of pork, chicken, and beef to China since 2015:



Graphic source: DataLiner (To request a DataLiner demo click here)

The Agriculture, Livestock, and Supply Minister, Tereza Cristina, announced that Thailand has opened its market to all types of Brazilian beef exports. Five slaughterhouses were approved by Thailand and will be allowed to export. The

refrigeration plants are located in the states of Pará, Rondônia, Goiás, Mato Grosso and Mato Grosso do Sul.

Thailand had already opened their markets to Brazilian products last week. According to the Commerce and International Relations Secretary of the Agriculture Ministry, Orlando Leite, this opportunity is expected to generate US\$100 million for the industry in the coming years.

The negotiation process started in 2015 with conversations between Brazil and Thailand. Recently, the deputy secretary of the Ministry of Agriculture, Flavio Bettarello, has been in Thailand twice conversing with the agricultural authorities.

In 2019, Thailand imported around US\$90 million worth of beef from around the world. Australia was responsible for half of that amount. Australia and Thailand have a free trade agreement (together with New Zealand and the other ASEAN countries) that exempts Australian exports from tariffs since the beginning of 2020 (50% for beef in general and 30% for giblets).

Other cargo

The municipality of Parauapebas, in Pará, which houses part of the Serra dos Carajás, where the largest open-cast iron ore mine in the world is located, will carry out mass testing for Covid-19, reaching about half the population. Cases have soared in the city in recent weeks. As of May 28, 1,900 cases of Covid-19 have been confirmed in the city, alarming global mining markets and the local population.

The municipality, with about 200,000 inhabitants, is the third-largest exporter in Brazil, having shipped the equivalent of 7 billion dollars of iron ore in 2019. Together with Serra Leste – which is in the neighboring municipality of Curionópolis -, the area produced 115 million tons of iron ore in 2019, or about 38% of Vale’s production.

Parauapebas is home to thousands of employees from Vale’s Serra Norte de Carajás operation. The municipality has programmed, in partnership with Vale, a test that could reach about 100,000 people, according to preliminary expectations. The operation will be made possible in a “drive-thru” scheme, starting on May 30th, with daily schedules. The expectation is to perform around a thousand tests per day. Parauapebas also houses, to a lesser extent, employees from Vale de Serra Leste and the S11D mine (which produced 24% of Vale’s iron ore alone in 2019), in Canaã dos Carajás.

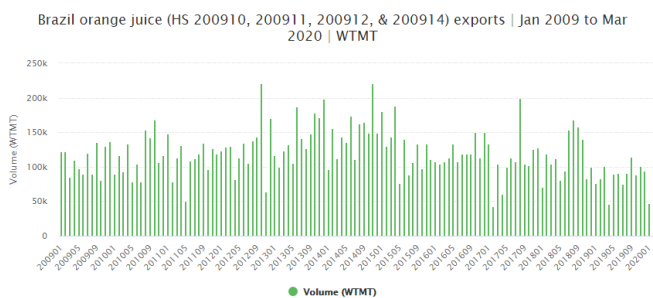
Vale confirmed that it is participating in the partnership for mass testing of the municipality’s population. In a note, the mining company informed that it is carrying out the testing of all its employees and third parties, and removing from the work environment those who have tested positive, even if asymptomatic, as well as all those who may have had contact with the employee who tested positive. Out of respect for the privacy of its employees, Vale says that it does not disclose test results, nor the number of employees with Covid-19. However, the mining company pointed out that “production had no material impact”.

According to CitrusBR, Brazilian orange juice exports rose by 17% in ten-month cumulative total for the 2019/20 harvest, when compared to the same period in the previous season, part of which was due to an increase in demand from the

European Union. During this period, Brazil exported 914,287 tons of orange juice (FCOJ equivalent), compared to 781,995 tons in the 2018/19 harvest. This is an increase of 4.5% in revenue equivalent to US\$1.525 billion.

European Union juice shipments increased by 25% reaching 635,602 tons. The previous season registered 508,811 tons. In the USA, shipments decreased by 14% in the first ten months of the harvest totaling 147,693 tons. CitrusBR also highlighted the performance of orange juice in the Asian market. Exports from Brazil to Japan reached, 49,831 tons, 38% more than in the ten months of the 2018/19 harvest. There was a 36.6% increase in exports to China totaling 37,132 tons.

The following DataLiner graph shows the total orange juice export trends in Brazil month by month:



Fonte do gráfico: DataLiner (Para solicitar um demo do DataLiner clique aqui)

The Federal Revenue Service carried out a survey which showed that during a 46-day period (18/03 to 02/05), the institution released 19,000 tons of medical and hospital products used to combat the Covid-19 pandemic into Brazil. These products had a 33% shorter customs clearance time compared to goods released prior to the pandemic thanks to an amendment to Normative Instruction RFB nº 1.927 of 03/17/2020, which simplified the customs clearance of products for medical and hospital use. The sum of all these goods combined reaches a value of almost R\$1 billion. Among the most significant items are:

- Masks and protective clothing, totaling R\$532 million
- Covid-19 test kits of various types: R\$110 million.
- Medical ventilators and respirators, parts and accessories: R\$37 million
- Medicines and raw materials: R\$146 million

Priority customs clearance

This week, the FRS has once again expanded the list of products that will be eligible for speedy import clearance as a priority to help fight the coronavirus pandemic. Normative Instruction RFB No. 1,955, published in the March 26th edition of the Federal Official Gazette, allows priority for hospital equipment and raw materials used to manufacture medicines, amongst other items.

Among the categories included in the new Normative Instruction are products such as hospital stretchers and equipment for performance testing of artificial respirators, in addition to a series of new drugs.

Chemical imports grew by 10.5% in the first four months of 2020 year-on-year, when imports totaled 14.6 million tonnes. According to the Brazilian Chemical Industry Association

(Abiquim), these numbers break the record for the most imports in this specific time. There were considerable increases in practically all chemical groups, such as an 11% increase in inorganic imports, a 14% increase in organic, and a 7.6% increase in resins and elastomers. Export throughput from January to April totaled 5 million tons, marking an increase of 21.3% when compared to the first four months of 2019, which was mainly due to a growth in inorganic products exports (43%).

The chemical product trade deficit declined slightly in the fourth month period by 1.1% when compared to the same period last year, totaling US\$9 billion. During this period, US\$12.7 billion worth of chemical products were imported and US\$3.7 billion were exported, marking decreases of 3.7% and 9.3%, respectively. Chemicals accounted for 22.9% of Brazilian imports, equivalent to US\$55.6 billion, and 5.5% of exports, generating US\$67.4 billion.

Over the last twelve months (May 2019 to April 2020), there was a deficit of US\$31.8 billion, second only to the deficit in 2013, which stood at US\$32 billion. During this period, 14.7 million tons were shipped abroad, and, for the first time in the entire history of the commercial balance of chemical products (monitored since 1991), more than 49 million tons were imported, a behavior that was not slowed down by the devaluation of the real against the dollar nor by the significant drop in national economic activity in the face of the coronavirus pandemic.

Trade

Last month, Brazilian exports totaled US\$17.94 billion and imports, US\$13.392 billion, which generated a trade surplus of US\$4.548 billion. On the export side, there was a 4.2% decline in the daily export average from US\$936.02 million in May 2019, to US\$896.98 million in May 2020. In relation to imports, there was a 1.6% decline in the daily average over the same comparison period, from US\$680.37 million to US\$669.58 million.

January to May

The cumulative total for January to May 2020 showed a 4.5% year-on-year decline in exports and a 0.6% dip in imports. In the year so far, exports totaled US\$85.301 billion and imports US\$68.952 billion, with a positive balance of US\$16.349 billion and a trade flow of US\$154.253 billion.

The cumulative total for the five months compared to year-ago levels also showed the performance of daily export averages by sector as follows: growth of US\$40.1 million (23.8%) in agriculture; a decrease of US\$7.79 million (-4.1%) in the mining industry, and a decrease of US\$70.27 million (-13.7%) in manufacturing. On the import side, using the same parameters for comparison, there was a decrease of US\$0.75 million (-4.1%) in agriculture; decrease of US\$15.17 million (-32.7%) in the mining industry, and growth of US\$12.08 million (2.0%) in manufacturing.

Anonymous sources have stated that China has asked its state-owned companies to suspend purchases of soybeans and pork from the United States. This is because of what President Donald Trump said last Friday, May 29th. He said that he will begin a process to eliminate Hong Kong's special treatment, through measures ranging from an extradition treaty to export controls. This would be a response to China's plans for imposing new security legislation on Hong Kong.

According to one of the sources, large volumes of American purchases of corn and cotton have also been suspended by China and they may also suspend other agricultural products from the United States if the president takes any additional measures. Chinese importers canceled 10,000 to 20,000 tonnes of U.S. pork shipments – the equivalent of nearly a week’s worth of orders in the past few months – after Trump’s comments on Friday, according to one of the sources.

In the worst-case scenario, if Trump continues to target China, the Chinese government would have to abandon phase 1 of the trade agreement between the two countries, stated a second source with knowledge of the government’s plans. “There will be no way for Beijing to buy additional products from the US while it is receiving constant attacks from Trump,” the person said.

China has committed itself to additional purchases of American agricultural products worth US\$32 billion over 2 years under the trade agreement signed in January, established in 2017. Private importers have not received requests from the government to suspend purchases from the US, according to a third source, who stressed however that buyers are cautious at the moment.

Data on Brazil’s GDP, released on May 29th by the Brazilian Institute of Geography and Statistics (IBGE), stated that agriculture was the only sector that registered growth in the first quarter of 2020, at 0.6% compared to the fourth quarter of 2019. A year-on-year comparison showed that agriculture grew by 1.9%.

According to the IBGE, this result can be explained, mainly, by the performance of certain crop harvests in the first quarter, such as soybeans. It can also be explained by an increase in the productivity of the planted area. Meanwhile, the country’s GDP decreased by 1.5% in the first quarter compared to year-ago levels.

Agribusiness expected to grow by 2.5% in 2020

Despite the new coronavirus pandemic, the GDP of Brazil’s agricultural sector is forecast to grow by 2.5% in 2020 year-on-year. This forecast is from the Institute of Applied Economic Research (Ipea), based on data from IBGE. Taking into account the grain harvest estimated by the National Supply Company (Conab), the rate should reach 2.3%. Even in a scenario with a greater impact due to Covid-19, research projects an increase in the demand for agricultural products, albeit at a slower pace, of 1.3%.

For the 2019/20 harvest, the total estimates for grain production are 250.9 million tons – 3.6% (8.8 million tons) higher than the 2018/19 harvest. This is according to the 8th Survey of the 2019/20 crop released on May 12, by Conab.

With DataLiner data for April almost complete, it can be seen that in the first four months of this year, container exports fell 1.9% compared to the same period last year, reaching 1.02 million TEU. Imports reached 1 million TEU, an increase of 2% in relation to the first four months of the previous year.

When analyzing these figures, one can have a false impression that Covid-19 did not significantly impact foreign trade in the ECSA region. But, if we analyze monthly data, the story is different. This is because container shipping in the first three months of the year was going at a good pace, with growth in relation to the first quarter of 2019. However, both imports and

exports have plummeted in April 2020 compared to April 2019. Brazil exported 20% less cargo in containers in April 2020 and imported 15% less during the month.

In the vehicles and auto parts category, for example, April 2020 exports dropped 74.2% compared to April 2019. On a positive note is the 41% growth seen in fertilizer imports in April 2020 compared to April 2019, propped up by demand from the agribusiness sector. Exports from this sector, (much of which is not containerized) continued to grow in April. Data for the coming months will be much more telling about the full impact of the coronavirus pandemic on East Coast South America’s container shipping. (Click here to request a DataLiner demo)

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