

### Main news

DataLiner data shows that the performance of Brazilian ports and other ports on the East Coast of South America varied considerably in the first five months of 2020. In Brazil, the Port of Santos, which occupies the first place on the list, saw its exports grow 5.26% year-on-year to 419,821 TEU. Another highlight is the Port of Pecém, which had a 47% increase in volume exported over the same period comparison, to 9,579 TEU. On the other hand, the Port of Imbituba saw a 69.25% drop in exports, with 250 TEU shipped during the period.

### Brazil Port Ranking – Exports during Jan-May for 2019 and 2020

Exportações Brasil (TEU por porto)

Porto	2019	2020	Diferença %
SANTOS	398.849	419.821	5.26%
PARANAGUA	143.847	155.526	8.12%
NAVEGANTES	111.766	119.599	7.01%
RIO GRANDE	93.841	87.319	-6.95%
ITAPOA	75.750	67.199	-11.29%
ITAJAI	53.707	63.366	17.99%
SALVADOR	37.595	37.804	0.56%
RIO DE JANEIRO	39.613	36.182	-8.66%
VITORIA	27.675	26.219	-5.26%
VILA DO CONDE	22.434	19.681	-12.27%
PORTO DE ITAGUAI	14.251	10.415	-26.92%
PECEM	6.517	9.579	46.98%
SUAPE	8.344	9.490	13.73%
FORTALEZA	8.818	8.125	-7.86%
NATAL	7.072	7.421	4.93%
MANAUS	7.083	5.818	-17.86%
IMBITUBA	813	250	-69.25%

Source: DataLiner

Looking at imports, while the volume received by the Port of Santos fell 4.47%, to 367,950 TEU, Itajaí's intake jumped up by 53.51% compared to year-ago levels, reaching 60,489 TEU.

### Brazil Port Ranking – Imports during Jan-May for 2019 and 2020

Importações Brasil (TEU por porto)

Porto	2019	2020	Diferença %
SANTOS	385.185	367.950	-4.47%
PARANAGUA	95.009	100.111	5.37%
NAVEGANTES	92.812	85.541	-7.83%
ITAPOA	68.942	72.848	5.67%
MANAUS	64.572	70.029	8.45%
ITAJAI	39.404	60.489	53.51%
RIO DE JANEIRO	52.930	47.790	-9.71%
SUAPE	32.099	33.031	2.90%
RIO GRANDE	30.966	29.977	-3.19%
SALVADOR	25.435	28.119	10.55%
VITORIA	24.027	22.241	-7.44%
PECEM	10.696	13.881	29.78%
PORTO DE ITAGUAI	15.244	10.103	-33.72%
VILA DO CONDE	2.984	3.446	15.48%
FORTALEZA	778	632	-18.77%
IMBITUBA	724	281	-61.19%
NATAL	255	233	-8.43%
PORTO ALEGRE	128	131	2.34%
RECIFE	59	120	103.39%

Looking at Plate data, the Port of Buenos Aires, which occupies the first place in the ranking for exports, grew 8.19% during the first five months of 2020 year-on-year to 161,331 TEU. Another positive highlight is the Port of La Plata, with a performance 64.97% higher, with 551 TEU exported. Going in the other

direction was the Port of Bahia Blanca, which saw a 40.62% drop during the same period comparison.

### Plate Port Ranking – Exports during Jan-May for 2019 and 2020

Exportações Plate (TEU por porto)

Place_and_Ports/POL_Name	2019	2020	Diferença %
BUENOS AIRES	149.123	161.331	8.19%
MONTEVIDEO	76.815	79.125	3.01%
ZARATE	11.422	12.591	10.23%
SAN ANTONIO ESTE	10.404	12.502	20.17%
ROSARIO	6.866	8.354	21.67%
BAHIA BLANCA	7.502	4.455	-40.62%
PUERTO MADRYN	3.975	2.831	-28.77%
LA PLATA	334	551	64.97%
MAR DEL PLATA		430	100.00%
PUERTO DESEADO	252	298	18.25%

Source: DataLiner

### Source: DataLiner

In terms of imports, the Port of Buenos Aires had a modest drop of 0.65% between January-May 2020, with 204,307 TEU received. The worst performing port was Bahía Blanca, which saw an 89.54% drop to 70 TEU.

### Plate Port Ranking – Imports during Jan-May for 2019 and 2020

Importações Plate (TEU por porto)

Portos	2019	2020	Diferença %
BUENOS AIRES	206.246	204.907	-0.65%
MONTEVIDEO	62.895	58.355	-7.22%
ZARATE	19.219	18.016	-6.26%
ROSARIO	7.885	8.220	4.25%
USHUAIA	4.932	7.241	46.82%
PUERTO MADRYN	1.112	1.124	1.08%
PUERTO DESEADO	397	207	-47.86%
BAHIA BLANCA	669	70	-89.54%
MAR DEL PLATA	138	39	-71.74%
LAS PALMAS +AR	1.041	17	-98.37%
SANTA FE	9	16	77.78%

Source: DataLiner

### Ports, terminals and infrastructure

**Ordinance No. 21 / CPCE, issued by the Brazilian Navy, through the Captaincy of the Port of Ceará, defined the new maximum drafts for vessels using the access channels and berths of the Port of Pecém.**

In the document, signed by Captain of Sea and War Ricardo Barillo Cruz, an operational draft of 15.30 m were established for the new berths at the Pecém Multiple Use Terminal (TMUT): berths 7, 8 and 9. The statement came with the approval of the "Analysis of Maximum Recommended Drafts – Porto do Pecém" study, supported by the National Hydrographic Research Institute (INPH) and the Hydrographic Center of the Brazilian Navy (CHM).

"We achieved this result in our new berths due to a technique that regulated the marine soil, without any type of dredging, to increase the capacity to serve larger ships, especially large container ships," said the Logistics Development analyst at Complexo do Pecém, Felipe Guimarães.

Operating measures for container ships at the Porto do Pecém TMUT

Maximum length: 366 meters  
 Maximum width (Mouth): 49 meters  
 Maximum tonnage: 140,000 tonnes

“With the drafts of the new berths defined, the terminal increases its operational capacity by being able to receive ships up to 366 meters in length with the capacity to transport approximately 14,000 TEU – these are cargo vessels that are among the largest in the world. And I add that next month we will receive the largest ship to dock in the history of the Porto de Pecém”, concluded Danilo Serpa, president of Complexo do Pecém.

**The public silos at the Port of Paranaguá recorded the highest volume of shipments in the last ten years. The number of soybeans, in grain and bran, amounted to almost 1.66 million tons in the first half of this year, an increase of 67.8%, when compared to the volume shipped by the Port of Paranguá in 2019 (about 988,400 tonnes).** The structure is managed by the public company Portos do Paraná and is part of the Export Corridor complex at the Port of Paranaguá.

The Port of Paranaguá has two public silos: one vertical, dedicated to soybeans, with a capacity to store up to 100,000 tonnes; and four horizontal ones, with total capacity 60,000 tonnes of soybean meal. Companies that do not have their own terminals in Paranaguá operate through these structures. Currently, the operators of public silos are Céu Azul, Grano Logística, Gransol, Marcon, Sulmare, Tibagi, and Transgolf, who work with several smaller exporters.

To increase efficiency, Portos do Paraná uses the Export Corridor Logistics System (Silog), which analyzes a series of variables for scheduling offloading at public silos.

“We organize the appointments received, in chronological order for the berthing of the ships, which allows us to serve the ships according to the berthing sequence, otherwise it could seriously impair the terminal’s movement,” explains Luis Douglas, from the Silos Division.

According to him, synchronizing the scheduled date of berthing of the ship and the volume to be received, according to the terminal’s reception capacity and available space, is the main objective of this schedule. “It is precisely this system that allows public silos to serve all types of customers”, he concludes.

The following table shows the performance of public silos over the last 10 years:

Volumens de embarque pelos Silos Públicos da Portos do Paraná									
ANO		JAN.	FEV.	MAR.	ABR.	MAI.	JUN.	TOTAL/ PRODUTO	TOTAL/ ANO
2020	FARELO	736	72.650	62.487	110.893	89.274	60.685	396.724	1.658.573
	SOJA	36.310	170.654	255.333	336.048	269.770	193.734	1.261.849	
2019	FARELO	36.421	21.775	45.074	91.361	65.312	85.425	345.368	988.394
	SOJA	25.039	134.842	81.450	125.573	68.068	208.054	643.026	
2018	FARELO	65.538	84.558	42.348	98.935	90.797	80.445	462.623	1.246.290
	SOJA	6.706	125.746	173.531	205.182	124.344	148.159	783.668	
2017	FARELO	25.138	70.802	79.987	101.332	105.004	50.614	432.878	1.000.133
	SOJA	77.069	123.378	124.899	122.405	49.172	70.332	567.256	
2016	FARELO	8.306	0	83.192	118.668	99.381	116.963	426.510	1.221.664
	SOJA	101.410	121.040	185.801	216.547	146.915	23.442	795.154	
2015	FARELO	28.642	68.764	119.669	64.494	147.917	95.264	524.751	1.493.890
	SOJA	0	61.368	215.354	235.960	244.991	211.467	969.140	
2014	FARELO	11.747	37.858	55.884	106.623	141.717	141.779	495.608	1.090.253
	SOJA	18.250	95.387	177.199	151.280	80.231	72.298	594.645	
2013	FARELO	17.276	52.373	91.306	156.193	118.475	75.952	511.575	1.456.825
	SOJA	0	131.191	188.120	239.617	236.842	149.480	945.250	
2012	FARELO	20.971	70.371	100.240	110.937	88.381	99.771	490.671	1.551.302
	SOJA	500	102.186	264.368	228.089	266.827	198.661	1.060.631	
2011	FARELO	6.000	29.528	41.172	78.993	110.208	88.886	354.787	1.398.748
	SOJA	0	40.066	196.975	250.913	365.756	190.251	1.043.961	

**The storm and strong gusts of wind that hit the coast of Paraná on June 30, caused several damages to the Port of Paranaguá. In addition to power outages and other disorders, two ship loaders from berth 204 were swept away by the force of the wind.**

On July 2, Paraná Ports reported that the activities of the Port of Paranaguá were back to normal. According to the port authority, all berths, with the exception of 204, are operational, with a regular flow of ships. The forecast is that berth 204 will be used again this Friday morning (3) when the storm-hit shiploader starts operating again.

Berth 214 operates with only one of two loading equipment. Shiploader number 6, also damaged by the force of the wind at the beginning of the week, should be restored by next Saturday, June 4.

At berth 200, fertilizer loading and unloading proceeds normally, as do operations on liquid piers: berths 142, 143, and 144. The storm also caused minor damage at Antonina Port.

**Data from the National Land Transport Agency (ANTT), released by the Infrastructure Ministry, indicates that the volume of cargo transported by train in Brazil grew 5.7% in the cumulative total for April and May when compared to the same period last year, even with the impact of the coronavirus pandemic.** Looking at the individual months year-on-year, April showed an increase of 19.9% to 37.3 million tonnes, while in May there was a decrease of 5.1% to 39 million tonnes.

According to the ministry, the growth in April was driven by greater shipments of iron ore, agribusiness, and the paper and cellulose sector, which accounted for 90.2% of the total shipments. The Carajás Railway was the one that stood out the most in this period.

Brazilian rail map

In May, there was a new boost in the agricultural, vegetal extraction and cellulose sector, with 8.4 million tonnes of throughput, a historic high, against 6.6 million TEU in May 2019. With the exception of Rumo Malha Paulista, all concessionaires in this sector showed growth.

**On June 30, the Infrastructure Ministry published Ordinance 77 that changes jurisdictional limits of the organized port of Santos, the most important in Brazil.** The definition of the new polygonal (the name for the administrative perimeter that comprises accesses, facilities, leased terminals and expansion areas of the public port), updates the guidelines in force since 2002 and adapts the organized port to the Law of Ports (12,815, 2013), which differentiates leased and private terminals precisely because of what is inside or outside the polygonal. In addition, it paves the way for the approval of the new Development and Zoning Plan (PDZ), which provides for the lease of areas hitherto outside the jurisdiction of the Port Authority.

According to the agency, this brings legal certainty for agreements and leases and ensures predictability for long-term investments. In total, 32 of the 37 organized ports that have existed since the law was issued had their polygonal defined. “After 18 years, the new polygonal establishes a landmark for the modernization of the Port of Santos by allowing the realization of long-term planning according to the guidelines of the Ministry of

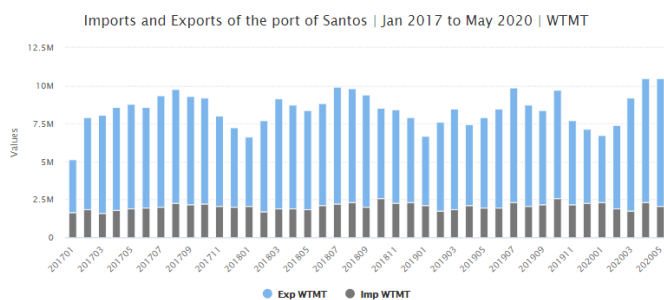
Infrastructure to make the port more rational and efficient. It is another important step in the process that precedes the privatization of the country's main port," said Minister Tarcísio.

The new area of the organized port of Santos brings several new features compared to the old delimitation of the port jurisdiction. The main definition is the clear delimitation of the area of the organized port, through 79 precisely identified polygons, which will ensure that the port and the port community know exactly where the competence of the port authority begins and ends. In this way, legal security will be guaranteed to the port itself, to the municipalities, public administration bodies and entities and to society in general in the execution of its projects and activities, and in carrying out its duties.

Check out other important changes:

- Resolution of historical land conflicts between the port, the Secretariat of Patrimony of the Union and the municipality of Santos;
- Recognition of the Conceiçãozinha community, in Guarujá, where hundreds of people reside, as an area of public interest for the purpose of land and urban regularization
- Respect for railroad tracks granted by the Union to private individuals;
- Incorporation of strategic union areas for the development of the port, such as land in Alemoa, on the perimeter and adjacent areas, on the right and left banks, and the access road to Barnabé Island;
- Withdrawal of port jurisdiction from areas occupied by small port facilities, in Guarujá, which will allow their regularization with SPU and ANTAQ;
- Removal of the land sections occupied by the DP World Terminal from the organized port area;
- Compatibility of private and public projects in the region, by adapting the limits of the organized port to billionaire enterprises designed for the region, such as the Brites and Santorini terminals;+
- Compatibility of the delimitation of the aquatic spaces of the port jurisdiction to the delimitations of the structures for access, evolution, and anchoring of vessels, consolidated by the Brazilian Navy and INPH.

The following chart shows imports and exports via Port of Santos month by month from January 2017:

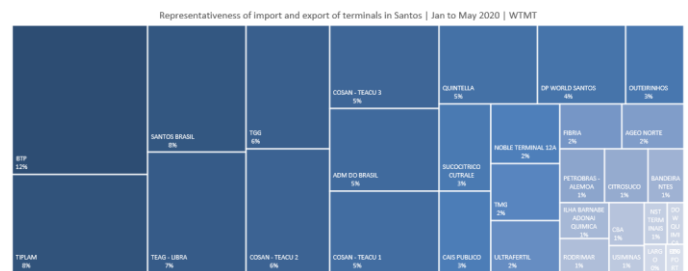


Graph source: DataLiner (To request a DataLiner demo click here)

Below is the participation of each terminal in the Port of Santos:

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

**Ecovias informed it is about to present a reformulated version of the dry Santos-Guarujá link project to the state government so that it can be reviewed based on new suggestions and improvements, as it seeks to serve the multimodal transport community.** This information was provided by the executive director of Highway Concessions at EcoRodovias, Rui Klein, during the webinar “Optimization of transport infrastructure and solutions for logistical bottlenecks”, promoted by the National Brazil Export Forum.

To try to win the approval of the port authority, Ecovias made changes to the bridge project connecting the two banks of the port. It increased the distance between the pillars of the bridge from 325 m to 750 m (more than doubled) and the pillars were removed from the Estuary according to the demands presented by the port authority, said State Secretary João Octaviano Neto.

“I don’t want to get ahead of myself, but I can say that in July and August we will have prominent agendas for the reconfigured project. Everyone who has had criticisms and concerns, such as the port authority, will be happy with the result”, guaranteed Rui Klein. The Santos-Guarujá bridge would be “the icing on the cake” of the set of works that would include the Planalto-Baixada interconnection, the largest export corridor in Latin America, said Rui Klein during the debate.

Similar to Ecovias, the state government also recently announced it would present the new version of the dry connection project (Ecovias bridge) to the federal government and the Port of Santos. However, no deadline was set for this and there is no news as yet regarding approval of the bridge’s environmental licenses, according to the São Paulo State Environmental Company (Cetesb).

**On June 29, the Infrastructure Minister, Tarcísio de Freitas, confirmed it was likely that National Congress would combine the federal government’s BR do Mar project with Senator Kátia Abreu’s Bill of Law (PL 3129/2020), both related to cabotage.** Although there are some differences, the minister believes that, based on the two projects, cabotage will be more open to develop at a lower cost. Earlier this month, Senator Abreu presented the new law, citing that she was “tired of waiting” for the government’s BR do Mar project to come through.

One of BR do Mar’s proposals concerns the reduction of the ICMS (a tax on sales and services applied to the movement of goods and transportation amongst other services) on bunker fuel. In this regard, Freitas said that the feedback with the governors has been positive and that the state of Espírito Santo should be the first to adhere to the government’s proposal.

The Br do Mar project is the Cabotage Incentive Policy, established in August 2019. It aims to promote an increase in

cabotage shipping in the Brazilian logistics matrix, in addition to providing regulatory security for private investors so that they can invest in this segment in such a way as to provide a regular, stable, and reliable service. It also aims to offer greater access to funds already set up for the development of the shipbuilding industry, reduce operating costs through cheaper fuel used in cabotage, and allow greater access to organized ports, amongst other benefits.

### Shipping

**The Directing Council of the Merchant Marine Fund (CDFMM) approved the transfer of R\$757.2 million for projects related to the naval sector.** Among the projects are the repair and construction of maritime support vessels, port support, cabotage, and the construction of shipyards. The Council also approved the FMM budget for 2021, in the amount of R\$6.8 billion.

The decision was approved during the 44th Regular Meeting of the CDFMM, last Thursday (2). Most of the funds, R\$694.6 million, went to new projects, and the remaining R\$62.6 million went to projects that had already been approved by the board and obtained a new term for contracting the financing using the FMM. There was also a change in shipyards for projects that were already prioritized. The works will be carried out in the following shipyards: Enseada (BA), Arpoador (SP), Aliança (SC), Wilson Sons (SP), Navship (RJ), Oxnaval (RS), BEHIDRO (PA), ERAM (AM) and Vard Promar (PE).

According to CMN Resolution 3828/2009, the FMM can finance up to 90% of the value of the projects. The percentage of financing will depend on the national content and the type of vessel. The established term is 450 days for contracting the financing, in the case of new projects, and 180 days, in the case of projects resubmitted after not being classified as first priority. The deadline for interested parties to submit projects seeking to obtain priority funding is September 28, 2020.

### Projects approved during the 44th CDFMM meeting:

#### New projects

Segment	Shipyard	Project Details	Amount approved at meeting (R\$ milhões)
Maritime support	Arpoador (SP)	Construction of 2 vessels, 1 SDSV and 1 RSV, for Oceânica Engenharia e Consultoria Ltda.	127,5
Cabotage	Enseada (BA)	Construction of 2 portainers for Petrocity Portos S.A.	308,6
Repairs	Aliança (SC)	Repair with docking of 14 vessels, 5 PSV, 5 AHTS, 2 OSRV and 2 RSV, from the Brazilian Offshore Company (CBO)	127,5
	Wilson Sons (SP)	Maintenance and repair of 29 tugs from Saveiros Camuyrano	131,0

Serviços Marítimos S.A  
**Total for new projects** 694,6  
**Projects re-submitted:**

Segment	Shipyard	Project Details	Amount approved at meeting (R\$ milhões)
Port support	Navship (RJ)	Supplementary resources for the construction of the Floating Dyke of Estaleiro Navship Ltda.	5,8
Shipyards	Oxnaval (RS)	Construction of a shipyard for the maintenance and construction of vessels, in Pelotas / RS, for Oxnaval Manutenção e Construção de Embarcações Ltda	56,8
<b>Total for re-submitted projects</b>			<b>62,6</b>

### Shipyards change:

#### Project Details

Alteration of the shipyard for the maintenance and repair of 4 tugboats, moving from the Wilson Sons shipyard to: BEHIDRO Transporte Hidroviário, Commerce of Parts and Maintenance Services of Embarcações Ltda (PA); Amazon River Shipyard - ERAM (AM); and Vard Promar S.A. (PE) Shipyard  
 Alteration of the shipyard for the modernization of 1 tug, moving from the shipyard Camorim Serviços Marítimos S.A (RJ) to Wilson Sons Estaleiros Ltda. (SP)

**Ocean Network Express is improving its online booking process. According to the company, customers who already have an e-commerce account and a contract with the company can now save their main booking information so that it can be filled in automatically on the 'Booking Request' form, reducing the manual effort of data entry and thus streamlining the process.**

Among the updated features on the e-commerce portal are:

An address book that saves information such as the company name and other details that each customer used in previous shipments. Recurring manual data entry for each reservation request is eliminated.  
 Mandatory fields, such as contract number, origin, destination, type of container, and merchandise, among others, which speeds up the reservation confirmation process.

**ZIM Integrated Shipping Services has expanded its reefer fleet with an additional 500 Star Cool reefers obtained from Maersk Container Industry (MCI). The containers are expected to begin operating as of this month.** This move supports ZIM's growth in new markets for perishable cargo. The new reefer containers are upgraded with controlled atmosphere

(CA) units, allowing ZIM to grow in new markets for perishable cargo.

Michal Marcus, ZIMonitor product manager, said that “these advanced units are specifically suited for sensitive products, such as blueberries and avocado, and will enable more customers to enjoy the advantages of ZIM’s exclusive ZIMonitor service.”

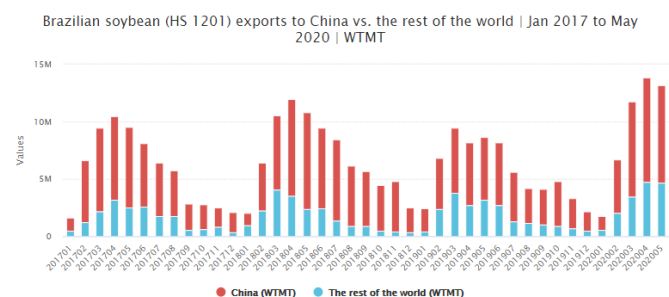
This is ZIM’s fourth consecutive order from MCI, which is the Maersk owned company specialized in manufacturing refrigerated containers and refrigeration machines. The deal showcases the ongoing collaboration and partnership between Zim and MCI. Maersk hopes there will be more orders from ZIM, according to a company spokesperson, as the Haifa-based carrier is continuously upgrading its reefer fleet.

With South American exports of commodities such as meats and fruits booming in the first quarter of 2020, the region has faced reefer equipment shortages that have led to a number of Extra Loaders being deployed to bolster the available stock. None more famous than the arrival of the APL Paris (operated by CMA CGM) at Navegantes, rather than Santos, owing to vessel length restrictions. Other carriers have also inserted Extra Loaders to keep up the supply of reefer boxes to their shipper clients in Brazil, especially in the southern states [Parana, Santa Catarina, and Rio Grande do Sul] which are the engine room for chicken and pork exporters.

### Grain

**According to consultancy StoneX (formerly INTL FCStone), Brazilian soybean exports are expected to total 80 million tons in the 2019/20 season. In its previous projection, made in June, the consultancy estimated a total of 77 million tons.** The exchange rate and Chinese demand have boosted oilseed sales. In June alone, according to government data, exports reached almost 14 million tons.

When considering soy, bran, and soy oil exports, the sector should generate 32.6 billion dollars for Brazil in 2020, which is at similar levels to 2019. Brazil is the largest global producer and exporter of oilseed products. The following chart shows Brazilian soy exports to China and the rest of the world on a monthly basis:



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

### Tracking

One of the largest exporters of Brazilian grain, Cofco International, a trading company in agricultural commodities owned by Chinese state-owned food company Cofco, has set a goal to track 100% of the soy it buys directly from farms in Brazil by 2023.

In the 2018/19 harvest, the company bought just over 6 million tons from Brazilian producers. There was a drop in the 2019/20 cycle, due to the lower demand from China due to the African swine fever, but the exact volume was not disclosed.

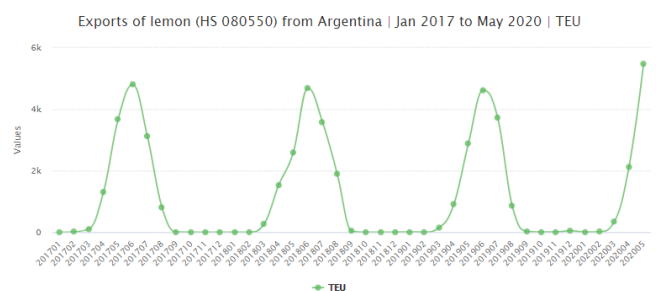
“Soy production can go hand in hand with the conservation of forests and native vegetation,” says Wei Peng, head of sustainability at Cofco International, in material released by the company. “We made our commitment to traceability public because we are prepared and we want to be held responsible for it,” says the executive.

According to data from Cofco, last year (harvest 2018/19) about 70% of the soy that originated in Mato Grosso and Matopiba (confluence between Maranhão, Tocantins, Piauí, and Bahia) was from direct suppliers. Cofco International has guaranteed that it is also working to advance the traceability of the farms from which it buys indirectly.

### Fruits

**In May 2020, Argentinian lemon exports broke the record for the highest volume shipped in a single month, at 5,500 TEU. The previous record was 5,244 TEUs, reached in June 2017. The lemon export season begins in April, ends in August, and peaks in June. Thus, May results could be surpassed by another record-breaking amount in June 2020.**

Furthermore, Argentinian lemon exports in April 2020 totaled 2,130 TEU, marking the largest amount exported in April in the last 12 years. These numbers combined with the exports in May point to one of the best lemon exporting seasons in Argentina’s history.



Argentina is the second-largest lemon exporter in the world after Spain. Argentina exports primarily to Europe, however, Luis Basterra, the Argentinian minister of agriculture, has now confirmed that Argentina will begin exporting lemons to China, which opened its lemon market in December of 2019. Argentinian exporters must meet the requirements set by China to be able to export to the Asian country. All of their lemons must be stocked at low temperatures in order to prevent fruit flies infesting shipments. This is an added precaution due to the coronavirus pandemic.

### Ores

**In June, Brazilian iron ore exports registered the highest monthly volume this year at 30.05 million tons. The total is about 1.3% higher compared to the same period last year, according to the Foreign Trade Secretariat (Secex).** Iron ore

shipments also increased by 40% in comparison with the previous month, when they totaled 21.5 million tons, a drop of almost 30% when compared to May 2019.

The recovery in Brazilian exports coincides with an expansion of China's industrial activity – the largest global iron ore importer – in June, due to the relaxation of measures imposed to contain the coronavirus epidemic. Brazil finished the first half of this year by exporting around 145 million tons of iron ore, compared to the 162.5 million tons shipped in the same period in 2019, according to Secex figures.

### Meat

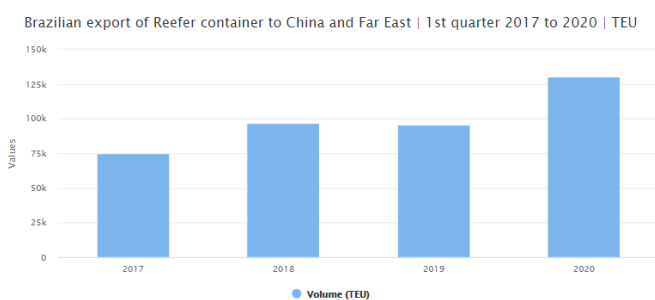
**A recent assessment made by Maersk stated that China's increased control over imported food in an attempt to prevent a second wave of Covid-19 infections is likely to delay the flow of logistics from ports. This will cause ships that leave Brazilian ports bound for China carrying meat, will take longer to return.**

"The big risk is that [the containers] will spend more time with customers, albeit against their will. A container going to China currently undergoes random inspections and talks are being held about inspecting much more to make sure that there is no contamination," said Maersk's global protein and dairy chief, Jean Stoll, in a recent interview with Valor Econômico.

Even before the tightening of inspections took effect in recent weeks, the pandemic had already increased transport times. In normal circumstances, the container would be in the exporter's possession for 13 days until shipped. Currently, this period has increased to between 17-20 days. There have also been cases of loaded containers waiting 30 days for importers to be able to take action.

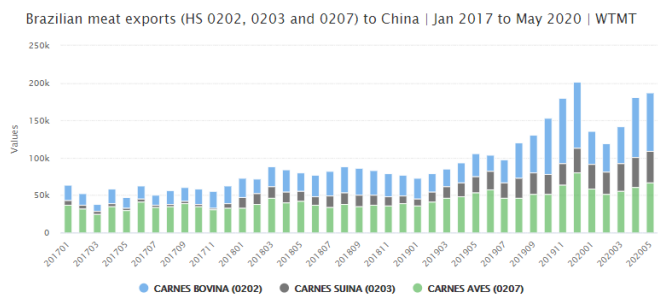
According to data from DataLiner, Brazilian exports of refrigerated containers loaded with chicken increased by 6.8% in the first quarter, reaching almost 35,600 40-foot containers – with on average, 27 tons of product in each container. In the case of pork, the growth was almost 45%, reaching 5,600 containers. On the other hand, the data shows exports of reefer containers carrying beef fell 5.4% during the same period, to 12,800 containers.

The graph below shows exports via reefer container from Brazil to China and the Far East:



Source: DataLiner

The graph below shows beef, pork, and chicken exports from Brazil to China month by month:



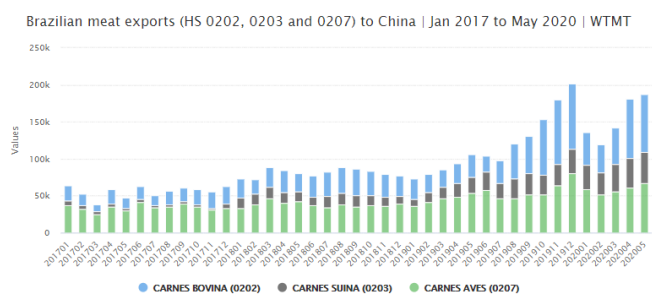
Source: DataLiner

**China asked for temporarily suspensions of licenses to export for three Brazilian slaughterhouses: Agra and Marfrig, in Mato Grosso (beef) and Minuano, in Rio Grande do Sul (poultry). No formal justification was given for the decision.**

For this reason, the Ministry of Agriculture, Livestock, and Supply (MAPA) released a note stating that it is seeking the reasons for the suspension of the three establishments from the General Administration of Customs People's Republic of China (GACC), and, at the same time, started negotiations so that this situation might be reversed. Despite this, the three companies, in addition to the JBS unit in Lajeado, in Rio Grande do Sul, suspended by the Ministry itself, have in common the fact that they all have coronavirus outbreaks among employees in the factories. In total, Brazil has 102 meat processing plants qualified to export to China.

The information released by the Ministry of Agriculture states that GACC, the Chinese government agency responsible for qualifying export establishments to China that also controls goods in customs, asked MAPA for information about some Brazilian establishments that export to China and that the organ had reported cases of Covid-19 among their workers.

The following graph shows Brazilian exports of beef, pork, and poultry to China as of January 2017, to give an idea of the size of the market in question:



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

On another note, on June 29, five beef processing plants in Brazil were qualified to export to Mexico, two of which are from JBS in Mato Grosso, and three from Marfrig, in São Paulo, Mato Grosso do Sul and Rondônia. In addition, a BRF plant in Santa Catarina has received authorization to export poultry to Canada.

It is worth noting that, in recent weeks, China has also suspended imports of beef, pork, and poultry from Canada, the Netherlands, Germany, Argentina, the United Kingdom, the United States, and Ireland, in addition to Brazil.

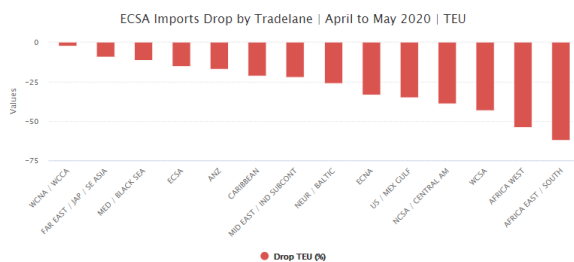
### Economy

**East Coast South America imports of containerized goods during May reached a low not seen since 2009, dropping to 205,481 TEU according to DataLiner.** All tradelanes have been affected although the biggest drops in absolute terms were seen in the Far East. And June looks set to extend the trend, as container vessel calls dropped substantially compared to previous months.

Exports in May in the meantime reached an all-time record as Brazil and Argentina benefit from a low exchange rate, US-China trade wars, compounded by COVID-19 restrictions to US meat packers and swine-flu afflicted Chinese livestock. Total exports reached 293,056 TEU.

In January when news of COVID-19 was starting to hit the headlines around the world and Chinese ports shut down as workers quarantined, the immediate reaction was to expect import volumes to drop substantially from March. But as the months went by, that dramatic drop did not fully materialize. Until now.

The previous lowest figure for May imports over the last ten years was 227,199 TEU, recorded in 2016, with the highest number being 276,726 TEU in 2018.



Source: DataLiner

Source: DataLiner

**A Tale of Two Cities-** When you look at the first five months of the year it's a tale of two cities. January 2020 actually saw very strong imports at 285,381 TEU, the highest January on record. February too was very strong. If it were not for COVID-19, more than likely 2020 was going to shatter all records. It was that strong start to the year that helped the five-month cumulative figure for 2020 imports remain around average, at 1.246 million TEU, in line with previous years.



Source: DataLiner

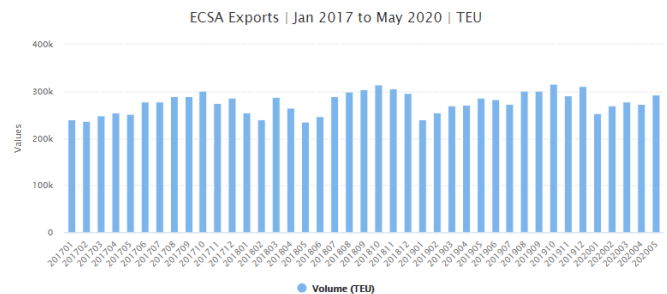
Source: DataLiner

Exports in the meantime continued to grow strongly, up 3.3% in the January to May 2020 period compared to the same period in 2019, driven principally by meat exports. Pork shipments, in particular, from both Brazil and Argentina have surged as China continues to suffer with the effects of the African swine-flu.

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Source: DataLiner

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### **Outlook for June looks like more of the same**

However, the outlook for the next few months looks shaky. Brazil, in particular, could potentially turn more vulnerable as the COVID-19 crisis continues to grow. Over the last few days some slaughter houses have had their export certificates to China suspended due to alleged corona-virus cases, drawing a potential shadow over the export bonanza. In the meantime, unemployment is rising despite government attempts to get the economy restarted, meaning domestic demand for foreign goods is likely to continue to drop.

Container vessel calls in Brazil during June certainly fell substantially indicating more of the same to come. Shipping lines continue to pull vessels from services through blank sailings. In June there were at least four – while at the same time introducing extra-loaders to bring back empty reefer boxes to supply the growing meat and fruit exports. Freight rates thus remain reasonably healthy although noises from shippers about a lesser service begin to surface.

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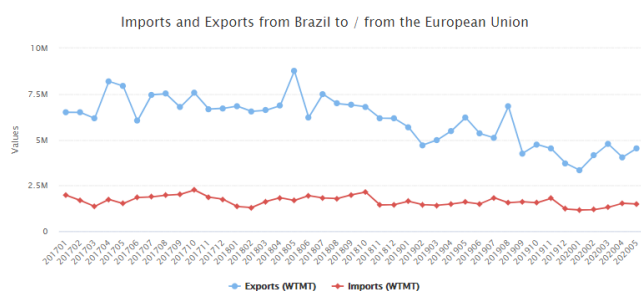
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On July 2, leaders of the South American trade bloc held a virtual summit to discuss trade agreements with Canada, Singapore, and South Korea, in addition to the European Union and to study readjustments in their common external tariffs, in addition to the pandemic caused by the new coronavirus. Mercosur ministers informed that the final text for the South American trading bloc's agreement with the European Union has advanced, despite recent comments by French President Emmanuel Macron against the pact. On Monday, Macron said France should not sign any agreements with countries that do not comply with the Paris Agreement against climate change.

Brazil's Foreign Affairs Ministers, Ernesto Araújo, said that the legal wording of a document that outlines the agreement with the European Union is almost complete, thanks to "cooperation and flexibility" to overcome the final differences. The chancellor said he hoped the coordinators of the South American bloc would be able to complete the texts and annexes with European negotiators after the northern hemisphere summer, so that the agreement would then be ready to be signed.

The following chart shows imports and exports via maritime between Brazil and the European Union:



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

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**The Special Secretariat of Brazil's Federal Revenue (RFB), in partnership with Secex, Anvisa, and the Agriculture Ministry, carried out the first Cargo Release Times study, developed**

**according to the methodology used by the World Customs Organization's (OMA) Time Release Study.** The initiative stems from a measure provided for in the Trade Facilitation Agreement (AFC), of the World Trade Organization (WTO), to which Brazil is a signatory, and aims to provide greater transparency in information related to foreign trade.

The time is measured for the full import process, which is from the arrival of the transport vehicle to the delivery of the cargo to the importer, involving all units by air (there were 21 units), sea (22 units in total) and both main modes of road transport, which together accounted for about 46% of the modal's movement. The study pointed out that cargo imported by Brazilians takes, on average, 7.4 days to be released after reaching the country's borders.

Despite being the first study carried out in Brazil with the methodology used by the World Customs Organization, the number of days represents a decrease in relation to other estimates made by the government. The clearance period was 17 days in 2018 and the government's goal in recent years was to reduce it to less than 10 days. According to the study, in the maritime mode, it takes 9.7 days to release the cargo, by air the average is 5.8 days, and by land, it is 2.3 days. The results also show that more than 87% of imported goods are released in less than 7 days, counted from when they reach the country.

Another fact is that 65% of the total average time spent in Anvisa's consent processes does not result from actions under the agency's responsibility, but mainly for the payment and bank compensation of fees. The customs clearance stage, which is the responsibility of the Federal Revenue, accounts for less than 10% of the total time calculation. The actions under the responsibility of private agents, notably the importer (or their customs broker), the international carrier, and the depositary represent more than half of the total time spent on all analyzed flows.

The study was supported by the World Bank Group, the World Customs Organization, and the UK Prosperity Fund.

**The drop in Brazil's imports caused by the devaluation of the Real and the drop in economic activity made the trade balance hit a record in June. Last month, Brazil exported US\$7.463 billion more than it imported. This is the biggest surplus for a single month since records began in 1989.**

Despite this, in the first semester, the trade balance was still below last year. In the first six months of 2020, Brazil exported US\$23.035 billion more than it imported. The result is 10.3% lower than the balance for the same period last year, at US\$25.68 billion, and is at the lowest level for the first semester since 2015.

Last month, both exports and imports fell. Brazil exported US\$19.912 billion in June, 12% less than in June 2019, according to the daily average criterion. Imports fell even further. Brazil bought US\$10.449 billion last month, marking a decrease of



27.4% in the same comparison, also by the criterion of the daily average.

Vila Olímpia, São Paulo – 04551-904 – SP

In the accumulated result for the year, exports fell more than imports. From January to June, Brazil sold US\$102.43 billion, 6.4% less than in the same period in 2019. Imports totaled US\$79.395 billion, with a decrease of 5.2%.

### Products

The manufacturing industry dragged exports down, with US\$118.08 million less shipped abroad than in May 2019, down 21% by the daily average. The extractive industry exported US\$54.64 million less, a decrease of 26.1%.

In the manufacturing industry, the main products responsible for the fall in exports are passenger cars, with a reduction of 50.1% in the daily average; processed poultry, down 38.6% by the daily average; and cellulose, with a 24.9% decrease in the daily average. It is worth noting that the new classification adopted by the Ministry of Economy, which is in line with international standards, has started to consider industrialized food products that have undergone some processing.

In the extractive industry, the main decreases occurred in the sale of crude petroleum oils or bituminous minerals, crude (37.3%), and iron ore and its concentrates (17.4%).

### Agriculture

Only agriculture exported more than in June last year, with US\$57.49 million more shipped abroad, up 29.7% by the daily average. The main highlights were soybeans, rice with husks, latex, and rubber.

Regarding imports, purchases of items related to agriculture and livestock fell by US\$2.49 million, a reduction of 15.6% by the daily average, in the same comparison. Mining industry imports fell by US\$10.42 million (22.3%), and mining industry purchases shrank by US\$174.28 million (28.1%).

The main products responsible for the fall in imports were petroleum fuel oils, with a decrease of 60.8% by the daily average in relation to June of last year; passenger car vehicles, down 75.7%, and vehicle parts and accessories, down 57.2%.

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