

Main news

Until the fourth week of July, the daily average of Brazilian sugar exports jumped by 85%, with the average shipment per working day totaling 146,400 tonnes, compared to 79,180 tonnes in July last year. The data is from the Foreign Trade Secretariat (Secex). According to the agency, the country already exported 2.63 million tonnes of sugar in July, higher than the total of 1.82 million shipped in the same month of 2019.

The soy export average also grew, from 323,600 tonnes a day in July last year to 485,000 tonnes by the fourth week of this month, totaling 8.7 million tonnes shipped. Meanwhile, corn exports declined. Coffee, on the other hand, remains at a practically stable export pace. In the extractive industry segment, iron ore shipments also have a daily average close to stability, while the pace of oil sales has more than doubled.

Ports, terminals and infrastructure

Rumo, the current concessionaire of Malha Oeste, has given up managing the railway. Originating from the former Northwest Railway of Brazil (NOB), Malha Oeste spans 1,973 km between Mairinque and Corumbá (MS) and has been under the control of the private sector since July 1996. In 2005, it absorbed a part of the old Sorocabana Railway (EFS) under the Brasil Ferrovias division, which has controlled it since January 1999.

According to the company, a request for re-bidding has already been delivered to ANTT (National Land Transport Agency). Thus, the federal government will have to make a bid to choose a new concessionaire for the railway line.

According to Rumo, the waiver process “was amicably done and is supported by law”. The company explained that its business plan poses major challenges for the coming years, such as investments associated with the recent acquisition of the Norte Sul Railway and improvements in access to ports.

“The signature of the early renewal amendment to the concession of Malha Paulista, in May, also presents itself as an important challenge in Rumo’s business plan. The new contract provides for substantial investments both in the trunk line and in the reactivation of the Bauru-Panorama branch, which connects to the Port of Santos and crosses a region close to the São Paulo section of Malha Oeste”, justified the company in a note.

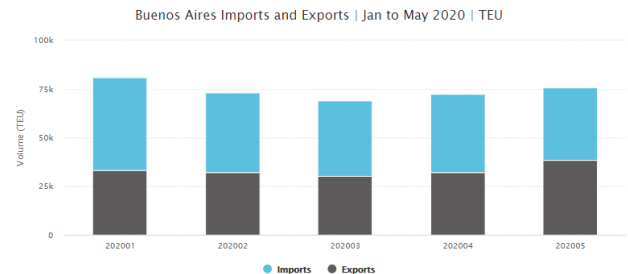
“During this process, the concessionaire ensures that it will continue to provide rail freight transportation services, enforcing the contracts signed with its customers,” said the company.

According to ANTT, “the technical area is now analyzing the admissibility of the order made by the concessionaire, observing what the legislation says”. The procedures for requesting a re-bidding process are set out in Law 13,448, of June 5, 2017, and Decree 9,957, of August 6, 2019.

Buenos Aires Port recorded a 1.5% increase in TEU handling in the first five months of 2020 compared to the same period in 2019. In addition, in May, the Gross Record Tonnage (TRN) of container ships increased, representing 28% more cargo than in April.

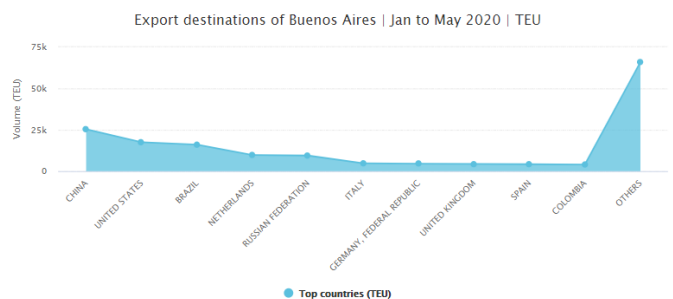
Another positive fact about the port relates to a coordinated work with different organizations that allowed 6,939 wagons with cargo from different Argentine provinces to arrive at the port during the first half of this year, exceeding the total number of wagons that operated in port terminals throughout the whole of 2019.

The following graph shows the movement of cargo through the Port of Buenos Aires in the first five months of 2020:



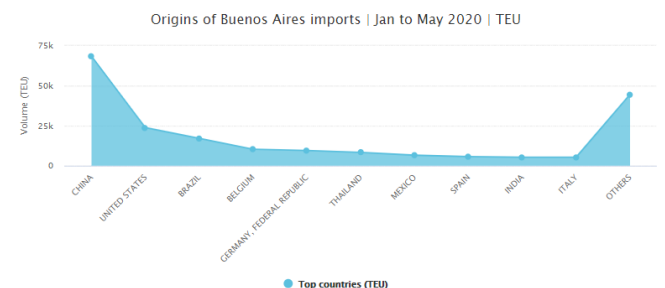
Fonte: DataLiner

Below are the main destinations for cargo shipped through the Argentine Port in the first five months of 2020:



Fonte: DataLiner

The origins of the cargo received by the port in the period from January to June 2020 are as follows:



Fonte: DataLiner

China appears as the main source of products imported through the Port of Buenos Aires and also as the main destination for exported products. In both imports and exports, the United States ranks second, followed by Brazil in third place.

Suape Port received a container vessel of the Sammax class, for the first time on July 23. The vessel can reach 336 meters in length, 48 meters in width and 15.2 in maximum draft.

The vessel MSC NITYA B, belonging to MSC, docked at pier 2 to handle 288 containers. The ship came from the Port of Valencia (Spain) and left Suape, bound for Salvador. The vessel is capable of transporting 12,000 TEU. Previously, the largest container vessel that had docked at the port in Pernambuco was 305 meters long and 48.2 meters wide.

Last year, Portaria Suape 136/2019 established operational and maneuver parameters for ships so that Suape could receive vessels up to 336.99 meters in total length and 48.99 meters in maximum width. The feasibility of receiving the Sammax class was proven through a study by the University of São Paulo (USP), commissioned at the beginning of last year.

The Port of Suape closed the first half of this year having handled 230,504 TEU and with 2.4% growth compared to the same period in 2019. Last year, it broke a historical record in containerized cargo with a total of 476,304 TEU and a 4.7% increase over 2018.

Itajaí Port is undergoing a process of updating its nautical chart for water access, after works were done to change the drafts. The procedure is carried out by the Brazilian Navy, which does so by conducting a Special Class Hydrographic Survey (Category "A").

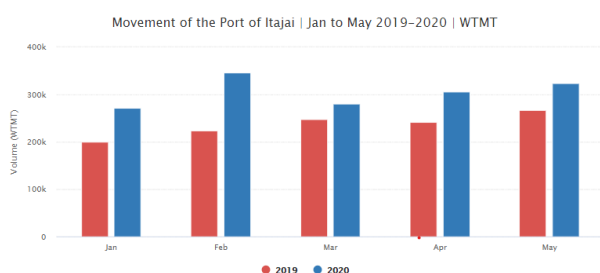
The stretch of waterway access that had the greatest geometric changes was the Afonso Wippel Bay region, where the new evolution basin was implanted. In addition to depth information, the document provides other data, such as nautical signaling and other information relevant to navigation safety.

This approval allows the mooring of vessels up to 350 meters in length at Itajaí and at the Portonave Terminal (Port of Navegantes). Another important aspect was the operational draft gain. With the new waterway access, a vessel with a draft of up to 13.2m has already been received.

One of the best examples of updating the nautical chart after the works done, was the arrival of the APL PARIS measuring 347.4 meters in length by 45.27 in width, in June at Portonave. It is the largest ship to navigate the Brazilian coast. With 12% growth in TEU handling, and 10% in tonnage, the Port of Itajaí (public berths and APM Terminals) ended the first half of 2020 maintaining positive numbers.

The numbers were also positive for the Itajaí and Navegantes Port Complex. In the first half of 2020, Itajaí and the Private Use Terminals (TUPs) registered a movement of 650,724 TEU and 7.12 million tonnes. Compared to the first half of 2019, the movement represents 9% growth by TEU and 7% in tonnage.

The graph below shows cargo handling by Itajaí in the first five months of 2019 and 2020:



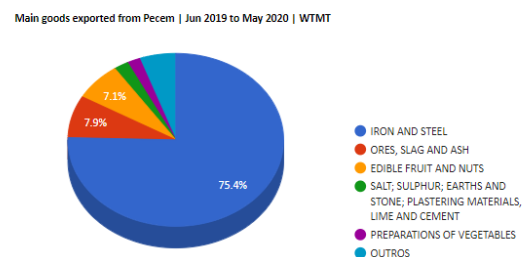
Fonte: DataLiner (Para solicitar um demo do DataLiner clique aqui)

The Port of Pecém broke a 24-hour record for shipments of steel sheets, with 34,000 tonnes loaded on July 18. The cargo belonged to Companhia Siderúrgica do Pecém (CSP), based in Ceará EPZ (Ceará Export Processing Zone) – a subsidiary of the Pecém Complex.

The peak of the operation took place between 12-6 pm on the 18th, when 467 steel plates were shipped. The operation was carried out by two operational service providers (PSOs) at Pecém: Tecer Terminais and Unilink Transportes Integrados.

The operation on the MV TONG DA vessel recorded an average productivity of 1,284.65 tonnes per hour. The vessel was bound for the Chinese port of Zhangjiagang Huada, where it is scheduled to arrive on August 25. The new productivity record for this operation is linked to the growth in the specific handling of this type of cargo at Pecém. In June, 218,837 tonnes of steel sheet were shipped, an increase of 25.6% compared to May 2020 when 174,223 tonnes were shipped.

The following chart shows the main goods exported via Pecém between June 2019 and May 2020:

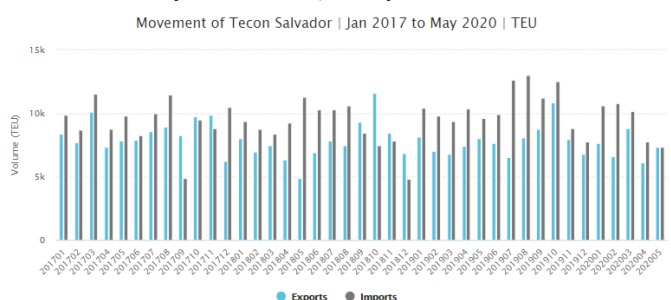


Fonte do gráfico: DataLiner (Para solicitar um demo do DataLiner clique aqui)

Salvador's Municipal Secretariat for Urban Development (Sedur) suspended, for the third time, Authorization Permit number 19671, referring to the expansion works of the cargo terminal at the Port of Salvador. Thus, the company responsible has 10 days to present its defence.

Sedur justified the decision in accordance with the provisions of the Municipal Administrative Police Code, which determines the suspension of activities when businesses or activities other than those licensed or authorized are in place. According to Article 212 of the municipal legislation, the suspension of the License or Authorization Permit consists of the interruption, for a period not exceeding one year, of the respective activity and will occur without prejudice to other penalties.

The following graph shows the movement of cargo in Tecon Salvador month by month from January 2017:



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

A record bulk shipment is being carried out in Paranaguá Port's Export Corridor this week, with vessel E.R Bayonne being loaded with 104,200 tonnes of soybean meal at berth 214. It is the second shipment at the port to exceed 100,000 tonnes. The other was the Pacific South which, in June, carried just over 103,000 tonnes.

According to the CEO of Paraná Ports, Luiz Fernando Garcia, the trend is to receive more and more large bulk carriers. "Paraná is already preparing the remodeling, modernization and repowering project for the Export Corridor, which will allow our ports to be even more competitive", says the president.

The vessel arrived at dawn on Monday (July 20) and started loading on the morning of the 21st, despite the fog. The cargo that started to fill the ship's holds came from three different terminals: Cotriguaçu, Coamo and Public Silos (horizontal). There are four operators involved in loading (Céu Azul, Gransol, Cotriguaçu and Coamo) and the cargo was sourced from five exporters: Agrária, Cocamar, Cargill, Coamo and ADM.

E.R Bayonne has a Liberian flag. Like the Pacific South, this ship also measures 292 meters in length and 45.05 meters in width and has nine holds (two more than vessels that normally carry bulk through Paraná Ports).

The soybean meal loaded in Paranaguá will be taken to the port of Amsterdam, in the Netherlands. The loading operation at the port should be completed by Friday (July 24), the date scheduled for the ship's departure.

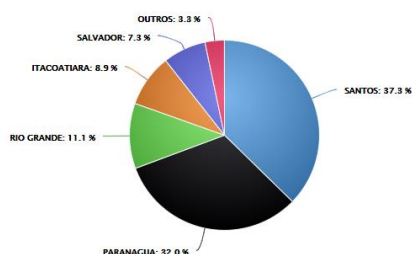
The director of operations for Portos do Paraná, Luiz Teixeira da Silva Júnior, states that the ports in Paraná are prepared in maritime and land infrastructure to receive and operate large vessels and large volumes of cargo.

According to Teixeira, this type of super vessel does not generally operate directly, as is commonly done with vessels up to 225 meters. "This type of vessel needs to turn in order to fully load, which demands more mooring time. The advantage is that they take twice the amount of cargo as a vessel that is normally handled (carrying 65,000 tonnes)", he adds.

According to him, freight per tonne used for bulk shipments, makes the product exported by Paranaguá even more competitive. "Paranaguá has a history in the movement of soybean meal, due to the factories installed in the area of influence, which increase demand. We have strength and tradition in loading the product", he concludes. Currently, the Port of Paranaguá exports the second largest amount of soybean meal in Brazil.

The graph below shows Brazilian soybean meal exports by port:

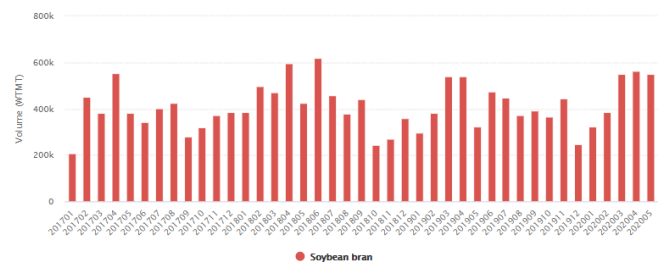
Brazilian Soybean bran (HS 2304) Exports by Port | Jan to May 2020 | Percentage



Fonte: DataLiner

In this graph, it is possible to see the soybean meal exports by Paranaguá month by month since January 2017:

Soybean bran (HS 2304) exports by Paranaguá port | Jan 2017 to May 2020 | WTMT



Fonte: DataLiner

Rumo and Caramuru Alimentos have signed a new partnership to invest R\$80 million in the construction of a railroad transshipment terminal for multimodal cargo transportation, connected to the North-South Railway.

Located in the municipality of São Simão, in the extreme southwest of Goiás, the terminal will be able to handle more than 5.5 million tonnes per year of soy, corn and soy meal, which is equivalent to more than 80,000 trucks per year.

Rumo and Caramuru Alimentos already have a partnership in running Terminal XXXIX in the Port of Santos (SP). The new railroad terminal will receive cargo from Goiás, Mato Grosso and the Minas Gerais Triangle region, thus increasing the competitiveness of agribusiness.

"It will be a high-capacity terminal and is among the three largest terminals in the interior of Brazil that will connect highways to the railroad and the Port of Santos. This operation is highly competitive as São Simão already has a railway in operation and the two most competitive, cheapest transportation systems are the waterway and the railway", explained the president of the Board of Directors of Caramuru Alimentos, Alberto Borges de Souza.

According to him, the terminal was positioned in the vicinity of a Caramuru factory already in operation using waterway transport, and that with the terminal will also operate with the railway. Alberto pointed out that the new railroad transshipment terminal will be open to providing services to all companies that are interested in transportation to the Port of Santos.

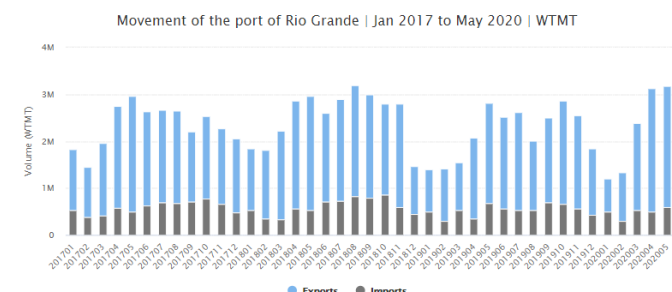
The São Simão terminal should start operating in the first half of 2021, with a static capacity of 42,000 tonnes, divided into six silos, a road discharge of 850 tonnes / hour (20 thousand tonnes / day) and a railway load of 3,000 tonnes / hour.

The Port of Rio Grande the best month in its history in June, with a movement of 4.4 million tonnes. The previous record had been in September 2018, when 4.3 million tonnes had been handled. The first semester at the port of Rio Grande was also the second best first semester in the port's history, registering 20 million tonnes handled, a value 6.97% higher than the same period in 2019. This increase was mainly driven by the rise in movement of phosphates and rice, which grew 36.07% and 32.65% respectively, as well as the large volume of soybean shipments, which increased 27.35% in the period, to 1.4 million tonnes.

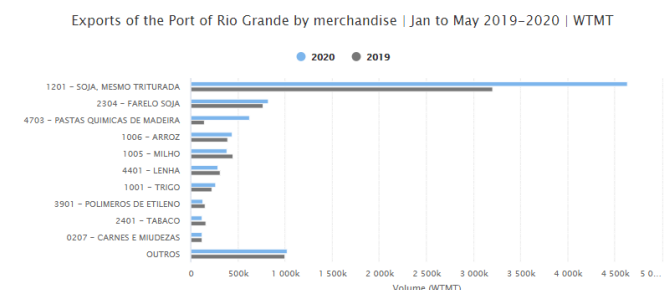
Regarding the main destinations and origins of exports and imports from the Port of Rio Grande, there are few percentage differences in relation to the locations dealt with at the end of

2019. China, which held the first place for exports, with 58,38% of cargo shipped, remained stable in the first place in the first half of this year with 57.27%. On the import side, Algeria lost first place to Argentina, which increased from 9.74% to 12.12% for its share of imports from the port.

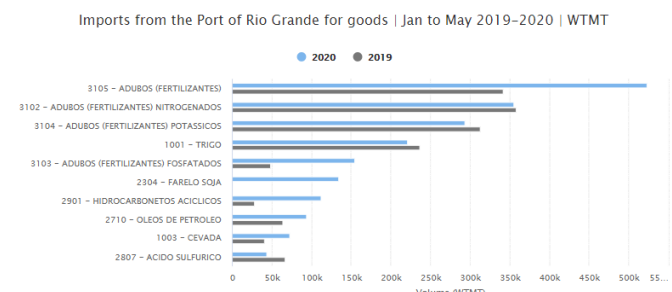
The following graph shows the imports and exports carried out via the Port of Rio Grande month by month since 2017:



In the chart below, you can see the main products exported by the Port of Rio Grande in the first five months of 2020 compared to 2019:



In the chart below, you can see the imports made via the Port of Rio Grande in January-May 2019 and 2020:



Other ports in RS

The Superintendence of the Ports of Rio Grande do Sul also released results for two other public ports (Porto Alegre and Pelotas). They showed that the average increase for the three Public Ports that belong to the RS port complex was 6.28% in the semester in comparison to last year.

The sum of the three ports showed a total increase in cargo handling of 1.2 million tonnes compared with the same period in

2019. Total cargo transportation at the three ports (Porto Alegre, Pelotas and Rio Grande) came to more than 20.8 million tonnes handled in the period.

The Port of Pelotas had the most significant percentage increase in the semester at 13.08%, showing a marked increase in its movement of wood logs (14.97%) and clinker (14.81%). In absolute values, the Port of Pelotas handled 59,800 tonnes more than the previous year.

Due to the draft restrictions caused by the dredging work at the Canal da Feitoria, in Lagoa dos Patos, Porto Alegre was the only one of the three public ports that presented a decrease in its operations this semester compared to the first semester last year, with a 23% drop to 418,133 tonnes handled. Unlike other cargo, even with draft restrictions, wheat (import) unloading in the capital of Rio Grande do Sul increased by 5.6% in the period.

Shipping

The Enseada Indústria Naval Shipyard, which has been in judicial reorganization since October 2019, will return to operation. Located in Maragóipe, in the Recôncavo Baiano, the site was contracted to build two container ships to be used for cabotage transport, from January 2021.

With financing from the Merchant Marine Fund, managed by the Ministry of Infrastructure, the ships will be built for Petrocity Portos. Each ship will cost, according to Resolution 174/2020, the global value of US\$73.443 million (approximately R\$308.5 million). The vessels will be able to carry 75 TEU, with a tonnage capacity of 2,000.

The Enseada Shipyard initially belonged to a consortium formed by Odebrecht Engenharia Industrial, OAS and UTC Engenharia. Today, it only belongs to Odebrecht Engenharia, which partners with Petrocity on some projects.

CMA CGM reported that it canceled the US\$550 / TEU (Port Congestion Surcharge) surcharge that it had decided to levy, as of July 18, 2020 (BL date - until August 31, 2020), on all cargo moved between the East Coast of South America (SAMWAF service) and Cape Town.

The surcharge would be implemented due to congestion for docking in South Africa, which causes service interruptions involving high operating costs. According to the company, imports into Cape Town will now follow the usual freight conditions.

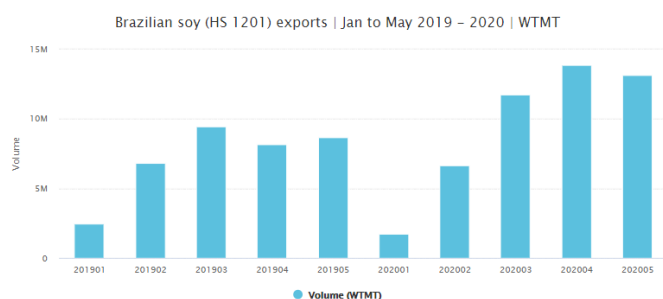
Grain

According to data from the Chinese customs service, China imported 10.5 million tonnes of soybeans from Brazil in June. The volume was a record for a single month. The share of Brazilian soybeans imported in the month represented 94% of all grain imports in June. Compared to the same month last year, the growth was 91%, and in relation to May this year, the increase was 19%.

With almost half of the next harvest sold, producers in Mato Grosso have already started selling the soybeans that will be

harvested in 2022, as confirmed by the Mato Grosso Institute of Agricultural Economics (Imea). The precipitated buying is driven by the advantageous exchange rate and reflects the good moment that grain sales are experiencing in the state, which had a record harvest this year and prices above R\$100 per bag available in July. In general, advance contracts are closed from December.

The following graph shows Brazilian soy exports in the first five months of 2019 and 2020:



Brazil's agriculture ministry is keen to broaden the range of products exported to China. Currently, soybeans account for more than 70% of Brazilian shipments to China. In order to diversify this export basket, the ministry wants to negotiate an extensive list of products for market opening with the Asian country.

There is concern over the high level of concentration in the bilateral relationship, since soy was responsible for 72% of exports there in the first half of 2020. With this, China received almost 40% of Brazil's total agribusiness shipments in the period.

In addition, Brazil wants to review protocols for items already authorized and encourage the approval of GMOs more quickly by the Chinese, which would benefit corn. Among the products that Brazil is working on to be able to export are genetic matter for poultry, pigs for breeding, live lobsters, citrus pulp for animal feed, concentrated soy protein, peanuts, pecans, sesame, grapes, lime, avocado and sorghum.

Argentina's Chamber of Grain Exporters (CIARA-CEC) told importers in China that the request for the South American country to declare that its merchandise is not contaminated by the coronavirus is "inappropriate".

A CIARA-CEC source confirmed that a letter was sent at the end of June to Chinese importers, adding that the entity spoke with companies in Brazil, the United States and Canada, who also reject the request for a declaration guaranteeing that shipments do not have Covid-19.

Although China is the world's largest importer of oilseeds, the Asian country has been restricting food imports due to concerns about Covid-19. According to one of the sources, who declined to be identified, the importers' request "is ridiculous for bulk goods that will be processed and that stay more than 15 days traveling on ships".

The CIARA-CEC letter states that the World Health Organization (WHO) stated that "it is very unlikely that people can contract Covid-19 from food", highlighting strict health protocols carried out by the sector.

In July, Russia sold two loads of wheat to Brazil, totaling 60,000 tonnes. According to industry sources, it was the first purchases made by Brazilians of the Russian product this year.

Purchases of Russian cereal, which were confirmed by the two traders involved in the deals – Sodruzhestvo and Glencore – are relatively atypical, since Brazil has most of its needs met from Mercosur countries, without paying tariffs. In addition, the Russian product can only be processed in mills at the ports, for phytosanitary reasons, which limits the agreements, which are normally more restricted to North American countries when carried out outside the commercial block.

Data from the Brazilian government indicates that throughout the past year, the country imported 91,700 tonnes from Russia. In 2018, there were only 26,200 tonnes. However, anonymous sources say that at least two other agreements for Russian wheat have been closed recently. These additional deals could not be confirmed.

This year there is more potential for Brazilians to do deals with suppliers from the northern hemisphere after Brazil established a quota, at the end of 2019, for 750,000 tonnes/year to be imported free of the 10% tax normally applied on imports from outside Mercosur. Moreover, expectations are for record imports of 7.3 million tonnes by Brazil in 2020, amid a steady consumption of wheat products in the face of the pandemic.

Brazil imported about 3.5 million tonnes of wheat in the first half, up just over 150,000 tonnes compared to the volume imported in the same period in 2019. Argentina was the main supplier, exporting 3.12 million tonnes to Brazil, compared to 2.96 million tonnes in the first half of last year.

The United States appears in second place, with 172,000 tonnes (compared with 72,000 tonnes in the first half of 2019), followed by Paraguay and Uruguay, with 97,000 and 80,000 tonnes, respectively.

With the coronavirus crisis and the surge in the dollar to historic highs this year, the wheat industry in Brazil, one of the largest global importers of the cereal, managed in June to obtain an additional import quota of 450,000 tonnes from outside Mercosur, free of import tariffs.

Meat

After a ten-year hiatus, the South African Department of Agriculture announced the opening of the market for Paraguayan slaughterhouses to export beef and meat products. According to the National Chancellery of Paraguay, the reopening of this market by the African country was possible through joint work between themselves and the Animal Health and Quality Service (Senacsa).

Ten days ago, the reopening of the Saudi Arabian market to receiving Paraguayan meat was announced, which also occurred after 10 years of renegotiation. The main consuming markets for Paraguayan beef are Russia, Chile, Taiwan, and Brazil. In the Arabian peninsula, the country has an export license from Qatar, the United Arab Emirates, and now Saudi Arabia.

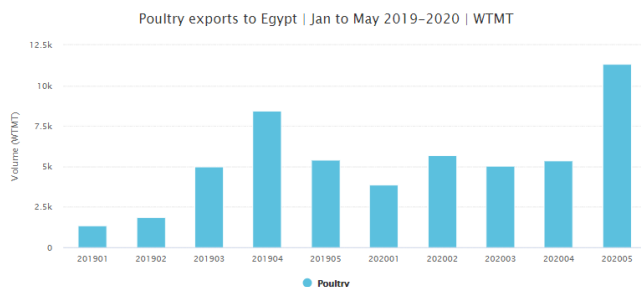
Paraguay also informed that negotiations are underway with the United States, a market that would allow the opening of several others, given the level of demand. At this time, the response from the American authorities is awaited after the recent submission of the requested documentation.

According to the Ministry of Agriculture, Livestock and Supply (Mapa), the Egyptian authorities have approved the import of thermo-processed poultry products produced in Brazil.

The authorization is valid for plants that are already authorized for the Egyptian market and that currently ship whole chickens. Therefore, the Ministry of Agriculture will update the International Health Certificate (CSI) for these plants. With this, Brazil now has 82 foreign markets at its disposal for agricultural product exports since January 2019.

According to data from the sector, Egypt is the 14th main importer of chicken from Brazil. Between January and June this year, Egypt imported 39,100 tonnes, a volume that exceeded the total shipped in the first half of 2019 by 27%.

The following graph shows Brazilian chicken exports to Egypt in the first five months of 2020 compared to the same period in 2019:



It is worth noting that from January to June 2020, Brazilian agribusiness exports totaled US\$52 billion, which represents an increase of 10% compared with the same period last year.

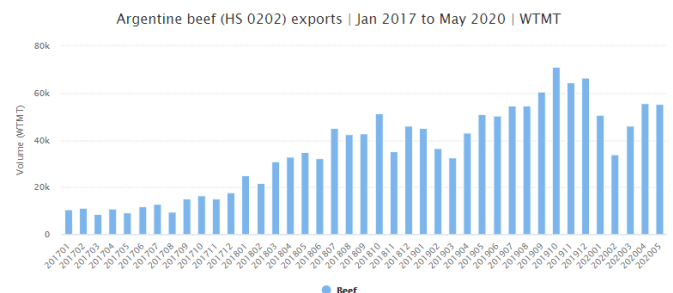
Argentina managed to regain access to the Malaysian market to export chilled and frozen beef. That market had been closed in 2010 due to changes in Malaysian regulations to certify Halal products. Halal certification is a quality assurance process applied to food, products and services, respecting the Halal Regulations and other pre-established documents required by the countries that practice Islam from those who export these products.

The National Service for Health and Agrifood Quality (Senasa), an agency of the Ministry of Agriculture, Livestock and Fisheries of Argentina, received the official communication sent by the Malaysian Directorate of Veterinary Services (DVS), accepting the proposal with the requirements of the International Veterinary Certificate (CVI) that must accompany the exported meat.

In 2019, a Malaysian delegation had carried out an audit visit to Argentina, where it verified the beef production and slaughter system supervised by Senasa with satisfactory results that allowed the negotiations between the parties to reach an agreement, with the subsequent reopening of the market.

The discussions between the parties also allowed the qualification of an establishment – which was audited during the visit last year – and the presentation of 13 other interested parties, which are expected to be evaluated soon by the Malaysian authority.

The following graph shows the volume of beef exported by Argentina:



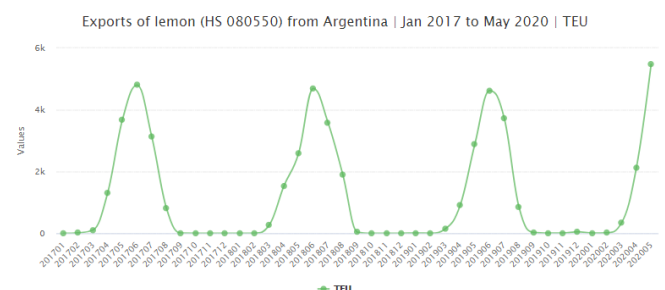
Fruits

A report released by Argentina's National Service for Health and Agrifood Quality (Senasa), points out that the country's agribusiness exports in general grew in the first half of 2020 compared to the same period in 2019.

In the meat area, Argentina's exports increased by 14%, in the vegetable sector it reached 15% growth, and in the fruit sector it reached 22%. In absolute volumes, foreign sales of meat totaled 440,880 tonnes between January-June. The result was mainly driven by the 20% increase in beef sales, reaching 282,670 tonnes, and a 49% increase in pork sales, to 18,480 tonnes. With regards to poultry, there was a 1.5% increase to 139,650 tonnes. The main destinations for Argentine animal proteins during this period were China, Chile, Israel and Vietnam.

In relation to fruits, 563,740 tonnes were exported by Argentina, especially pears, lemons, apples and oranges. The main destinations for these shipments were Russia, Brazil, the European Union, Paraguay, Italy and the Netherlands.

The chart below shows Argentine lemon exports month by month since 2017:



According to Senasa, the shipment of vegetables totaled 317,200 tonnes in the period, with onions, garlic, potatoes and tomatoes leading the growth. The markets for these products were Brazil, Paraguay, the European Union, England and the Netherlands.

Ores

Vale's iron ore production in the second quarter of 2020 grew 5.5% compared to the same period last year, and 13.4%

compared to the first quarter of 2020, totaling 67.6 million tonnes.

Despite this, iron ore sales fell 11.8% in the annual comparison, due to the logistics waiting time between production and sales, with many of them remaining on hold until the next quarter.

But there was an increase of 5.7% compared to the first quarter, when the company suffered from climatic problems, delays in resuming production in mines and other factors caused by the coronavirus.

Vale, which has been working to resume part of the production suspended due to the accident at Brumadinho (MG) in 2019, reported that the extraction of iron ore in June was above 25 million tonnes, "presenting a strong increase in relation to April and May levels", and entering a seasonally strong period, with lower levels of rain.

According to Vale, the forecast for the production of iron ore fines in 2020 remains unchanged at 310-330 million tonnes, but stressed that the most likely scenario is that it "will be at the lower end" of the target.

Economy

Data on Brazil's trade balance, released on Monday, July 27, by the Foreign Trade Secretariat (Secex), shows a US\$1.836 billion surplus and a US\$7.244 billion trade flow in the fourth week of July 2020. This is the result of exports worth US\$4.54 billion and imports of US\$2.704 billion. The cumulative total for the year shows exports totaled US\$117.321 billion and imports US\$88.572 billion, with a positive balance of US\$28.749 billion and a trade flow of US\$205.893 billion.

Analysis of the month - On the export side, a year-on-year comparison of the daily average up to the fourth week of July 2020 shows a 1.1% dip down to US\$866.76 million, led by a 10.3% drop in sales from the manufacturing industry. On the other hand, there was a 22.2% increase in agribusiness sales and a small increase in the mining industry (+ 0.4%).

On the import side, the daily average until the fourth week of July 2020 was down 34% to US\$509.74 million year-on-year. The fall was led mainly by the mining industry (-57.3%) and manufacturing (-32.8%). There was a slight increase in imports related to agriculture (+ 0.4%).

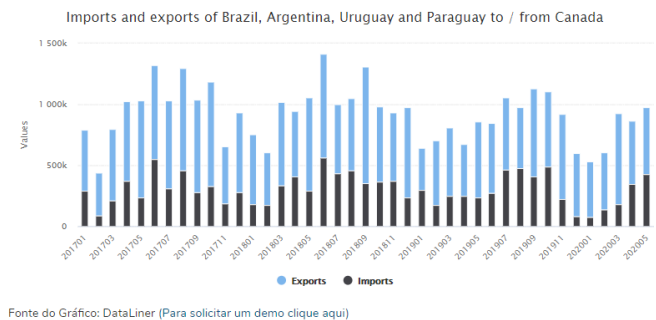
An estimate by Brazil's Confederation of Agriculture and Livestock (CNA) points out that the conclusion of a free trade agreement between Mercosur and Canada has the potential to increase Brazilian export revenues of agricultural products by US\$7.8 billion.

In a note, the CNA stated that "meats, cereals, flours, fruits and soy complex are the sectors of the agribusiness that have the most potential to benefit from the agreement. In the case of meat, the increase in revenue could reach US\$1.4 billion per year." "Better quality cuts tend to have better competitiveness in the Canadian market. Animals raised in pastures, a lower percentage of fat and

environmental sustainability attract the attention of the average consumer", says the study.

The cereals and flours segment may increase sales to Canada by US\$771.9 million, with corn being the product with the greatest capacity to increase in revenue (US\$324 million). For soy complex (grain and bran), the estimate is for an increase of US\$703.9 million, despite competition with the United States.

The graph below shows trade between Mercosur countries and Canada:



The CNA's analysis concludes that in addition to generating positive impacts on Brazilian exports, the Mercosur-Canada agreement can expand the commercial borders of the South American bloc with markets that import food, beverages, and agricultural goods. "Negotiations with Canada may open the door to agreements with other countries, a fundamental strategy for consolidating Brazilian agribusiness in the main global food and beverage chains," says the organization. In 2019, trade in agricultural products with Canada recorded a turnover of US\$628.7 million.

Brazil's exports are forecast to drop 13.9% in 2020 year-on-year, reaching a total of US\$192.721 billion. Imports are expected to fall by 18.1% to US\$145.255 billion. Hence, a trade surplus of US\$47.466 billion is predicted, which would be only a 1.7% increment on 2019.

The forecast is from the Foreign Trade Association (AEB), which revised its forecasts for the 2020 trade balance, given the new scenario that Brazil and the world is being subjected to with the Covid-19 pandemic.

According to an assessment by the president of AEB, José Augusto de Castro, the new figures reflect the instability of the external scenario, accentuated by the trade war between the USA and China, the USA presidential election, the almost unanimous opinions of a fall in global GDP, and the high and growing unemployment in the world.

"The worsening of the economic crisis in Argentina, the strengthening of the dollar and the weakening of currencies, in addition to internal problems in Brazil, contributed to the retraction of the balance figures", noted José Augusto de Castro.

AEB's forecasts also indicate that the trade surplus projected for Brazil in 2020 will be triple negative, as it will be obtained with a drop in exports of 13.3%; imports of 18.1%; and 15.4% in the trade chain, resulting in a reduction in economic activity. According to the survey, the projected trade flow of US\$339.445 billion for 2020 will be less than the US\$401.333 billion recorded in 2019 – and even further from the record of US\$482.292 billion obtained in 2011.

“Excluding the year 2018, since 2014 Brazilian exports of manufactured goods are stagnating at a level below US\$80 billion. The US\$56.295 billion projected for 2020 will be close to export levels of 2004, especially after the crisis that plagues Argentina and South America “, said the president of the AEB.

Also according to the AEB, this year the economic crisis displaced Argentina from the position of second largest importer of Brazilian manufactured goods, pushing it to the fourth position. “Exports to Argentina are falling sharply and representing only 3.6%, when in the recent past they reached a level above 10%”, observes the executive.

Commodities

Despite strong price fluctuations, the volume of the three main products in the export basket – soy, oil and iron ore – will increase their share to 34%. These items are benefiting from the decline in manufactured goods, consolidating the weight of commodities in exports and in trade surplus.

Soybeans, for the sixth consecutive year, will be Brazil's main export product, with iron ore returning to second position and oil in third, by a small difference. By the third week of July, 66.5 million tonnes of soybeans had been shipped, representing 85% of the 78.5 million tonnes scheduled for shipment in 2020.

The projected export and import data for 2020 also indicate that Brazil should occupy the 30th position in the ranking of exports and 31st in imports, with the share in world exports expected to be reduced to around 1%.

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