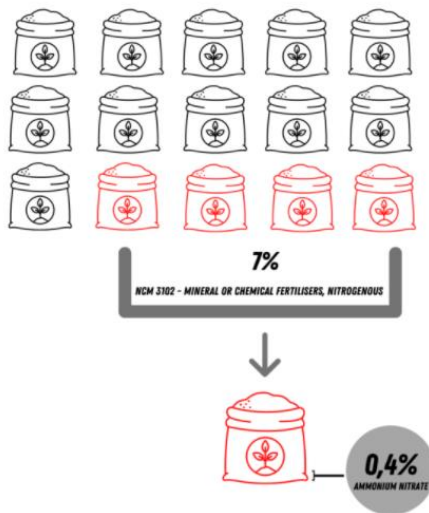


Main news

The explosion at the Port of Beirut, Lebanon, on August 4th, probably caused due to the incorrect storage of ammonium nitrate, sparked concern about the conditions of transportation and storage of the product - used in the manufacture of fertilizers - in Brazil. Ammonium nitrate is the raw material for a common fertilizer in Brazilian agriculture, in use for at least 50 years, especially in the production of sugar cane, fruits and vegetables. Much of this raw material used in Brazil is imported from Estonia – about 80%, according to DataLiner.

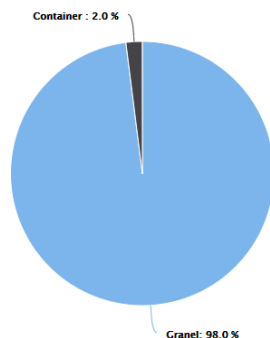
Data from the DataLiner indicates that in the first half of 2020, fertilizers corresponded to 24.1% of Brazilian imports. Of these, the 3102 NCM group, which includes ammonium nitrate, corresponds to about 7% of imports. Ammonium nitrate represented 0.4% of the total imported by Brazil in the first half of 2020.



Source: DataLiner

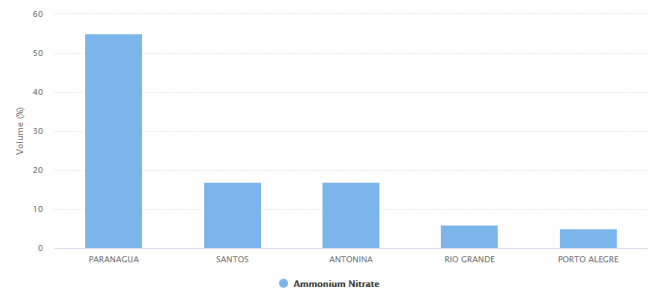
Most of the ammonium nitrate imported by Brazil arrives in bulk (98%). One to three monthly vessel calls is loaded with the product. Each vessel call represents about six times the volume of cargo that caused the explosion in Lebanon.

Percentage of ammonium nitrate imported in containers vs. in bulk



Source: DataLiner

Main Brazilian ports receiving ammonium nitrate:



Source: DataLiner

Despite the large volume of imported ammonium nitrate, the risk of explosions is not as common. Ammonium nitrate, in small quantities and well stored, is not dangerous. It can cause a big explosion when exposed to high temperatures. In Beirut, for example, the nitrate was kept in a warehouse for six years, without the necessary security. In Brazil, the product is inspected by the Controlled Products Inspection Directorate (DFPC), linked to the Brazilian Army.

Care in ports

Responsible for receiving the largest volume of ammonium nitrate in Brazil, the Port of Paranaguá states that the product represents only 3.5% of the total imported fertilizers received at the site. “We have never had any problems related to this substance. The port authority, as well as the terminals, operators, and warehouses, operate with the appropriate updated security plans”, says the CEO of Portos do Paraná, Luiz Fernando Garcia. “Specifically in relation to ammonium nitrate, those who work with the product follow a strict inspection and accountability routine imposed by the Controlled Products Inspection Department (DFPC)”.

Garcia also recalls that the labor used, both in the port area and in terminals and warehouses, in the operations of import bulk is extremely qualified. “The companies, as well as the Management Body of Outsourced Labour (OGMO), always offer courses and training”, he says.

Four companies operate the product in the ports of Paraná. According to the Operations Directorate, there are 11 warehouses accredited (by the port authority and the Army) to receive ammonium nitrate. “It is a product controlled by the Army, which inspects the warehouses, and only with its approval, do we accredit the warehouses to receive the product”, says the director of Operations for Portos do Paraná, Luiz Teixeira da Silva Júnior.

According to fertilizer operators in the Port of Paranaguá, to work with ammonium nitrate, companies must apply to DFPC for a special registration certificate (CR). In order to provide it, the institution guides adjustments ranging from the construction of warehouses, product security (to prevent diversion or theft), storage to staff training.

There are countless items checked before approving the concession. Even with the registration of each import, the army is notified and issues a specific license, after assessing the documentary situation. Even before the ship is docked, the army must be notified of the location where the incoming cargo will be taken and stored. Even for a short journey, from the pier to the warehouse, the truck that transports the product must also be

certified. At the Port of Paranaguá, these vehicles and their drivers are specifically trained for this transportation and receive an identification stamp from the army. At warehouses, the product is accommodated between concrete walls, in boxes lit with cold lamps, duly identified, with access control, security warnings and properly trained personnel.

The Santos Port Authority (SPA) also ensures that all security measures are taken care of. "The handling takes place at the Guarujá Maritime Terminal (Termag), located on the left bank of the port. The product stored in this terminal is Class 5 ammonium nitrate (oxidizer), intended for agricultural use, with strict monitoring of temperature and humidity, rotation of stored volumes, and mixed with limestone, to give greater stability to the product. It is not stored for long periods, it is basically a direct transfer operation from ships to trucks", said the SPA in a note.

"What is known so far about the accident in Beirut is that the cargo would be stored without complying with safety standards, with no information on what actually caused the accident in question. At Santos, the SPA emphasizes that safety is a priority, thus, all operational procedures are carefully followed by those responsible for operations and accompanied by intensive inspection, providing total security to the population", added the port authority.

Ports, terminals and infrastructure

The logistics operator VLI handled 12.5 million tonnes of grains and sugar in the first half of 2020, up 14% compared to the same period in 2019. According to the company, whose operation integrates terminals, railways, and ports, the volume of soybeans, corn, and soy meal handled in the period surpassed the mark of 10 million tonnes, while sugar transport was close to 2 million tonnes.

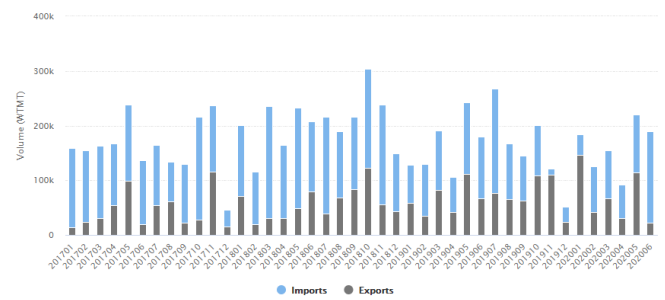
VLI pointed out that the Terminal Integrador Portuário Luiz Antonio Mesquita (Tiplam), in Baixada Santista, saw an increase of 25% in the movement of grains and sugar in the first half, reaching 3.8 million tonnes according to the logistics operator. "The terminal is already responsible for about a third of the sugar exported by Santos and the expectation in the medium and long term is to increase the volume due to the new warehouses built in partnership with Tereos", said VLI.

Fortaleza Port, in the first seven months of this year, registered 12% growth year-on-year in cargo handling, reaching 2.8 million tonnes. The main drivers of this growth are solid bulk (41%), general cargo (16%), and liquid bulk (7%).

During the period analyzed, 431 ships docked at the port, and in July the main cargo handled was wheat (mostly from Argentina, but also from the United States and Canada), manganese, clinker, slag, billet, and wind blade parts, in addition to 1,442 TEU. In relation to fuel, this input arrives at the port for a long haul as well as cabotage use, via Suape, Itaquí, Barra do Riacho, São Sebastião, Santos, Rio de Janeiro, Espírito Santo Petroleum Basin, Aratu, Belém, and from abroad comes mainly from Houston, New Orleans International APT and Belmont, among others.

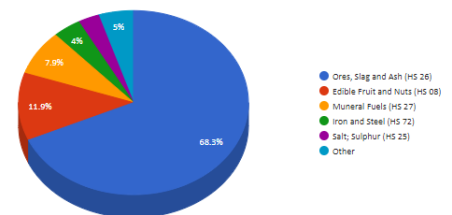
The following graphs show cargo handling at the Port of Fortaleza and the main products imported and exported:

Cargo handling via the Port of Fortaleza | Jan 2017 to Jun 2020 | WMTM



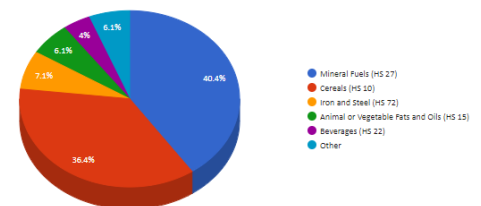
Source: DataLiner

Main goods exported via the Port of Fortaleza | Jan to Jun 2020 | WMTM



Source: DataLiner

Main goods imported via the Port of Fortaleza | Jan to Jun 2020 | WMTM



Source: DataLiner

On August 13, the Port of Suape published an announcement for those interested in signing a transition contract for temporary exploration of the Suape Solid Bulk Terminal (TGSS), with an available area of 72,542 m2. The terminal is located in the retro area of Pier 5, in the primary area of the port, and is designed to move and store sugar in bulk or in bags and solid bulk in general as fertilizers, petroleum coke, vegetable bulk, neogranel, among others, with the capacity to handle 750,000 tonnes of these products. The contract will be transitioned for a period of 6 months or until the auction that will determine the final lease agreement, whichever comes first.

The notice can now be consulted on Suape's website and will be available for a period of 30 days after the expression of interest. The terminal has a current built structure containing a sugar warehouse shed; ship and bag carrier for ship loaders; administrative, maintenance, warehouse and work safety areas; buildings for changing rooms and toilets, cafeteria and living area;

highway weighing scales, among others. The transition contract will be entered into with any interested parties for the minimum monthly amount of R\$142,846.96.

The transition contract is permitted by the National Waterway Transportation and Ports Secretariat (SNPTA) and the National Waterway Transportation Agency (Antaq) so that the area is not vacated while the bidding process for the final lease is carried out. SNPTA authorized the return of the land and suspension of contractual obligations by Agrovia do Nordeste S.A, which held the lease of the terminal. With the transition contract in progress, the Port of Suape can initiate the bidding procedures for the area.

On August 13, Antaq released the result of the 2019 Environmental Performance Index (IDA) in an online event. The Port of Itajaí (SC) won first place in the category of public ports, with 99.47 points. Porto Itapoá Terminals Portuarios de Santa Catarina won among the Private Use Terminals (TUPs), with 99.26 points. The Port of Paranaguá (PR) was in second place, with 98.65 points. Itaquí (MA), in third. The Port of Santos (SP) ranked fourth, and the Pecém Port Terminal (CE) reached the fifth position.

Among the TUPs, the Ponta da Madeira (MA) Maritime terminal was in second place, with 98.13 points. Then Portonave – Navegantes Port Terminals (SC). In the fourth position, Cattalini Terminais Marítimos in Paranaguá. In fifth place, Guaíba Island Terminal – TIG (Mangaratiba / RJ).

The Environmental Performance Index is the main tool for assessing the environmental management of port facilities regulated by ANTAQ and in force since 2012 by the Environment and Sustainability Management (GMS). It is an important tool for assessing environmental management and port management at facilities. The index is applied annually and in this edition evaluated 31 organized ports and 92 TUPs by using 38 indicators grouped into four categories: economic-operational, sociological-cultural, physical-chemical and biological-ecological. Such indicators provide information that helps managers and decision-makers, and encourages the port sector to conform to legislation and best environmental management practices.

Learn more - In public ports, the first three facilities maintained their positions in relation to the previous assessment; Regarding progress, the Port of Aratu rose seven positions, moving from the 19th position in the ranking to 12th (81.66 points). The Port of Rio de Janeiro went from 30th to 23rd; Regarding TUPs, the first placed port went up five positions in the ranking, while the second and third-placed fell one position, in relation to the previous year; A highlight among TUPs, the Bunge Alimentos Port Terminal in Rio Grande (RS) went from 85th to 12th position (78.24 points).

The Infrastructure Ministry approved the new Development and Zoning Plan (PDZ) for the Organized Port of Imbituba, in Santa Catarina. The document was ratified by ordinance and became effective on August 10. The PDZ provides a broad description of the port's current situation and outlines its horizon until 2034, proposing a development path that addresses short, medium, and long-term scenarios. The current version has been worked on by SCPAR Porto de Imbituba, Port Authority, since 2014, and replaces the version instituted in 2006.

The first part of the plan details the storage facilities and port equipment, describes the leased and rentable areas, retro port

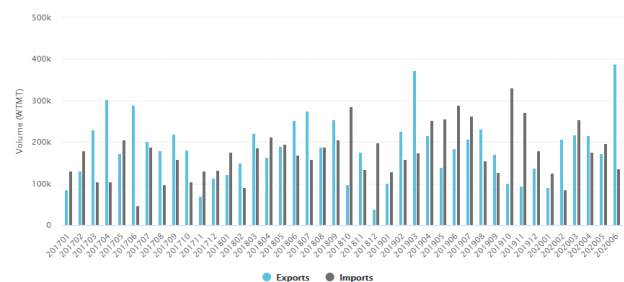
facilities, logistical support areas, supply facilities, such as electricity and telecommunications, socio-environmental situation and port security aspects, among other topics of great relevance for the sustainable advancement of the port.

The document also presents the operational plan, which lists operational and management improvements, proposals for the strategic reorganization of areas, in addition to investments to modernize port facilities and their accesses, and adapt the infrastructure to operational demands.

The PDZ guidelines for the Port of Imbituba converge with the National Port Logistics Plan (PNLP), the General Granting Plan (PGO), the Master Plan for the Imbituba Port Complex (2018), and the Business Plan for the Port of Imbituba, among other plans, resulting in an important and necessary alignment between the instruments that guide the management of the port.

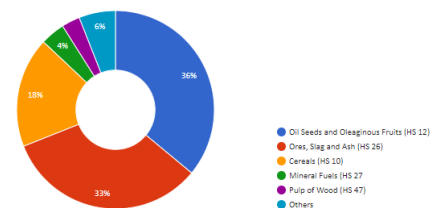
The charts below show the history of cargo handling at the Port of Imbituba and the main commodities imported and exported:

Cargo handling via Imbituba Port | Jan 2017 to Jun 2020 | WMT



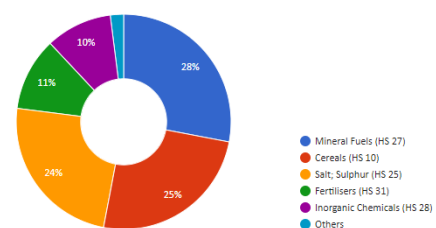
Source: DataLiner

Main commodities exported via the Port of Imbituba | Jan to Jun 2020 | WMT



Source: DataLiner

Main commodities imported via the Port of Imbituba | Jan to Jun 2020 | WMT



Source: DataLiner

Santos Port broke a record for cargo handling in July, reaching 13.49 million tonnes – an increase of 0.05% over the best month on record so far which was April 2020. The growth was 5.9% compared to July 2019, which until now was the port’s best July in its history. The data were released on Thursday, August 13, by the Santos Port Authority (SPA).

The cumulative result for the year so far also shows the best result for the seven-month period, with 84.1 million tonnes handled – a 10.2% rise on the same period last year. Above all, the results show the strength of agribusiness and the favorable exchange rate for exports.

In the month, solid bulk grew by 7%, totaling 7.6 million tonnes, with the main highlights being sugar exports, shipments of which grew 86.2% to 2.2 million tonnes, and soybeans, with an increase of 6.3% to 1.3 million tonnes. Liquid bulk increased 22.8% to 1.7 million tonnes. Among the cargo that grew the most, the highlight was diesel and gasoline, with a 111% increase to 471,200 tonnes, and fuel oil, which had an increase of 127.5%, totaling 203,400 tonnes in the month. Loose cargo also grew by 14.8% to 464,400 tonnes. The cumulative total for the first seven months of 2020 shows that solid and liquid bulk increased year-on-year by 17.4% and 10.9% respectively, reaching 44.6 million tonnes and 10.5 million tonnes.

The only drop in the month was containerized cargo, which dipped 3.8% year-on-year to 3.7 million tonnes. Even so, containerized cargo reversed the downward bias recorded in June, growing in July by 7.5% in tonnage. By TEU, the drop was 12.7% to 323,400 TEU. Nevertheless, the cumulative total for the year so far shows container cargo maintaining an upward trend, registered 0.8% growth year-on-year to 25.8 million tonnes. In TEU there was growth of 1.7%, reaching 2.3 million TEU in the period.

Main highlights:

- 13.49 million tonnes in July, a new monthly movement record;
- Increase of 0.05% over the previous record, reached in April 2020 (13.48 million tonnes);
- 5.9% increase over July 2019 (12.74 million tonnes);
- 10.2% growth in the cumulative total between Jan-July 2020, reaching 84.1 million tonnes.

The public company Portos do Paraná entered into a technical collaboration with Fundación Valenciaport, a center for research, innovation and training in the port logistics sector, headquartered in the port of Valencia, Spain, and operating throughout ports in Europe, Latin America, Asia, and the Middle East. The objective is to modernize ports in Paraná, with a focus on the area of technology, innovation, and human resource training.

The collaboration aims to construct the Port Community System, a data exchange platform for the port community. The PCS connects multiple systems used by different organizations in the same sector, integrating information from the entire logistics chain. “The intention is to accompany and assist the ports of Paraná in their digital transformation process. This partnership came about through a series of conversations about what the ports of Paraná

planned for the future and what Fundación foresaw for Latin America. This meeting of ideas allowed us to discuss the formation of a partnership that will be unprecedented for a Brazilian port”, says the International Director of Fundación Valenciaport, Miguel Garín Alemany.

Port Collaborative Decision Making (PortCDM) proposes a new model for managing maritime operations in real-time between all agents involved in the arrival and departure of ships. In addition, the partnership discusses issues of digital security and data protection technology. “The port of Paranaguá was chosen as a pilot and will be the first in Latin America to develop a platform along these lines. Together with the port of Valencia, they will be among the first in the world to apply this concept. PortCDM is an incredible innovation and Paraná will be a reference for ports in all countries”, said the Project Director of Fundación Valenciaport, Jonas Mendes Constante.

The projects will be completely bilingual and also provide for the qualification and training of the teams and employees of Portos do Paraná in order to build a ‘smart port’, using automation and innovative technologies to improve performance. “The more competitive our human resources are, the more competitive our ports are. Then we will have a training program in strategic port management, talent management, commercial management, and port marketing, in addition to managing energy efficiency and the environment”, explains Ana Rumbau Daviu, training director for the port.

The actions that result from the partnership are already starting to be developed this week. The schedule will run over 12 months and the expectation is that Paraná Ports will gain prominence in Europe, attracting new investments and increasing movement.

Shipping

On August 11, the Government’s program to encourage cabotage, known as ‘BR do Mar’, was sent to the National Congress as a proposed bill and as a matter of urgency. The legislative measure aims to increase the supply of cabotage, encourage competition, create new routes and reduce costs. Among other goals, the Ministry of Infrastructure intends to increase the volume of containers transported per year, from 1.2 million TEU in 2019, to 2 million TEU in 2022, in addition to increasing the capacity of the maritime fleet dedicated to cabotage by 40% over the next three years (excluding vessels dedicated to the transportation of oil and oil products). Container cargo cabotage has grown more than 10% per annum in recent years.

Focal points for the BR do Mar project - BR do Mar is focused on four main aspects: fleet, shipbuilding industry, costs, and port.

Fleet – The program encourages the country’s operating fleet so that Brazilian Shipping Companies (EBNs) have greater control and security in the operation of their lines. In this way, companies that own a national fleet can benefit from chartering a vessel with a foreign flag in time whilst its own fleet undergoes maintenance, which allows it to have lower operating costs.

Other possibilities are also foreseen that will allow EBNs to charter vessels in time for other situations such as servicing routes that do not yet exist and to fulfill long-term contracts.

New entrants or smaller companies without their own vessels may charter just the hull (the chartered vessel adopts the Brazilian flag), without the need for ballast on their own vessels.

Shipbuilding industry – The government offers several actions to promote the shipbuilding industry, especially without maintenance and repairs. The possibility of foreign companies using the resources of the Merchant Marine Fund to finance the docking of their vessels in Brazilian shipyards is an example of an action that, by bringing greater economies of scale to shipyard operations, will also benefit EBN that currently use shipyards in Europe and even in China.

Costs – Actions that seek to increase the demand for cabotage operations, with proposals that lower costs on various fronts, such as the bureaucracies that overload cabotage operations.

Ports – An important initiative is to allow the use of personal contracts for the movement of cargo that does not yet have operations at a port, thus speeding up entry into operation at terminals dedicated to cabotage.

In addition, the Federal Government is already working with a port modernization agenda, having completed the leasing of 14 port areas in five regions of the country since last year. Another 14 port areas will be tendered later this year, in addition to 33 private-use terminals that will be authorized.

Grain

Chinese importers have started to practice “wash out” with Argentine soy oil contracts. That is, previously signed contracts are being canceled, and buyers are choosing to exchange them for sunflower oil produced in the Black Sea region, which is cheaper. This practice has been adopted in the past by the Chinese with regard to soybean imports from Brazil.

The adoption of this strategy by the Chinese has led soybean oil prices in Argentina to fall to the lowest daily value in five months, reaching US\$716 per tonne FOB on August 12, according to the AgriCensus agency. Less than two weeks ago, the price of Argentine soybean oil reached its highest value in seven months. “Argentine soybean oil prices fell due to reduced demand. India, last week, also canceled the purchase of 60,000 tonnes. Instead, importers bought soy oil from Turkey, Russia, and Egypt,” said Anilkumar Bagani, head of research at the Mumbai-based vegetable oil broker Sunvin Group, whilst talking with Agricensus. The Black Sea region is starting to harvest soybeans and the forecast is for an abundant harvest.

Data released by Brazil’s Council of Coffee Exporters (Cecafé) shows that in July, the country exported 3 million bags of coffee. This includes green, soluble, as well as roasted & ground coffee. The volume represents the second historical record of Brazilian coffee exports for the month of July ever recorded despite the current coronavirus pandemic.

The foreign exchange revenue generated by the shipments came to US\$356.8 million, equivalent to R\$1.9 billion, which represents an increase of 22.3% in relation to July 2019. The average price of a bag of coffee was US\$117.4. Regarding the varieties shipped in the month, arabica coffee accounted for 74.4% of the total volume of exports, equivalent to 2.3 million bags. Conilon (robusta) coffee reached

14.7%, with 446,400 bags shipped, while soluble represented 10.9% of exports, with 331,800 bags exported.

In the period from January to July this year, coffee exports reached 22.9 million bags. During this period, the volume exported also represents the second historical record of Brazilian coffee exports during this period. During this period, Brazil exported coffee to 118 countries and the foreign exchange revenue generated reached US\$3 billion, equivalent to R\$14.7 billion – a growth of 29% in reais compared to the previous period. The average price was US\$128.9 / bag, registering a 3.2% growth.

Among the varieties shipped from January to July, arabica coffee represented 78.4% of the total volume exported, equivalent to 18 million bags, while Conilon coffee (robusta) reached 11.2%, with the shipment of 2.6 million bags, and soluble represented 10.3%, with 2.4 million bags. Conilon exports stood out in the period, registering a growth of 15% in relation to January to July 2019.

Top destinations - During the first seven months of this year, the top ten Brazilian coffee destinations were the United States, which imported 4.3 million bags of coffee (18.6% of the total shipped in this period); Germany, with 3.9 million bags imported (17.1% of total participation in the period); Italy, with 1.8 million bags (8.1%); Belgium, with 1.7 million (7.2%); Japan, with 1.2 million bags (5.1%); Russian Federation, with 755,800 bags (3.3%); Turkey, with 736,400 bags (3.2%); Spain, with 568,000 bags (2.5%); Mexico, with 537,400 bags (2.3%) and Canada, with 482,500 bags (2.1%). Among the main destinations, Mexico and the Russian Federation registered the highest growth in Brazilian coffee consumption in the calendar year, with an increase of 31.3% and 22.2%, respectively.

Among the continents and economic blocs, notable growth came from exports to other South American countries which rose or 21.1%; 49.8% for Africa; 94.8% for Central America; 24.5% for the BRICS countries; 15.6% to Eastern Europe, in addition to the 41.3% increase in shipments to coffee-producing countries.

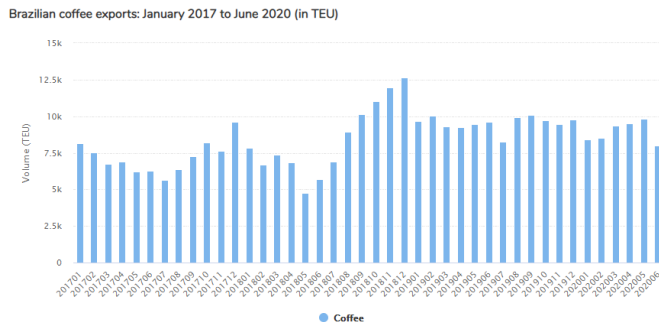
Exports of differentiated coffees also stand out. In the calendar year, Brazil exported 3.8 million bags of differentiated coffees (which are coffees that have superior quality or some kind of certificate of sustainable practices). The volume, which was the second-largest shipped for the period in the last five years, corresponds to 16.6% of the total coffee exported from January to July this year. The main differentiated coffee destinations were: the USA, which imported 660,700 bags (17.3% of the total volume of the type of coffee shipped in the calendar year); Germany, with 551,200 bags (14.4% share); Belgium, with 486,000 bags (12.7%); Japan, with 326,000 bags (8.5%); Italy, with 271,600 bags (7.1%); Spain, with 176,400 bags (4.6%); the United Kingdom, with 140,700 bags (3.7%); Sweden, with 127,600 bags (3.3%); Canada, with 112,500 bags (2.9%) and the Netherlands, with 100,700 bags (2.6%).

The foreign exchange revenue generated with the export of differentiated coffees from Brazil was US\$625.6 million, representing 21.1% of the total generated by Brazil in export revenue during the seven month period.

Ports - The Port of Santos continues to lead the majority of exports in the seven months of 2020 so far, with 79.9% of the total volume exported via the port (equivalent to 18.3 million

bags). In second place are the ports of Rio de Janeiro, with 12.6% of shipments (2.9 million bags).

The following chart shows Brazilian coffee exports month by month since 2017:



Ores

Vale's board of directors approved the implementation of the Serra Sul 120 Project, located in the municipality of Canaã dos Carajás (PA), Brazil. It consists of increasing the capacity of the mine and the S11D plant by 20 million tonnes per annum, leading to a total of 120 Mtpa on the site. The project has investments with a multiyear value of US\$1.5 billion and is expected to start-up in the first half of 2024. It includes: (a) the opening of new mining areas; (b) duplication of the long-distance belt conveyor (TCLD); (c) the implementation of new processing lines at the plant; (d) expansion of storage areas, among other measures.

The Serra Sul 120 Project will create an important production capacity buffer, ensuring greater operational flexibility in the face of eventual production or licensing restrictions in the Northern System. According to the company, the investment to duplicate the existing TCLD, in the amount of US\$385 million, in addition to bringing flexibility, also brings important elements of reducing operational risk, thus adding reliability to the system.

The Project will anticipate investments in a mine-plant that, together with the logistics solution under development, aims to increase the total capacity of the Northern System by 20 Mtpa, to 260 Mtpa. The expansion of the mine-plant capacity and the development of additional logistical capacity are important steps towards the growth of iron ore volumes, maximization of margins, and optimization of flight-to-quality.

With the anticipation of the Serra Sul 120 Project and the delay in the execution of projects in 2020 due to the COVID-19 pandemic, Vale informs that it will revise and update, in due course, its investment guidance in 2021, currently at US\$5 billion, and in the period between 2022 and 2024, with an average of US\$4.5 billion.

Meat

Since the episode where China claims to have found traces of the new coronavirus in chicken wings from Brazil, sources following the situation say the two countries are in negotiations to establish a protocol of rules to prevent contamination of Covid-19 in slaughterhouses that export to the market. This followed an incident in June when a new outbreak of the virus appeared in Beijing, resulting in the

suspension of imports from six Brazilian establishments – a seventh unit has been vetoed by the Brazilian Ministry of Agriculture. The Chinese suspension also reached several other countries.

Beijing wants to ensure “zero risk” on imports, but there is a difference between what the Ministry of Agriculture can legally do and the zero risk demanded by the Chinese. Among China’s requirements are the establishment of a rule where exporters will ‘self-suspend’ if problems involving Covid-19 arise at slaughterhouses, which in Brasilia some consider as a legally complex rule to establish. Beijing wants to know precisely what protocol Brazil will follow in the event of contamination by a slaughterhouse worker, the measures it will take to prevent infections, etc. According to some sources, if the two countries do not reach an agreement, there is a risk that the Asian country will suspend certain imports from Brazil.

Philippines ban chicken from Brazil

As a result of China’s accusation that it found traces of the new coronavirus in Brazilian chicken shipments, on Friday, August 14, the Philippines imposed a temporary ban on chicken imports from Brazil. “With recent reports from China and in compliance with the country’s Food Security Act to regulate food business operators and protect Filipino consumers, a temporary ban has been imposed on chicken imports,” said the Department of Agriculture in a statement. The agency did not say how long the ban would apply. Brazil is the world’s largest chicken exporter and accounts for about 20% of the Philippines’ chicken imports.

The government of the Chinese city of Shenzhen, in the south of the country, reported on August 12 that a sample of frozen chicken wings imported from Aurora Alimentos, located in Santa Catarina, tested positive for the coronavirus. Local disease control centers tested a surface sample taken from chicken wings as part of routine analyzes of imported meat and seafood since June when a new outbreak in Beijing was associated with a wholesale food market in the city of Xinfadi.

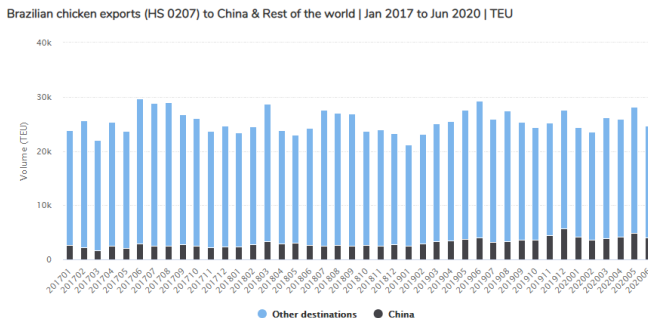
Shenzhen health officials said they screened and tested everyone who may have come into contact with potentially contaminated food and that all results were negative. “It can be difficult to say at what stage the frozen chicken was infected,” said a representative of a Brazilian exporter in China. In addition to tests on meat and seafood containers arriving at major ports in recent months, China has suspended some meat imports from a variety of sources, including Brazil, since mid-June.

On the subject, the Ministry of Agriculture, Livestock and Supply – MAPA, issued a statement in which it informs that shortly after news published in the Chinese press, MAPA consulted the General Administration of Customs of China – GACC seeking official information to clarify the circumstances of the alleged contamination. According to the note, to date, MAPA has not been officially notified by the Chinese authorities of the occurrence.

“MAPA emphasizes that, according to the United Nations Food and Agriculture Organization (FAO) and the World Health Organization (WHO), there is no scientific evidence of transmission of the COVID-19 virus from food or frozen food packaging. MAPA reiterates the safety of products produced in establishments under SIF, since they obey strict protocols to guarantee public health”, says the note. The Brazilian Animal Protein Association (ABPA) stated in a note that “it is not yet clear

when the packaging was contaminated, and whether it occurred during the export transportation process”.

The following graph shows Brazil's chicken export volumes:



Source: DataLiner (To request a demo of the DataLiner click here)

According to the company that operates the International Land-Maritime Corridor, about 84 tons of frozen Brazilian beef arrived in the Chongqing Municipality, in southwest China, through this corridor on August 11. It was the first time that the Chinese municipality imported frozen Brazilian beef via the corridor, which can greatly reduce the logistics time involved in the trade of meat products between the two countries.

According to the company's president, Wang Yupei, it took 48 days for the meat to reach the municipality, about 20 days less compared to traditional cargo routes. Meat products will be imported regularly into Chongqing in the future. Imported shipments will enter neighboring markets through the city's railroad, highway, and other logistics channels.

The New International Land-Sea Trade Corridor is a commercial and logistics gateway built jointly by Chinese provincial regions and the countries of the Association of Southeast Asian Nations (ASEAN), including Singapore. The corridor currently connects 234 ports in 92 countries and regions.

Chongqing is the operational center of the corridor. Goods from provinces and regions in western China are first transported to the Gulf of Beibu, in the Zhuang Autonomous Region of Guangxi, southern China, before being shipped to other parts of the world along sea routes.

In total, 1,966 freight trains have traveled the corridor's rail-sea transit route between September 2017 and June 30 this year.

Sugar & Ethanol

The President of the United States, Donald Trump, said that he is considering taxing Brazilian products, without specifying which ones, if Brazil does not reduce its taxes on ethanol imported from the USA. According to Trump, his decision would be based on the principle of reciprocity. "With regard to Brazil, if they impose tariffs, we must have tariff equalization. We are going to present something about tariffs and justice, because many countries have charged us tariffs and we don't charge them. It is called reciprocity. You can expect something about this very soon," he said.

The current agreement provides for exemption from import tariffs of up to 750 million liters of ethanol per year. Once this value is reached, the tariff changes to 20%. In Brazil, there is

pressure from the Northeastern mills for Brazil to end this quota of 750 million liters and charge the higher tax rate on any imports.

Other cargo

After a complaint by the Brazilian Aluminum Association (Abal), Brazil is investigating China to check whether aluminum laminates are being sold at a price lower than that charged in the Chinese domestic market, which would mean that the practice of dumping was occurring in order to harm the Brazilian industry. If it is proven that dumping was actually practiced, Chinese products may be surcharged to enter Brazil. The process can take from 10-18 months, but preventive measures can be taken before completion.

Competition in the aluminum market has become even more fierce in recent years, after the United States stopped the Chinese product and, in 2018, levied a surcharge on imports of the product from several countries, including Brazil, which has to pay 10% extra to enter the country. On August 6, the Americans rekindled the war in this market by announcing that they will again surcharge aluminum imports from Canada by 10%, a country that was not on the list before. China is the world's largest exporter, responsible for more than half of the world's aluminum production.

According to the Brazilian Association of Footwear Industries (Abicalçados), the sector's expectations that there would be an improvement in footwear exports in July were frustrated. In the first month of the second half of 2020, Brazilian footwear manufacturers shipped 6 million pairs, generating US\$48.78 million, which represents a decrease both in volume (-26.8%) and in revenue (-43.6%) compared to year-ago levels. With this result, the cumulative total for the first seven months of 2020 stands at exports of 49.13 million pairs, with US\$379.27 million in revenue – a decrease of 24.5% and 33.1% respectively year-on-year.

The executive president of Abicalçados, Haroldo Ferreira, points out that some of the main international markets for the Brazilian footwear sector, such as the United States and Argentina, are taking longer to get out of the crisis caused by the new coronavirus pandemic. He points out that the largest foreign market for the Brazilian product, the United States, saw its GDP plummet almost 33% in the second quarter of the year, a historic drop, and that the fact points to a drop in consumption in that country. "We expect to see a 30% year-on-year drop in exports for 2020, with a small improvement only in the last quarter of the year, depending on the results of the main international fair for the sector, Micam Milano, which takes place at the end of this month", said the executive.

The main international market for Brazilian footwear, the United States, received 4.97 million pairs, which generated US\$48.78 million in the first seven months of the year. This is a 31.1% by volume and 36.8% in revenue compared to the same period in 2019. In July alone, exports to the United States fell 28.2% by volume and 51.7% in value terms compared to July 2019, reaching 571,540 pairs and US\$9.32 million in revenue.

Argentina, the second export destination for Brazilian footwear, imported 3.72 million pairs, worth US\$37.8 million in the first seven months of 2020. This is a fall of 19.9% by volume and 29.8% in revenue compared to the corresponding period last year. In July, Argentines imported 536,000 pairs, spending US\$5.4

million – a decrease by volume (-54.9%) and in revenue (-47.8%) compared to the same month last year.

The third prominent export destination was France, a market that recovered in July, with an increase of 123% in volume (619,500 pair) and 5% in revenue (US\$7.3 million) compared to July last year. In the seven-month period, the French imported 3.59 million pairs, worth US\$32.4 million, down 4.2% and 2.3% respectively compared to the corresponding period last year.

Asian imports increased

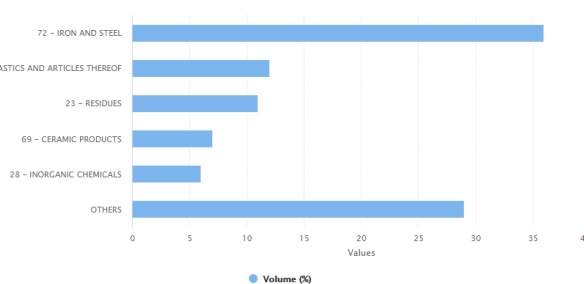
It is worth noting that even with total imports registering slight declines in July (1.7% in volume and 6.5% in revenue), those from Asian countries continue to increase. In July, 1.98 million pairs were imported, with US\$31.54 million generated, representing decreases of 1.7% and 6.5%, respectively year-on-year. Vietnam, Indonesia, and China, which together account for more than 80% of Asian footwear imports, registered a 6.6% increase in their exports to Brazil in the same period. In July, 1.74 million pairs were imported from these three countries. The highlight was China, which registered an increase of 69.4% compared to year-ago levels, totaling 414,000 pairs, which indicates that there may be an avalanche of Chinese products in the coming months in the Brazilian market.

Economy

Last Tuesday, August 11, the Chilean Senate approved a free trade agreement with Brazil that complements a pact made in the 1990s with the Mercosur trading bloc and incorporates issues related to telecommunications, electronic commerce, the environment, and SMEs. “Today, more than ever, it is essential to strengthen our trade alliances to drive economic recovery,” said Chilean Foreign Minister Andrés Allamand after the agreement was approved. He went on to say the treaty “will incorporate new cutting-edge terms, update existing ones and allow small and medium-sized Chilean companies to have equal access to the large Brazilian public procurement market.”

The agreement also provides for the elimination of ‘roaming’ between the two countries, Chile’s Ministry of Foreign Affairs said in a note. Brazil is Chile’s largest trading partner in Latin America. In 2019, Chilean exports to the country totaled US\$3.157 billion, equivalent to 30% of total shipments to Brazil. The following graphs show the main commercial exchanges between Brazil and Chile, based on DataLiner data:

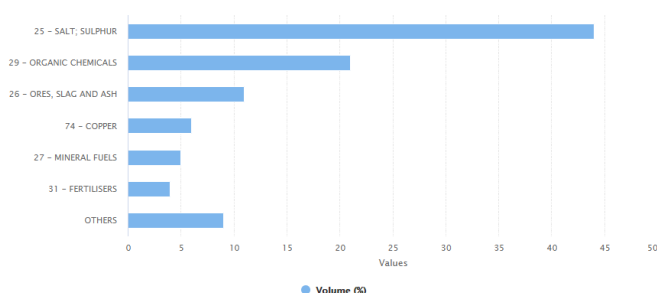
Main Goods Exported by Brazil to Chile / Jan to Jun 2020



Source: DataLiner

Chile, the world’s largest copper producer, has about thirty trade agreements with 65 markets worldwide. In 2019, it was the main supplier to Brazil of products such as copper cathodes, salmon and wine, while receiving meat, car chassis and iron or steel products from its neighbor.

Main Goods Imported by Brazil from Chile / Jan to Jun 2020



Source: DataLiner

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 Datamar Consultores Associados Ltda.
 Rua Fuchal 203, 9th floor
 Vila Olímpia, São Paulo – 04551-904 – SP