

Main news

In a year of great economic uncertainties caused by the coronavirus pandemic, some goods stand out in the ranking of containerized commodities most traded in the first half of 2020 compared to the same period in 2019. See below for the latest ranking of exported and imported products via container in the first semester of 2020 year-on-year:

Ranking for exported goods: January to June 2020

Food ranks first as the most exported category in 2020, with 9% growth compared to year-ago levels. Other categories that were growth drivers for exports were cotton, with 37% growth, and sugar, which grew 62% compared to the same period in 2019.

Rank	Commodity	2019 (TEU)	2020 (TEU)	% change
1	Foods	306.281	333.024	9%
2	Wood and coal and derivatives	195.853	194.896	-0%
3	Paper And Cellulose	123.636	135.464	10%
4	Metals and derivatives	63.850	68.711	8%
5	Plastic and derivatives	67.669	64.189	-5%
6	Beverages - Infusion	61.227	59.082	-4%
7	Chemicals	49.542	49.686	0%
8	Cotton	41.194	56.365	37%
9	Sugar and derivatives	31.112	50.442	62%
10	Reactors and boilers	38.918	31.838	-18%
11	Minerals and derivatives	27.741	23.556	-15%
12	Animal food	23.734	24.430	3%
13	Textiles, derivatives and clothing	24.726	21.716	-12%
14	Rubber and derivatives	26.917	18.746	-30%
15	Smoke	24.618	19.164	-22%
	Total	1.107.021	1.151.312	4%
	Others	175.998	166.747	-5%
	Grand Total	1.283.018	1.318.059	3%

Source: DataLiner

Ranking of imported goods: January to June 2020

Among the most imported goods, the most significant changes were a 49% rise in fertilizer trade, and a 23% drop vehicles and auto parts as well as in textile products.

Rank	Commodity	2019 (TEU)	2020 (TEU)	% change
1	Plastic and derivatives	133.702	134.891	1%
3	Chemicals	115.781	121.877	5%
4	Reactors and boilers	113.956	107.270	-6%
2	Vehicles and parts	138.227	106.934	-23%
5	Electric machines	84.687	88.591	5%
6	Metals and derivatives	76.751	71.761	-7%
7	Textiles, derivatives and clothing	82.660	63.324	-23%
8	Foods	46.318	44.242	-4%
9	Rubber and derivatives	45.416	36.617	-19%
10	Paper And Cellulose	31.739	33.393	5%
11	Fertilizer	22.009	32.793	49%
13	Salt, plaster, cement	15.013	17.132	14%
12	Glass and derivatives	20.358	16.790	-18%
15	Drinks	14.937	14.312	-4%
14	Furniture	18.200	13.697	-25%
	Total	959.753	903.626	-6%
	Others	182.210	164.055	-10%
	Grand total	1.141.963	1.067.680	-7%

Source: DataLiner

Ports, terminals and infrastructure

On August 20, Companhia das Docas do Estado do Bahia (CODEBA) published a bidding notice in the Official Gazette, with the objective of hiring a company to carry out maintenance dredging of the Port of Ilhéus. It is using an electronic auction method, with proposals to be submitted as of August 24th.

With the work, CODEBA intends to restore the port's draft to 10.5 meters, thus allowing larger ships to have access, and doubling the cargo capacity, as well as benefiting cruise ships. This will lead to a boost in the region's economy. The works should last 90 days. The last maintenance work on the port's draft was carried out in 2014.

The auction will be held on September 17 at 10 am on the website www.licitacoes-e.com.br, which will be preceded by the opening of tenders at 9:30 am. More information about the electronic auction can be obtained by e-mail at pregao@codeba.com.br.

According to data published by CODEBA on cargo handling at the Port of Salvador in the first half of 2020, there was a throughput of 2.1 million tonnes. This is a 4.52% increase year-on-year.

The Kayapó indigenous people, who have been protesting on the BR-163 highway since August 17th in Novo Progresso (PA), cleared the highway on Friday, August 21st. The highway is an important transport route for agricultural commodities from the Midwest to Arco Norte, and the stoppages had been limiting the arrival of cargo at Miritituba Port (PA). This disruption occurred, moreover, in the middle of the runoff period for the second 2019/20 corn crop.

According to the Kabu Institute, linked to the indigenous people, they met with authorities in Pará, seeking to have their demands heard. The institute reported that representatives from the departments of education, health, justice and human rights of the Pará government's civil house, in addition to the assistance of Governor Helder Barbalho, met with Kayapó Mekragnotire leaders on the morning of the 21st to try to find a solution to the claims.

During the stoppages, the Brazilian Association of Vegetable Oil Industries (Abiove) claimed the role of the federal government, through the Ministry of Civil Affairs, to identify a solution that would definitively clear the track. "If this did not happen, the future consequences would be a shortage in Miritituba and difficulties in receiving imported raw materials such as fuels and fertilizers," said the association.

The indigenous people demand the renewal of the Basic Environmental Plan (PBA), ask for more attention to health due to the Covid-19 pandemic, and take a stand against the construction of the Ferrogrão railway without being heard, since the project involves laying down rail track near their land.

The governor of Espírito Santo, Renato Casagrande, sent two bills to the Legislative Assembly that aim to increase the competitiveness of Espírito Santo. One of the projects deals with the reduction of the ICMS tax rate for navigation fuel from 17% to 12%; the other is the creation of the State Law of the Free Gas Market.

The president of Companhia Docas do Espírito Santo (CODESA), Julio Castiglioni, recalled the importance of reducing the ICMS tax rate for navigation fuel. "We have a great vocation for coastal navigation. To be competitive, we need to make fuel cheaper, so we are very happy with this proposal that comes at a time when we are discussing the privatization of the Company," he said.

For the governor, these are two important projects because they make Espírito Santo competitive in a national and international way: "We do not have a completely adequate infrastructure that will lead us to be competitive in logistics. Therefore, we need investments in ports. We have the concession of CODESA in debate, anxious for the Port of Imetame to start and the other ports as well, which are all important to us. The dredging of the Port of Vitória has increased the capacity of incoming ships, but we know that it has its limitations. By resolving the issue of navigation oil, we can seek more quality and we can focus on cabotage shipping," said Casagrande.

The Secretary of State for Finance, Rogelio Pegoretti, recalled that coastal shipping is a mode of transport with great growth potential in Brazil and Espírito Santo. "Today, fuel represents, on average, 35% of the cost of a coastal vessel's voyage. Reducing the rate is an opportunity to make our products cheaper in other states and make inputs cheaper in Espírito Santo," he commented.

On August 19, Governor Carlos Massa Ratinho Junior and the Governor of Mato Grosso do Sul, Reinaldo Azambuja, signed a technical cooperation agreement to work on the Western Export Corridor project, a new railway line that will connect the city of Maracaju (MS) to the Port of Paranaguá, expanding the network operated today by Ferroeste (Estrada de Ferro Paraná Oeste S / A).

At the meeting, held in Campo Grande, a contract was also signed with the company TPF Engenharia for the execution of the technical-operational, economic-financial, environmental and legal (EVTEA) feasibility studies, which should be completed in a maximum of one year. By September, the state government will also sign a contract for the Environmental Impact Study (EIA) and its respective Environmental Impact Report (RIMA), documents necessary for the execution of the project.

The forecast is that the new railway network will extend along 1,371 kilometers. The project includes the construction of a new railway between Maracaju (MS) and Cascavel (West of Paraná), the revitalization of the current railway section operated by Ferroeste, between Cascavel and Guarapuava; the construction of a new route between Guarapuava and Paranaguá and a multimodal branch between Cascavel and Foz do Iguaçu.

The deal - The agreement signed between Paraná and Mato Grosso do Sul provides for an institutional articulation between the states, related to the studies of cargo origin and destination; identification and characterization of environmental impacts; a survey of interference with urban growth vectors; demand projection; integration with the current and future Logistic Plan of Mato Grosso do Sul; legal aspects related to the enterprise; layout study; availability of topographic, geological, climatic and fluviometric information; and sensitive points of interface with traditional communities and cultural and archaeological heritage where the railway route could pass through.

On August 19, ANTAQ authorized the company MFX do Brasil Equipamentos de Petróleo LTDA to start operating the

private use terminal (TUP), called the MFX Terminal, located in Salvador (BA). The Operation Release Term (TLO) is published in the Federal Official Gazette (DOU), page 43, section 1.

The company will carry out the full operation of activities that include the handling and storage of general cargo, in compliance with ANTAQ rules and regulations, specifically, the Adhesion Contract 4/2020-MINFRA, of May 6, 2020.

A lightning strike in a container caused a fire in Porto do Chibatão, located in Manaus. The fire started around 4 pm on Tuesday, August 18 whilst it was raining. According to the Amazonas Military Fire Brigade (CBM-AM), 35 containers were close to the container where the fire in Porto do Chibatão started. Among them, 14 stored gas and sulfuric acid, which could have caused an explosion. The area affected by the fire resulting from the electrical discharge is the responsibility of the Carrier ATR. The smoke was seen in different parts of Manaus and a toxic smell was felt in the vicinity of the port.

More than 300,000 liters of water were used to contain the flames. Foam Generating Liquid (LGE) was also used to help control the fire. Five Auto-Pump Tank vehicles and four support vehicles worked to combat fire. Some of the containers were even removed from the site by forklifts to prevent the fire from spreading. There were no reports of injuries, only material damage. The fire was contained after 14 hours.

Porto do Chibatão has an area of about 1 million square meters. It is located in the heart of the Manaus Industrial Pole and has a static load capacity of 40,000 TEUs.

Data divulged by the Planning and Development Coordination (Coplad) of Companhia Docas do Espírito Santo (CODESA) indicates that July is, so far, the best month of the year for the Port of Vitória. Compared to the same period last year, the increase was 10.1%, with 671,226 tonnes handled, against 609,466 tonnes in July 2019.

There was an increase in handling in all types of cargo: loose, solid bulk and liquid bulk, with the latter showing the best performance, a growth of 67.9% in July, compared to the same period in 2019. In the item loose cargo, there was a 27% to 18,910 tonnes, and solid bulk with 9% growth in the comparison to July 2019.

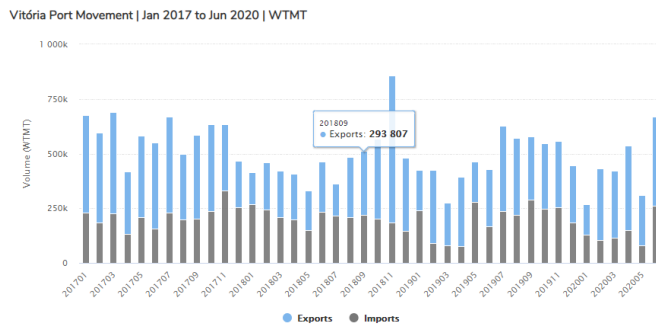
According to the coordinator of Coplad, Leonardo Bianchi, the increase in movement was noticed in June, and in the second consecutive month, the forecast was confirmed. According to him, the expectation remains optimistic for August: "There are already many operations scheduled, indicating that this upward trend in Vitória Port's cargo handling will continue", he explained.

Liquid bulk boosts port handling - With a 67.9% increase in the July port operation, compared to the same period last year, liquid bulk led the growth of the Port of Vitória's handling in this second half of the year, with 85,610 tonnes handled. One of the main highlights was caustic soda, with a growth of 137.4%, and fuels (diesel and gasoline), which grew 14%.

In July, 34,621 tonnes more were handled than July 2019. In the first seven months, the volume totaled 469,200 tonnes. "Liquid bulk drove the good performance of the port operation. It was 67.9% higher than the same period last year, but it also grew in

the January-July comparison: this year it is already 24.2% higher than the first seven months of last year”, explains Bianchi.

The following chart shows cargo handling through the Port of Vitória since 2017:



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

A notice for the lease of a port area that handles and stores general cargo, especially logs, located in the Port of Pelotas (RS), should be published by Antaq in January 2021. On August 17th, the Agency held a virtual public hearing to obtain contributions aimed at improving the technical and legal documents related to the bidding for the area, called PEL01.

The auction is expected to take place in April 2021, according to the chairman of ANTAQ's Permanent Lease Port Bidding Commission (CPLA), Bruno Pinheiro, who conducted the virtual hearing. For more information about Public Hearing No. 12/2020, access: <http://portal.antaq.gov.br/index.php/acesso-a-informacao/audiencia-publica-2/>. Contributions can be sent until August 26 through the agency's website.

The area PEL01 has 23,510 m2, and is brownfield (area previously occupied by permanent structures). The lessee will sign a contract for 15 years. Global gross revenue is expected to be R\$163 million, with total investment required by the winner of the auction to be around R\$16 million. Cargo handling over the contractual period is estimated at 9.8 million tonnes.

According to Antaq, the brownfield area includes 3,300 m2 of pier; warehouse, and two highway weighing scales.

Data released by Antaq Waterway Statistics shows that the Brazilian port sector (public ports and private ports) handled 538 million tonnes in the first half of 2020. The value represented a 4.4% increase compared to the first half of last year, when 515.2 million tonnes were handled.

Regarding the types of cargo, the movement of solid bulk increased 2.2% in the first half of this year in comparison with the same period last year, to 323.5 million tonnes, and the movement of liquid bulk grew 15.5%, to 134.2 million tonnes. Containers and loose general cargo, on the other hand, decreased by 1% to 54.8 million tonnes, and by 6.2% to 25.4 million tonnes respectively, compared to the same period in 2019.

Among the goods that registered growth in movement compared to the first half of 2019, the main ones were oil and oil products (+ 19.8%), with a movement of 123 million tonnes; and soybeans (+ 31.4%), at 81 million tonnes handled. Among the ones that registered a drop in comparison with the previous year, the main ones were iron ore (-9.7) and containers (-1%).

According to the ANTAQ survey, the Port of Santos was the busiest among public ports. In the period, the port of Santos handled 55.7 million tonnes of cargo, representing a 10% growth compared to the first half of 2019. The port of Santos also stood out for its soybean movement, with 16.1 million tonnes handled (4.5 million tonnes more compared to the first half of 2019), representing an increase of 39%.

The second-placed public port in terms of volume handled was Paranaguá Port. It saw a throughput of 25.7 million tonnes, registering a growth of 13% – 2.9 million tonnes more than in the same period of the previous year.

Among the private ports, the main highlights were the Angra dos Reis Waterway Terminal and DP World Santos. The Transpetro terminal handled 31.5 million tonnes of oil, 8.7 million tonnes more than in the first half of 2019. DP World de Santos recorded the largest movement of containers among private ports, handling 387,200 TEU, representing 41% growth (an increase of 113,000 TEU) compared to the same period last year.

Navigations - Regarding the types of navigation, 375.5 million tonnes were handled in long-distance navigation in the first half of 2020, representing 2.5% growth compared to the same period in 2019.

Cabotage shipping handled 125.4 million tonnes. In this modality, the growth in handling was 10%, with the operation of an additional 11.4 million tonnes compared to last year. In container transport, cabotage grew by 2.6% in the period, totaling 750,000 TEU.

For inland waterways, 35.4 million tonnes were handled in the semester, accounting for 7.8% year-on-year growth. In the comparison between the first semesters of 2010 and 2020, growth in movement was 122%.

Shipping

The Itaipu plant has completed its second special operation to help with the flow of Paraguay's grain harvest. In 13 days, the plant increased its energy production by 12%, when compared to the period prior to the beginning of the measure. The measure allowed the transport of 104 Paraguayan barges to the international market.

Given the 47cm reduction in the reservoir's water level, the measure allowed the water level to be increased by 1.1 meters downstream (below the dam). The volume made the Paraná river navigable, in a critical period of drought – one of the worst in all history. "At the end of the special operation, the level of the reservoir reached a level of 217.48 meters, 30 centimeters higher than expected, as the average inflow was approximately 6% higher than initially forecasted", explains the operation superintendent, José Benedito Mota.

The special operation was carried out at the request of the Chancelleries of Brazil and Paraguay, with the participation of the Ministry of Mines and Energy, Eletrobras, the National Water Agency (ANA), and the National Electric System Operator (ONS). This is the second operation in just over two months, without opening the spillway, made by Itaipu to enable the flow of the Paraguayan harvest through the Paraná River.

The total production of Itaipu in 2020 exceeds 47.5 million megawatt-hours (MWh). The cumulative amount generated since May 1984, when the plant started to produce, is at 2.7 billion MWh.

In the second quarter of 2020, A.P.Moller – Maersk improved profitability across all businesses. According to the company, this happened due to its agility to precipitate change according to customer needs, and its initiatives to reduce costs. The gains and improvements were achieved despite the sharp drop in global volumes resulting from the COVID-19 crisis.

“As expected, the second quarter was materially impacted by COVID-19 and our focus remained on protecting our employees from the virus, serving our customers by keeping our global network of ships sailing and our ports, warehouses and land transport networks operating, in addition to helping society in the fight against the virus”, says Søren Skou, CEO of AP Moller – Maersk. He continued “I am pleased that, despite the headwinds, we continue our history of improving earnings and cash flow. Our operating result and balance sheet, we are well-positioned to financially and strategically come out of the crisis stronger.”

Earnings before interest, taxes, depreciation, and amortization (EBITDA) improved to US\$1.7 billion, which is above initial expectations in the June trade update of EBITDA slightly above US\$1.5 billion. The EBITDA margin increased from 14.1% in the second quarter of last year to 18.9%. Despite this, revenue decreased 6.5% to US\$9 billion, driven by a volume reduction of 16% in the ocean segment and 14% in the terminals segment. profits increased 25%, marking the eighth consecutive quarter with year-on-year improvements, driven by strong performance in all of our businesses, lower fuel prices and higher freight rates in the ocean segment, and higher profitability in logistics and services. With a strong

On August 17, the Minister of Infrastructure, Tarcísio Gomes de Freitas, and the Minister of Transport and Public Works of Uruguay, Luís Alberto Héber, participated in a virtual meeting to address works that will promote integration between the two countries. It was agreed that a new notice will be launched for the construction of a new bridge over the Jaguarão river and the beginning of the impact studies for the dredging and signaling of the Uruguay-Brazil waterway, in Lagoa Mirim.

The bridge over the Jaguarão River, on BR-116 / RS, is about 150 meters long and has strategic importance for both countries. According to the bilateral agreement, enacted in 2013, construction of 12km of access and the customs are Brazil's responsibility. The objective is for the project to be auctioned this year to be executed in 2021. The total cost of the work is R\$150 million. This work will also enable the restoration of the Barão de Mauá Historical Bridge, with the flow being deviated during the interventions. This bridge already has an approved draft for implementing the improvements.

The dredging and signaling of the Uruguay-Brazil waterway and its subsequent use will enable the flow of rice from the north of Uruguay through the Port of Rio Grande, thus having a positive effect on Brazil's southern region. The National Department of Transport Infrastructure (DNIT) has already requested Ibama to renew the previous license for the works and is awaiting a

response. Once the procedures are completed, the bidding process is expected to take place in 2021.

“Today, an excellent step has been taken in relations between Uruguay and Brazil with the integration of infrastructure agendas in both countries. From now on, we will call on the other partner countries, such as Argentina and Paraguay, to establish the goals so that this agenda can be carried out and strengthen the economy at our borders”, declared Tarcísio.

Meat

The government of Hong Kong, China's autonomous province, decided to suspend chicken imports from the Brazilian slaughterhouse responsible for shipping a cargo of chicken wings that tested positive for Covid-19 in China. The slaughterhouse in question belongs to Aurora and is located in Xaxim (SC).

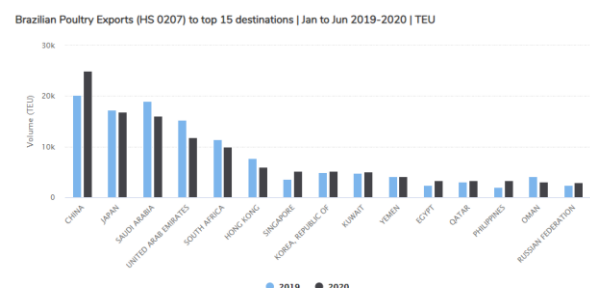
According to a statement issued by the Food Security Center (CFS) in Hong Kong, the agency intensified Covid-19 testing in chicken meat imported from Brazil. In addition, Hong Kong also carried out a preliminary investigation and reported that no trace of Covid-19 was found in Brazilian chicken sold in the province.

Also as a result of China's accusations of finding traces of coronavirus in Brazilian chicken, on August 14, the Philippines announced the suspension of chicken imports from Brazil. In a note released on the 17th, the Ministry of Agriculture, Livestock and Supply (Mapa) requested clarification from the Philippine authorities.

According to the note, “Brazil understands that the decision taken by the Philippine government was disproportionate in interrupting trade in an entire sector based on news published by the Chinese press of a suspicion, still under investigation by the GACC (China's health agency), detection of coronavirus nucleic acid in the packaging of a product related to a commercial establishment. In addition, the Philippine authorities have not officially notified Brazil of the decision or made any prior contact requesting information about the episode in China, in breach of articles provided for in an agreement with the World Trade Organization (WTO), to which the two countries are signatories.

According to the ministry, there was no official communication from the Chinese authorities. “The Brazilian government informs that if the issue with the Philippines continues, it may raise a Specific Trade Concern (Specific Trade Concern) at the next meeting of the WTO Committee on Sanitary and Phytosanitary Agreement (SPS).”

The following chart shows the main destinations for Brazilian chicken exports:



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

Slaughterhouses in three countries voluntarily suspend sales to China

According to the General Customs Administration of China (GACC), three slaughterhouses in three different countries voluntarily suspended meat exports to China on Monday, August 17: a storage unit in New Zealand, and two pork factories in the UK and Canada.

The voluntary suspension of exports is seen by experts in the sector as a way for slaughterhouses to ensure greater control over whether or not to resume exports to China. In cases where the veto comes from the Chinese authorities, reinstatement is subject to approval by the Asian country. In Brazil, the slaughterhouse Agra, which voluntarily suspended its exports, was the only one of seven that had its license suspended, only for it to be reinstated for shipments to China.

In addition to suspending exports from the three slaughterhouses, the GACC also announced the reinstatement of three pork companies in Germany, whose exports were voluntarily suspended on June 18. So far, China has suspended imports from 32 slaughterhouses in 14 countries, according to GACC data.

Other cargo

Between January and July 2020, the trade balance within the electrical and electronic sector accumulated a deficit of US\$13.67 billion, resulting from imports of US\$16.2 billion and exports of US\$2.53 billion. This is 10% less than the deficit registered in the same period last year. During this time, foreign sales were 23.3% lower year-on-year (US\$3.3 billion), whilst imports were 12.5% lower (US\$18.5 billion), according to data from the Brazilian Association of Electrical and Electronic Industries (Abinee).

July 2020 - In July, exports from the sector totaled US\$413.5 million, pointing to the highest monthly exported amount this year, and 26.6% above the previous month's exports (US\$326.6 million). Despite this, there was still a 23.3% drop in comparison with July 2019 (US\$539.3 million), resulting from a retraction in the world economy due to the Covid-19 pandemic.

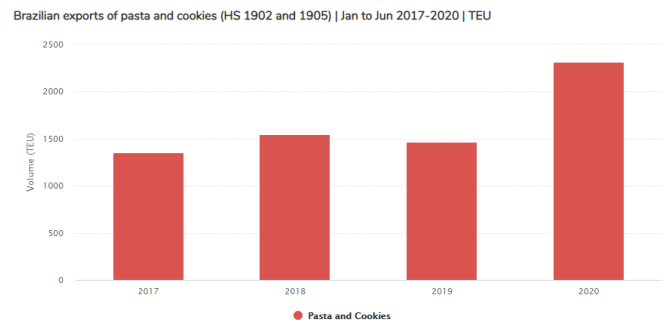
Data released by the Brazilian Association of Biscuits, Pasta, and Industrialized Breads & Cakes (ABIMAPI) indicates that in the first half of 2020, exports of this product category reached US\$85.9 million. In total, there was a 20% increase in value terms year-on-year, representing a significant increase in volume (73%), totaling 71,000 tonnes of products sold abroad.

The pasta category was the one that stood out the most, since the product has a low cost and due to its long shelf life during this time of social distancing, thus growing 243% in value (US\$12 million) and 395% in volume (14,000 tonnes), compared to the same period in 2019. Among the most exported types of pasta is grano duro, generating a volume of 11,000 tonnes. El Salvador, Uruguay, Chile, and Venezuela stood out as main destinations for these exports.

Industrialized breads and cakes achieved an expressive increase of 85% in sales, totaling US\$29 million and 31,000 tonnes in volume, 204% more year-on-year. Among the products that raised this value are mixtures for bread, cakes, and biscuits, in addition to cheese bread (US\$22 million and 28,000 tonnes). As

for the prominent countries exported to, they are Venezuela, Uruguay, Portugal, Argentina, Bolivia, Chile, China, the United States, Japan, Mexico, and Paraguay, which represented more than half of the segment's exports in the first half of 2020. Biscuit exports totaled US\$43 million in sales and 26,000 tonnes by volume. Angola, Argentina, United States, Paraguay, Uruguay, Venezuela, Chile, Cuba, Portugal, and Mexico were the main receivers of the goods.

The graph below shows Brazilian exports of pasta and cookies since 2017:



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

According to the Secretariat for Agricultural Defense of the Ministry of Agriculture, Livestock and Supply (MAPA), as of January 1, 2021, fresh apples imported from Chile will have to comply with phytosanitary requirements and include treatment against the *Cydia Pomonella* pest. Normative Instruction 82, which deals with the subject, was published on August 19, in the Federal Official Gazette.

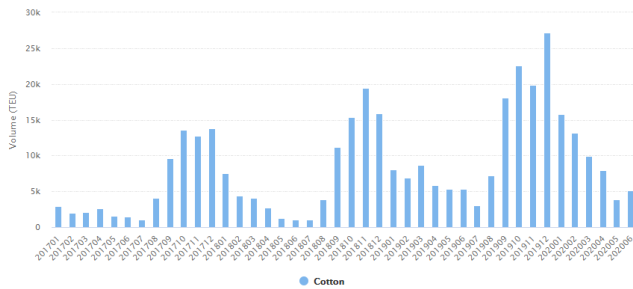
The standard updates the phytosanitary criteria and provides for the possibility of treating fruit cargo with methyl bromide at the source (before shipment). With the new instruction, Chile may also adopt a Risk Mitigation System (SMR) as a phytosanitary measure, which involves integrated actions applied in production, processing and certification, to minimize the risk of sending contaminated products to Brazil. This SMR will be audited and recognized by the Brazilian authorities. *Cydia pomonella* is a pest that has been eradicated in Brazil and under official control in the country. Chile and Argentina are the largest apple exporters to Brazil, with Chile exporting, on average, 20,000 tonnes of the fruit per year.

Data released by Abrapa, the Brazilian Cotton Producers Association, indicates that Brazil exported 64% more cotton in July than in the same month last year, with 77,213 tonnes shipped, which generated a revenue of US\$106.92 million. In the month, Pakistan was the country that most bought Brazilian cotton, staying above 16,000 tonnes.

At the close of the 2019/2020 export season, referring to the period from August 2019 to July 2020, Brazil exported 1.945 million tonnes, totaling a revenue of US\$3.069 billion from exports. The volume shipped during this period is 49% higher than the volume shipped during the entire 2018/2019 season.

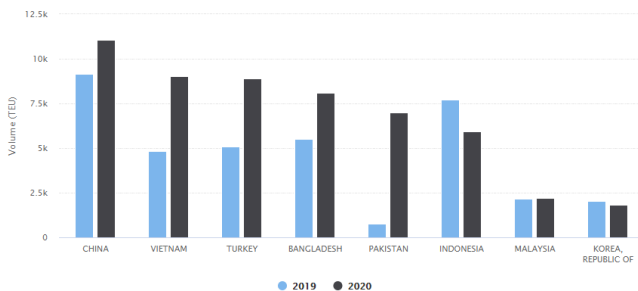
The following graphs show the history of Brazilian exports since 2017 and their main destinations:

Brazilian Cotton Exports (HS 5201) | Jan 2017 to Jun 2020 | TEU



Source: DataLiner

Top 8 destinations for Brazilian Cotton Exports in 2020 compared to the same period in 2019 | TEU



Source: DataLiner

The import of cotton by Brazil during 2019/2020 accounted for the lowest level of the last seasons, reaching just over 1,000 tonnes. The Brazilian cotton trade surplus was consolidated at US\$3 billion in the 2019/2020 season, between August 2019 and July 2020, which was already forecast in recent months.

Economy

Germany is threatening not to ratify the free trade agreement between the European Union and Mercosur in its current form, because of deforestation in the Amazon. According to a report published by Valor Econômico newspaper, the hope in Brasília was that the Merkel government, currently in the rotating presidency of the EU, would boost the approval of the agreement.

After a meeting at which Chancellor Angela Merkel received Swedish activist Greta Thunberg on August 20, representatives of the environmental movement Fridays for Future said that the German leader promised not to ratify the agreement with Mercosur in its current form. German activist Luisa Neubauer, leader of the movement in Germany, wrote on her Twitter account that the chancellor declared that she “definitely” will not sign the text.

Merkel’s spokesman, Steffen Seibert, said that Merkel expressed “serious doubts” about the implementation of the agreement because of deforestation in the Amazon. According to him, “there are considerable doubts that the agreement can be implemented as intended, in view of the current events and the terrible forest losses recorded”.

It is worth mentioning that last year when the Amazon burned and made headlines in the world press, Germany’s minister for the environment, Svenja Schulze, raised the possibility of including the requirement for a certification system for beef and soybeans in the European Union-Mercosur free trade agreement. Thus, for the German minister, “soybeans and beef should only be

allowed to be imported if it is proven that the production did not cause damage to the rainforest”. She pointed out a model that could be repeated in the EU-Mercosur agreement. “We have already gained experience with such certifications for palm oil,” he said at the time.

Data compiled by the Arab-Brazil Chamber of Commerce indicates that in July, exports from Brazil to Arab countries reached their highest value since the beginning of the year. Sales revenue stood at US\$1.1 billion, 30.8% more than in June 2019. The good performance is related to the process of normalizing maritime transport logistics for the region, the replenishment of inventories after Ramadan, and the gradual resumption of activities in the Arab countries.

“More than anything else, maritime routes are beginning to be reestablished, container transport is becoming normal,” said the secretary-general and CEO of the Arab Brazilian Chamber, Tamer Mansour to ANBA. Brazilian exports of goods via containers to the Arabs were affected during the pandemic, as much of this equipment was retained in China in the period, leaving Brazil with low availability of containers for export. Mansour also believes that the Arab markets are restocking their inventories after Ramadan, which took place this year between the end of April and the end of May.

The secretary-general at the Arab Brazilian Chamber reports that normally July would be the period of low demand in the Arab market, as it is vacation time and very hot. “People would not be in the Arab countries, they would be on vacation, but as it is an atypical year, people did not go on vacation, hence domestic demand has been higher,” explains Mansour, regarding the level of consumption.

In addition, the growth in exports of products such as iron ore is indicative of more heated markets in the region. “It shows that life, in terms of construction and industry, is returning to normal,” he says. Ore sales to Arab countries grew 117% in July compared to the previous month, reaching US\$177.5 million. In addition to ore, other products contributed to the increase in exports in this comparison, such as sugar, with growth of 30.6% reaching US\$336.6 million, chicken meat, with an increase of 13% to US\$149.8 million, and beef up 2.3% to US\$102.6 million. Despite the export growth in July over June, compared to the same month of 2019, there was a 6% drop in Brazilian exports to the Arab market. In all months of this year, Brazil recorded a decrease in sales to the Arab countries in year-on-year comparisons.

The Foreign Trade Secretariat of the Ministry of Economy (Secex / ME) eliminated the requirement for automatic import licenses for 88 products and non-automatic licenses for 122 other different goods. In total, these items represented US\$2.9 billion and US\$2.7 billion in imports respectively last year alone.

The novelty, according to data from Secex, allows the dispensation of 159,000 automatic licenses and 111,000 non-automatic licenses that were approved in 2019, generating savings for Brazilian importers of more than R\$23 million in the payment of fees that were charged for the obtaining these documents.

Among the products that can be imported without the need for licenses are wall coverings, acrylic wires and steel tubes, which previously depended on Secex’s approval – directly or by

delegating competence to Banco do Brasil – as a requirement prior to completion of imports into the country.

The initiative complies with the governmental guideline on reducing bureaucracy, improving the business environment and improving the efficiency of state action on foreign trade operations, in accordance with the Economic Freedom Law (Law No. 13,874, of September 20, 2019) and the Trade Facilitation Agreement, signed within the scope of the World Trade Organization (WTO), to which Brazil is a signatory.

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