Main news

DatamarNews publishes a monthly ranking of the main goods imported and exported by Brazilian containers according to DataLiner data. The ranking below covers the period from January to July 2020.

Ranking of the Most Exported Goods in the Period from January to July 2020 | TEU

Food exports remain in first place, with a 10% growth in the first seven months of 2020 as compared to the same period in 2019. Other goods showed very sharp growths, such as sugar and derivatives (71%) and cotton (42%). Exports of ceramics (-19%) and reactors and boilers (-19%) showed the sharpest decreases in the period.

Rank	Commodity	2019 (TEU)	2020 (TEU)	% change
1	Foods	357.209	394.294	10%
2	Wood and coal and derivatives	227.749	234.246	3%
3	Paper And Cellulose	147.220	155.811	6%
4	Metals and derivatives	75.507	82.077	9%
5	Plastic and derivatives	80.399	75.070	-7%
6	Beverages - Infusion	70.247	69.088	-2%
8	Cotton	44.463	62.934	42%
9	Sugar and derivatives	36.559	62.550	71%
7	Chemicals	57.808	58.657	1%
10	Reactors and boilers	45.885	37.206	-19%
12	Animal food	27.123	29.204	8%
11	Minerals and derivatives	32.384	28.669	-11%
14	Textiles, derivatives and clothing	28.237	25.393	-10%
13	Smoke	29.234	24.867	-15%
15	Ceramics	27.170	21.912	-19%
	Total	1.287.195	1.361.979	6%
	Others	211.223	197.839	-6%
	Grand total	1.498.418	1.559.818	4%

Ranking of the Most Imported Goods in the Period from January to July 2020 | TEU

The most imported products were plastics and their derivatives, which nevertheless registered a 4% drop in the first seven months of 2020 as compared to the same period in 2019. Fertilizer imports grew the most, increasing by 35%. The steepest decline was in imports of vehicles and auto parts (-29%).

Rank	Commodity	2019 (TEU)	2020 (TEU)	% change
1	Plastic and derivatives	157.217	151.057	-4%
2	Chemicals	139.726	142.419	2%
3	Reactors and boilers	136.213	123.357	-9%
4	Vehicles and parts	163.518	116.283	-29%
5	Electric machines	100.908	100.860	-0%
6	Metals and derivatives	90.894	81.212	-11%
7	Textiles, derivatives and clothing	95.011	68.875	-28%
8	Foods	53.852	51.908	-4%
9	Rubber and derivatives	54.025	41.166	-24%
10	Fertilizer	28.620	38.557	35%
11	Paper And Cellulose	38.555	37.269	-3%
12	Salt, plaster, cement	18.241	19.950	9%
13	Glass and derivatives	23.722	18.735	-21%
14	Drinks	17.804	16.007	-10%
15	Furniture	21.175	15.939	-25%
	Total	1.139.482	1.023.592	-10%
	Others	216.938	193.459	-11%
	Grand total	1.356.420	1.217.051	-10%

Source: DataLiner

Ports, terminals and infrastructure

On the 9th of September, works were concluded on the Rio Grande railway bridge, located on the border of São Paulo and Minas Gerais. The new road is part of Rumo's Malha Central, (the new name of the North-South Railway) and will open paths for the markets of Goiás, Tocantins, and Minas Gerais to connect to the Port of Santos. The project is part of the stretch that connects the state São Paulo to the future terminals of Iturama (MG) and São Simão (GO).

The bridge is one of the longest on the stretch under management by Rumo and will complete a government project that began 30 years ago with the objective of integrating rail transport. It is 495 meters long and is a mixed structure of concrete and steel. It weighs about a thousand tons and consists of ten spans, of which seven are made of concrete beams, and the other three are made of metal. The work had started before Rumo took over the concession, but had not been completed until now.

The commercial operation of Malha Central, consisting of a 1,537-km stretch between Porto Nacional (TO) and Estrela D'Oeste (SP), is expected to start in the first half of 2021.

In the period from January to August 2020, the ports of Paraná handled 38.67 million tons of cargo. The volume is 8.4% higher than that registered in the same period in 2019 when 35.65 million tons were transported.

"The volume handled last year was the best in history. So far, we have handled almost 73% of this movement and expectations are very good. If we manage to maintain the same average from September to December, then we should close 2020 with a new record", stated Luiz Fernando Garcia, CEO of the company Portos do Paraná. According to him, despite a very atypical year due to the restrictions imposed by the Covid-19 pandemic, foreign trade showed a steady increase in exports. In August alone, 5.37 million tons arrived or left Brazil through the ports of Paraná – 2.27% more than that registered in the same month in 2019.

The rise in the port activity in Paraná throughout the year was consistent, with an average growth of 8% per month. The best month of the year was May, with 5.71 million tons.

Solid Bulk - Almost 67% of the cargo handled in 2020 at the ports of Paranaguá and Antonina was solid bulk. The sum of the segment's import and export products exceeds 25.78 million tons. The volume is 9% higher than in the same eight months of 2019.

General cargo represented about 8.05 million tons, equivalent to 21% of the movement for the year, a 9% increase In comparison with the same period last year.

Liquid bulk accounted for 12% of export and import cargo in the ports of Paraná, with 4.83 million tons handled in the segment, up 5% compared to 2019.

Container movement in the last eight months increased by 5%, to 604,787 TEU, compared with 575,860 TEU year-on-year. During this period, 51.3% were imports (310,282 TEU) and 294,505 TEU were exports.

For movement in general, considering all types of cargo, exports accounted for almost 66% of all activity in the ports of Paraná. From January to August, 25.46 million tons of Brazilian products went to other countries. The exported volume is 13% higher than in the same period last year (22.55 million tons).

Imports, which totaled 13.2 million tons this year, increased by 1% in relation to the volume registered in 2019 (13.1 million).

On September 9th, Companhia Docas do Maranhão (CODOMAR) definitively shut down after ten years of no port activities. The announcement was made at an extraordinary general meeting that paid off the company, ending two years of a liquidation process. The closing of the company will save the Brazilian government approximately R$ 8.4 million per year.

“The liquidation of CODOMAR was the last step to boost the port sector in Maranhão. The company had been idle for ten years, without the capacity to invest in improvements in the port sector, leaving the segment adrift”, declared Marcelo Sampaio, Executive Secretary of the Ministry of Infrastructure (MINFRA), who coordinated the company’s liquidation process. “From now on, we can structure a plan to attract the private investments that will be necessary to revitalize this industry in the state,” he said.

CODOMAR was inaugurated 46 years ago to explore the industrial and commercial potential of the ports and waterways of the state of Maranhão. In January 2018, the company was included in the National Privatization Program (PND), for dissolution purposes. The measure was to be carried out by the Ministry of Infrastructure, under the coordination of the Ministry of Economy, through the Secretariat for Coordination and Governance of State-Owned Companies.

Codomar’s assets and the ports managed by the company have been under the management of a state executive order since the year 2000, when an agreement was signed for the administration and management of Porto Organizado do Itaqui, in São Luís, MA; the São José de Ribamar Wharf, in São José de Ribamar, MA; the ferry boat terminals of Ponta da Espera, in São Luís, MA; and the Cujupe ferry boat in Alcântara, MA.

Dutch consulting firm Royal Haskonings began studies to assess the possibility of privatizing the maintenance and operation of the Tapajós and Madeira waterways. The measure is part of a memorandum of understanding signed between the Ministry of Infrastructure (MInfra) and the World Bank for collaboration in carrying out technical assessments, aiming to improve the efficiency of export logistics and regional development at Arco Norte, mainly in the states of Tocantins, Amazonas, and Pará.

The assessment will define aspects such as international lessons learned, analysis of existing data, regulatory framework, stakeholder capacity, and financial modeling. The work is expected to be completed by February 2021. If the studies prove to be economically favorable for users, investors, and the government, one of the possibilities for the waterways is arranging a partnership with the private sector.

According to data from the National Waterway Transportation Agency (ANTAQ), in 2019, 40.3 million tons were transported on all Brazilian waterways. 10.9 million tons (27%) were transported on the Tapajós River alone, and 9 million tons (22.4%) were transported on the Madeira River, or almost 50% of the total volume handled. Hence the importance of a public-private partnership (PPP) process in the region.

On September 10, an oil and tire warehouse caught fire in the port of Beirut, Lebanon. The country’s army said it was not yet sure why the oil and tires caught fire. A column of smoke rose in the city, which is still suffering the consequences of the mega-explosion on August 4 which killed 190 people and injured another 6,000.

Lebanese Red Cross Chief George Kettaneh said he did not fear a further explosion because of Thursday’s fire, but said there were people who would suffer from shortness of breath due to the fire. Lebanese TV showed firefighters trying to control the flames in a region still devastated by the mega-explosion, which was caused by a stockpile of ammonium nitrate that was stored in precarious conditions at the port.

This is the second fire at the site this week. On Tuesday, a small fire created panic, but it was quickly brought under control. The government has ordered an investigation into the fire.

On September 9, the Ministry of Infrastructure launched the studies contracted by the Brazilian Bank for Economic and Social Development (BNDES) to structure the privatization of exploitation and provision of public services at the ports of Santos (SP) and São Sebastião (SP).

The consortium selected by BNDES to carry out the studies is formed by DTA Engenharia, Alvares & Marsal, Garín Investimentos, Lobo & De Rizzo Advogados, and Navarro Prado Advogados.

The studies, approved at the 10th Meeting of the Board of the Investment Partnerships Program (PPI), through Decree No. 10,138 of November 28, 2019, are set to begin immediately. Once completed, the next steps will be scheduled, such as the holding of a public hearing, analysis of the studies by the Federal Audit Court (TCU), and the public auction, scheduled for the beginning of 2022.

Last week, Companhia Docas da Bahia (Codeba) and Itaqui Port, managed by Empresa Maranhense de Administração Portuária (Emap) formalized a cooperative partnership agreement with the objective of establishing an alliance to strengthen cargo handling in Brazil’s “Northern Arc”. The document was signed by Ted Lago, president of Itaqui, and by Carlos Autran Amaral, CEO of Codeba.

“We are ports in two states at the edge of the northeastern region, and, within the spirit improving the Brazilian public port system, this partnership is very positive for Maranhão, Bahia, and for all of Brazil,” stated Lago.

He also highlighted the similarities between the two ports. “We are both in the Northern Arc and we have some cargo and customers in common. This exchange strengthens the sector and benefits all of us, especially now, with the launch of BR do Mar, a cabotage system being launched by the Ministry of Infrastructure”, added Amaral.

According to the document, valid for two years, the parties agree to develop joint commercial initiatives, activities, and market studies, and to exchange information regarding port management, technology, operational controls, performance, and planning, etc.

Itaguaí Port registered a 60.82% year-on-year increase in iron ore handling in July as a result of Vales’s Companhia

Portuária Baía de Sepetiba (CPBS) resuming operations – a knock-on effect of ore mines starting to operate again. The terminal, managed by Companhia Docas do Rio de Janeiro, registered a volume handled of 6,892 million tons at CPBS during the month. This data was released by Alex Neves, superintendent of the Port Management of Itaguaí and Angra dos Reis.

According to Neves, the increase was driven by the rise in the dollar and the price of ore, generating an increase in CPBS revenue in August 2020 of 104.22% year-on-year.

Shipping

The Embassy of the People's Republic of China sent a statement to Brazil with a new protocol for disembarking ship crews in Chinese ports.

According to the statement, in order to avoid complications on the arrival or disembarkation of the crew at their ports, shipping companies must do PCR nucleic acid testing on crew members 3 (three) days prior to their shift and boarding of the vessel bound for China, allowing only those who test negative to enter. On ships with confirmed cases of Covid-19, this test must be extended to the entire crew.

Julian Thomas has become the new president of the Maersk Group in Brazil, Argentina, Uruguay, and Paraguay. He previously served as Managing Director of the shipping companies Hamburg Süd and Aliança Navegação e Logística, in Brazil.

Thomas has more than 21 years of experience in heading up maritime companies. The organizational change should also further strengthen Aliança, a coastal shipping company with a fleet of 11 vessels that makes 104 monthly trips from Buenos Aires to Manaus. According to the Maersk Group, Aliança will be strengthened as it focuses on internal logistics, presenting great growth potential.

Meat

Brazil has decided to suspend pork imports from Germany, following a case of African swine flu in a dead boar detected last week. The Ministry of Agriculture and Food Supplies stated that it has requested detailed information from the European country's health authorities on the biosafety measures adopted by German industrial plants. Other countries have also suspended imports of German pork, such as China, South Korea, and Argentina.

Brazil imports pork casings from Germany, especially in small volumes. From January to August this year, purchases totaled 1,800 tons, or US$ 16.8 million. The African swine flu has been decimating swine herds in Asia (mainly in China) and in some Eastern European countries since 2018.

Although the restrictions may favor Brazil, the Brazilian Animal Protein Association (ABPA) deplored the German problem. "ABPA regrets the occurrence of the outbreak in Germany and supports the effective control of the disease in the country. Regarding impacts, the entity estimates that there may be a temporary redirection of demand from pork importing countries from Germany to nations without records of the disease, such as Brazil. However, there are no estimates of the extent of these impacts. The capacity of these producing nations will define how demand will be met since pig farming is a long cycle chain ", announced ABPA.

On September 10th, 4,000 head of live cattle destined for Lebanon and 22,000 destined for Turkey, began to be shipped from the Porto Rio Grande (RS), totaling 26,000 animals to be exported. The animals come from the Estância del Sur ranch located in Capão do Leão, near Pelotas. The calves are crossbreeds of European breeds such as Angus and Brangus, are between seven and twelve months old, weigh about 250 kilos, and are not castrated.

It will take at least five days to board the animals. According to Leila Vettorello, General Manager of Sales and Operations of the port operator Sagres who is responsible for the entire shipment to Lebanon and for 14,500 head to Turkey, the timing depends on the availability of trucks and the time it takes the loaded trucks to get to the port. The Panamanian ship "MV Nada" is able to load two trucks at the same time. The trip will take about 28 days. The operator Vanzin is responsible for the remaining 7,500 head destined for Turkey.

Not counting this new shipment, approximately 45,000 head of cattle have already been exported to the Arab countries this year through Porto Rio Grande, equivalent to 11,800 tons, valued at US$ 23.34 million.

Data from the Secretariat of Foreign Trade (SECEX) indicates that from January to August, Brazil exported US$ 111 million in live cattle to the Arab countries, a value 39.3% lower than that of the same period last year, when 59,360 tons were exported, which is the equivalent of approximately 237,400 head of cattle. The main buyer Arab countries are Iraq, Egypt, Saudi Arabia, Lebanon, and Jordan.

For the world, the total exported by Brazil in live cattle until August this year was US$ 131 million, a decrease of 47% in the same comparison. Turkey ranks fourth among the biggest buyers, behind Iraq, Egypt, and Saudi Arabia. The main ports that ship live cattle in Brazil are Rio Grande, Paranaguá, and Santos.

Surveys by the Brazilian Animal Protein Association (ABPA) show that for the month of August, Brazilian pork exports (all products, fresh and processed) totaled 98,500 tons, increasing by 89.2% since August 2019, when 52,000 tons were exported. Year to date pork sales totaled 678,300 tons, 44.37% higher than the 469,800 tons sold during the same period last year.

Asia continues to be the flagship of pork exports. The main importer of pork from Brazil, China imported 50,700 tons in August, 168% higher than that shipped during the same month of 2019. Another highlight was Hong Kong, with 14,000 tons (+ 48%). In the monthly comparison, Vietnam assumes the third position among the importers of the Brazilian product, with 9,500 tons in August (in August, 2019 it imported less than 800 tons). Singapore also increased its purchases to 4,400 tons (+ 166%). Chile leads the Americas, purchasing 3700 tons in August (+ 4%).

Chicken - Brazilian exports of chicken meat (all products, fresh and processed) increased by 11.3% in August, reaching 362,400 tons. Last year, 325,700 tons were exported in the same period. Year to date chicken meat exports (January to August) totaled 2.833 million tons, a volume 1.8% higher than that registered in the same period last year, with 2.784 million tons.

Returning to second place in exports, shipments to Saudi Arabia increased by 24% in August compared to the same period last year, with a total of 46,700 tons in the month. Another highlight of the Middle East was the United Arab Emirates, which also increased its imports by 24%, reaching 25,800 tons in August.

Moving ahead among the main destinations, China increased its imports by 46% in August compared to the same month of 2019, totaling 54,700 tons. Also in Asia, exports to South Korea increased by 25%, with a total of 14,000 tons. Another major consumer market for Brazilian chicken, the European Union, increased its imports by 14% in August, for a total of 21,800 tons.

According to Bloomberg and based on data from the Philippine Department of Agriculture, on Sept. 8, the Philippines lifted the embargo on chicken meat imports from Brazil.

The measure came after the Brazilian government showed that the production chain is adopting preventive measures against Covid-19. The Asian country will, however, demand that chicken meat packages have seals that guarantee that the product has been handled in factories that follow strict sanitary and hygiene measures. Cargoes that do not meet the requirement will be confiscated.

The Philippines had suspended purchases of Brazilian chicken meat on August 14, after a Chinese city detected traces of Covid-19 in cargo arriving from Brazil.

DataLiner data shows that from January to July 2020, the Philippines ranked 12th for Brazilian chicken exports, with a 2.15% share. According to Bloomberg, Brazil accounts for 20% of the Philippines' annual chicken imports.

Beef Exports Break New Records - Data from the Foreign Trade Secretariat (SECEX) compiled by the Brazilian Refrigerators Association (ABRAFRIGO) shows that Brazilian beef exports (fresh and processed) totaled 191,100 tons in August 2020, 19% more than year-ago levels. Sales rose 14%, to US$ 753.2 million. The results set new records for August.

In the first eight months of the year, shipments reached 1.294 million tons, compared to 1.159 million in the same period in 2019. Revenue for the period reached US$ 5.4 billion, 23% more than year-ago levels (US$ 4,4 billion).

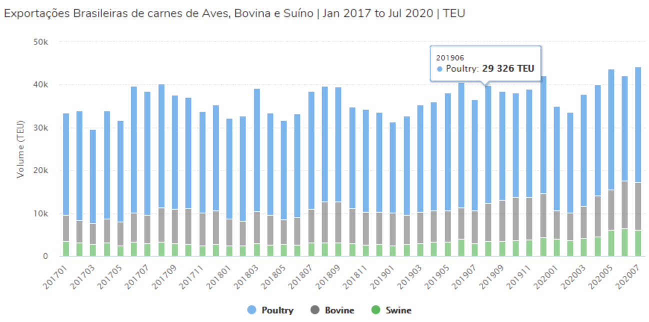
China remains the main destination for Brazilian beef, importing 62.4% of Brazil's beef, taking into account the inflows from the continent (530,500 tons) and Hong Kong (212,260 tons). In the period from January to August 2019, 448,000 tons, or 38.6% of the total, were exported to China.

The second main destination for Brazilian beef from January to August was Egypt (91,500 tons, down 25.4% compared to year-ago levels), followed by Chile (50,400 tons, down 34, 2%) and Russia (43,200 tons, down 4.6%).

ABRAFRIGO projected that in view of export history, the monthly growth rate until the end of the year should exceed 12%.

The graph below shows the history of Brazilian monthly exports of beef, chicken, and pork since 2017:

Brazilian Exports of Poultry, Beef, and Pork | Jan 2017 to July 2020 | TEU



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

Grain

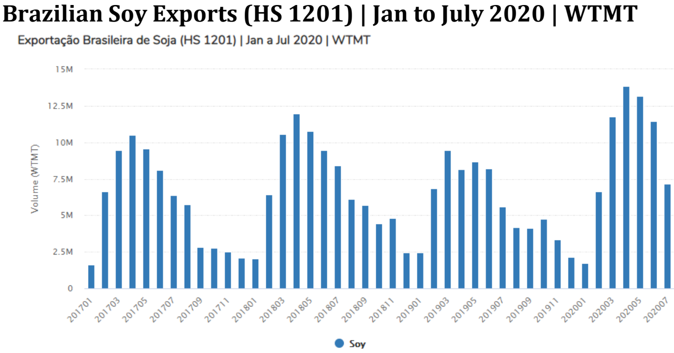
In August 2020, Brazil exported US$ 8.91 billion in agribusiness products, an increase of 7.8% in relation to the same month in 2019 (US$ 8.26 billion). Between August 2019 and 2020, agribusiness product exports grew by 16.5% or US$ 646.24 million in absolute values.

According to the Agribusiness Trade Balance released by the Department of Trade and International Relations of the Ministry of Agriculture and Food Supplies (MAPA) on September 11, the increase in foreign sales of soybeans and cane sugar were responsible for the increase.

Soybean exports reached US$ 2.21 billion (+ 25.1%), of which China purchased close to 75%, valued at US$ 1.65 billion.

The following graph shows Brazilian soybean exports month by month:

Brazilian Soy Exports (HS 1201) | Jan to July 2020 | WTMT



Fonte: DataLiner

With the fall in sugar production in India and Thailand during the 2019/2020 harvest, there were new opportunities for Brazil to increase exports of the product, which reached US$ 960 million in August, an increase of 107%.

Shipments of Brazilian agribusiness products to China also explain the increase in the month analyzed. 30% more products than registered for 2019 (US$ 639 million) were shipped to the Asian country, totaling US$ 2.7 billion in August.

Agribusiness accounted for more than 50% of the country's total exports. Imports of agricultural products decreased from US$1.10 billion (August 2019) to US$ 912 million (August 2020), a decrease of 17.3%. Thus, the August trade balance totaled US$ 7.1 billion.

According to data from the Brazilian Council of Coffee Exporters (Cecafé), the country exported 3.3 million bags of green, instant, and roasted & ground coffee in August this year, 3.3% less than the same month last year. In terms of revenue, the value increased to US$ 386.6 million, equivalent to R$ 2.1 billion, which represents an increase of 25.2% in reais compared to August 2019.

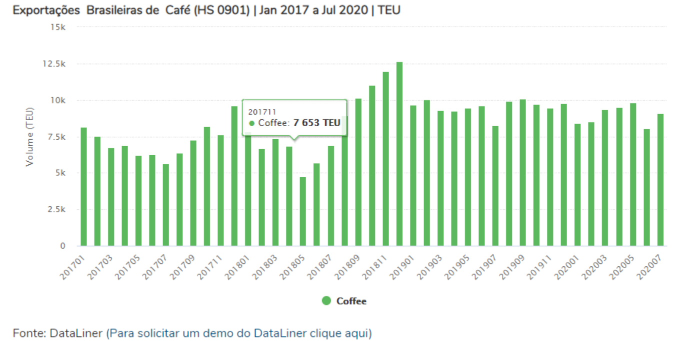
In August, 76.6% of the total exported volume was arabica coffee, equivalent to 2.5 million bags; 14.5% was Conilon coffee (robusta), or 472,200 bags shipped; and 8.9% of the shipment was instant coffee, the equivalent of 289,700 bags.

Year to Date 2020 - The total coffee exported in the calendar year (January to August 2020) was 26.4 million bags, and was the second-largest volume shipped for the period in the last five years. The foreign exchange revenue generated from exports from January to August was US$ 3.4 billion.

Among the coffee shipped in the calendar year, robusta coffee stands out for its 12.9% increase in exports when compared to the volume exported from January to August 2019. This variety of coffee made up 11.6% of the total exports for January to August 2020 (equivalent to 3 million bags shipped), while arabica coffee represented 78.3% of shipments (20.6 million bags) and instant coffee, 10.1% (2.7 million bags).

The following chart shows monthly Brazilian coffee exports since January 2017:

Brazilian Coffee Exports (HS 0901) | Jan 2017 to July 2020 | TEU



Main Destinations - In the period from January to August 2020, Brazil exported coffee to 120 countries. The top five Brazilian coffee destinations from January to August were: The United States, which imported 4.9 million bags of coffee (18.5% of the total shipped in the period); Germany, with 4.5 million bags imported (17%); Italy, with 2 million bags (7.6%); Belgium, with 2 million bags (7.3%); and Japan, with 1.3 million bags (5.1%). Additional countries include: Turkey, with 863,900 bags (3.3%); the Russian Federation, with 849,500 bags (3.2%); Mexico, with 649,300 bags (2.5%); Spain, with 634,700 bags (2.4%); and Canada, with 562,000 bags (2.1%).

Among the main destinations, the Russian Federation and Mexico showed an increase in purchases of Brazilian coffee in the period, respectively, 20% and 19.3%. There was also an increase in shipments to Germany (1%), Belgium (4.8%), Turkey (7.2%), and Spain (5.3%).

Among the continents and economic blocks, exports to South America increased by 27.7%; exports to Africa increased by 51.9%; exports to Central America increased by 99.6%; exports to the other BRICS countries increased by 15.8%; and exports to Eastern Europe increased by 15.8%.

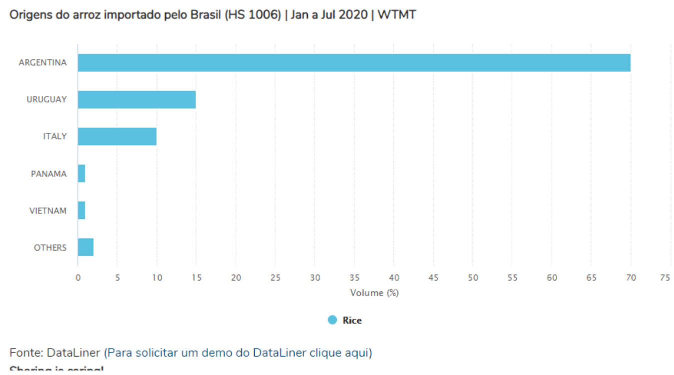
Ports - The Port of Santos continues to lead coffee exports in 2020, exporting 79.2% of the total volume (equivalent to 20.9 million bags). In second place is the port of Rio de Janeiro, exporting 13.4% of the total volume (3.5 million bags).

On September 9, the Executive Management Committee (GECEX) of the Chamber of Foreign Trade (CAMEX) decided to eliminate the import tax on paddy and processed rice until the end of this year.

The temporary reduction of rice import tax is restricted to the quota of 400,000 tons, applicable to products covered by Mercosul Common Nomenclature (NCM) codes 1006.10.92 (rice with non-parboiled husks) and 1006.30.21 (semi-bleached or blanched rice, not parboiled). The decision was made during the 8th Extraordinary Meeting of GECEX, as proposed by the Ministry of Agriculture and Food Supplies (MAPA).

On Tuesday, Sept. 8th, Minister Tereza Cristina had announced her request to GECEX and stated that there will be no shortage of rice in the country. According to the MAPA's National Food Supply Company (CONAB), the estimated rice production for the next harvest (2020/21) is 12 million tons, an increase of 7.2% in relation to the previous harvest.

GECEX is the collegiate executive nucleus of CAMEX, and is responsible for defining import and export rates, establishing trade defense measures, and internalizing rules of origin of commercial agreements, etc. It is made up of the Presidency of the Republic and the Ministries of Economy, Foreign Affairs, and Agriculture and Food Supplies.



Sugar and ethanol

According to the Ministry of Foreign Affairs (MRE), the Brazilian government decided to extend the tariff-free import quota on ethanol imported from the United States for three months. The measure aims to buy time to negotiate better terms in exporting sugar to the United States.

According to the MRE, "Brazil and the United States will also consider an increase in access to the corn market in both countries. The two countries will also discuss ways to ensure fair market access alongside an increase in ethanol consumption, as well as to coordinate and ensure that the ethanol industries in both countries are treated fairly and benefit from future regulatory changes in biofuel products in Brazil and the United

States. The discussions must seek to achieve reciprocal and proportional results that generate trade and open markets for the benefit of both countries ”.

The Government also informed that the discussions will take place over a period of 90 days, beginning on September 14, 2020. During this period, Brazil will maintain a pro-rata tariff rate quota (TRQ), proportional to the total annual volume of TRQ in effect on 30 August 2020.

<u>Other cargo</u>

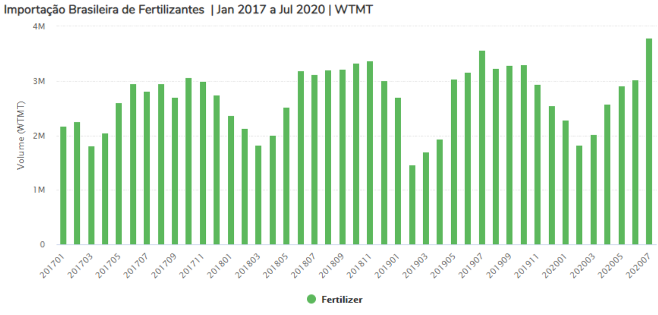
A survey by CitrusBR using data from the United States Department of Agriculture (USDA) shows that over the last 28 years, American imports of Mexican FCOJ jumped from 9,772 tons to 74,680 tons in 2019, a growth of 664.2%, driven by the exemption from North American Free Trade Agreement (NAFTA) tariffs. As a result, orange juice exports from Mexico to the United States overturned Brazil’s leadership in orange juice exports to the American market. Mexico’s share of the US market went from 6% to 46%. In the same period, sales from Brazil dropped 50.7%, from 144,538 tons to 71,114 tons in 2019. The Brazilian share, which was 89% in 1993, dropped to 44% last year.

The explanation for the advance of the Mexican product lies in the difference in tariff regimes. Since 2008, Mexico has been exempt from tariffs for placing its juice in the USA because of NAFTA. Brazilian juice is taxed at US$ 415.86 per ton to access that market. In the period between 2008 and 2019 alone, Brazilian FCOJ was taxed US$ 548 million in import tax, while Mexico was exempt from paying what would have been an import tax of US$ 405 million due to NAFTA terms.

On September 2, the Brazilian Federal Revenue Service (RFB) issued Ordinance No. 1974, which changes the customs regime to allow for direct unloading and customs clearance for the import of goods transported in bulk. The measure will have a direct impact on the fertilizer market. Brazil currently consumes 37 million tons of fertilizers. About 76% is imported and needs to pass through customs facilities.

In the first seven months of 2020, a 5.1% growth in imports was recorded as compared to the same period in 2019, as seen in the graph below by DataLiner:

Brazilian Fertilizer Imports | Jan 2017 to July 2020 | WTMT



Fonte: DataLiner

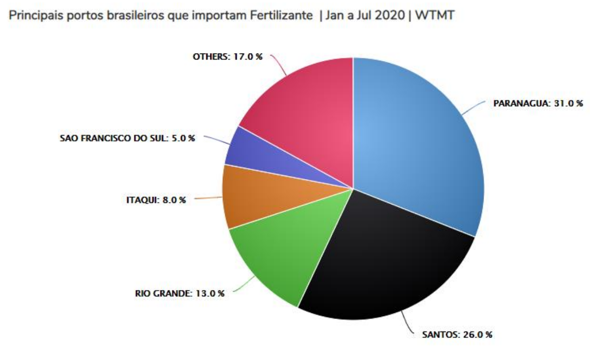
“Before the ordinance, the importer was obliged to consult the customs terminal several days in advance to see if there was space available onsite for the cargo. Now, this procedure is no longer necessary and the importer has the freedom to choose where he wants to store his cargo,” says Cristiano Kaehler, a specialist in Market Intelligence at Datamar.

The previous RFB Ordinance No. 1282/2012 established the unloading of bulk cargo through customs facilities as a rule. The importer could only choose other spaces if the former were not available. Ordinance No. 1974 provides for the amendment of the RFB Ordinance No. 1282/2012 standard and will make the operation of unloading solid bulk unbureaucratic, allowing fertilizer importers to be free to choose their logistical option, without the obligation to consult the customs facilities.

According to Kaehler, however, the measure is not expected to change the performance of major players in the sector who will continue to use partner customs terminals but will give more flexibility to small and medium-sized companies. “The smaller ones will gain agility in unloading their cargo, in addition to freedom of choice of operating berths. A reduction in the bureaucracy involved is expected, but, in practice, there should not be many changes for the major trading companies in the market that have well-structured storage logistics ”.

In the period from January to July 2020, the main ports in the country that received imported fertilizer were Paranaguá and Santos, which together are responsible for unloading more than 50% of the imported volume, according to DataLiner data. Rio Grande Port occupies the third position, as can be seen in the graph below:

Main Brazilian Ports that Import Fertilizer | Jan to July 2020 | WTMT



Fonte: DataLiner

The main origins of the imported fertilizer are, in order, Russia, Canada, Morocco, the United States and Lithuania. Check the chart below:

Main Originating Countries of Brazilian Fertilizer Imports | Jan to July 2020 | WTMT

Principais paises de origem das importações brasileiras de fertilizantes | Jan a Jul 2020 | WTMT

Country	Percentage
RUSSIAN FEDERATION	14%
CANADA	9%
MOROCCO	8%
UNITED STATES	8%
LITHUANIA	8%
CHINA	7%
QATAR	6%
ESTONIA	5%
ALGERIA	4%
OTHERS	30%

Fonte: DataLiner

Economy

According to Paraguay's Ministry of Industry and Commerce (MIC), the country exported 46 new items to 35 new markets between August 2018 and July 2020.

Albania began importing Paraguayan chicken meat; Germany, veterinary serum; Angola, rice, bran and winches; Argentina, potato chips, beef, refrigeration equipment, bottle caps and yerba mate; Bahamas, poultry meat; Belgium, soybean meal; Brazil, chicken meat, aluminum foil, balanced nitrogen fertilizers, shoes, raw leather, and synthetic fabrics.

Bulgaria imported construction pastes, shrimp, and soy oil; Chile, bottle caps; Mainland China, canola oil and sugar; Colombia, winches; Denmark, sawn wood; Ecuador, peanut snacks; the United Arab Emirates, beans; and Spain, primary plastics.

The United States imported canola; the Philippines, chia; France, rice, Hong Kong, copper scrap; India, chia and menthol; the Virgin Islands, cigarettes and wheat; Italy, peanut oil; Japan, mattresses, pillows and plastic; Kuwait, soybean oil; Malaysia, peanuts and bovine plasma, Mexico, aluminum sheets, mattresses, pillows, and safflower oil; Holland, butter; and Peru, carpets.

Qatar imported medicines; Russia, powdered milk and rapeseed; Taiwan, wheat; Turkmenistan, seedlings; and Uruguay, hamburgers.

According to the agency, the Automotive Sector Agreements, signed with Argentina and Brazil, respectively, and the Agreements with the European Union and EFTA complete the development and commercial opportunities of the Paraguayan industries.

A survey carried out by the National Confederation of Industry (CNI) points out that since the free trade agreement between Egypt and Mercosur came into force in September 2017, exports from Egypt to Brazil have grown by 73.9%. Brazilian exports to Egypt, in turn, have increased by 21.1% during the period.

Since the beginning of the agreement, more than 2,000 products have had their tariffs eliminated during trade between Mercosur countries and Egypt. As of this September, 463 Egyptian products will have zero tariffs for entry into Mercosur, and entry fees will be eliminated for 719 products from Mercosur entering the Egyptian market.

According to CNI, as a result of the agreement, Brazil began selling more items to Egypt such as glycerol, bricks, slabs, tiles, other ceramic pieces for construction, and petroleum oils or bituminous minerals. The Egyptians exported more products to Brazil, such as plants and their parts, seeds, and fruits, prepared or frozen olives, paraffin, and cement.

In September, the Mercosur countries were exempted from tariffs on products such as inorganic chemical compounds, organic chemicals, paper and cardboard, pharmaceuticals, plastics and their derivatives and fuels, and mineral oils and their distillates. The Egyptians will pay zero tariffs for plants, roots and tubers, fuels, mineral oils and their derivatives, grains, seeds and fruits, salt, sulfur, soil and stones, plaster, lime, cement, and rubber.

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