

Main news

DatamarNews publishes a monthly ranking of Brazil's main goods imported and exported by container according to DataLiner data. The ranking below covers the period from January to August 2020:

Ranking of most Exported Goods from January to August 2020 | TEU

Among the most exported goods between January and August 2020, the food category leads the ranking, with 455,296 TEU, an increase of 10% YoY. Despite this, the biggest growths are found in goods such as sugar and its derivatives, which grew 73% during the first eight months of the year compared to the same period in 2019, and cotton which showed a 41% growth. The accumulated growth of all goods exported during the period was 5%.

| Rank | Commodity | 2019 (TEU) | 2020 (TEU) | % change |
|-------------|------------------------------------|------------|------------|----------|
| 1 | Foods | 414.755 | 455.296 | 10% |
| 2 | Wood and coal and derivatives | 259.595 | 275.828 | 6% |
| 3 | Paper And Cellulose | 169.469 | 177.552 | 5% |
| 4 | Metals and derivatives | 88.450 | 94.125 | 6% |
| 5 | Plastic and derivatives | 93.074 | 85.102 | -9% |
| 6 | Beverages - Infusion | 81.064 | 79.852 | -1% |
| 7 | Sugar and derivatives | 43.475 | 75.268 | 73% |
| 8 | Cotton | 51.879 | 73.143 | 41% |
| 9 | Chemicals | 66.297 | 66.986 | 1% |
| 10 | Reactors and boilers | 53.142 | 42.537 | -20% |
| 11 | Minerals and derivatives | 37.610 | 34.501 | -8% |
| 12 | Animal food | 30.760 | 33.001 | 7% |
| 13 | Textiles, derivatives and clothing | 32.496 | 30.096 | -7% |
| 14 | Smoke | 35.025 | 29.724 | -15% |
| 15 | Ceramics | 30.770 | 26.429 | -14% |
| Total | | 1.487.861 | 1.579.441 | 6% |
| Others | | 244.418 | 232.938 | -5% |
| Grand total | | 1.732.279 | 1.812.379 | 5% |

Source: DataLiner

Ranking of most Imported Goods from January to August 2020 | TEU

Among the imported goods, plastics and derivatives lead the rankings. Despite having registered a 6% decrease in the first eight months of 2020 in relation to the same period of 2019, it was still the most imported merchandise, with 170,584 TEU. The positive highlight is fertilizer imports, which grew 29% in the period. In overall accumulated imported goods, there was a 12% drop in imports between January and August 2020 compared to the same period in 2019.

| Rank | Commodity | 2019 (TEU) | 2020 (TEU) | % change |
|-------------|------------------------------------|------------|------------|----------|
| 1 | Plastic and derivatives | 180.692 | 170.584 | -6% |
| 2 | Chemicals | 163.401 | 163.762 | 0% |
| 3 | Reactors and boilers | 160.954 | 137.791 | -14% |
| 4 | Vehicles and parts | 188.426 | 124.160 | -34% |
| 5 | Electric machines | 118.747 | 113.729 | -4% |
| 6 | Metals and derivatives | 104.761 | 91.783 | -12% |
| 7 | Textiles, derivatives and clothing | 110.130 | 77.771 | -29% |
| 8 | Foods | 62.313 | 59.939 | -4% |
| 9 | Rubber and derivatives | 63.272 | 46.673 | -26% |
| 10 | Fertilizer | 34.002 | 43.966 | 29% |
| 11 | Paper And Cellulose | 44.915 | 41.610 | -7% |
| 12 | Salt, plaster, cement | 20.757 | 23.062 | 11% |
| 13 | Glass and derivatives | 27.562 | 21.725 | -21% |
| 14 | Drinks | 20.260 | 18.522 | -9% |
| 15 | Furniture | 24.933 | 18.388 | -26% |
| Total | | 1.325.125 | 1.153.466 | -13% |
| Others | | 256.573 | 238.284 | -7% |
| Grand total | | 1.581.698 | 1.391.750 | -12% |

Source: DataLiner

Ports, terminals and infrastructure

September cargo handling at the Port of Santos totaled 12.2 million tons, 5.2% above the same period in 2019. This was the second-best movement for the month of September, being slightly below the volume reached in September of 2017.

The 2020 accumulated result has already reached 110.1 million tons, an increase of 10.2% over the same period of 2019, and 9.7% over the previous record for the interval, recorded in 2018. With this, the expectation is to end the year with the highest movement in history, breaking the 2019 record of 134 million tons.

In September and in the accumulated result for the year, exports rose by double digits, offsetting the drop in imports and ensuring positive performance.

The Port of Santos maintained its historical level of participation in Brazil's trade, accounting for 28.3% of national exchanges in the year. Approximately 27% of domestic commercial transactions with foreign countries that passed through the complex had China as a partner country. São Paulo is the state with the largest share (56.8%) of commercial transactions abroad via the port.

Highlights of the month

Exports in September totaled 9.1 million tons, an increase of 13.4% over year-ago levels. In the accumulated result for the year, this cargo flow reached 81.6 million tons, an increase of 15% over the same period in 2019.

Imports, on the other hand, totaled 3.0 million tons, down 13.8% compared to September 2019. Cumulative outflows totaled 28.6 million tons, 1.6% below the same period last year.

6.2 million tons of solid bulk was handled, up 12.2% over the same month last year. Sugar and soy meal led the solid bulk exports.

Liquid bulk increased 18.6%, totaling 1.6 million tons. This reflected the strong performance of diesel oil and diesel, citrus juices, and fuel oil operations.

457,800 tons of general cargo was shipped, up 6.9%, mainly due to pulp shipments. Containerized cargo fell 10.8%, from 386,165 TEU to 344,427 TEU.

Sugar stood out as the busiest cargo in September, with 2.7 million tons shipped, 95.1% more than the volume recorded in September of last year.

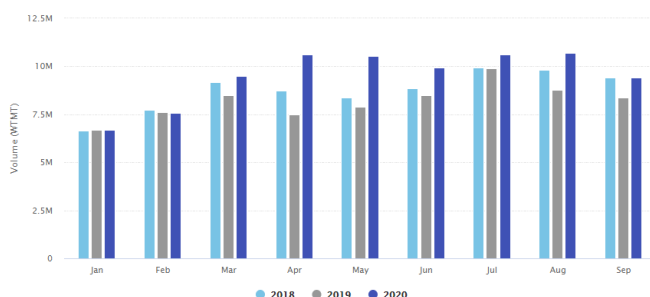
Year-to-date highlights

In the accumulated result for the year, solid bulk products totaled 59 million tons, an increase of 19% in the annual comparison, a record result for the interval. Liquid bulk increased by 10.6%, totaling 13.7 million tons; this was a record move for the period and exceeded the previous record set in 2017 by 8.2%.

Accumulated general cargo decreased by 2.1% in 2020 to 4 million tons, despite pulp's strong performance. Container movement reached 3,011,362 TEU, a decrease of 1.6% over the same interval of 2019. Accumulated ship flow in 2020 is at 3,692 vessels, 2.1% above 2019.

See the chart below for a comparison of cargo handling at the Port of Santos for the January to September period during the years 2018 to 2020:

Cargo Handling at the Port of Santos | Jan to Sept 2018 – 2020 | WTM/T



On October 29, Usina Coruripe began installing a R\$ 70 million railroad terminal in Iturama (MG). The objective is to streamline the flow of sugar to the port of Santos via Rumo Malha Central's North-South railway.

Set to begin in January, the work should be completed in the first half of 2022. The new mining terminal is expected to export 2 million tons of VHP sugar per year.

The plan is for the terminal to service plants throughout the region within a radius of up to 500 kilometers. This covers the entire Minas triangle and southern Goiás.

The terminal is designed to receive 10,000 tons of sugar per day. The project foresees two tippers, a warehouse with a capacity to store 40 thousand tons of sugar, and a 1,500 ton-per-hour wagon load. The occupied area is estimated at 20 hectares.

The Government of Argentina signed an agreement with the operators of the Port of Buenos Aires terminal Río de la Plata (TRP) and Terminal 4 to incorporate workers from Buenos

Aires Container Terminal Services S.A. (BACTSSA) as of May 16, 2021, when this operator's concession expires.

The controller of the General Administration of Ports (AGP), José Beni, summoned the representatives of TRP and T4 – Gustavo Figuerola and Silvia Iglesias, respectively – and signed a commitment to preserve jobs at Terminal 5, once the operator's contract BACTSSA expires, thus maintaining the port's operation.

The act was signed on October 16 and establishes that the two terminals "will incorporate all workers into their port operation, or through the port service companies with which they operate" on the condition that "they have been dismissed by BACTSSA, or the port services company that employed them due to the termination of their concession contract".

The signed agreement aims to fulfill the two fundamental objectives of AGP: first, to provide "social peace" through the preservation of jobs, and secondly, to keep the port operational and to lay the foundations for a future regime of two operators in view of the bidding documents being prepared.

After signing the minutes with the concessionaires, a commitment was made to invite the unions to agree on the steps to be taken after the conclusion of BACTSSA's operations.

On October 29, the Government of Rio de Janeiro launched the call for tenders to select the company that will set up and manage the Export Processing Zone (EPZ) in Porto do Açu, in São João da Barra, in the northern region of the state of Rio de Janeiro. It will be the second EPZ in the country (the other one is the Pecém Complex, in Ceará), but will be the first to be entirely managed by a private company. The forecast is that the enterprise, which has a regime exempt from federal taxes and reduction of state and municipal taxes, will start operating in 2023. It is estimated that 2 thousand jobs will be generated with the EPZ in full operation.

The winner of the process will have to purchase the 1.8 square kilometer plot of land from the Rio de Janeiro State Industrial Development Company (CODIN), linked to the Economic Development Secretariat, for approximately R\$ 10 million and invest R\$ 40 million in infrastructure, in addition to providing R\$ 26 million to the state, as a grant. The investment will be made over four years, with R\$ 10 million invested each year. The notice was prepared in partnership between CODIN and the Secretariats for Economic Development and the Office of the President's Chief of Staff.

According to the president of CODIN, Fábio Galvão, the modeling done by the state of Rio de Janeiro will be a reference for the rest of the country, since public data from the Brazilian Securities and Exchange Commission (CVM) on consortium urban operations were used, in addition to the revenues of the Ceará EPZ. "The net annual operating revenue of the Ceará EPZ is R\$ 26 million on average. This is our parameter for the minimum offer in the public selection. As our public notice is for 20 years, we have established a fixed grant amount, which is 5% of R\$ 520 million. But we also defined a variable amount of 5% of operating revenue which will serve to update the counterpart. All these criteria were established based on economic studies", explains Galvão.

The EPZs are free-foreign-trade areas designed for the installation of companies producing export products. Companies that set up in EPZs have access to specific tax, foreign exchange, and

administrative treatments defined by the National Council for Export Processing Zones (CEPZ).

Last week, the Port of Itaquí was improved through infrastructure works including depth-monitoring services (bathymetry) and maintenance dredging in berths 100 to 104. At the same time, environmental monitoring of the entire process was also carried out in partnership with the Federal University of Maranhão. The works also included the structural recovery of the berths, paving access roads, and maintenance of the fenders and the electrical and fire-fighting systems.

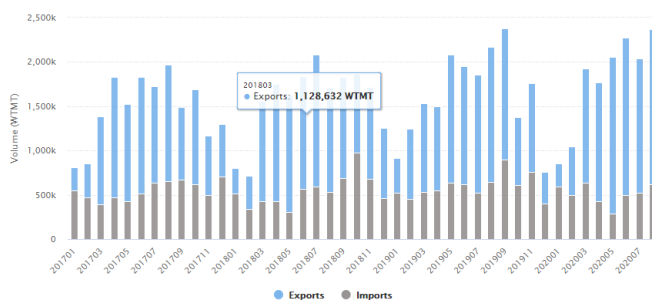
The maintenance of the berths was carried out within 48 hours of services: while the dredging removed sediment such as silt from the seabed that had accumulated naturally, the bathymetry monitored the depth of the berths and the internal channel using ultrasound equipment.

"This service is necessary because it contributes to maintaining our competitive advantage and, most importantly, to ensuring navigation safety", says Porto do Itaquí's President, Ted Lago.

In August, the Novo Tegram operations began, which increases Itaquí's total flow capacity to 20 million tons/year. The new structure of the COPI terminal is in the commissioning (testing) phase, which will increase the fertilizer-handling capacity to 3.5 million tons per year. The constant increase in traffic and the attraction of new business also includes maintaining the port infrastructure, EMAP's strategic axis of action.

See the following graph for cargo handling at the Port of Itaquí from January 2017 to August 2020:

Cargo Handling at the Port of Itaquí | Jan 2017 to Aug 2020 | WTMT



On October 27, the Governor of Paraná, Carlos Massa Ratinho Junior and Interbulk S.A, signed a protocol of intentions that foresees the company's adhesion to the state's tax benefits program. Private investment will be R\$ 159.09 million. In return, Paraná will expand the movement of solid bulk (nitrogen fertilizers, phosphates, and potassium) through the Port of Antonina.

The group intends to install a fertilizer-mixing unit in two phases with the capacity to produce up to one million tons per year. The complex will be built about 200 meters from gate B of the Ponta do Félix Port Terminal. The company does not yet estimate the number of jobs that will be created.

The Director-President of Ponta do Félix S.A. Port Terminals (TPPF), Gilberto Birkhan, explained that the project will take place in stages. The first provides for the construction of 8 warehouses with a static capacity of 12 thousand tons each,

totaling 24,000 m2, with handling of up to 96,000 tons in bulk and bagging. It will also have support areas and the installation of two road scales of 30 meters each. The estimated cost of this phase is R\$ 60 million.

Subsequently, the company will structure the installation of the fertilizer-mixing unit with three bagging dispatch lines with a capacity of 300 tons per hour. The project also includes another structured warehouse with a static capacity of 100,000 tons, totaling 13,300 square meters, two new road scales, and a line for receiving raw materials and supplies with a capacity of 300 tons per hour. The resources are in the order of R\$ 99 million.

"We have a contract with the Port of Antonina and this will stimulate the economy of the region and Paraná as a whole," said Birkhan. The executive recalled that the company will have a tax incentive that will allow it to be more competitive in relation to competitors from other states. According to the State Secretariat of Finance, a presumed tax credit of 75% will be applied on the amount of the tax levied on interstate outflows of industrialized fertilizers. The fertilizer ICMS for other states is, on average, 4%.

"We will start to have equality in tax treatment in relation to other states in Brazil. Thus, the local economy is no longer harmed by the creation of new jobs," said Birkhan.

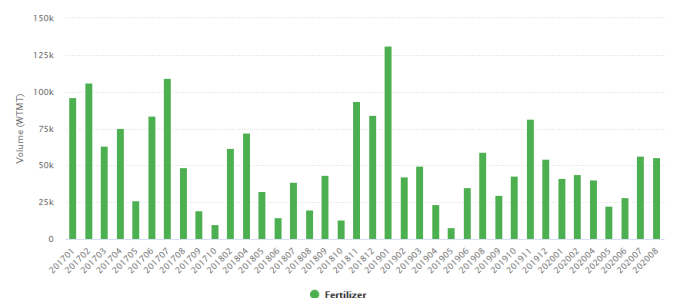
Almost half of everything that the ports of Paraná imported, from January to August this year, is fertilizer. There were 6.8 million tons of fertilizer, representing an increase of 4.6%, in relation to the volume imported in the same period last year – 6.5 million tons.

About 93.5% of the fertilizers discharged in the ports of Paraná are solid bulk. The rest is divided between liquid bulk and fertilizers that arrive in containers.

Paraná's terminals continue to be the main fertilizer-importing ports in the country, receiving about 32% of what arrives in Brazil. Russia, China, Canada, Morocco, and Belarus are the top five sources of fertilizers arriving through the state's ports.

See in the graph below for the fertilizer imports via Port of Antonina in the period from January 2017 to August 2020:

Fertilizer Imports (HS 31) via Port of Antonina | Jan 2017 to Aug 2020 | WTMT



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

Last week, the port authority and Companhia Docas do Espírito Santo (CODESA) officially approved an amendment to Port of Barra do Riacho's traffic and vessel-mooring rules (Normap 2), at Portocel, located in Aracruz (ES).

One of the most significant changes is that the amended norm now allows Portocel to begin receiving ships that are up to 36

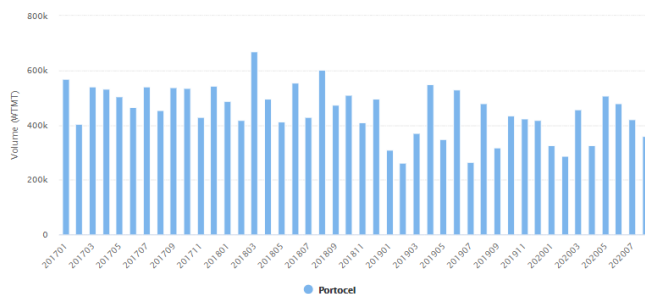
meters wide, which is 1 meter more than the previous limit. This increases the port's capacity to receive classes of vessels that it previously couldn't, thus increasing its cargo potential.

Another important advance is that by following Resolution 001, its own new traffic standard, the terminal has begun managing its area's limitations and observing issues related to navigation safety, always with the approval of the responsible entities. This allows them to obtain relevant gains in relation to the ship draft. The draft goes from 12.3m to 12.70m in berths 101 and 102, and from 13m to 13.2m in berth 103.

The changes to Normap 2 and Resolution 001 in the Barra do Riacho region were preceded by several technical studies that attest to navigation safety and adequate operating conditions. Located approximately 70 km from Vitória (ES), Portocel has a railway running from Vitória railway to Minas (EFVM). It operates using cabotage and long-haul navigation and serves the offshore operations of the oil and gas market, including the handling of large parts.

Consult the chart below for Portocel's Brazilian exports from January 2017 to August 2020:

Brazilian Exports by Portocel | Jan 2017 to Aug 2020 | WMTM



After two years of dredging works using a federal investment of R\$ 500 million, the Port of Rio Grande – the main port in Rio Grande do Sul – will be able to receive vessels of up to 366 meters in length. This is because the port's new draft was officially approved on October 26th.

Thanks to the removal of more than 16 million cubic meters of sediment, the operational draft of the so-called internal channel, where the most important port terminals and the largest flow of cargo are located, went from 12.8 to 15 meters. The depth, which was 14.2, is now 16.5 meters. The handling capacity now meets international navigation standards, and the port is able to receive vessels of up to 366 meters in length- a difference of 29 meters in relation to the previous capacity of 337 meters in length.

"We are already working to prevent the channel from silting up and decreasing the load capacity again, requiring that we again spend hundreds of millions of reais to recover the draft. We are putting together a declaration so that in the first half of next year, we can begin investing R\$ 30 to R\$ 40 million annually in port dredging, permanently guaranteeing the cargoes of the ships that arrive and leave our state", stated Eduardo Leite, State Governor.

"The approval of the new draft represents a lot for our state. It is the first time that it is approved, this means that, with the certification of the Navy, which is the port authority, we can guarantee cheaper and safer freight. This will attract international

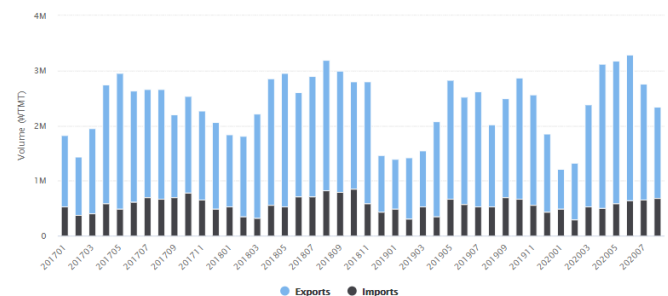
shipowners and more cargo. The port of Rio Grande is repositioning itself as one of the main ports in Brazil, not only due to the infrastructure it has built, but also the certification it gains now with the official approval", said Fernando Estima, Superintendent of the Ports of Rio Grande do Sul.

Currently, over 25% of the GDP of the state of Rio Grande do Sul passes through private terminals that operate containers, agricultural bulk, fertilizers, oil, and petrochemical cargo in the port of Rio Grande, the equivalent of more than 40 million tons per year when the installed capacity is 50 million.

June was the best month in the history of Porto do Rio Grande. For the first time, it handled more than 4.4 million tons in 30 days. In addition, even with the pandemic, the first semester of 2020 was the second-best in terms of total cargo, reaching 19.9 million tons, or 6.97% higher than the same period in 2019.

See the following graph for cargo handling at the Port of Rio Grande from January 2017 to August 2020:

Cargo Handling at the Port of Rio Grande | Jan 2017 to Aug 2020 | WMTM



History of the new draft

The original dredging contract was signed in July 2015 by the federal government and then involved the state government, the former Secretariat of Transport, and the former Superintendence of the Port of Rio Grande (SUPRG) to obtain the IBAMA license. A task force was created to ensure that technical and environmental criteria were met. Support from the Brazilian Navy was instrumental throughout the process.

The winning consortium in the bid to perform the service was formed by the companies Jan de Nul do Brasil and Dragabrás, which closed the deal for R\$ 368.6 million at that time. A judicial review then took place and work stopped, generating a significant increase in costs. In the end, with all the additional costs, the project ended up costing a total of R\$ 500 million in federal government resources.

The work began in August 2018, and since then more than 16 million cubic meters of sediment has been removed from the access channel. On October 26th, the new draft of the Porto Gaúcho officially went from 12.8 meters to 15 meters – more than the initial forecast, which was 14 meters – on October 26th.

The port can now receive larger ships with greater capacity than the current limits. The new draft will allow ships to arrive and leave with a larger cargo load, resulting in cheaper freight and better conditions for insurance contracts.

In November, Wilson Sons will start operating at the Port of Santarém (PA). The company will deliver a tugboat to the port with azimuth propulsion and 45 tons of static tension. This will provide greater agility and maneuver safety. The Port of Santarém is part of the Arco Norte axis, an important export corridor for Brazilian agricultural commodities leaving for the international market. The operations will enable Wilson Sons to provide services to their customers who already have a strong presence in this segment.

For more than five years, Wilson Sons has operated six vessels in the State of Pará, at the ports of Trombetas, Vila do Conde, and Belém. "Arco Norte has a great potential for port logistics, mainly after the conclusion of BR-163 which connects the south to the north of Brazil", explains the executive director of the Tugboats division, Marcio Castro. According to data from the National Agency of Waterway Transport (ANTAQ), local port facilities accounted for 31.4% of the outflow of corn and soy in the first half of 2020, an increase of more than 10% compared to the previous year, in addition to receiving fertilizer imports used for these crops.

On October 26th at the Port of Santos, a joint operation between the Civil and Federal Police and the Federal Revenue Service resulted in the seizure of 502 kg of cocaine hidden inside a container ship destined for Europe that was filled with sugar.

The arrest occurred thanks to investigations by the 1st General Investigation Office (DEIC) in Santos, combatting drug trafficking in the region. During investigations, police received information that this cargo ship in the port was carrying cocaine.

The Civil Police team tracked the container and found that it was already inside a customs terminal. Therefore, the Federal Revenue Service was called to the terminal. The shipment was located and inspected, and the 502 kg of cocaine was found hidden among sacks of sugar.

According to the authorities, the container was headed for the Port of Valencia, in Spain. The drug was seized and sent to the Santos Federal Police Station, where the case will be investigated.

Shipping

CMA CGM received its second container ship with a capacity of 23,000 TEU: the CMA CGM Champs Elysees – sister ship of the Jacques Saade, which was the first of this model to integrate the fleet – is becoming the new flagship of the French maritime company. According to the company, the two are the largest container ships in the world powered by liquefied natural gas (LNG).

LNG provides a first response in the fight against global warming. An LNG-powered ship emits up to 20% less CO2 compared to an oil engine. This technology is one of the first steps to converge towards the goal of carbon neutrality that the CMA CGM Group has set for the year 2050.

The two ships are part of a group of nine vessels that are full of innovations and are the result of a long partnership between CMA CGM R&D specialists and industrial partners. In addition to LNG engines, these vessels have state-of-the-art technologies including a cockpit with the most modern on-board digital technology

available to assist the commander and crew, especially in port maneuvers. The ships also boast a straight bow with bulb, rudder and integrated propeller with a redefined design that improves its hydrodynamics, reducing energy consumption.

The nine vessels received the specific "LNG Powered" label.

The CMA CGM Champs Elysees and its eight sister ships, including the 23,000-TEU CMA CGM Jacques Saade, will be registered in the French International Registry (RIF). The ships will be named after monuments and emblematic places in Paris (Palais Royal, Louvre, Rivoli, Montmartre, Concorde, Trocadéro, and Sorbonne).

On October 29, the President of the Republic, Jair Bolsonaro, appointed Eduardo Nery Machado Filho to the position of Managing Director of ANTAQ until February 18, 2025. The appointment was published in section 2, page 1, of the Federal Register.

On October 19, the Senate Infrastructure Services Commission approved the nomination of Eduardo Nery by 14 votes in favor and one against. The following day, the Plenary endorsed the nominee's name by 39 votes in favor and five against. There was also an abstention.

Nery has a degree in Civil Engineering and a postgraduate degree in Public Works Auditing and Public Budget. He joined the Federal Audit Court (TCU) by public exam in 2000 to exercise the position of Federal Auditor of External Control. Now it will be assigned to the Agency until the end of the term.

"Good regulation is fundamental for the proper functioning and development of waterway transport, but it must be exercised with prudence so that it does not become a bureaucratic obstacle that harms the country's business environment," said the agency's Managing Director, honored to have been nominated to occupy one of the seats on the ANTAQ Collegiate Board.

Grain

Since January 2019, Brazil has opened 100 new markets for national agricultural products. The most recent is the export of pigs (for breeding) to Colombia.

Opening foreign markets includes not only selling traditional products that Brazil already exports in large volumes, such as meats, but also various products in the agricultural chain, such as nuts, tea, fruit, fish, dairy products. These work towards meeting the objective of the Ministry of Agriculture, Livestock, and Supply (MAPA) to diversify the Brazilian export basket.

"This means new opportunities for Brazilian producers who have been working hard and remaining resilient, even while going through a pandemic. I strongly believe in the competence and competitiveness of our producers, and these openings reflect the intention of MAPA to increasingly diversify our export agenda", highlights MAPA Minister Tereza Cristina.

Among the market openings of non-traditional products are Baru nuts for South Korea, coconut seedlings for Guyana, Brazil nuts for Saudi Arabia, popcorn corn for Colombia, sesame for India, eucalyptus seedlings for Colombia, shelled eggs for Singapore, and avocados to Argentina.

Markets were also opened for high-added-value products, such as poultry genetic material for the United Arab Emirates and Morocco, and equine embryos for the United States.

Continents

Of the 100 new markets, 45 are in the Americas (Argentina, Colombia, Peru, United States, Mexico, Canada, Guyana, Ecuador, Venezuela, Guatemala, and Bolivia); 40 are in Asia (Saudi Arabia, China, Kazakhstan, South Korea, United Arab Emirates, India, Japan, Malaysia, Indonesia, Taiwan, Iran, Thailand, Myanmar, Singapore, and Qatar); 14 are in Africa (Egypt, Morocco, and Zambia), and one in Oceania (Australia), according to MAPA's Ministry of Commerce and International Relations.

Despite the impacts of the coronavirus pandemic, most of the opening processes for 66 markets were completed this year.

Countries

The new markets involve 30 countries. This is because some nations started to import more than one agricultural product from Brazil. Each new market corresponds to the export of a product. In this sense, there was a significant expansion with South American neighbors, with the opening of 17 new products for Argentina, 8 for Colombia, and 6 for Bolivia.

"Opening a market is opening a door. And I am sure that we will work together so that our producers pass through this door", says the minister.

In Asia, Singapore and Myanmar opened seven new markets for Brazilian products. In Africa, Egypt opened eight markets.

Categories by Product

Products derived from poultry (meat, offal, and flour) are among the most sought after, totaling 13 openings, as well as 11 products derived from cattle, 9 from plants, 8 from pigs, 8 from bovine genetic material, 7 from dairy, and 5 from fruits.

According to Bloomberg, the US began selling soybeans to Brazil after the Chamber of Foreign Trade (CAMEX) temporarily suspended import tariffs for corn and soybeans. This is a rare event, as Brazilians lead the production and export of oilseeds. According to the agency, Brazilian importers bought at least one cargo from the Americans in the last week.

The Brazilian purchase takes place in a year in which the country increased the volume exported by 51.4% as compared to the same period in 2019. In the domestic market, the price of the grain and its derivatives – oil and bran soybeans – showed a strong increase; this worries poultry and pig farmers. In this scenario, the suspension of the import tariff for the purchase of soy from outside Mercosur is an attempt to secure the domestic price.

The cargo containing American soybeans is expected to be shipped this year at a port on the United States Gulf Coast. "We have already started to notice some movements, but the volumes will really depend on the companies interested and where they are located," said Tarso Veloso, an analyst at consultancy AgResource, to Bloomberg.

But analysts do not expect large purchases on the South American side, as Brazilian ports are prepared for exports and the reverse logic "requires a lot of time and resources", pointed out a recent report by the US Department of Agriculture (USDA).

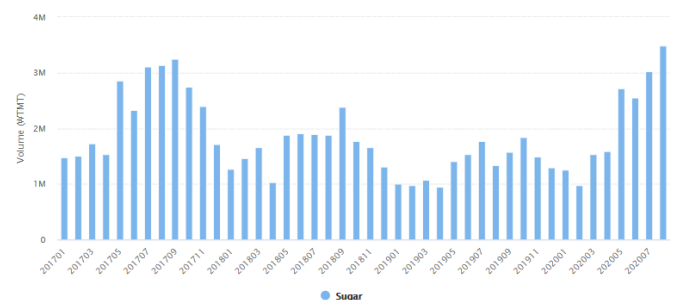
Sugar & Ethanol

2020 has been a particularly good year for Brazilian sugar exports. Data from the Department of Trade and International Relations of the Ministry of Agriculture, Livestock, and Supply (MAPA) show that exports of raw sugarcane more than doubled in September 2020 compared to the same month of 2019, with sales increasing from US\$ 420.4 million (in September 2019) to US\$ 888.4 million, an increase of 111.3%. According to the agency, the drop in sugar production in India and Thailand in this 2020 harvest permitted the increase in Brazilian exports.

The report by the United States Department of Agriculture – USDA – pointed out that Brazilian sugar exports should reach a record 32 million tons in 2020/21, an increase of 66% in relation to the previous year.

According to the USDA, this advance is due to the country's large exportable sugar surplus and the steady demand from countries that import the Brazilian sweetener. In 2019/20, shipments were estimated at 19.3 million tons. "Despite the Covid-19 pandemic and logistical obstacles at ports, including long waiting times for loading, the significant devaluation of the real against the dollar kept the Brazilian product competitive," states the report.

Brazilian Sugar Exports | Jan 2017 to Aug 2020 | WTM



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

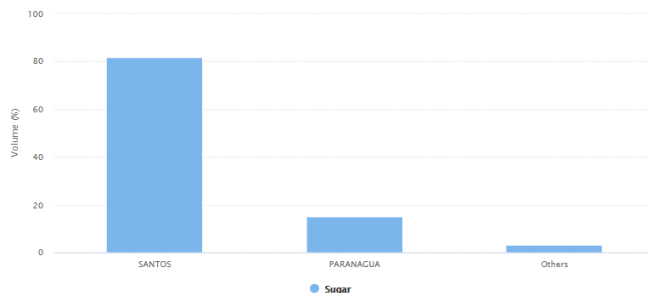
Ports and destinations

The Port of Santos continues to lead Brazilian sugar exports in 2020, handling 81.79% of the sugar volume exported this year. With the increase in sweetener exports, the port experienced some congestion. Data from the shipping agency Cargonave show that the average waiting time for loading sugar ships at Rumo, the main export terminal at the Port of Santos, reached 45 days, as calculated on June 14.

Some solutions were adopted to overcome these logistical problems. In October, for example, the company Évolus Logística coordinated a break-bulk operation to export sugar via the Port of Santos on the ship MV Lady Cansen which sailed for West Africa with 25 thousand tons of the product. A sugar break-bulk had not left Santos for more than a decade, with the popularization of containers. The practice is common in the port of Rio de Janeiro, but not in Santos.

Another solution was to return to using the Port of São Sebastião on the north coast of São Paulo to carry out sugar transport operations after a hiatus of 15 years. The resumption took place in May with the shipment of 15 thousand tons of sugar destined for Gambia, in Africa, through a closed agreement with Raízen.

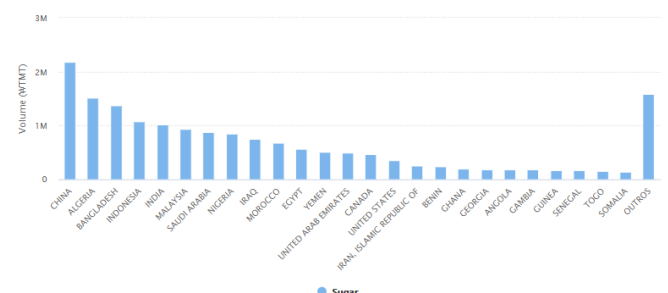
Main Brazilian Sugar Export Ports (HS 1701) | Jan to Aug 2020 | WTMT



Source: DataLiner

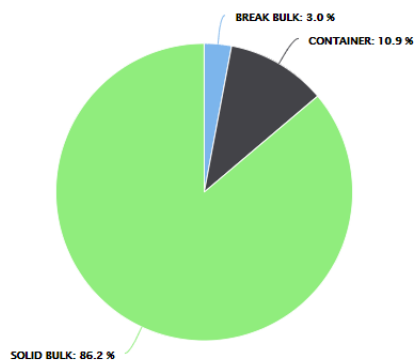
As a result, Chinese imports of Brazilian sugar that totaled just 145,300 tons between January and May, jumped in June. The volume exported in June was 239,400 tons, an increase of 477% in relation to the same month of last year. Below are the main destinations for Brazilian sugar in 2020:

Main Destinations for Brazilian Sugar Exports (HS 1701) | Jan to Aug 2020 | WTMT



Source: DataLiner

Brazilian Sugar Exports (HS 1701) by Type of Cargo | Jan to Aug 2020 | WTMT



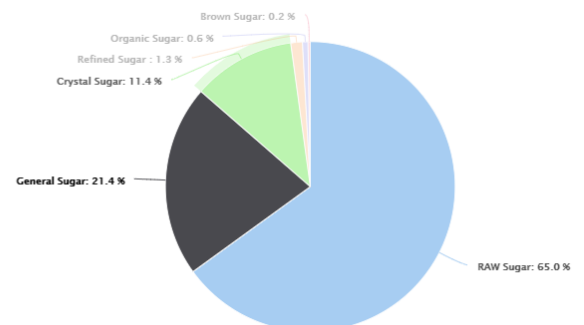
Source: DataLiner

Types of sugar

Regarding the main types of sugar imported, raw sugar accounts for 65% of the total exported. See the graph below to find the share percentage of each type of sugar in the total exported by Brazil. This segregation by type of sugar is a new DataLiner data field, available through dashboards:

Brazilian Exports by Type of Sugar (HS 1701) | Jan to Aug 2020 | WTKG

Brazilian Exports by Type of Sugar (HS 1701) | Jan to Aug 2020 | WTKG



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

Destinations

China was the main destination for Brazilian sugar in 2020, importing 12.7% of the total amount exported between January and August 2020. As a result, in June, Brazil returned to being the main supplier of sugar to the Asian country, accounting for more than 60% of imports, according to data from the China General Customs Administration (GACC).

Until 2016, China was the largest market for Brazilian sugar abroad, with purchases that reached 2.5 million tons per harvest. In 2017, however, Beijing imposed a surcharge on the entry of the Brazilian product to protect its domestic production; this slowed sales. In the 2017/18 cycle, with the barrier already in place, the volume dropped to 115 thousand tons.

Later, the Chinese also restricted the entry of sugar into their market from low-producing countries. Brazil, the most competitive market in the world, once again increased its exports to China, but still not at the same levels as before.

This year, Brazil canceled a complaint it had filed with the World Trade Organization (WTO) and avoided opening an investigation committee against China because of the surcharge because Beijing pledged not to extend it beyond May 2020. Thus, the rate outside the quota, which was 85%, was back to 50%.

Projections

For the next harvest (2021/22), the consulting firm Datagro estimates that the production of Brazilian sugar will be slightly lower than in the current season, as a result of the recent years' dry climates having an effect on the plantation productivity.

For national production, the firm forecasts a 4.8% reduction in production compared to the current harvest, a decrease of 2 million tons, for a total of 39.65 million tons. The Brazilian sugarcane harvest is estimated to be 630 million tons, 3.3% less than projected for the current harvest.

Oil & Gas

Petrobras received authorization from the Ministry of Mines and Energy to import up to 10.08 million cubic meters per day of natural gas from Bolivia.

The authorization is valid until the end of 2020 and was published in the Federal Register on October 28. It also involves a guarantee for additional imports of up to 1 million cubic meters per day for use in the transport system.

According to the ministry's publication, the gas to be imported will have the potential to meet the demand for thermoelectric plants, with transportation through the Bolivia-Brazil gas pipeline.

The delivery location will be on the border between the two countries in Corumbá, in Mato Grosso.

Petrobras must submit reports on the import operations carried out, including daily volumes, to ANP, the regulator.

Meat

Despite the group of Arab countries collectively being Brazil's second main agricultural trading partner, they have shown a strong retraction in the purchase of Brazilian meat in 2020. After their imports grew by 200% in the last ten years, beef shipments fell by almost 30% in the first nine months of the year when compared to the same period last year. In the meantime, chicken shipments shrank 18.5%. It was not that the Arabs lost their appetite, nor reduced their demand: orders collapsed because global logistics were disrupted by the pandemic and China's enormous purchasing power.

"We are in an atypical year. Exports were greatly impacted by the pandemic and economic relations did not go as we expected," says Tamer Mansour, Secretary-General of the Arab-Brazilian Chamber of Commerce (CCAB). In addition to the lack of refrigerated containers in the global market, the Chinese grabbed a larger share of Brazilian meat. "It was a commercial and competition issue," says Mansour.

Since Brazil imports little from the Arab market, the ships return empty, adding costs to those already inflated by the chaotic logistics imposed by the pandemic. While refrigerated vessels were lacking for transporting meat, containers for this type of cargo were left in the port of Shanghai.

Another factor was the strong demand from China, which, in addition to being the largest importer of Brazilian meat, also bought 15% of all the chicken that the United States placed on the foreign market. Trade friction between the two countries led the Chinese to reduce business with the Americans and to increase purchases from Brazil. The result was a lower share going to Arab countries.

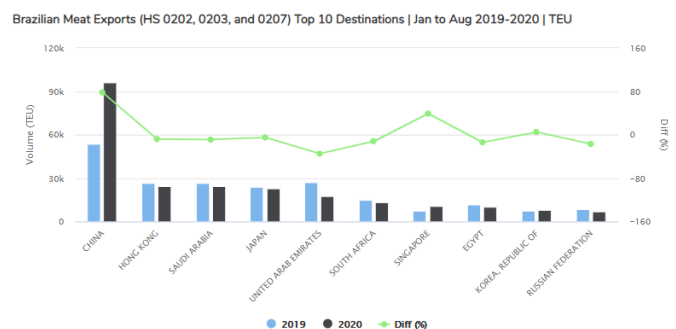
Figures from the CCAB show that between January and September, there was a 28.2% decrease in beef shipments in relation to the same period in 2019 of 211,760 tons. Revenue fell 21% to US\$ 763.5 million. As a result, the Arab countries' share and volume of Brazilian global exports decreased by 9.3% and 0.7%, respectively.

Chicken shipments shrank 18.5% in revenue, to US\$ 1.5 billion and volume decreased by 5.8% for the period. However, the global share in turnover decreased by 25.8% and in tons, it decreased by 7.9%. In the same period, total shipments of Brazilian beef increased by 10% in volume and 20% in revenue,

totaling 1.4 million tons and US\$ 6.1 billion in revenue, according to ABIEC (the Brazilian association of exporting industries).

"China is the main importer of beef with Egypt in second place. They are followed by Chile, Russia, and the United States", says Antonio Jorge Camardelli, President of ABIEC. Among the Arab countries, the main importer of Brazilian chicken is Saudi Arabia, followed by the United Arab Emirates, Egypt, and Kuwait. The Arab market is important to Brazil, says the executive, with enormous growth potential. "If the scenario had been as we expected at the beginning of the year, instead of a decrease, we would have registered growth of 12%-15% for poultry and 25% or more for beef," says Mansour.

See the graph below for the main destinations for meat exported by Brazil in the comparison between January and August 2019 and 2020:



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

Expectations rested heavily on the reopening of new markets, such as Egypt, Kuwait, Qatar, and others. Egypt, for example, has licensed 42 new Brazilian slaughterhouses to supply meat: 27 for chicken, and 15 for beef. They also renewed the licenses of 95 companies: 82 for beef and 13 for chicken.

Mansour sees the year ahead with optimism. "I see 2021 as a very promising year with an expansion in exports and good strategic partnerships, with an increase in investments by both parties", he predicts. "We have many requests for information from Arab countries wanting to import more. And Rio Grande do Sul is extremely important in these relationships", says the CCAB secretary.

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