

Main news

See the ranking of the top 50 OTI (NVO) in Brazil for container shipping in the period from January to September 2020, compared to the same period in 2019, based on DataLiner data from Datamar:

DataLiner Brazil OTI (NVO) Rankings | Jan to September 2019-2020 | TEU | Exports

Rank	Company	2019	2020	% Change
1	KUEHNE & NAGEL	47.504	51.871	9.19%
2	AMTRANS LOGISTICA & TRANSPORTES INTERNACIONAIS LTDA	19.952	27.071	35.68%
3	DB SCHENKER	33.085	25.529	-22.84%
4	AGILITY LOGISTICS	18.073	23.491	29.98%
5	ASIA SHIPPING	8.477	21.777	156.90%
6	DHL GLOBAL FORWARDING	18.694	18.300	-2.11%
7	VMLOG LOGISTICA INTERNACIONAL	18.107	18.231	0.69%
8	CONFIDENCE ASSESSORIA EM COMERCIO EXTERIOR LTDA	13.876	17.064	22.97%
9	CRAFT MULTIMODAL	9.884	10.575	6.99%
10	INTERGLOBO INTERNATIONAL FREIGHT FORWARDING	8.095	10.229	26.35%
11	DC LOGISTICS	7.326	9.568	30.61%
12	INDAIA LOGISTICA INTERNACIONAL	7.938	9.419	18.66%
13	PANALPINA	14.144	9.265	-34.50%
14	SAFELOG TRANSPORTES & LOGISTICA LTDA EPP	7.129	8.962	25.72%
15	SAVINO DEL BENE	9.000	8.802	-2.20%
16	EASY SHIPPING GLOBAL LOGISTICA LTDA	6.900	8.283	23.81%
17	ANDES OPERADOR MULTIMODAL LTDA	10.760	8.038	-25.30%
18	EURO AMERICA INTERNATIONAL FREIGHT FORWARDERS	7.655	7.539	-1.51%
19	B&M LOGISTICA INTERNACIONAL	4.865	7.192	47.83%
20	J C ASSESSORIA EM COMERCIO EXTERIOR LTDA	10.102	7.044	-30.27%
21	INTERMAR AFRETEAMENTO E AGENCIAMENTO LTDA	2.840	7.006	146.71%
22	EASYLOG SERVICOS & LOGISTICA LTDA EPP	8.534	6.412	-24.86%
23	AGL CARGO	4.826	6.211	28.70%
24	EAST LINE LTD	6.183	6.110	-1.18%
25	BCF COMISSONARIA ADUANEIRA & SERV DE IMP & EXP LTDA	3.466	5.912	70.57%
26	EXPEDITORS INTERNATIONAL	6.830	5.695	-16.62%
27	DSV TRANSPORT & LOGISTICS CO	5.045	5.650	11.98%
28	BLU LOGISTICS BRASIL TRANSPORTES INTERNACIONAIS LTDA	2.095	5.530	163.99%
29	FR MEYERS SOHN LOGISTICS	7.510	5.336	-28.95%
30	JAS FORWARDING WORLDWIDE	4.523	5.029	11.20%
31	FESHI SERVICOS ADUANEIROS & TRANSPORTES LTDA	5.472	4.533	-17.16%
32	JOSE RUBEM TRANSPORTE & EQUIPAMENTO LTDA	2.414	4.521	87.28%
33	C FREIGHT AGENCIAMENTOS INTERNACIONAIS LTDA	2.084	4.515	116.69%
34	CEVA LOGISTICS	2.960	4.391	48.34%
35	SMX INTERNATIONAL LTDA EPP	360	4.099	1038.61%
36	PLENNA ASSESSORIA EM COMERCIO EXTERIOR LTDA EPP	5.371	3.944	-26.57%
37	FEDEX TRADE NETWORKS	7.358	3.572	-51.45%
38	MASTER SUL COMEX LTDA	4.700	3.546	-24.56%
39	EASY WAY AGENCIAMENTO DE CARGAS INTERNACIONAIS LTDA	1.249	3.415	173.31%
40	ALLOG TRANSPORTES INTERNACIONAIS	1.564	3.244	107.43%
41	ACCESS GLOBAL LOGISTICS	2.043	3.189	56.11%
42	SERVIMEX LOGISTICA LTDA	3.289	3.182	-3.25%
43	MANUPORT LOGISTICS	2.997	3.180	6.11%
44	ASLL AIRSEA LAND ASSESSORIA & LOGISTICA LTDA	2.954	3.125	5.81%
45	BLUE LINE AGENCIAMENTO MARITIMO LTDA	2.004	3.052	52.27%
46	GRUPO SATEL	1.077	2.866	166.07%
47	DMF LOGISTICS	3.755	2.830	-24.63%
48	ORGANIZACAO LEON REICH LTDA	2.072	2.764	33.40%
49	ECU WORLDWIDE LOGISTICS	2.842	2.719	-4.30%
50	PLUSCARGO GROUP	2.831	2.676	-5.48%
	Total	392.602	436.505	11.18%
	OTHERS	260.571	259.155	-0.54%
	GRAND TOTAL	653.173	695.660	6.50%

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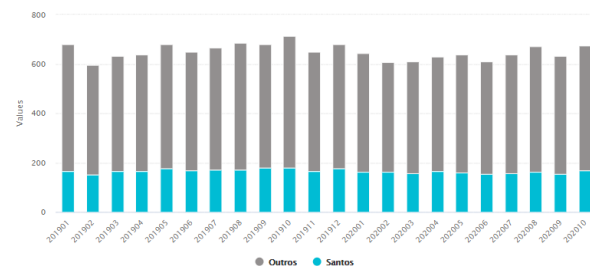
Rank	Company	2019	2020	% Change
1	ASIA SHIPPING	93.157	78.023	-16.25%
2	KUEHNE & NAGEL	47.770	37.585	-21.32%
3	BLU LOGISTICS BRASIL TRANSPORTES INTERNACIONAIS LTDA	40.894	35.866	-12.29%
4	AGILITY LOGISTICS	31.539	24.990	-20.77%
5	PANTOS LOGISTICS	21.948	23.011	4.84%
6	CRAFT MULTIMODAL	25.525	22.049	-13.62%
7	DB SCHENKER	28.670	22.036	-23.14%
8	COMISSARIA PIBERNAT LTDA	16.236	21.409	31.86%
9	PANALPINA	30.891	19.741	-36.09%
10	DHL GLOBAL FORWARDING	22.123	18.916	-14.50%
11	CEVA LOGISTICS	19.677	18.559	-5.68%
12	DC LOGISTICS	19.030	18.245	-4.12%
13	DSV TRANSPORT & LOGISTICS CO	11.646	16.196	39.07%
14	ALLOG TRANSPORTES INTERNACIONAIS	17.055	15.432	-9.52%
15	HAND LINE TRANSPORTES INTERNACIONAIS LTDA	16.539	13.163	-20.41%
16	BDP	11.494	10.860	-5.52%
17	JAS FORWARDING WORLDWIDE	11.418	10.417	-8.76%
18	EXPEDITORS INTERNATIONAL	10.906	10.194	-6.53%
19	ES BRASIL LOGISTICA LTDA	9.575	10.146	5.97%
20	INDAIA LOGISTICA INTERNACIONAL	8.364	9.129	9.14%
21	ROYAL AGENCIAMENTOS DE CARGAS LTDA EPP	10.030	8.870	-11.56%
22	CTI CARGO	5.897	8.315	41.00%
23	HM WAY LOGISTICS	11.225	7.636	-31.97%
24	HYUNDAI GLOVIS	13.434	7.635	-43.17%
25	MAERSK GROUP	0	7.600	100.00%
26	FIORDE LOGISTICA INTERNACIONAL	9.578	7.168	-25.16%
27	ANX LOGISTICA INTERNACIONAL & AGENCIAMENTO	10.395	7.145	-31.27%
28	SAMSUNG LOGISTICS	7.880	6.946	-11.85%
29	CHENDA CARGO LOGISTICS BRASIL LTDA	12.018	6.582	-45.23%
30	RENTAL LOGISTICA & TRANSPORTE LTDA	3.691	6.256	69.49%
31	HELLMANN WORLDWIDE LOGISTICS	6.528	5.952	-8.83%
32	GEODIS WILSON	6.249	5.931	-5.08%
33	ANDES OPERADOR MULTIMODAL LTDA	5.260	5.720	8.75%
34	PLUSCARGO GROUP	6.483	5.585	-13.85%
35	NEXT SHIPPING LOGISTICA INTERNACIONAL LTDA M	5.134	5.483	6.80%
36	MANUPORT LOGISTICS	5.056	5.318	5.18%
37	LESCHACO GROUP	5.057	5.015	-0.82%
38	PGL BRASIL LTDA	5.820	4.895	-15.89%
39	ASLL AIRSEA LAND ASSESSORIA & LOGISTICA LTD	10.146	4.837	-52.33%
40	ASCENSUS TRADING & LOGISTICA LTDA	1.731	4.819	178.39%
41	ALLINK TRANSPORTES INTERNACIONAIS LTDA	5.784	4.886	-18.99%
42	SEA SKY LOGISTICA DE TRANSPORTE INTERNACIONAL	6.058	4.604	-24.00%
43	FIGWAL TRANSPORTES INTERNACIONAIS LTDA	5.330	4.515	-15.28%
44	NEW TRAFIC LOGISTICA INTERNACIONAL & TRANSP	4.841	4.286	-11.46%
45	DEUGRO FREIGHT FORWARDERS	3.168	4.270	34.81%
46	DACHSER TRANSPORT & LOGISTICS	5.361	4.209	-21.48%
47	KPM LOGISTICS AGENCIAMENTO DE CARGAS EIREI	4.200	4.199	-0.02%
48	B&M LOGISTICA INTERNACIONAL	4.584	4.094	-10.69%
49	DELFIN CARGO SERVICE GROUP	5.657	3.938	-30.38%
50	VENTANA SERRA	6.996	3.888	-44.43%
	TOTAL	688.047	606.367	-11.87%
	OTHERS	389.996	323.219	-17.12%
	GRAND TOTAL	1.078.043	929.586	-13.77%

In October, container vessel calls at Brazilian ports fell 5.6% in relation to the same month last year, reflecting the coronavirus pandemic which reduced industrial activity, private consumption, and, consequently, imports via ports. In Santos, the drop was 7.2%. October was the busiest month in terms of port calls in 2019.

Despite this, in the comparison between September and October 2020, there was a 6.6% growth in ship calls. In Santos, growth was greater, at 9.15%, which shows a recovery. In the comparison between January and October 2019 and 2020, the results are still negative, with a 4.1% drop in the number of stopovers. In Santos, year-on-year, the fall was 5.5%.

Consult the chart below for a monthly history starting in January 2019:

Container ship calls | Jan 2019 to Oct 2020



Source: DataLiner

The following table shows the comparison of the ship calls by port from January to October 2019 and 2020:

Container ship calls in Brazilian ports – Jan to Oct 2019-2020

Ports	2019	2020	Diff %
Itaquai	5	28	460%
Natal	33	34	3%
Navegantes	436	446	2%
Paranagua	644	654	2%
Porto De Itaguai	257	258	0%
Manaus	175	175	0%
Itajai	366	360	-2%
Pecem	325	317	-2%
Fortaleza	56	53	-5%
Santos	1.691	1.598	-5%
Salvador	431	404	-6%
Vitoria	158	146	-8%
Itapoa	491	453	-8%
Rio De Janeiro	512	472	-8%
Suape	419	384	-8%
Vila Do Conde	145	132	-9%
Rio Grande	431	390	-10%
Imbituba	48	43	-10%

The growth in the Port of Itaquai is due to the fact that in August 2019, a testing phase occurred for a regular service that began in February / 2020.

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

Regarding blank sailings, the forecast is for only one blank sailing this month from the owner PIL, in week 47, in the Asia trade (FEAS) – Sino South America service.

Port of Santos Performance - A report published on November 2nd by Folha de S. Paulo highlighted the fact that the agribusiness boom camouflaged the drop in the circulation of containers at the Port of Santos. Cargo-handling data at the site released by the port authority indicate that 2020 is a positive year, driven mainly by the movement of solid bulk cargoes, such as exports of sugar, corn, and soybeans.

ANTAQ (the national transport agency) believes that the drop observed in the handling of containerized cargo at the Port of Santos responds exclusively to cyclical factors, and not to long-term structural factors. In the entity's assessment, the drop observed in the handling of containerized cargo is consistent with the adverse effects of the Covid-19 pandemic on the level of activity and private consumption, especially at the national level. The agency pointed out that the Port of Santos concentrates the largest industrial park and the largest consumer market in the country. "Let us remember that the Covid-19 outbreak in Brazil started in the state of São Paulo, which led the state government to immediately adopt strong restrictive measures on the circulation of people, on the functioning of trade and services, and requiring extra care in the functioning of industries," ANTAQ stated.

This opinion is shared by Marcelo Ribeiro, Director of Santos Port Authority (SPA). "It is the situation when you look at the port data for export and import and you see that the port normally exports 70% and imports 30% of the cargo handled. But today it

exporting 74% and importing 26% of cargo handled, and that it is the result of the conjuncture", says Ribeiro.

SPA says the drop was expected and is consistent with the effects of the pandemic. At the same time, he understands that the first four months showed the resilience of the port in the midst of the pandemic, with a growth in exports.

The ports in the southern region of Brazil, on the other hand, benefited from the growth of animal protein exports, mainly to China, which continues to suffer from the African swine flu that decimated its pig herds, reduced the government's protein reserves, and led the country to resort to imports to feed its population.

Ports, terminals and infrastructure

The Port of Paranaguá has been receiving several public and private investments despite the crisis caused by the new coronavirus pandemic. The port authority that manages the port and that is responsible for providing the necessary infrastructure for cargo-handling activities will invest R\$ 703 million in the coming years. The contract for the executive project to modernize the Eastern Export Corridor will cost R\$4 million.

This week, Rocha Terminals Portuarios e Logística announced new investments to double the storage capacity and handling of solid bulk through the port's Eastern Export Corridor. "We are going to expand the total storage capacity in Paranaguá to 270,000 tons. We are also going to expand the unloading capacity to more than 600 trucks/day, with two new tippers", explained the company's Export Bulk superintendent.

The expansion project will double the current infrastructure of the Solid Bulk Export Terminal, creating two new warehouses with a storage capacity of 62,000 tons each. The work begins this month and is expected to be completed by December 2021.

Operating in ports from the north to the south of the country, Rocha handles 20 million tons of products per year. In addition to exporting bulk (soy and corn), it operates with solid import bulk (fertilizers), liquid bulk, pulp, steel products, and general cargo.

According to the company's CEO, Juliano Agnolo, the investment in expanding the structure in the Port of Paranaguá is important not only for the company but also for Brazilian agribusiness ("the engine of the country" he believes) for the state of Paraná and the ports of Paraná.

Export Corridor is planned for the next 50 years - The company Portos do Paraná has already contracted the basic project for the modernization and remodeling of the Eastern Export Corridor of the Port of Paranaguá. The work will increase the complex's operational capacity by 100%.

The company's CEO, Luiz Fernando Garcia, explains that the objective is to provide conditions for the complex to meet the demand with excellence for the next 50 years. "Considering the power of the ship loaders (ship loading equipment) and the market demand, we are going to invest in this project to reach a volume of up to 18,000 tons per hour, that is, 6000 tons/hour in each berth," says Garcia.

The basic project for the refurbishment works of the complex will be the basis for the executive project and also for the works that

will double the capacity for shipping grain and bran through the three berths in the corridor (212, 213, and 214). The objective is to increase productivity to reduce operating time, increase vessel turnover and decrease the cost of the entire chain.

The proposal is to develop a new system by installing new conveyor belts and acquiring new electromechanical equipment. The new belts will be enclosed and protected in order to avoid cargo losses, city pollution, and damage to air quality and the environment as a whole due to the dust. In the same project, all the necessary works are planned for the Export Corridor to operate at full capacity.

The Export Corridor of the Port of Paranaguá is formed by nine private terminals: Cargill, AGTL, Interalli, Centro Sul, Coamo, Louis Dreyfus, Cotriguaçu, Cimbesul, and Rocha, which add up to a global capacity of 1.025 million tons. There are also public terminals: a vertical silo with a static capacity of 100,000 tons, and four horizontal silos, each with a total capacity of 60,000 tons.

The Paraná model for shipping bulk export is unique in Brazil. The cargo can be loaded simultaneously in the three bulk cargo berths and it is possible that the same ship receives goods from different producers, in a pool system.

The storage structures are connected by conveyor belts. The lines take the products to the ships' holds, which are loaded by six pieces of equipment (ship loaders) that operate in the three exclusive berths (212, 213, and 214).

The agents and police who work in the inspection of the goods that are moved in the terminal located the packages of the drug during a routine monitoring action. The teams have a high-precision scanner and when they identify a suspicious situation inside a container, it is separated and opened. It was the seventeenth seizure of cocaine at the port's container terminal this year. In all, more than 5.5 tons of the drug were seized during the inspections performed in 2020.

The last one was on September 26, when approximately 254 kilos of drugs were seized. The narcotic bags were placed inside a container loaded with paper spools to be sent to the Spanish port of Algeciras.

In addition to the inspection work carried out at the port's container terminal, the Federal Police and the Federal Revenue Service monitor suspicious companies linked to the goods export sector. All seized drugs are sent to the Federal Police Superintendence in Curitiba, which continues with the investigations. No arrests were made.

Last week, the pilot shipment of an iron ore export project was concluded at Pier 3 of the Port of Imbituba (SC). With that, the cargo becomes part of the portfolio of products served by the port complex, with a projection of another 400 thousand tons handled in the next 5 months. The inaugural operation of 41,400 tons was carried out on the ship NORDIC STAVANGER, which put to sea on the night of November 1 and has as its final destination the Port of Ijmuden, in the Netherlands. The vessel is 190 meters long and has 4 cellars loaded with ore. The port operation oversaw ILP's cargo and the ship was managed by Orion.

The attraction of this new cargo already affects the port structure qualification. Sul Norte Logística, a port operator, is completing a 6,400 m² canvas warehouse and will build two more 5,600 m²

modules at the rear of Pier 3 specifically to handle this cargo. The area also allows for the expansion of the project, if necessary. According to Juliano Franco, Administrative Manager of the company, this market opportunity has an important local social impact in the generation of jobs, with the initial increase of 20% in the staff, only from Sul Norte, and can open even more vacancies, depending on the increase in the volume moved.

The cargo currently shipped via the Port of Imbituba originates in Corumbá, Mato Grosso do Sul, and arrives by road. Before, the ore was transported by waterway to Argentina and Uruguay and later to Europe by sea. For Luís Antonio Braga Martins, the Director-President of the Port of Imbituba, "the logistical transfer of an operation of this magnitude from other countries to Brazil has a positive impact on the development of the country itself, as it develops internal business and income, creates jobs, and fosters businesses".

The port unions that form FEMPINRA called for a halt to activities at all terminals in the Port of Buenos Aires on November 4, so that workers could participate in a strike over the fate of Terminal 5 at the AGP (the general administration of ports) offices.

The unions Apuntadores Marítimos, Guincheros, Capatazes, and Marinha Mercante adhered to the measure. Likewise, SUPA (the united ports of Argentina union that supports dockers) also joined in.

"The goal is to express our rejection of the imminent closure of Terminal 5 and express our solidarity with all colleagues who work there, in the event of a possible risk of job loss," announced FEMPINRA in a written statement.

AGP commitment - It is worth mentioning that weeks ago, AGP signed a commitment agreement with the concessionaire for Terminals 1, 2, and 3, Terminales Río de la Plata (TRP) and the concessionaire for Terminal 4, APM Terminals, whereby the companies promised to absorb the BACTSSA workers as of May 16, 2021, when the terminal 5 concessionaire contract expires according to the AGP.

"All workers who work in Terminal 5 will receive the respective labor indemnity and later they will be incorporated as workers for the other operators", confirmed port sources who participated in the signing of the act.

The law was signed to preserve jobs and keep the port operational after the end of the contract with the Terminal 5 operator. But the unions seem to maintain their reservations about what was signed by AGP and the other concessionaires.

On October 30, VLI Logística auctioned the operations of an intermodal terminal located in Porto Franco (MA). The asset has grain storage and trans-shipment structures, and the forecast is that the auction will allow cargo handling in the Arco Norte region to grow by more than 30%. VLI will invest more than R\$ 20 million between contractual obligations, adequacy, and training over the next 15 years. In addition to this period, the concession can be renewed for another five years. The works will generate more than 100 jobs in the state and should begin next year.

The expectation is to begin handling grain at the end of 2021. The use of this unit is in synergy with the company's operations in the

state and the asset will be integrated into VLI's multimodal system that already handles cargo. In recent years, VLI contributed almost R\$ 2 billion for the construction of two terminals in Tocantins, the acquisition of locomotives and wagons, and improvements to the railway line. "The new terminal reinforces our strategy to transform the country's logistics. Last year, at Porto do Itaquí, we handled nearly eight million tons of grain (corn, soybeans, and bran). We believe it is essential to promote the country's new agricultural frontier and our system is becoming increasingly powerful enough to serve the market", points out Alessandro Gama, Director of Ports and Terminals at VLI.

Shipping

According to The Loadstar, citing Alphaliner, the Mediterranean Shipping Company (MSC) is expanding its fleet with a series of used ship acquisitions valued at US\$ 180 million. Some of the ships have already been chartered by the company.

According to the publication, MSC focused on buying these ships after container leasing prices skyrocketed in response to rising demand.

Although MSC's transactions are kept private, both in the leasing market and in the buy and sell market, Alphaliner detailed that there would be four 8,200 to 8,500 TEU ships from Zeaborn Ship Management.

These ships are the ER Tianping, the ER Tianshan, the ER Tokyo, and the ER Texas, built in 2006. MSC had previously chartered the ER Texas for \$ 12,400 per day and paid twice for the use of the ER Tokyo. ER Tianshan is chartered by Maersk and ER Tianping is leased by ZIM until March 2021. According to The Loadstar, based on the Alphaliner report, MSC "is interested in just about everything that floats".

In a general repercussion trial on October 28th, the 2nd Section of the Brazilian supreme court stated that according to Article 206, Paragraph 5, Item I of the 2002 Civil Code, the intention to collect amounts related to the expense of container over-stays should expire in five years, as previously established in a unimodal shipping transport contract.

Container over-stays, or 'demurrage', refers to the indemnity paid by the shipper (owner of the cargo) to the sea carrier. when loading and unloading operations exceed the contractual period for the return of the containers.

The decision was unanimous and was based on a lawsuit by Pluscarga Brasil, represented by lawyer Alexandre González, which held that the statute of limitations must be for five years and not just one year for collection or demurrage cases in a maritime transport contract (unimodal) supported by an agreement for the return of the containers.

All of the pending lawsuits in Brazil on this subject have been suspended since last year due to the allocation proposal presented by Minister Ricardo Villas Bôas Cueva.

In cases in which there is no previous stipulation in the transport contract, the general rule of a 10-year statute of limitations applies, pursuant to article 205 of the Civil Code.

According to González, the court will affect all future decisions in the country that involve the issue. "It is important to form this understanding which will once and for all provide the long-awaited legal security for future cases that address this discussion."

Grain

The Brazilian government has issued a normative instruction legally authorizing imports of genetically modified (GM) soy and corn from the United States at a time when Brazil is dealing with low stocks and record prices for these products.

According to the press office of the Ministry of Agriculture, the normative instruction recognizes the equivalence of genetically modified products between Brazil and the USA.

The standard seeks to eliminate uncertainties about imports from the USA, since the North American country has transgenic products that have not yet been approved in Brazil, according to experts. The North Americans are potential suppliers of grains to Brazil, which faces a shortage of soybeans, mainly due to strong exports to China and in the face of heated domestic demand.

With record prices for soybeans and corn, the Brazilian government zeroed the import tariff for these grains to countries outside Mercosur last month.

The rule was published on November 4, the same week that the USA confirmed an export of 30,000 tons of soy to Brazil.

Imports of soybeans by Brazil, however, are expected to be greater with Mercosur partners, as indicated by projections at this time. From January to September, soybean imports by Brazil totaled 528,000 tons, according to government data. This data highlights Paraguay as the largest supplier, with 521,000 tons. Last year, Brazilian purchases were only 144,000 tons.

Brazilian coffee exports to Arab countries registered an average annual growth rate of 3.8% over the last nine years through 2019. From January to September of 2020, shipments of the products continued to advance, attaining levels up to 7.3% higher than the same period in 2019.

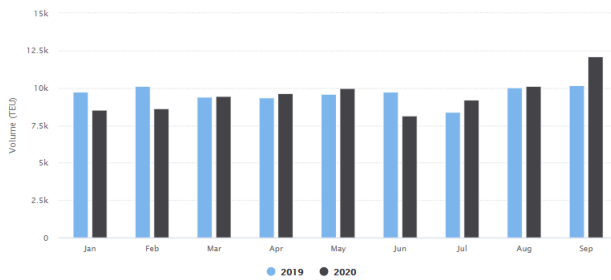
From 2010 to 2019, CECAFE (Brazilian Coffee Exporters Council) announced that exports grew by 328.8% for Algeria, 16.3% for Jordan, 13.1% for Syria, and 10.3% for Tunisia.

In a year in which all sectors are facing challenges generated by the Covid-19 pandemic, the coffee sector experienced uncertainties regarding grain sales. CECAFE has assured that shipments have proceeded normally. "It is important to highlight that coffee exports from Brazil generally followed the normal shipment pace, offering a quality and sustainable product that strictly complies with employee safety and protection measures and follows guidelines from the World Health Organization and municipal and state public health institutions," said Carvalhaes.

The Chairman of the Board emphasized that demand has remained stable. Although restrictions applied to hotels, restaurants, and coffee shops have negatively affected the specialty-coffee segment, there has been an increase in private consumption.

Consult the following graph for a comparison of Brazilian coffee exports in 2019 and 2020:

Brazilian Coffee Exports (HS 0901) Jan – Sept 2019-2020 | TEU



Source: DataLiner (to request a DataLiner demo, click here)

COOXUPE (the regional cooperative of coffee growers in Guaxupé) registered an increase in coffee sales to the Arab countries. In 2020 to date, the export of green Arabica coffee totals 18,322 sixty-kilo bags. During the entire year of 2019, the volume shipped was only 16,900 bags of the same type of coffee.

This institution is the largest cooperative of coffee producers in Brazil and has encouraged the production of quality beans. Exports to the Arab bloc, however, are still focused on the commodities market.

On November 2, a grain-export terminal in the United States located near Baton Rouge, Louisiana, shipped 38,000 tons of American soy in a bulk vessel bound for Brazil. This is an unusual shipment since Brazil is the main global exporter of oilseeds, but it is dealing with rising prices.

Last month, Brazil temporarily suspended tariffs on imports of corn, soybeans, and soy products from outside Mercosur in an attempt to contain inflation. Due to record soy exports from Brazil to China this year due to the high dollar, the domestic supply of the grain was reduced, and a significant part of the next harvest will not arrive before January.

Of the approximately 56.3 million tons of soy that China imported between April and September this year, 48.9 million tons, or 86%, came from Brazil.

The export shipment of 38,000 tons of soy from the USA to Brazil represents the largest transaction of its kind since 1997 when the country imported more than 600,000 tons of oil from the USA, according to data from the US Census.

Last week, ABIOVE (the association of Brazilian soy-processing industries) said that US grains should be used for internal processing in Brazil. Larger imports, however, would require approval for certain genetically modified soybeans that are authorized in the US but not in Brazil.

China seeks new suppliers for oilseed - While Brazil is importing soy, China is seeking new suppliers in Africa. According to the Chinese news site, South China Morning Post, the country opened its soy market to Tanzania, as it slowly strives to reduce its dependence on Brazil and the United States, its main suppliers. An agreement with the African country was signed on October 26, according to Wu Peng, Director of the African Division of China's Ministry of Foreign Affairs.

"Both China and Africa benefit from these strong ties that are forming," said Peng in his statement. In return, Africa is expected to import machinery, electronics, and manufactured products from the Asian nation. Other countries such as Kenya, Ethiopia, Namibia, South Africa, and Botswana already have agreements

with China for the export of agricultural products such as coffee, tea, avocado, soy, beef, and fruit.

Although the volume is quite limited and far from meeting China's high demand – the Beijing embassy in Tanzania has estimated the demand for oilseed at 103 million tons per year – this is yet another measure the country has found to diversify its suppliers.

"Tanzania joins the list of countries that can capitalize on the huge soy export market. And it also provides new opportunities for Tanzanian farmers to find a reliable market for the product," adds the embassy. Experts confirm that Chinese imports of African agricultural products are indeed increasing, albeit still on a small scale.

"Part of this comes from China's desire to reduce its dependence on imports from the US and Brazil, even though African production is still too small to promote a real and effective difference in this trade," explains Mark Bohlund, Senior Researcher at REDD Intelligence, in an interview with the South China Morning Post.

At the same time, political issues and important messages are transmitted in agreements such as these, as explained by Roberto Dumas Damas, Insper professor and economist specializing in international affairs. "If it were just a matter of pure supplier diversification, the Chinese would certainly not insist that it be published in the main local newspapers. It is basically a 'read between the lines; I also know how to retaliate'. China's subtle manner of sending subliminal messages is quite well known", he says.

In August, the South China Morning Post had already highlighted a proposal for a "soy industry alliance" with Russia to deepen and intensify trade relations between the two countries. In addition to a union of industries and other links in the production chain, the alliance also predicted an increase in soybean production areas in both countries. Their estimate is that the Chinese are expected to import 3.7 million tons of Russian soybeans by 2024.

Sugar & Ethanol

Data released on November 3 by SECEX (the Secretariat of Foreign Trade) point out that in October, Brazilian sugar exports totaled 4.2 million tons, a new monthly record that surpasses the 3.93 million tons registered in the same month of 2012. In comparison to October 2019, shipments of the sweetener in 2020 increased by 119%.

According to experts, sales of sugar from Brazil – the main global exporter of the commodity – have benefited from greater domestic production, lower supply in important competing countries, and a favorable exchange rate for shipments. By the fourth week of the month, the country had already shipped 3.2 million tons which signaled that it was on the way to setting a record.

SECEX also reports that Brazilian exports of green coffee reached 225,400 tons (3.75 million 60-kg bags) in October, an increase of 13% compared to the same period last year. The devaluation of the Brazilian real has favored coffee exports and has helped with sales of the country's 2020 harvest. These sales had already surpassed 60% of the total by mid-October, a volume above the same period in 2019 and the historical average, according to a survey by Safras & Mercado.

On the other hand, corn exports fell to 5.15 million tons in October, compared to 6 million tons in the same month last year, although the second crop cereal harvest is over and prices are at a high level.

Among the commodities in the extractive industry, international exports of iron ore decreased to 31.2 million tons. A year earlier, Brazil shipped 34.1 million tons of the product.

In the meat market, Brazilian exporters saw a decline in both beef and poultry protein sales, in contrast to the optimistic scenario that occurred throughout the year. Beef shipments dropped to 162,700 tons in October versus 170,500 tons in the same month of 2019. Poultry protein exports dropped to 296,600 tons, down from 334,600 tons in October 2019.

Other cargo

A survey by ANFAVEA (the national association of motor vehicle manufacturers) released on November 6 shows that the recovery seen in September continued in October, with high volumes of licenses and production. The recovery is taking place during a challenging time for the automobile industry, and projects year-end figures very close to those of the projections made by the entity.

During October, 236,468 vehicles were manufactured – an increase of 7.4% over September, but a drop of 18% in comparison with October 2019. The year-to-date decrease is 38.5%, very close to the projection of -35%. The domestic market ended the month with 215,044 licensed units, an increase of 3.5% over the previous month but a decrease of 15.1% compared to October last year. The accumulated drop in 2020 has already reached 30.4%, in line with the -31% forecast by ANFAVEA.

Exports grew in October thanks to the resumption of neighboring markets after a prolonged quarantine. A total of 34,882 vehicles were exported, a growth of 14.3% over September, and 16.4% over October 2019. The accumulated shrinkage in 2020 is at 34.2%; the association forecasted a shrinkage of 34%.

“The results of October reveal the efforts of the industry to meet the growth in demand in some market segments”, said Luis Carlos Moraes, President of ANFAVEA. “We have many challenges to achieve a more vigorous recovery, such as the new factory protocols, the difficulty of planning the medium term, the rise in costs, and, recently, the lack of some inputs”, said the leader.

The agricultural and road machinery sector, less affected than the auto sector, recorded a 9% increase in production (4,919 units) compared to September. Much of this increase was due to exports of 901 units, 21.1% more than in the previous month. Domestic sales (4,530) decreased by 5% in October. Cumulative sales through October grew 1.6%, but production and exports fell 18.1% and 32.1%, respectively.

Meat

The outbreak of African swine in China's pig population has greatly benefitted exports of pork from Brazil to the region as a substitute. Germany has also detected some cases of the disease amongst its wild boar. Moreover, on Thursday, November 5th, the German Ministry of Agriculture reported another incident – an outbreak of bird flu on a chicken farm

in Schleswig-Holstein, according to Reuters. The strain detected is H5N8, which is highly pathogenic.

According to the ministry, eight birds died in a short time from the virus. The rest of the chickens on the farm were sacrificed. At the beginning of the year, Germany had already registered a case of bird flu on a chicken farm in the northern region of Lower Saxony.

SENACSA (Paraguay's national agency for animal quality and health) reported that the country's meat exports ended the month of October with 196,000 head of cattle processed. The volume surpassed the same month of 2019 by 5.5%.

According to the entity's president, Joseph Martin, exports remain high. “We have very good prospects, especially for November this year.”

According to the executive, exports in the first 10 months of 2020 totaled 211,000 tons, which is 11,000 tons more than the volume exported during the same period last year, representing growth of over 5%. “We are seeing strong volumes despite the pressure currently exerted by the drought,” said Martin.

A district in the Chinese province of Shandong detected Covid-19 in a package of pork imported from Brazil. Wendeng province officials have determined that everyone who has had contact with pork must inform the government.

It is not the first time that Chinese authorities have detected traces of the virus in Brazilian meat. In August, a batch of chicken wings exported by Aurora Santa Catarina tested positive. At the time, the virus was also detected on the packaging. Aurora's chicken-producing unit in Xaxim (SC) had its exports to China suspended despite the lack of evidence that food transmits the disease.

In the case of the pork packaging with Covid-19 traces detected in Shandong, there is still no information available on which Brazilian slaughterhouse produced it.

According to ABPA (the Brazilian association of animal protein), the contamination may have occurred during one of the stages of transporting the product to the Asian country. In a note, ABPA maintained that evidence suggests that the contamination did not occur at the meat processor. ABPA does not yet have all the details of the case in China, but it is working with the Brazilian government to assist with information. The agency also emphasized that there is no evidence that Covid-19 is transmitted via food consumption.

The Ministry of Agriculture said it had not yet been officially notified by the Chinese authorities of the alleged identification of traces of the new coronavirus in the packaging of exported Brazilian pork. The episode was identified by the local health service and not by GACC (the General Customs Administration), with whom Brazilian attachés in Beijing maintain direct contact. Therefore, the information has neither been confirmed nor officially announced.

Economy

On November 5th, GECEX (the executive management committee of CAMEX, the Ministry of Economy's Chamber of Foreign Trade), approved a 15% reduction in the tariff applied to toy imports, from 35% to 20%. The measure will be valid as of December 1 but should start to have a more significant effect on prices at the beginning of 2021, considering the time necessary for new imports already supported by the tariff reduction.

The reduction includes toys such as scooters, tricycles, dolls, puzzles, and electric trains, among others. The 35% tariff in force for these items was the third highest in the world, second only to those practiced by Afghanistan and Zimbabwe. The reduction to 20% brings the Brazilian tariff to the level of the Mercosul Common External Tariff (TEC) and eliminates the exceptional tariff increase that applied to imports since 2011.

Falling prices - According to a study carried out by the Institute of Applied Economic Research (IPEA), it is estimated that the tariff reduction will generate a 5.1% to 5.7% drop in consumer prices and increase the number of toys sold in the Brazilian market by 6.9% to 7.7%.

Another positive effect resulting from the tariff reduction is that it will discourage piracy and the practice of bringing products to the country without paying taxes, besides also favoring the growth of formal retail in Brazil.

The GECEX decision was preceded by a public consultation conducted by the Commercial Strategy Undersecretary of the Executive Secretariat of Camex and technical studies carried out by various organizations. It was attended by thousands of stakeholders, including individuals, legal entities, and government agencies.

The United States is Brazil's third-largest trading partner, behind China and the European Union. In the period between August 2019 and July 2020, Brazilian exports to the USA totaled US \$ 24 billion, representing approximately 11% of the total exported by Brazil (US\$ 216.7 billion). Of this amount, 28% came from agribusiness products (US\$ 6.7 billion). However, there is still much to be done in terms of the American import agenda, a market of around US\$ 275 billion that Brazil does not yet participate in.

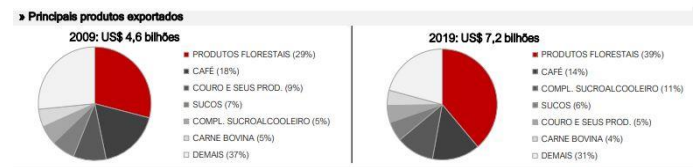
This is the result of a study carried out by the Markets panel of FIESP (the federation of industries of the state of São Paulo): The Insertion of Brazil in the World Trade of Agribusiness Products. It is an annual report that offers an exclusive compilation of data on imports and exports of products in the sector, coming from various sources, both national and international.

In 2019, Brazil exported US\$ 96.8 billion in agribusiness products to 198 markets. Of this amount, US\$ 7.2 billion went to the United States, which represented 7.4% of total Brazilian exports in this sector. In 2009, the US participation in the agro-export basket was

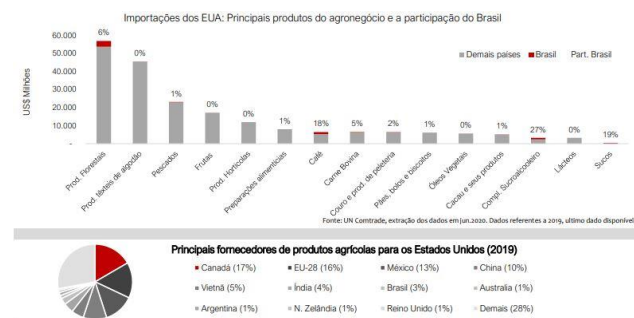
7.0%, showing that the participation of the American country was relatively stable during these 10 years. The portfolio also remained stable and was concentrated in the same products, mainly forest-based (wood and cellulose) products.

According to the study, the main Brazilian agribusiness products exported to the US in 2019 (which represented about 70% of the total) were forest products, coffee, ethanol, orange juice, leather, and beef.

The graph below shows the comparison of Brazilian agribusiness exports to the USA in 2009 and 2019:



Brazilian insertion in selected sectors - Of the total imports of agribusiness products to the United States in 2019, about 3% were acquired from Brazil. The items selected in the graph below represent about 70% of the list of agricultural products imported by the USA. Brazil is not a significant country in terms of American acquisitions of the main agribusiness products but is important in sectors such as coffee, sugar and ethanol, juices, and forest products (pulp and wood). We are 6th in the ranking of the main suppliers of agricultural products to the Americans, behind Canada (17%), EU-28 (16%), Mexico (13%), China (10%), Vietnam (5%), and India (4%).



On Tuesday, November 3, the Ministry of Economy released the result of the Brazilian balance of trade balance for the month of October, recording a US\$ 5.5 billion surplus, lower than market expectations. According to the agency, the result was again leveraged by the significant retraction in imports. The market expectation was for a US\$ 6.1 billion surplus.

Although the positive balance more than doubled in comparison with the same month last year, when it was US\$ 2.5 billion, it was still below the US\$ 5.8 billion surplus recorded in October 2018.

Most of the increase in the October balance of trade is explained by the fall in imports from the manufacturing industry, which fell by US\$ 140.67 million by the daily average in relation to the same

month last year; and from decreased imports from the extractive industry, whose purchases from abroad shrank US\$ 15.16 million.

In terms of exports, the end of the grain harvest caused agricultural exports to fall by US\$ 36.93 million by the daily average in relation to October last year. In contrast, extractive industry sales rose US\$ 14.89 million, and manufacturing industry exports – which had been declining steadily – rose \$ 23.38 million in the same comparison period.

With the result of last month, the balance of trade accumulates a surplus of US\$ 47.66 billion from January to October. This is the second-best result of the historical series for the period, losing only to the period from January to October 2017 (which recorded a surplus of US \$ 58.45 billion).

Year-to-date exports totaled US\$ 174.38 billion, a decrease of 6.5% in comparison with the same period of 2019 by the daily average. Imports totaled US\$ 126.712 billion, a decrease of 14.7% by the same criteria.

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