

Main news

Below is a ranking of the port terminals that stood out the most in container handling in the first nine months of 2020 and their comparison with the same period in 2019 according to DataLiner data:

In exports, the biggest highlight remains BTP, which grew 29.56% in the period from January to September 2020 compared to the same period in 2019. Despite maintaining the third position in the ranking, Santos Brasil presented the biggest drop in the period: -21.60%:

Port Terminal Rankings – Exports | Jan-Sept 2020 & 2019| TEU

Rank	Terminal	2019	2020	% Change
1	BTP	351.571	455.498	29.56%
2	TCP	269.293	290.905	8.03%
3	SANTOS BRASIL	308.719	242.039	-21.60%
4	PORTONAVE	202.381	230.144	13.72%
5	TECON RIO GRANDE	172.295	167.012	-3.07%
6	DP WORLD SANTOS	130.019	156.094	20.06%
7	ITAPOA	139.597	129.151	-7.48%
8	APM TERMINALS	99.869	122.461	22.62%
9	MULTI-RIO	49.925	52.057	4.27%
10	TECON SALVADOR	58.293	60.679	4.09%
11	TEC P1	36.740	35.539	-3.27%
12	LIBRA TERMINAL	26.607	24.192	-9.08%
13	SEPETIBA TECON	19.804	18.665	-5.75%
14	TECON SUAPE	10.205	10.776	5.60%
15	CAIS PUBLICO FORTALEZA	15.073	12.367	-17.95%
	TOTAL	1.890.389	2.007.579	6.20%
	OTHERS	87.370	54.312	-37.84%
	GRAND TOTAL	1.977.759	2.061.891	4.25%

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Source: DataLiner

The terminal that received the most imported cargo in the first nine months of 2020 was also BTP, but with a drop of 15.77% in handling. In general, most terminals registered a drop in imports, due to the economic upheavals caused by the Covid-19 pandemic.

Port Terminal Rankings – Imports | Jan-Sept 2020 & 2019| TEU

Rank	Terminal	2019	2020	% Change
1	BTP	347.178	292.439	-15.77%
2	SANTOS BRASIL	331.903	282.681	-14.83%
3	TCP	179.706	166.291	-7.47%
4	PORTONAVE	163.761	145.739	-11.01%
5	DP WORLD SANTOS	103.666	124.712	20.30%
6	ITAPOA	139.207	121.173	-12.95%
7	APM TERMINALS	78.370	86.522	10.40%
8	TERMINAL CHIBATAO	56.059	59.726	6.54%
9	TECON RIO GRANDE	55.717	45.029	-19.18%
10	MULTI-RIO	58.059	44.714	-22.99%
11	TECON SUAPE	54.164	43.924	-18.91%
12	LIBRA TERMINAL	46.171	41.528	-10.06%
13	TECON SALVADOR	42.335	35.622	-15.86%
14	SEPETIBA TECON	48.264	33.535	-30.52%
15	SUPER TERMINAIS	39.121	33.333	-14.79%
	TOTAL	1.743.682	1.556.969	-10.71%
	OTHERS	56.052	24.506	-56.28%
	GRAND TOTAL	1.799.734	1.581.475	-12.13%

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

Ports, terminals and infrastructure

VLI Logística reported that the fleet used on the north section of the North-South Railway between Porto Nacional (TO) and Açailândia (MA), will increase by 247 railway wagons to strengthen grain transport on the important agricultural frontier during the next harvest.

In the last few weeks, the operation received 80 railway wagons, and another 167 will arrive in early 2021. All of them will be used to transport grain. “We are getting ready for the next harvest. This reinforcement in the fleet demonstrates our commitment to continue supporting the growth of grain handling in Arco Norte”, said Fabiano Rezende, General Manager of VLI Center-North Corridor.

The region has one of the fastest-growing agricultural sectors. Last year, this railway network handled 7.9 million tons of corn, soy, and bran, representing an increase of 25% compared to the previous year.

In addition, this stretch of VLI registered the transport of more than 11 million tons of other products last year, such as fuels, pulp, pig iron, and manganese.

By 2021, production is expected to increase in the northern states, especially with soy.

With the arrival of the brand new wagons, the northern section of the FNS will have more than 3,000 units. Since 2015, the fleet used in the stretch between Tocantins and Maranhão has more than quadrupled.

VLI also said that the new Greenbrier Maxion railway wagons offer the grain flow three differentials: reducing the railway wagon length without losing volume, reducing the tare weight, or increasing the service life.

The new units have a high performance “motion control” system, which reduces the friction between the wheels and the track, generating less fuel consumption and less wear.

“The investment is in line with the strategy of increasing the capacity and agility in the flow of grains that leave the interior of the country, pass through the terminals of Porto Nacional and Palmeirante, in Tocantins, and continue to Porto do Itaqui, in São Luís (MA)”, said VLI, without detailing values.

Between January and October, the Port of Buenos Aires practically doubled the number of railway wagons handled, with an increase of 90.65%.

Between January and October, a total of 10,213 railway wagons were operated at port terminals, while in the same period in 2019, the number reached 5,357. According to what was recorded until October, the busiest month of this year was April, when the railway operation peaked at 1,449 wagons, while in 2019 the peak was 777 in June.

The General Administration of Ports (AGP) stated that promoting the growth of intermodality is an important focus because, in addition to optimizing cargo transport, it encourages the creation of new jobs across the country. In addition, the use of the railway has multiple advantages: reduced transport costs, flexibility to

transport different types of goods, and less environmental impact compared to other means used.

Currently, the General Administration of Ports is advancing in the signing of a cooperation agreement with Trenes Argentinos Cargas (TAC) through which the Port of Buenos Aires will exempt the payment of port fees to the TAC formations that operate in its jurisdiction, reducing public spending.

TCU (the federal accounting court) released the concession process for the West-East Integration Railway (FIOL) between the cities of Ilhéus and Caetité, both in the state of Bahia, which will be executed through a private contract. The expectation is to publish the announcement later this year so that the bidding takes place in the first quarter of 2021. Private investments of R\$ 3.3 billion are forecast in addition to the creation of 65,000 direct, indirect, and income-effect (when a job is generated from transforming the income of workers and entrepreneurs into consumption) jobs.

The FIOL works, supervised by Valec, are divided into two segments: FIOL 1- between Ilhéus and Caetité and FIOL 2 – between Caetité and Barreiras (also in Bahia). Section 1, which will be granted, will be 537 km long and should consolidate an ore flow corridor in the south of the state of Bahia (Caetité and Tanhaçu), in addition to facilitating the transport of grains from the west of Bahia, connecting to an important port complex to be built in the vicinity of the city of Ilhéus. The studies foresee a transported load of 18.4 million tons in the first years of operation, which could reach 33.8 million tons by 2054.

According to the public bid notice, the term of the sub-concession will be 35 years. The remuneration of the sub-concessionaire will be based on the receipt of the transportation tariff, the right of way tariff, the mutual traffic tariff, the revenues arising from ancillary operations, and the exploration of associated projects.

On November 10, Log-In Logística Intermodal released its third-quarter results. From July to September, the company reached record figures. EBITDA was R\$ 83.9 million, an increase of 20% compared to the same period last year. Net income was R\$ 9.1 million against a loss of R\$ 17.2 million recorded in the same quarter of the previous year. The superior performance is due to a better operating result, due to the high efficiency in the operation of the ships, the growth in revenue, and the optimization of costs and expenses in the face of the pandemic scenario. Net revenue reached R\$ 298.5 million, 7.3% higher than reported in the third quarter of 2019.

According to the CEO of Log-In Logística Intermodal, Marcio Arany, the third-quarter performance was excellent, reflected in the increase in volumes and revenue. "The numbers prove the success of the commercial strategy we adopted to diversify and attract new cargo. We saw a resumption of activity after the easing of restrictive measures, when the most affected segments returned to selling their products, such as electronics, for example. For four consecutive years we have been developing work focused on results and the profitability of our assets", stated Arany.

The coastal shipping service stood out in the quarter with net operating revenue of R\$ 241.2 million, 10% higher than the third quarter of 2019. In relation to the volume handled, there was an increase of 13%, jumping from 83,800 TEU in the second quarter to 94,800 TEU in the third quarter. This growth was driven by

higher volumes transported in cabotage, with an increase of 5.5%, and an increase of 28% in Mercosur. Another record set in coastal shipping was the Ebitda of R\$ 76.9 million, 37.6% higher in the quarterly comparison. We also highlight the 94.5% mark in the Road Punctuality Indicator, which measures the performance of deliveries to the customer's door.

The Vila Velha (ES) port terminal, on the other hand, showed historical growth in the first nine months of the year, with the highest Ebitda in its history: R\$ 67.2 million. The consolidation of a new business at the terminal, bulk unloading, which started in the second half of last year, also contributed to the positive result. There were also large volumes of granite blocks exported to Asia and the United States in order to supply the international civil construction market. Container exports were another segment that showed an increase, especially in the flow of coffee towards Europe, which is still in high demand. In the quarter, 51,500 containers were handled at the terminal, in addition to 165.8 million tons of general cargo.

Log-In Logística Intermodal invested R\$6.6 million from July to September which was allocated to ship maintenance at the Vila Velha port terminal and to technology projects.

The kick-off meeting for the Port of Itajaí privatization project was held in Santa Catarina on Tuesday, November 11th. The planning and logistics company EPL participated, carrying out feasibility studies in partnership with the Demarest consulting firm, Ministry of Infrastructure authorities, and the Investment Partnership Program (PPI).

Although the meeting marks the official launch of the project, EPL has been promoting the initial stages of studies since the first half of this year. The state-owned company presented the progress of the studies and the schedule that is being followed, which foresees the auction for 2022.

The work will indicate the most appropriate business model for the Port of Itajaí. Privatization provides for several forms of exploitation of a good, and it is not yet defined which will be used for the auction.

In the first phase of the project, EPL carried out the preliminary assessment: data analysis and collecting of information on the main markets in which the port is inserted, competitors, and movement history.

During the meeting, the Minister of Infrastructure, Tarcísio Gomes de Freitas, stressed that this is one of the priority projects for the portfolio. For Freitas, EPL's experience and acceptance of the company's projects by the Federal Accounting Court contribute to the speed of privatizing the Port of Itajaí. "EPL needed this type of challenge and for the first time was faced with the privatization studies of a company. We have had a very satisfactory performance but in the area of leases and concessions. (...) This structuring of the privatization of Itajaí is a milestone", said Freitas.

For EPL's CEO, Arthur Lima, the company has made important deliveries and works on large projects that transform the country's infrastructure. "EPL has faithfully fulfilled the schedule of studies for the Port of Itajaí and will deliver as planned. We work to deliver the leases, concessions, and privatization projects that will make Brazil take off".

Santos Brasil has expressed that it would also be interested in participating in a privatization bid at the Port of Santos which is currently being studied by the federal government. "We are interested in looking at it and participating, depending on the public notice, I believe we will be very competitive to participate in this bid. We know the Port of Santos quite well," stated Sepúlveda.

The privatization of the Port of Santos is still under study by the federal government, and it is not yet clear whether Santos Brasil's participation would be allowed, and in what terms, since the company is today one of the largest terminal operators in the port.

On the other hand, Santos Brasil is expected to deliver its first contract renegotiation proposal in November with Maersk, its main customer at the port terminal in Santos. The agreement between the companies expires in March 2021.

"It's a long-standing relationship which comes from Hamburg Süd [bought by Maersk]. There is a great convergence because today Maersk has 40% of the volume of the Brazilian coast, and Santos Brasil has 25% of the capacity deployed on the coast. The convergence is very strong, we are very confident that we will be able to renegotiate the contract with them", said the group's president.

In the first 10 months of 2020, the ports of Paraná handled the equivalent of 92% of the total amount handled in 2019, and the state is preparing to surpass the historical full-year record of 53 million tons reached in 2019. If the handling continues at the same rate as the past months, the record will be easily broken.

From January to October this year, the ports of Paranaguá and Antonina have already operated 48,982,453 tons of cargo. "4.2 million tons are missing to reach last year's figure and we are very optimistic", says the CEO of the public company Portos do Paraná, Luiz Fernando Garcia.

"In 2019, the last two months of the year accounted for approximately 8.5 million tons. Of course, there are climate issues, which can impact operations, but the expectation is to exceed this number by about 8% ", evaluates Garcia.

So far there is already a 10% increase in 2020 compared to the same months last year. "Despite the pandemic, the year was a lot of work. Grain and food exports grew, with a favorable exchange rate, and dry weather favored shipments", he says.

In 2020, the ports of Paraná broke more than ten handling records and the amount was above 5 million tons in six of the ten months (March, April, May, July, August, and September). In 2019, in the same period, the number only reached this level in June, July, and August.

Between January and October this year, about 65% of the movement at the ports of Paraná was for export products: 38.1 million tons of cargo. In terms of foreign trade, the volume is 13% higher than that registered in the same period in 2019 (28.2 million tons). Imports totaled 17.1 million tons, which is about 4% more than last year when 16.4 million tons were handled.

Over 66% of exports and imports were solid bulk. There were almost 32.5 million tons of grain handled between January and

October 2020. In the previous year, there were 29.6 million tons (up 10%).

In this segment, we highlight the 78% increase in the volume of sugar shipped. 3.67 million tons have already been exported, compared to 2 million in 2019. In the last month alone, there were 566,617 tons exported, more than double the volume recorded in October last year.

Soy continues to be the busiest product in the ports of Paraná. In the accumulated result for the year, 14 million tons of bulk soybeans were exported. This is almost 50% more than the 9.6 million tons registered last year. In addition to the grain product, soybean oil was also a highlight. 767,000 tons were exported, 20% more than the 638,000 tons exported in 2019.

Adding all liquid bulk, 6.3 million tons were exported and imported. In addition to vegetable oil, growth was registered in the export of petroleum products, with 579,800 tons exported (48% more than last year).

Among the goods purchased abroad by Brazilians, the volume of imported fertilizers stands out. From January to October, 8.15 million tons were imported (up 7%).

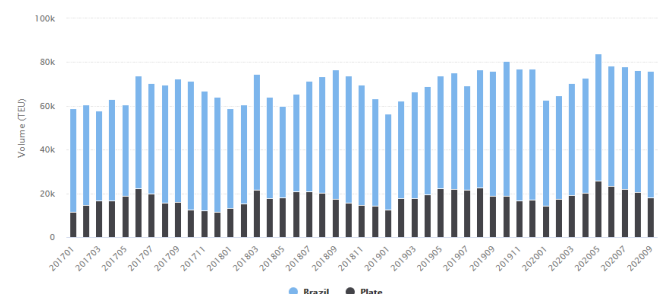
In terms of general cargo, there were about 10.2 million tons of cargo handled so far, 9% more than the 9.3 tons registered last year.

Shipping

Brazilian exports in reefer containers grew 6.94% in the period from January to September 2020 compared to the same period last year, according to data consolidated by DataLiner. In the same period, Argentina registered a growth of 4.89% in exports via reefer containers and Uruguay, a decrease of 0.49%. Together with Brazil, Paraguay, Uruguay, and Argentina, the growth was 6%.

See the chart below for the history of month-to-month exports via reefer container through Brazil and Plate (Paraguay, Uruguay, and Argentina):

Exports of Reefer Containers from Brazil and Plate | Jan 2017 to Sep 2020 | TEU

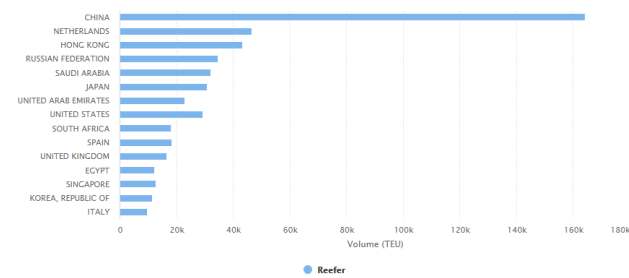


Source: DataLiner

Exports of animal protein – mainly to China, heated up the reefer market. China – which saw its pork supply drop to its lowest levels with the African swine flu that decimated the country's pig farms – was the main destination for exports via reefer containers from Brazil and Plate, with 164,189 TEU exported during the period, followed by Holland, importing 46,560 TEU.

Check the chart below for the top 15 export destinations via ECSA reefer in the first nine months of 2020:

Top 15 Destinations for ECSA Reefer Containers | Jan to Sept 2020 | TEU



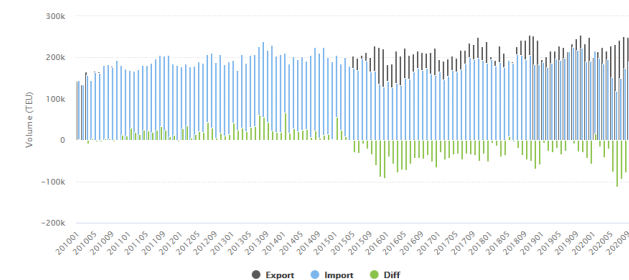
Source: DataLiner

Regarding the main products exported via reefer, fresh, chilled, or frozen chicken meat was the most exported product from January to September 2020, with 241,072.81 TEU exported, a decrease of 1% in relation to the same period in 2019, according to DataLiner data. The second-most-imported product is frozen beef, with 132,087 TEU, an increase of 12%. The biggest highlight, however, was the growth in exports of fresh, chilled, or frozen pork, with an increase of 57% in relation to January to September 2019, with 46,620.03 TEU.

Imbalance of Imports vs. Exports

The growth in exports via reefer containers and the fall in imports due to the weakened economy caused by the coronavirus and the high price of the dollar caused an imbalance in the availability of containers in general, as can be seen in the chart below:

Trade Imbalance Brazil | Jan 2010 to Sep 2020 | TEU



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

Regarding reefer containers, the situation was the same. So much so that in order to supply part of this problem, in June, the Port Complex of Itajaí received the largest full container ship to dock in Brazilian ports, the APL Paris, loaded with reefer containers to supply the market. The ship is 347.40 meters long and 45.2 meters wide (beam), with a capacity to transport up to 10,798 TEU, and belongs to CMA CGM. APL Paris had a unique docking in Latin America, at the Portonave terminal and had the function of repositioning to meet the regional need for reefer containers.

The lack of reefer also caused a strong retraction in the purchase of Brazilian meat by the Arab countries in 2020. After its imports grew by 200% in the last ten years, beef shipments fell by almost 30% in the first nine months of the year compared to the same period last year. In the meantime, chicken shipments shrank 18.5%. Not that the Arabs lost their appetites nor reduced their demand: orders collapsed because of global logistics disrupted by the pandemic and China's enormous purchasing power.

"We are in an atypical year. The pandemic greatly impacted exports and economic relations did not go as we expected," says Tamer Mansour, Secretary-General at the Arab-Brazilian Chamber of Commerce (CCAB). In addition to the lack of refrigerated containers in the global market, the Chinese grabbed a bigger slice

of Brazilian meat. "It was a commercial and competition issue," says Mansour.

Since Brazil imports fewer products 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 unavailable for transporting meat, containers for this type of cargo were left in the port of Shanghai.

To try to alleviate this problem, some solutions adopted are NOR (non-operating reefer) and the import of empty containers, among others. This year, DataLiner launched a new function with NOR load data.

The Finnish company Wärtsilä and CBO Group signed a contract to convert the CBO Flamengo, a platform supply vessel support unit for the oil and gas sector, to hybrid propulsion. With this, Brazil will be the first country in Latin America to receive a ship with this technology which allows the vessel's engine to alternate between diesel and batteries, resulting in increased energy efficiency and reduced carbon emissions.

The hybrid system will provide redundancy power and reduce intermittent load increases (peak reduction), saving fuel and reducing exhaust emission levels. In addition, as the engines will operate for fewer hours, maintenance requirements and costs will be reduced. Wärtsilä will be responsible for the conversion, engineering, management, delivery of the hybrid solution and commissioning equipment, as well as the reverse battery disposal logistics. The installation and integration of the equipment will be done by CBO. The delivery of the Wärtsilä equipment is scheduled for April 2021. Other ships in the CBO fleet are also eligible for future conversion.

Grain

Data from SECEX (foreign trade secretariat) compiled by ABIARROZ (Brazilian rice industry association) shows that Brazilian rice exports (husk base) totaled 153,500 tons in October, a volume 84% higher than in the same month of 2019 (83,570 tons).

Broken rice represented 62% of shipments, and Senegal, Venezuela, Sierra Leone, the Netherlands, and Peru were the main destinations in October. Cereal imports totaled 147,970 tons, basically coming from Mercosur countries and Guyana and Suriname. 108,660 tons were imported in October 2019.

During the rice commercial year (March-October), Brazil exported 1.54 million tons of the cereal, compared to 852,240 tons a year earlier. Also according to ABIARROZ, rice exports (husk base) reached 1.69 million from January to October, compared to 1.08 million in the same period of 2019.

On September 9th, GECEX (the executive management committee of CAMEX, the foreign trade chamber) decided to suspend the import tax rate for paddy and rice processed until December 31 of this year in an attempt to contain the high price of the product.

The temporary reduction in the import tax on rice is restricted to a 400,000-ton quota applicable to products covered by codes 1006.10.92 (rice with non-parboiled husks) and 1006.30.21 (semi-milled or milled rice, not parboiled) of the Common Nomenclature Mercosur (NCM).

Data released by the government on November 9th indicates that the Brazilian cotton daily export average in the first week of November increased 110.6% compared to November 2019, when the daily average was 27,000 tons. Coffee and sugar shipments almost doubled in the same comparison period.

Corn exports from Brazil attained 289,900 tons/day in the same period, compared to an average of 205,500 tons/day in November 2019. Daily soybean shipments fell 18.55%, to 201,400 tons.

Oil exports from Brazil jumped 143%, to 453,000 tons/day, while iron ore shipments increased by 5.8%, to almost 1.55 million tons a day.

According to IBGE, Brazil's rice production is expected to shrink and the challenge will be to contain exports in order to supply domestic demand.

According to the forecast of agricultural production in the country released on Tuesday, November 10 by the Brazilian Institute of Geography and Statistics (IBGE), the rice crop should have a smaller harvest in 2021. The production of paddy rice should decrease 2.4% next year, to 10.8 million tons. "The drop is related to productivity issues. But the expected volume meets domestic demand, in the range of 10.5 million to 10.8 million tons per year", said Carlos Alfredo Guedes, Research Manager at IBGE.

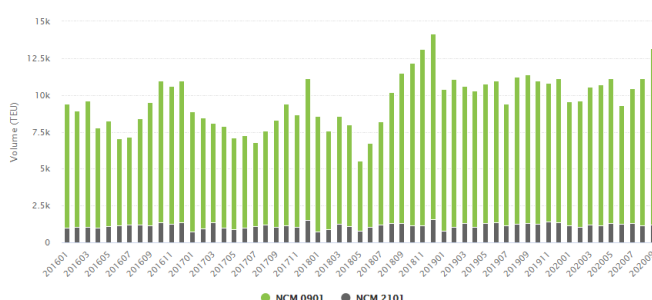
For him, the challenge will be to keep the product in the country, since the appreciation of the dollar against the real continues to stimulate exports. "To keep this product in Brazil, it would be necessary to raise prices for consumers," he said.

With the increase in prices this year, the federal government decided to zero the import tariff for paddy rice and benefited from countries outside Mercosur until December 31. The reduction is restricted to a quota of 400,000 tons.

IBGE data from January to October this year show that the price of rice accumulated an increase of 59.5% on average in Brazil. In the same period, the IPCA, which measures the country's official inflation, registered an increase of 2.22%.

New data from the recently released DataLiner points out that in September Brazil reached record levels of coffee exports, growing 15.4% year-on-year to reach 13,154 TEU, and an increase of 14.64% compared to 2018. See the chart below:

Brazilian Coffee Exports (HS 0901 and 2101) | Jan 2016 to Sep 2020 | TEU



Source: DataLiner

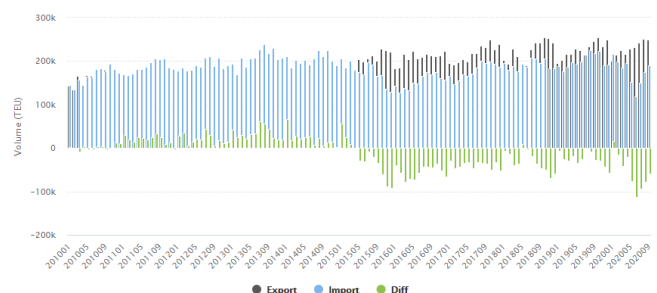
Even so, these numbers could have been higher, had logistical problems not hindered exports. Datamar data indicates that there was an imbalance of almost 80,000 units in Brazil's container

movement in August. There were almost 251,000 containers leaving the country and only 172,000 arriving. In January, 216,000 containers arrived and 201,000 departed. The devaluation of the real, as well as the pandemic caused by the new coronavirus, boosted a strong flow of exports, but significantly reduced imports. This had an impact on coffee since, unlike other commodities, it is exported in containers.

The President of the Council of Coffee Exporters in Brazil, Nelson Cavalhaes, also points out the lack of containers as one of the limitations of an even greater export of the bean. "We are very satisfied with the results of coffee exports in September. The sales volume set a record in relation to the same month in previous years and, in addition, we had a very significant increase in total revenue in reais. We also observed that the results could have been even 10-15% better had it not been for the logistical problems of a lack of containers and space on the vessels. The month of September also marks the effective entry of the 2020/2021 harvest, showing excellent quantity and quality. Despite the strong challenges generated by the pandemic in 2020, it is important to highlight that the agribusiness coffee chain continues to perform its activities with high quality and sustainability, strictly complying with the safety and protection measures for employees, according to the rules of WHO and the municipal and state public health institutions", says Carvalhoes.

See the imbalance between exports and imports that caused the lack of containers in the chart below:

Trade Imbalance Brazil | Jan 2010 to Sep 2020 | TEU



Source: DataLiner

Most Brazilian coffee exports reach the world from the port of Santos. In the period from January to September 2020, Santos accounted for 68.8% of exports. Even so, the volume exported by this port was 4% lower than in the first nine months of 2019. Port of Vitória is the second busiest port for coffee exports and saw grain shipments grow 7% in the period from January to September 2020 compared to the same period in 2019:

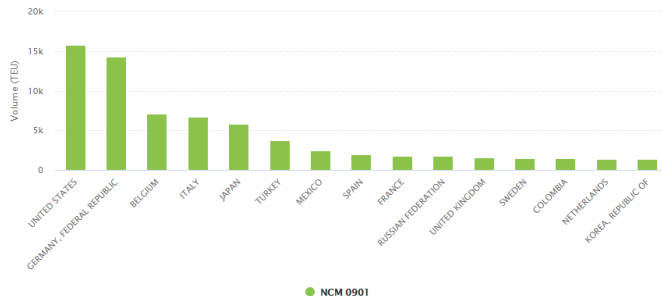
Coffee exports (HS 0901 and 2101) by port | Jan to Sep 2019-2020 | TEU

PORT	2019	2020	% Change
SANTOS	68.610	65.827	-4%
VITORIA	12.680	13.520	7%
RIO DE JANEIRO	8.353	10.154	22%
PORTO DE ITAGUAÍ	3.663	3.520	-4%
PARANAGUA	1.703	1.478	-13%
SALVADOR	828	598	-28%
ITAJAI	117	194	65%
NAVEGANTES	178	187	5%

Source: DataLiner

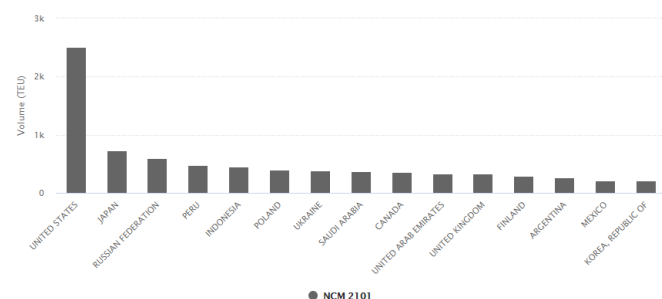
Regarding the main destinations of Brazilian coffee, the United States continues to lead both in the products covered by NCM 0901 (coffee, even roasted or decaffeinated; coffee husks and films; coffee substitutes that contain coffee in any proportion) and 2101 (extracts, essences and concentrates of coffee, tea or maté and preparations based on these products or on the basis of coffee, tea or maté, roasted chicory, and other roasted coffee substitutes and their extracts, essences and concentrates). Consult the charts below for the main destinations for each type of coffee:

Top 15 Coffee destinations (HS 0901) Exported by Brazil | Jan to Sep 2020 | TEU



Source: DataLiner

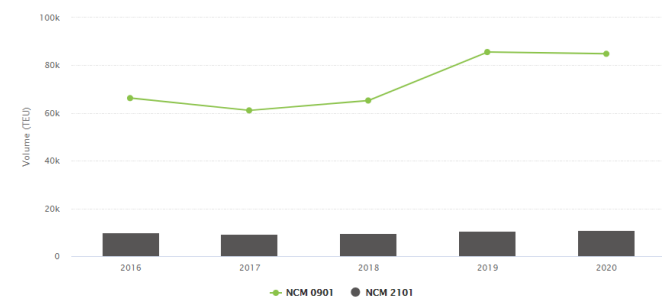
Top 15 Coffee destinations (HS 2101) Exported by Brazil | Jan to Sep 2020 | TEU



Source: DataLiner

In the graph below, it is possible to see that in the accumulated exports for January to September 2019 and 2020, 2020 showed a 1% drop in exports of NCM 0901 and a 2% growth in exports of NCM 2101:

Export Coffee (HS 0901 and 2101) | Jan to Sep 2016-2020 | TEU

Source: DataLiner (To request a DataLiner demo click [here](#))

For the coming months, the trend is for exports to increase. Data released on November 3 by the Foreign Trade Secretariat (Secex) indicate that in October, Brazilian exports of green coffee reached 225,400 tons (3.75 million bags weighing 60 kg), an increase of 13% compared to the same month of 2019. Also according to Secex, the daily average of Brazilian coffee exports in the first

week of November almost doubled in relation to the daily export average of November 2019.

Ores

Vale and the Chinese port of Ningbo Zhoushan signed an agreement to invest about 4.3 billion yuan (US\$ 650.6 million) in iron ore storage and processing facilities in Zhejiang, according to the local Chinese government.

The move follows the opening of a grinding center by the two companies in the east China port in August and increases Vale's presence in the country, the largest global consumer of the material used in steelmaking.

The second-largest mining company in the world, Vale will have 50% of the joint venture, while Ningbo Zhoushan Port will also have the same share. The unit's launch plan had been signaled in a statement last month. The joint venture will have a registered capital of 1.5 billion yuan.

"The proposal is to build an iron ore storage yard with a maximum capacity of 4.1 million tons and a 'blending' and ore processing unit, as well as two shipping berths," said the Zhejiang Free Zone in its official Wechat account. "The 'blending' and processing unit will handle an annual capacity of 21 million tons of ore," he added.

"The construction of this project will further strengthen the distribution capacity of the Shulanghu ore transfer terminal," according to the statement, referring to the location of the grinding center where Vale has been producing high-grade iron ore.

Meat

On November 13, the Chinese city of Wuhan reported that it had detected traces of Covid-19 in the packaging of a batch of Brazilian beef after intensifying testing of frozen foods this week as part of a national campaign.

In a statement, the Wuhan Municipal Health Commission said it found three positive samples in the beef's outer packaging of frozen and boned meat from Brazil.

Beef entered the country at the port of Qingdao on August 7 and arrived in Wuhan on August 17, where it remained in a refrigerator until recently. The registration code of the beef shipment exporter refers to the units owned by Marfrig Global Foods S.A.

Despite this, according to a source, the entire warehouse must be sanitized because packages of products from other companies would also have tested positive for covid-19. In light of this, the initial assessment is that the problem is related to the warehouse, and not to meat.

Another factor to be considered is that the cargo was produced at the slaughterhouse in Várzea Grande (MT) and arrived in China in August. The shipment of the goods in Brazil must have occurred in the first semester because the unit in question was suspended from exporting to China between June 26 and October, after factory employees were tested positive for Covid-19.

The coronavirus first appeared in a market in this same Chinese city last year and has spread around the world.

After taking drastic measures to control the spread of the virus, in late June, China began to test imported foods for the virus as well. In September, it had found only 22 positive samples out of nearly 3 million, but with some port workers recently infected with the virus, the country has stepped up the testing and disinfection of food imports.

Chinese officials have also found the coronavirus in Argentine beef packaging in recent days, and another sample of imported beef has been found positive in Shandong, according to the province.

China is the world's largest buyer of beef and Brazil and Argentina are its largest suppliers.

Despite the fact that Brazilian chicken meat exports increased in the first 10 months of 2020 when compared to the same period in 2019, revenue for the period was 13% lower in the same comparison. This is according to a survey by ABPA (Brazilian animal-protein association).

In all, 3,498 million tons were shipped between January and October this year, against 3,490 million tons in 2019. In terms of revenue, sector sales in 2020 totaled US\$ 5.066 billion, against US\$ 5.820 billion in the first ten months of 2019.

In the monthly comparison, 319,700 tons were exported in the tenth month of 2020, 9.4% lower than the 353,000 tons exported in the same period of 2019. October shipments reached US\$ 446.8 million, 21.2% less than the USD\$ 567 million in the same month of the previous year.

China remains the main destination for Brazilian chicken meat in 2020. In total, 564,000 tons were exported between January and October this year, 24% more than in the same period in 2019. Other Asian countries highlighted are South Korea, importing 109,500 tons (+ 7%), and Singapore, importing 106,400 tons (+ 32%).

Saudi Arabia was the main highlight for the month of October, importing 44,000 tons in the period, 22% more than in the same period of 2019. Other highlights in the month were the European Union, importing 21,200 tons (+ 29%), and South Africa, importing 23,300 (+ 5%).

"Despite the impacts felt by the absence of Mexico and the Philippines in sales this month compared to October 2019, international exports generally remain at levels equivalent to those seen in 2019. The gradual resumption of shipments to Saudi Arabia and the increase in volumes sent to Europe indicate greater capillarity in the sector's shipments", says Ricardo Santin, president of ABPA.

Among Brazilian states, Paraná continues to be the largest exporter, with 1.366 million tons between January and October (+ 0.91%), followed by Santa Catarina, with 808,000 tons (-26.3%), Rio Grande do Sul, with 559,800 tons (+ 19.9%) and Goiás, with 176,200 tons (+ 37.1%).

On November 10th, Brazil won a case against Indonesia that was filed with the World Trade Organization (WTO). According to a statement from the Ministry of Foreign Affairs,

there was an "undue delay" by Indonesia in recognizing Brazil's health certification process for exports of chicken meat to the Asian country.

According to the file, the organization announced a favorable result for Brazil through an Implementation Panel initiated by the government against Indonesian trade barriers to protein imports referring to a certification process that refers to 2009.

"According to the report, several measures applied by Indonesia continue to disagree with WTO rules ... Brazil expects Indonesia to adjust its legislation and practices as soon as possible in order to definitively end the dispute", said the ministry.

Brazil launched a WTO lawsuit against Indonesia in October 2014, alleging that the country's rules and procedures made it difficult for meat to enter; the complaint that was reinforced last year.

WTO judges had already decided in 2017 that Indonesia should take several measures on the issue, including accepting the international health certificate for the entry of Brazilian chicken. But Jakarta ignored both the judges' recommendations and Brazilian pressure to resolve the imbroglio.

In September 2019, Indonesia said it had revised rules to allow imports of chicken meat and poultry products from Brazil after an initial WTO decision. At the time, the Indonesian government stated that it followed the organization's recommendations and that importers had not requested purchases from Brazil due to the high freight cost.

"As in the first litigation panel concluded in 2017, the result was largely favorable to Brazil. The final report of the Implementation Panel may be adopted by the WTO Dispute Settlement Body within 60 days", said the Ministry of Foreign Affairs.

According to the Brazilian government, access to the Indonesian market is "part of the strategic objective of opening and consolidating new markets in Southeast Asia", where the consumption of animal protein has increased significantly.

According to Itaú BBA's agribusiness consulting branch, Brazilian pork exporters need to diversify customers to reduce excessive dependence on China. In just a few years, the Asian country will resume the level of protein production they experienced in the pre-African-swine-fever period, and this will reduce the import demand. Apparently, 2021 should be the first year of advancement in Chinese production after the health crisis caused by the disease.

Since the African swine flu began to punish China's pig herd, Brazilian exports have more than tripled. From January to September this year, sales from Brazil to the Asian country totaled 376,700 tons, 218% more than in the same period in 2018, according to the Foreign Trade Secretariat (Secex).

China, which in 2018 accounted for 25% of the pork exported by Brazil, now absorbs more than 50% of the total exports, in volume. From January to September 2020, Brazilian slaughterhouses exported 754,400 tons, with revenue of US\$ 1.6 billion. Sales to the Chinese generated revenue of US\$ 914 million, 55% of the total.

For Itaú BBA, the current recomposition of the pig herd in China will require Brazil to increase sales to countries like Japan and

South Korea, open markets but little accessed by the country, and to Mexico, which is a large importer but is not open to Brazil. "In the event of a future without importing China, or with little dependency, the Brazilian product will need to seek advances in these other important destinations", highlights Itaú BBA. The bank's study shows that the Chinese State Council recently set a 95% self-sufficiency goal for pork.

Analysts also recommended caution to the country's industries and hog producers in their investments. Itaú BBA recalled that the maturation of investments in pig production is long. In this context, an expansion of production could coincide with the resumption of the supply of meat produced in China, creating a "mismatch" with the Chinese demand for meat.

In the base scenario outlined by the bank, China's meat production will increase again in 2021, after three years of decline – the biggest blow was in 2019 when production fell 21%. Itaú BBA expects that next year, the Chinese will produce 41.5 million tons, 9.2% more than in 2020. The Chinese should exceed the pre-swine fever level in 2025.

Economy

Agribusiness exports in October totaled US\$ 8.18 billion, signifying a 6.2% decrease compared to the same month last year (US\$ 8.72 billion). According to the Trade and International Relations Secretariat (SCRI), of the Agriculture and Food Supplies Ministry (MAPA), exports fell due to a 3.6% reduction in the quantum index of exports and 2.8% in price.

Agribusiness product imports totaled US\$ 1.2 billion in October. The trade balance accounted for US\$ 6.9 billion. The share of agribusiness in Brazil's total exports represented 45.8% of the total value exported last month, an increase of 9.7% in relation to the same month of 2019.

According to SCRI's technical analysis, the drop in soybean grain exports (- US\$ 913 million) was partially offset by the record sugar exports (US\$ 658 million), which increased 121%, from US\$ 543.96 million in October last year to US\$ 1.20 billion in the same month this year. The amount of sugar exported – 4.2 million tons – was the highest on record. Another sector that performed well, was forest products. Foreign sales in the sector reached US\$ 1.03 billion (8%). Pulp exports rose 6.3%, reaching US\$ 550.13 million. The amount of pulp exported rose 9.9% in the comparison between October 2019 and 2020, reaching a record of 1.45 million tons. However, the 3.4% drop in the average export price prevented a greater increase in the value exported.

The product that had the best performance in the forest products sector was wood and woodwork. There was a record of US\$ 351 million in foreign sales, with an increase of 61.7% in the quantity exported, and the average export price of the product fell (- 20.6%).

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