

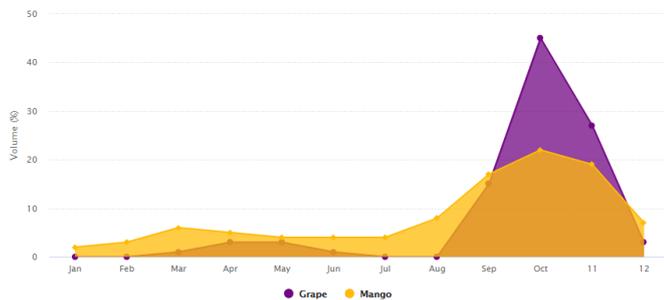
### Main news

**Mango and grape are two fruits that are ripe at year-end so are used for year-end family dinners. But these fruits are not only pleasing to the Brazilian palate; international demand for mangos and grapes is growing.**

Data from DataLiner show that in the first ten months of 2020, mangos represented 24.1% of the fruits exported by Brazil. In the same period last year, the representation was slightly lower, 22%. The grape had a stable representation among the fruits exported by the country from January to October 2020: 8.6% against 8.7% in these months of 2019.

Grape exports peak between September and November, with a greater volume exported in October. Mangoes are exported practically year-round but with irregular volumes, as 58% of shipments are concentrated in the months of September, October, and November.

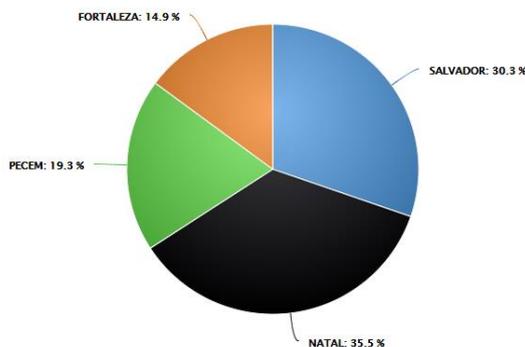
Seasonality of Mango and Grape Exports | 2017-2019



Source: DataLiner

Export logistics - As expected, the ports in the Northeast lead the exports of the two fruits, since they are mostly produced in the São Francisco Valley region. See below the participation of each port in the exports of the two fruits:

Main Mango- and Grape-Exporting Ports | Jan to Oct 2020 | TEU



Source: DataLiner

Among shipowners, CMA CGM leads export activities, transporting 41% of the volume exported from January 2017 to December 2019, followed by Hapag Lloyd (22%), Hamburg-Sud (18%), MSC (12%), Marfret (5%), and Maersk Line (2%).

At the beginning of the fruit season, in September, Porto do Pecém started to receive the navigation line that connects Porto do Pecém with Mediterranean Sea ports for the second season in a row with the exclusive purpose of exporting fruit. The line is part

of the WMED service, operated since last year by Mediterranean Shipping Company (MSC), with the following route:

Spain: Valencia (9 days); Barcelona (11 days); Italy: Genova (13 days); Livorno (14 days) and Gioia Tauro (16 days).

According to MSC, this is also the only service with a direct stopover between a port in northeastern Brazil and Italy. The route meets the growing demand of fruit farmers who export part of their production to European countries, especially melon, produced in Ceará and Rio Grande do Norte; and mango and grapes, produced in the São Francisco River Valley.

Destinations - Europe is the main destination for Brazilian mangoes and grapes, importing 80% of the volume, followed by the United States, with 19%, and Asia with 1%. The Netherlands leads the European countries, and in 2020 received a volume 10% higher than that of 2019 (January to October) Check below:

Main destinations for Mango and Grape Exports | Jan to Oct 2019-2020 | TEU

Pais	2019	2020	Diff. %
NETHERLANDS	8196	9.030	10%
UNITED STATES	4136	4.871	18%
SPAIN	2298	2.910	27%
UNITED KINGDOM	2136	2.788	31%
RUSSIAN FEDERATION	292	332	14%
GERMANY, FEDERAL REPUBLIC	142	180	27%
IRELAND	74	110	49%
NORWAY	42	22	-48%
UNITED ARAB EMIRATES	32	26	-19%
ITALY	46	8	-82%
OTHERS	77	50	-35%

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

Perspectives - According to CEPEA (the center for advanced studies in applied economics), from Esalq / USP, despite the initial fears, the Covid-19 pandemic brought little negative impact to Brazilian fruit exports. In volume, all the main exported fruits exceeded the average shipments of the last five years – and most even registered a performance superior to that observed in 2019, which had already been considered a good year.

For the agency, exports benefited from heated demand (in view of the appeal of healthy eating) and problems in some countries related to pandemic-related and productive issues. In addition, the dollar appreciated against the real so this also favored shipments, as it makes Brazilian products more attractive in the foreign market. The high US currency allowed exporters to lower the average price (in dollars), while still making a good profit in reais, even during unusual shipment periods. Brazil, in general, managed to maintain its supply of fruits, which stimulated exports to the European Union. This, in turn, kept the demand for fresh fruits and vegetables steady during the pandemic.

According to the executive director of ABRAFRUTAS (the Brazilian association of fruit and derivative export producers), Eduardo Brandão, next year Brazilian fruits are expected to be exported more to the Arab countries. The main fruits shipped to the Middle East and Asia are usually melons, grapes, mangoes, and Tahiti lemons, according to the association's data.

“There is a great expectation of growth in fruit exports to the Middle East bloc (Saudi Arabia, Bahrain, and the United Arab Emirates) and for the Asian continent, especially China and South Korea. Our fruits are high quality and are highly appreciated by these countries”, said Brandão.

### Ports and Terminals

**On December 17th via ANTAQ (the national waterway transportation agency), the federal government approved the opening of the public consultation on the studies of the privatization project of the ports of Vitória and Barra do Riacho, managed by Companhia Docas do Espírito Santo (CODESA).** The hearings will be virtual and the documents will be available for consultation and contributions on the ANTAQ website for 45 days beginning on December 28th. A face-to-face public hearing will be scheduled in the future.

“As promised, we will have the first port privatization in Brazil, starting with the Port of Vitória, and the idea is to use this model to deploy in other ports. Privatization is a priority for the federal government”, highlighted the Minister of Infrastructure, Tarcísio Gomes de Freitas.

Qualified during the 3rd Meeting of the Investment Partnerships Program (PPI) council, the project is the first to privatize public ports in Brazil. The idea is to transfer the management of infrastructure and public areas to companies in the private sector that already perform port operations, improving operations and the quality of services provided, in addition to providing greater agility and the ability to make the necessary investments.

The project, which is being structured by the Brazilian Bank for Economic and Social Development (BNDES), under the coordination of the Ministry of Infrastructure, will present the studies that support the modeling of the concession of the Ports of Vitória and Barra do Riacho, for 35 years, and the main regulatory aspects for exploration. Thus, tariff proposals, performance parameters, forms of indirect area exploitation, contract subrogation, etc., will be brought up for discussion. The forecast for estimated investments and the development potential of the greenfield areas will also be analyzed in a public consultation.

When available, documents can be accessed through the link: <http://portal.antaq.gov.br/index.php/acao-a-informacao/audiencia-publica-2/>

**On December 17, the Ministry of Infrastructure (MINFRA) published in the federal register the extract from the Competence Delegation Agreement which authorizes SCPPar Porto do São Francisco do Sul (SC) to prepare the notices and procedures tenders for the lease of two port facilities: Berth 401 and the Graneleiro Terminal.**

Ordinance No. 574 of 2018 allows MINFRA to transfer some of its competences to those ports that obtain a minimum score of 6.0 (six) in the Management Index of the Port Authority – IGAP. This indicator assesses the level of operational and administrative efficiency, maintenance of waterway access, investment budget execution, etc.

“This decentralization movement comes at a special moment, when the port sector gained 13 positions in the World Economic Forum’s competitiveness ranking, a scenario that corroborates the logic defended by the Ministry of Infrastructure that local

authorities resume their management autonomy”, says Diogo Piloni, National Secretary for Ports and Water Transport.

Recently, in the Portos + Brasil 2020 Award, SCPPar Porto do São Francisco do Sul reached 8.0 (eight) points in the index and met the other necessary requirements that allow it to develop the “Berth 401” and “Terminal” leasing processes. Together, the areas can attract investments of R\$ 600 million to the port, providing the expansion of the handling and storage capacity of solid bulk, and reducing the operations time.

Until then, MINFRA had already delegated the same powers to the Paranaguá and Antonina Ports Administration (APPA), in Paraná, which this year reached 9.0 (nine) IGAP points.

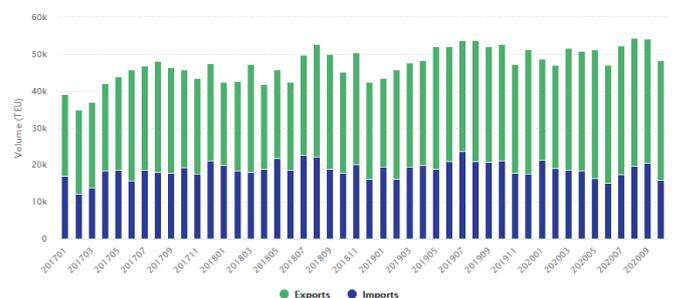
**TCP, the company that manages the Paranaguá Container Terminal, had its maximum operational draft increased from 11.80 meters to 12.10 meters, an increase of 30 centimeters. Approved on December 7, the measure applies to berths 217 and 218 and may be extended to berth 216.** For this depth to be possible, the Port of Paranaguá underwent deepening dredging works between the years 2017 and 2018. In 2020, approvals were made with the Brazilian Navy in a job led by the Port Authority with the help of TCP and other port segments.

“Over the past 6 months, we have worked on proving the feasibility of increasing the operational draft for large container ships, which will take place gradually over the next few months,” explains the company’s Commercial and Institutional Director, Thomas Lima.

The graph below shows TCP’s container movement since January 2017:

### TCP Cargo Handling | Jan 2017 to Oct 2020 | TEU

TCP Cargo Handling | Jan 2017 to Oct 2020 | TEU



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

According to the director, the advantage for customers concerns the mooring windows of ships with LOA (maximum length) of up to 345 meters, which will become more flexible, therefore making the terminal more competitive for shipowners, importers, and exporters. The operational capacity will be expanded by more than 140,000 TEUs in the year. “The attractiveness of a container terminal is directly linked to its productivity. With these advances, the large ships will be operated more effectively, and our customers will be able to enjoy a greater offer of stopovers and space for shipments, which is essential for the expected economic recovery in the coming years, and for our vigorous agribusiness”, he says.

According to Thomas Lima, the approval of the new operational draft is another step towards transforming the terminal into a maritime hub, and new investments in maritime infrastructure are expected. “We jointly planned the other port entities to

improve maritime infrastructure. This will happen with the removal of rocks in the main access, revision of the nautical signaling in the accesses, and with the dredging of the new dolphins," he concluded.

**The bidding procedure has been initiated for the expansion and modernization of the Gamboa wharf (Cais da Gamboa), the oldest stretch of the Port of Rio de Janeiro, which opened in 1910. The works, estimated at R\$ 195 million, will start in 2021, with completion scheduled for a year after hiring the winning company. The call notice is on the website of Companhia Docas do Rio de Janeiro (CDRJ), which released the information on December 15th.**

The works, which will include a stretch of the Gamboa wharf in an extension of 600 meters between the bollards 100 and 124, will be inspected by the Engineering Superintendence of the Directorate of Port Management of the CDRJ. According to the superintendent of Engineering, Roberto Catalão, "the studies carried out confirm the technical, socioeconomic, financial and environmental feasibility of this intervention, which will not change the current conditions of the environment and will maintain the basic characteristics of the existing pier".

Catalão explained that the structure of this stretch of the Gamboa wharf – a weighted pier that has a metallic foundation base with a double wall of granite stonework filled with cyclopean concrete – was designed and built with the techniques available at the time for a draft of approximately 9 meters. "This depth no longer serves most modern ships, which need at least 13.5 meters, but in order to increase this operational draft, we need to modernize the original foundations and structures of the pier, which would not support dredging", he explained.

The Director of Port Management at CDRJ, Mário Povia, stressed that after the execution of the modernization works of the pier, CDRJ intends to carry out the dredging of the stretch: "For the development of new businesses and improvement of the attractiveness conditions of the port, It is imperative to increase the operational draft of this area. This will permit the wharf to receive larger ships and optimize an infrastructure that is fundamental for the Port of Rio de Janeiro. The port will then be able to attract new loads and new navigation lines, including supporting other achievements in the port cluster, such as the installation of the VTMS system, the introduction of dynamic draft, and night navigation in the access channel. This will reduce operating costs due to a significant increase in efficiency".

For the superintendent of Port Management in Rio de Janeiro and Niterói, Leandro Lima, with the execution of these works, the Port of Rio de Janeiro will make more efficient use of the retro area in internal transport logistics and in the security of operations, capturing a greater cargo flow to the Port of Rio de Janeiro. "This stretch of Gamboa wharf is great for handling various types of general cargo and bulk, such as wheat, pig iron, zinc concentrate, and cargo to support offshore activities, among others. With the modernization of the pier and the deepening of waterway access, this mix of cargo will be more varied and profitable, and may even double the demand", emphasized Leandro.

The stages of the works will include the execution of piles to support the new pier crowning beam; injection of cement laitance or cement soil that will act as a retaining wall to prevent erosion below the quay wall; crowning beams, one on the current pier and the other at about 5 meters, supported by the new piles; and

precast slabs with concrete cover, which will be supported on the crowning beams.

**Beginning in February, the Port of Pecém will once again receive large ships loaded with liquid fuel to carry out transshipment operations, a modality known as ship-to-ship. The information was passed on to Governor Camilo Santana, this Thursday, December 17, by Roberto Castelo Branco, President of Petrobras.** It has been 6 years since the state has received vessels for this type of activity. Initially, 200,000m<sup>3</sup> of fuel will be handled per month.

"We had been talking to Petrobras for the resumption of this operation, which will be very important for the company and represents an economic gain for Ceará, which will now send fuel to states in the north and northeast regions of Brazil", commented Santana. The Port of Pecém should receive three ships per month initially, but already with the prospect of expansion in the coming months.

The President of Complexo do Pecém (CIPP S / A), Danilo Serpa, explained how the operation will take place: "These are bigger ships that are going to arrive in Brazil with liquid fuel and are going to move to smaller ships to take the fuel to states in the north and northeast regions. It is a very important operation for the port, because, in the same berth, you dock two ships – the smallest next to the largest", detailed Serpa. The Secretary of Economic Development of Ceará, Maia Júnior, and the President of Transpetro, Gustavo Raposo, also participated in the meeting.

**Port of Paranaguá: On December 14th, 157 buses were loaded in a single batch, setting a new record and beating the old record by two vehicles. It took the operator only about 10 hours to place all units inside the ship.**

"In 2020, we saw shipments of this type more frequently, due to the market and the good fare, space, and qualified labor conditions. Paranaguá has a very low rate of damage and this makes all the difference when the importer chooses a port", explains the Director of Operations for Portos do Paraná, Luiz Teixeira.

In addition to this, three large loads of public transportation vehicles were carried out this year: In July, 130 buses were loaded onto a single ship. In October, another 110 buses were loaded, and in November, 155 more buses were loaded. Until now, that was the largest shipment ever carried out in a single batch in the port of Paraná.

The 552 vehicles went to Boma, in the Republic of Congo, and Luanda, in Angola. The buses are part of a public transport project in African countries. Two more large-scale shipments are already scheduled for January and February 2021.

**MultiRio concluded the expansion of its container terminal in the Port of Rio de Janeiro with the delivery of the Super Post Panamax Portainer, a dock crane for handling containers, which arrived from China fully assembled.** Now, MultiRio has five portainers in addition to the current three mobile harbor cranes (MHCs). Its cargo-handling capacity will increase thanks to the reduced time required in loading and unloading ships.

"In 2011, we looked at the port and understood that it would not have the infrastructure necessary to receive the large ships that are sailing in Europe, the United States, and the East; that would

make us lose competitiveness. This is because the ships are getting larger and there was a real need to expand in order to be able to better serve them at the Port of Rio de Janeiro. At that moment, we decided that we would invest to make the Port of Rio de Janeiro one of the most competitive in the world. Today, I can say that we have reached our goal”, says Thomas Klien, president of Multiterminais. “Rio de Janeiro has a privileged maritime and terrestrial geography. We have a pier with a single lane that connects two terminals, we can load and unload quickly, and we can also be the connection point for the largest container ships that need to take their products to smaller ports”.

The new equipment was designed to serve the largest ships that frequent the east coast of South America, as well as the next generations of vessels. It has a capacity of 65 tons and is able to lift containers 49 meters high and move them 67 meters horizontally.

MultiCar, the vehicle terminal in the Port of Rio de Janeiro operated by Multiterminais, has also expanded to include the first garage building in a Latin American port terminal. The investment in the two Multiterminais contiguous terminals, which included a 560-meter quay extension, required an investment of almost R\$ 500 million. Together, MultiRio and MultiCar now have 1,160 meters of continuous docks.

**MINFRA (the ministry of Infrastructure) received a proposal for a new R\$ 3.6-billion port terminal in Natal and for the adaptation of the current port. According to the proposal, investments are long-term and would be carried out in stages.**

The project is for the construction of a terminal on the left bank of the Potengi River, in front of the current port, in addition to the construction of logistical corridors, a third bridge over the river, recovery of the degraded mangrove area, and among other investments in logistics infrastructure – such as a railway branch between the port, the airport, and the Export Processing Zone. Together, investments would reach almost R\$ 7 billion.

The proposal was prepared by the Center for Strategies on Natural Resources and Energy (CERNE) in partnership with an Italian consultancy and Brazilian offices and delivered by Senator Jean-Paul Prates (PT) in an audience with Minister Tarcísio Gomes de Freitas, on December 14th. The meeting, which also included the Secretary of Agriculture of the State, Guilherme Saldanha, and the coordinator of the congressional Potiguar bench, Federal Deputy Benes Leocádio (Republicans), was initially held to discuss operational bottlenecks in the capital's port.

“The Potengi port complex proposal can give a new breath to the economy of Rio Grande do Sul. It will be an installation integrated with other modes of transport, capable of receiving ships of a much larger size than those using the current port, and will have a low impact on the environment. The deadline for the implementation of the new port terminal, the logistics corridor, and the railway branch that make up this project is relatively short: 3 to 5 years. The investments would be amortized over 20 years based on the rates obtained for handling cargo”, said the senator.

According to the Secretary of Agriculture, Guilherme Saldanha, the outline of the new port should be analyzed by the federal government to consider the possibility of investment or a partnership with the private sector. “The truth is that the current

port of Natal is showing itself to be very small in view of the prospects we have for new exports, such as the opening of the Chinese market, for fruit production, for example. We already have operational difficulties. We need a new port”, stated Saldanha.

The new port would be installed in a 9.0 km<sup>2</sup> area, on the left bank of the Potengi River, with 1000 meters of linear berth and 1 km<sup>2</sup> of retro area, taking advantage of the existing access channel and evolution basin.

According to the proposal, the structure planned for the new port will have three container yards: one for empty, one for import and one for export. It will have yards for the handling of solid bulk (iron ore, feldspar, limestone, kaolin, etc.) with conveyor belts coupled with ship loaders. A fuel and chemical tanking yard with a capacity of 80,000m<sup>3</sup> would also be built; in addition to all the necessary logistical infrastructures.

Investment proposals

New Grande Natal Port Terminal, dry port (SPA), and adaptation of the Port of Natal:

- Execution Time: 3 years and 4 months
- Estimated Investment: R\$ 3.6 billion

Logistic Corridor (road integration), third bridge, and ecological urban park:

- Execution time: 3 years and 8 months
- Estimated Investment: R\$ 580 million

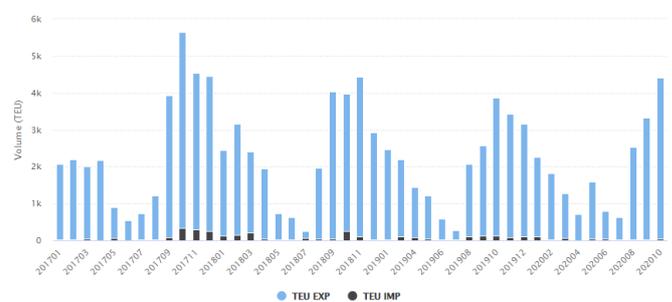
Railway Branch (Natal-Assu-Macau-Mossoró-Jucurutu-Caicó):

- Execution time: 4 years and 9 months
- Estimated Investment: R \$ 2.8 billion

“The current port does not have a crane. The transport of the containers to the yard and to the ships is done with equipment from the terminal operator, which is old and scrapped. Trucks that were supposed to spend two or three hours and return to the farms to get more containers are spending a whole day in Natal”, said Saldanha

The following graph shows handling at Port of Natal since January 2017:

Cargo Handling at Port of Natal | Jan 2017 – Oct 2020 | TEU



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

Companhia Docas do Rio Grande do Norte (CODERN) has not yet taken a position on the matter. In a note, the company said it is discussing a partnership to install a truck yard company in the metropolitan region of Natal. “CODERN’s objective is to contribute to improve traffic and facilitate logistics for users in the Port of Natal”, he informed.

**A joint operation of the Federal Revenue Service, the Federal Police, and the Special Actions Battalion of the Military Police**

**of São Paulo (BAEP) in the Port of Santos arrested three people for international drug trafficking in the early hours of December 15th. According to the authorities, 360 kg of cocaine were seized, which were to be taken to Nigeria.**

According to Santos customs, at dawn, a suspicious truck driver movement, identified by surveillance cameras from the Port of Santos, triggered the Federal Police and the IRS to verify and monitor the situation. When the truck left the port terminal, it was approached by the teams. In addition to the truck driver, two individuals were hiding in the compartment where the driver's bed is located. Three container seals were also found.

In the container where the seals should have been, the teams found 360 kg of cocaine in tablets inside black bags. The container chosen for the drug to be transported by traffickers was destined for Nigeria but would tranship at the port of Las Palmas, in the Canary Islands, Spain.

According to the IRS, considering the characteristics observed in the action, the suspicion is that the criminal technique occurred in which the drug is inserted in a legal cargo without the knowledge of exporters and importers.

The trio was taken to the federal police station in Santos, where the case will be investigated with the support of the other institutions involved in the operation.

**The port community of Itajaí and Navegantes is preparing the implementation of its Port Community System (PCS), an electronic platform that gathers and integrates the information and systems of those involved in the maritime trade: importers, exporters, ports, inspection agencies, maritime agents, shipowners, operator, and port terminals, including the Port Authority, among others.**

The objective of a Port Community System is to reduce the time and cost of import and export operations and thereby improve the efficiency of ports and operations. "With the services available on this platform and the integration of these agents, it will be possible to automate and simplify the processes and thereby reduce the time spent on cargo transit. Our goal is to reduce imports by two days and reduce exports by one day", explains Guilherme Malimpensa Knoll, General Director of Engineering at the Superintendence of the Port of Itajaí.

In Brazil, four PCS are being implemented: Itajaí, Santos, Rio de Janeiro, and Suape. Each of them is developed to meet the specific needs of its community, so its management and development is coordinated by a Governance Committee composed of people who work in that port community.

"The PCS does not belong to a specific agent, it belongs to the community, and at this stage of development, we are going to define what the governance model will be like and how it will be managed. Even participation in the platform will not be mandatory for any of these actors", points out Guilherme. He believes that joining the system will happen due to the facilities it will bring to these processes, which will be its main attraction.

The Superintendence of the Port of Itajaí, as a Port Authority, participates in the Governance Committee and also in the mapping groups. These groups are responsible for mapping priority processes and identifying possible improvements within

each one. It is from this information and to meet these demands that the electronic platform will be created.

The Port Community System is a project implemented and facilitated by a consortium of companies, led by Palladium, supervised by the Federal Government, and coordinated by CONAPORTOS (a systems-integration committee of the national commission of port authorities). The project is an initiative of the British government through the Prosperity Fund, a cooperation fund to support economic growth and inclusive prosperity in developing countries. Improving efficiency in Brazilian ports is one of the specific objectives of Brasil Trade Facilitation, a Prosperity Fund program dedicated exclusively to Brazil.

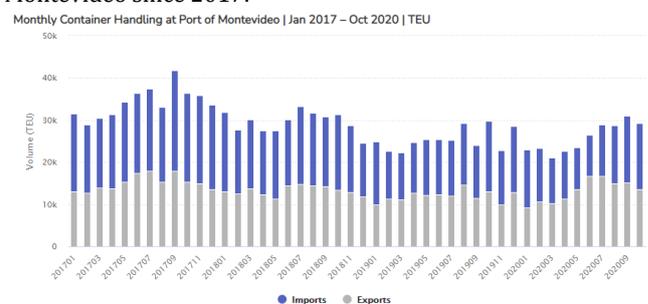
**The Minister of Transport and Public Works of Uruguay, Luis Alberto Heber; the president of ANP (the country's national port administration), Juan Curbelo, and the president of CND, the national development corporation, José Luis Puig – signed an agreement with the objective of dredging the access channel to the port of Montevideo.**

According to Heber, a large part of the access channel to the Port of Montevideo is favored by water currents and, therefore, requires extremely low maintenance costs.

Curbelo stressed that the agreement is very important, as it is a first step towards the development of a project that will be important for the entire port operation in the region.

The ANP will work together with the CND to carry out the technical design of the project and the call for tenders for the construction, deepening, and maintenance of the access channel to the port of Montevideo, which will take place in the first half of 2021.

The channel measures 65 kilometers. The works will allow the safer entry of ships. The cost of the work exceeds 200 million dollars and it is estimated that its completion will be defined in a period between 12 and 18 months, with maintenance for 10 years. Part of the dredging will be carried out by ANP's own teams and the rest by national and international companies. Consult the following graph for monthly container handling at the Port of Montevideo since 2017:



Graph source: DataLiner (to request a DataLiner demo, click here)

### Shipping

**CMA CGM reported that it is adding a stopover in Fortaleza (BRFOR) to the BRAZEX Loop 2 as of January 2021. The Port of Vitória (BRVIX) will no longer be offered in Loop 2, but will still be served in Loop 1.**

Another change is that the Port of San Juan, in Puerto Rico (PRSJU), will no longer be served in BRAZEX Loop 2.

With that, the company's schedule will be as follows:

Last date in the Port of Vitória: Mathilde Shulte – ETD JMKN: January 5, 2021 – ETA BRVIX: January 18, 2021  
 Last date at the Port of San Juan: Mathilde Shulte – ETA PRSJU: February 7, 2021  
 First ETD in the Port of Fortaleza: Harris 0HK0UM1MA – January 22, 2021

### Grain

**According to ABRAMILHO (the Brazilian association of corn producers), Brazil and China are in negotiations to expand the corn trade between countries, although it is not feasible to increase exports to the Asian country at this time due to reduced supply in the off-season.**

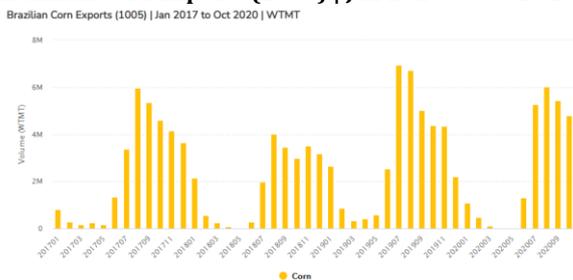
Government data shows that only a fraction of Brazil's corn sales, equivalent to 68,550 tons, went to China last year. In the period, 42.7 million tons of cereals were exported. As a comparison, China acquired almost 80% of Brazilian soy last year, 58 million tons. Bloomberg reported that Brazil was approaching an agreement that would allow the country to increase sales of the cereal to China, which depends on the Brazilian product to feed its growing pig herd.

According to the President of ABRAMILHO, Cesario Ramalho, representatives of the entity participated in a meeting two months ago with importers and Chinese authorities to discuss the corn trade. The Ministry of Agriculture told the Chinese representatives at the time that it would endeavor to take measures that would allow Brazil to increase corn exports to China.

"We don't have to run out selling; we don't have corn to sell," said Ramalho. "People go crazy that China wants to buy, but thank God, there are multiple buyers of corn such as Japan, Iran, the European Union; there are many corn buyers," he added.

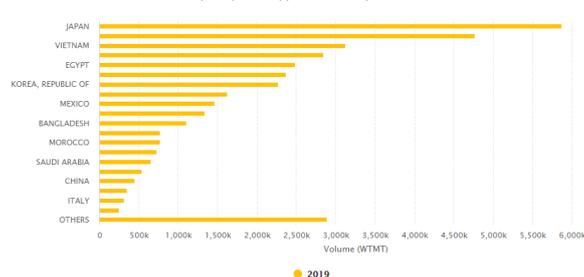
See the graphs below for volumes of corn exported by Brazil since 2017 and the main destinations:

### Brazilian Corn Exports (1005) | Jan 2017 to Oct 2020 | WTMT



Source: DataLiner

### Main Destinations for Brazilian Corn Exports (HS 1006) | Jan-Dec 2019 | WTMT



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

The Ministry of Agriculture did not immediately respond to a request for comment. ANEC (the national association of cereal exporters) declined to comment.

ABRAMILHO said that the measures to facilitate grain trade with China would be relatively simple to implement, explaining that the Chinese are concerned about a certain type of weed that could be eliminated through the use of herbicides. Brazil plants two large corn crops a year and is expected to harvest a total of more than 102 million tons this season, according to government estimates. Most of the production is available from mid-year when farmers harvest the second harvest.

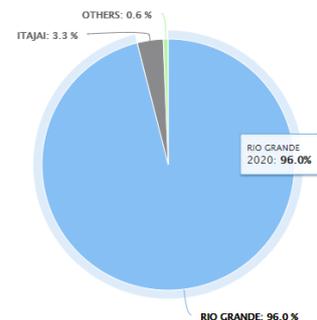
**According to ABIARROZ (the Brazilian rice industry association), and based on data from the Ministry of Economy, Brazilian rice exports (husk base) totaled 72,790 tons in November, down 44.3% in comparison with the same month of 2019.** Of this total, 40,270 tons went to the USA, which practically only bought broken rice (96% of the total). Other relevant importers were Venezuela (15,700 tons), Peru (10,240), and Saudi Arabia (1,940 tons).

In the current commercial year of the segment, which started in March, exports reached 1.61 million tons, compared to 982,880 in the same period of the previous cycle. In the first 11 months of this year, there were 1.76 million tons, compared to the volume of 1.2 million in the same period of 2019.

Imports, in turn, totaled 187,500 tons in November, almost three times more than the 66,400 tons a year earlier. The largest suppliers were the USA (56,070 tons), Paraguay (48,700 tons), Uruguay (46,860 tons), Argentina (16,700 tons), and India (11,700 tons).

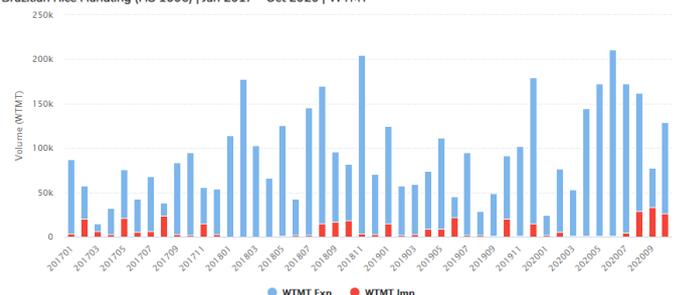
The following graphs show the main rice-exporting ports in Brazil and the volumes handled:

Brazilian Rice Handling (HS 1006) by Port | Jan 2020 - Oct 2020 | WTMT



Fonte: DataLiner

Brazilian Rice Handling (HS 1006) | Jan 2017 - Oct 2020 | WTMT



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

For purchases from outside Mercosur, the government-created import quota for the 400,000 tons of cereal played a role. Also according to ABIARROZ, in the accumulated result of the commercial year, imports reached 919,330 tons, compared to 829,710 tons in the same period of 2019.

## Meat

**According to ABPA (the Brazilian animal protein association), the Philippines lifted the total ban on chicken imports from Brazil according to a memorandum issued this week by the Philippines department of agriculture. With the total removal of restrictions, the entity expects the level of sales to the Philippine market to return to pre-suspension levels.**

The suspension of sales occurred in the second half of August, after the supposed detection of traces of Covid-19 on the packaging of a product in a Chinese municipality. At the time, the World Health Organization (WHO) stressed that there is no scientific evidence that the Coronavirus can be transmitted via products

The Philippines was one of the main destinations for Brazilian chicken in Asia. In the general ranking, it was among the 12 main importers, and it received about 2% of the total amount exported by Brazil in the first half of this year (43,800 tons).

“Brazil provided all the clarifications, and we demonstrated the reliability of the Brazilian product, showing that barriers without scientific and technical basis, without any clarification and demonstrations, are not the basis for an embargo. The reopening demonstrates the Philippine market’s confidence in the quality and health status of poultry in Brazil,” says Santin, extolling the action led by the Minister of Agriculture, Tereza Cristina, the Brazilian Embassy in Manila, and the Department of Agribusiness Promotion of the Ministry of Foreign Relations.

**Estimates by ABIEC (the Brazilian mean-exporting industries association) indicate that Brazil will export 2.2 million tons of beef by the end of this year. The forecast is 8.8% higher than the total for 2019. ABIEC represents 32 companies in the sector.**

If the estimate is confirmed, protein exports should end the year with revenues of US\$ 8.53 billion, 11.8% above that reached last year. From January to November, 1.84 million tons of meat were sold, an increase of 9% compared to year-ago levels. Over the last eleven months, sales grew 13.9%, reaching US\$ 7.76 billion.

According to ABIEC, the sector’s performance is associated with the relationship that Brazil has with China, the main destination for Brazilian meat exports.

The President of ABIEC, Antônio Camardelli, believes that for 2021 the projection must be “more conservative”. It is expected that the exported volume will increase by 6%, reaching 2.14 million tons and generating a 3% increase in sales, with total revenue of US\$ 8.78 billion.

**Data released on December 15 in the 9th activity report of the Federal Inspection Service (SIF) show that in 2020, 24 new markets were opened for the export of animal products for human consumption and products for animal feed. In addition, the United States market for Brazilian beef reopened.**

“This demonstrates that even during the pandemic, the work carried out by the productive sector and MAPA (the Ministry of Agriculture and Food Supplies) remained strong. Exporting to more than 180 countries demonstrates the robustness of the official Brazilian service,” says Ana Lucia Viana, Director of the Animal Products Inspection Department.

For a market to be opened, the health authorities of the importing countries evaluate the Brazilian official service, which often occurs through international missions that audit the inspection service and the producing establishments. In addition, models of international health certificates containing the health requirements required by the countries are negotiated between the Brazilian health authorities and the importing countries.

This year, these negotiations were carried out via videoconference. In the period from July to November, for example, 54 establishments registered with the Animal Products Inspection Department were evaluated to verify compliance with specific requirements for qualification to export their products to the Chinese market.

Processing - There are 3,342 animal-product establishments registered with the SIF in the areas of meat and meat products, milk and dairy products, honey and bee products, eggs, and fish and their derivatives. This is in addition to 2,999 other establishments for products intended for animal feed.

In November, 48 additional meat processing shifts were carried out, which were requested on an emergency basis by the poultry, cattle, and pork meatpackers registered with the SIF. In the month there was also no stoppage of meat-processing activities under federal inspection due to Covid-19.

## Sugar & Ethanol

According to the 3rd Survey of the 2020/21 sugarcane harvest released this week by the CONAB (the national food-supply company), the current harvest of Brazilian sugarcane, 665.1 million tons, approaches the record set in 2015, when 665.6 million tons of cane were harvested. Compared to last season, a growth of 3.5% is forecast.

Sugar exports totaled 23.7 million tons in the first eight months of this 2020/21 harvest (April to November), 79.2% more than in the same period of 2019/20. In relation to the entire past cycle, the volume has already been 25% higher.

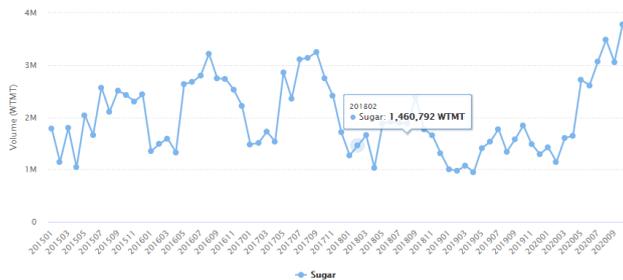
According to the state-owned company, the expectation is that the 2016/17 record will be broken when Brazilian shipments reach 28.3 million tons.

External ethanol sales increased by 49.2% from April to November, to 2.2 billion liters. Imports, in turn, decreased by 65.1%, to 306 million liters. According to CONAB, this drop is justified by the devaluation of the real against the dollar, despite a 14.3% reduction in biofuel production and domestic consumption due to the Coronavirus pandemic.

The chart below shows the history of Brazilian sugar exports month by month since January 2015:

## Brazilian Sugar Exports (HS 1701) | Jan 2015 to Oct 2020 | WTMT

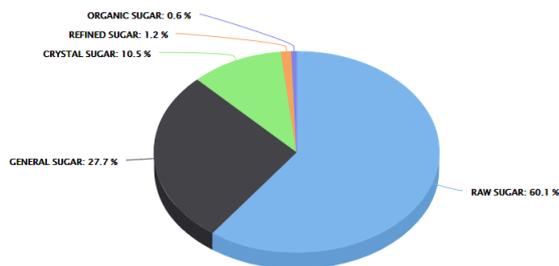
Exportação Brasileira de Açúcar (HS 1701) | Jan 2015 a Out 2020 | WTMT



Fonte: DataLiner

The graph below shows the volume of each variety of sugar exported in the first nine months of 2020:

Exportação Brasileira de Açúcar (HS 1701) por tipo | Jan a Set 2020 | WTMT



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

## Economy

**Data released December 14 by the Ministry of Economy's Foreign Trade Secretariat (SECEX) indicates that in the first two weeks of December, the Brazilian trade balance registered a deficit of US\$ 1.12 billion as a result of an increase of 65.9% in imports, which totaled US\$ 8.93 billion, and a 1.5% drop in exports, to US\$ 7.81 billion. The Brazilian trade flow reached US\$ 16.74 billion by the second week of December, increasing 25.8% compared to the daily average of December 2019.**

In the year-to-date figures from January to the second week of December, exports fell 5.9% compared to 2019, totaling US\$ 199.36 billion. Imports decreased by 10.4% compared to 2019, totaling US\$ 149.45 billion. As a result, the trade balance showed a surplus of US\$ 49.92 billion, growing 10.5%, and the trade flow decreased by 7.9%, reaching US\$ 348.81 billion.

Complete trade balance data.- The import growth until the second week of December was driven by the 80.9% increase in sales of the Manufacturing Industry, which reached US\$ 8.60 billion. On the other hand, there was a 15.2% drop in Agriculture, which totaled US\$ 0.15 billion, and a 70.3% drop in the Extractive Industry, which totaled US\$ 0.13 billion.

Among the Agriculture products, the most imported were rice with husk – paddy or raw (+ 665.1%), raw or roasted cocoa (+ 210,054%), and soy (+ 522.1%). In the Extractive Industry, there were increases in purchases of raw fertilizers, except organic

fertilizers (+ 58.4%), copper ores and their concentrates (+ 26.4%), and aluminum ores and their concentrates (+ 131.1%). In the Manufacturing Industry, the main increases were in iron or steelworks and other articles of common metals (+ 86.4%), taps, valves and similar devices for plumbing, boilers, reservoirs, vats and other containers (+66.3%) and platforms, vessels and other floating structures (+ 18,054.7%).

Despite the growth in total imports, SECEX recorded a decrease in external purchases of unmilled wheat and rye (-59.3%), unground barley (-49.4%), and vegetables, fresh or chilled (-36.3%), in Agriculture. In the Extractive Industry, purchases of other ores and concentrates of base metals decreased (-40.3%), coal, even in powder, but not agglomerated (-36.4%) and crude oil or bituminous mineral oils, raw (-87.3%).

In the Manufacturing Industry, imports of petroleum fuel oils or bituminous minerals fell, except crude oils (-21.3%), non-electric engines and machines and their parts, except piston engines and generators (-95.9%), and passenger cars (-71.4%).

Exports - On the export side, the decline until the second week of December was influenced by the 15.6% drop in sales of Agriculture, which totaled US\$ 1.08 billion, and 4.2% in the Extractive Industry, with US\$ 2.04 billion. In the Manufacturing Industry, there was an increase of 3.8%, reaching US\$ 4.66 billion.

The retraction in exports was mainly driven by the drop in sales of live animals, not including fish or crustaceans (-76.2%); paddy or raw rice (-99.8%), and soy (-90.3%) in Agriculture; copper ores and concentrates (-14.8%), aluminum ores and concentrates (-65.5%), and crude oil or crude bituminous minerals (-44.4%) in the Extractive Industry; soy bran and other animal feed, excluding unground cereals, meat and other animal meal (-28.9%); cellulose (-30.1%); and aircraft and other equipment, including parts (-41.2%) in the Manufacturing Industry.

There was an increase in sales of unground corn, except sweet corn (+ 43.6%), unroasted coffee (+ 33.6%) and raw cotton (+ 27.2%) in Agriculture; other crude minerals (+ 23.1%), iron ore and concentrates (+ 80.1%) and nickel ores and concentrates (+ 126,996,611%) in the Extractive Industry; sugars and molasses (+ 156.7%); alumina (aluminum oxide), except artificial corundum (+ 74%) and combustible oils from petroleum or bituminous minerals (except crude oils) (+ 90.0%) in the Transformation industry.

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