

### Main news

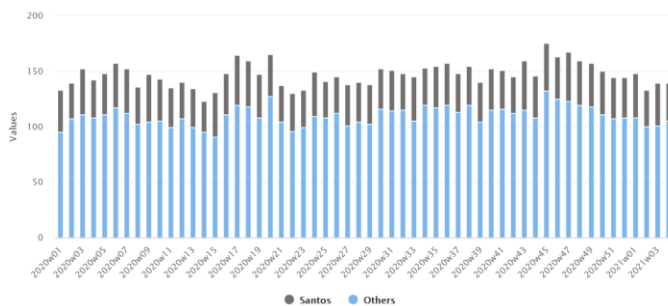
**A survey carried out by Datamar pointed out that in January, container vessel calls in Brazilian ports dropped 13% in relation to the same month in 2020. In comparison with the previous month, December 2020, the drop was even greater: 16 %.**

Berth occupancy at the Port of Santos also decreased by 11% compared to January 2020 and decreased by 15% compared to December 2020. This was even though December had seen a 20% growth in container handling compared to December of the previous year, to 437,400 TEU, and an increase of 9.5% over November, according to the Santos Port Authority (SPA).

In the comparison between weeks, however, the last 2 weeks remained stable, with the sum of Brazilian ports reaching 139 calls a week. In the second week of 2021, there was an increase of 4.5%.

See the chart below for the number of vessel calls per week since January 2020:

Weekly Container Vessel Calls in Brazilian Ports | Jan 2020 to Jan 2021



Source: DataLiner

The table below shows container vessel calls in each Brazilian port in January 2021 and a comparison with the same month of 2020. Almost all ports recorded a drop in berthing. Some were stable. The number of moorings increased only in the Port of Vitória, which had one ship more.

According to Leonardo Bianchi, from CODESA's Planning and Development Coordination (COPLAD), the Port of Vitória registered an increase of 55.68% in the handling of containerized cargo in January, with 258,411 tons handled. According to Bianchi, the Port of Vitória usually records a low cargo movement in January due to the seasonality of port activities. "However, we can see the effect of the continued dynamism in port operations during the last quarter of 2020 in the January results, mainly in the handling of loose general cargo and containers", he underlined.

Container Vessel Calls in Brazil by Port | Jan 2020 and Jan 2021

Portos	Jan-20	Jan-21	Diff.%
Vila Do Conde	16	9	-44%
Itajai	36	25	-31%
Rio De Janeiro	46	34	-26%
Imbituba	4	3	-25%
Manaus	19	16	-16%
Navegantes	47	40	-15%
Rio Grande	43	37	-14%
Santos	162	144	-11%
Itapoa	45	41	-9%
Suaape	37	34	-8%
Paranagua	65	60	-8%
Porto De Itaguai	27	25	-7%
Salvador	39	37	-5%
Pecem	32	31	-3%
Fortaleza	6	6	0%
Natal	3	3	0%
Itaquí	2	2	0%
Vitoria	13	14	8%
Total	642	561	-13%

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

No blank sailings are forecast for February, according to a survey by Datamar, It is also worth remembering that the country still faces a container shortage, and this has an effect on international trade.

### Ports and Terminals

**Santos Port Authority (SPA) has extended the delivery deadline for public consultation on the new operating model of the Port of Santos Internal Railway (FIPS), a rail system that integrates the port infrastructure. Now the consultation will run until February 27.**

A public hearing was held for this online on February 10, due to the restrictions imposed by the pandemic. The debate, which lasted about four hours, was opened by Diogo Piloni, head of the National Secretariat of Ports and Waterway Transport (SNPTA).

With an offer of 50 million tons, Porto's internal railway currently handles approximately 45 million tons. The port's Development and Zoning Plan (PDZ) foresees an increase of 91% in railway movement until 2040, to 86 million tons per year. To meet this demand, it is estimated that approximately R\$ 2 billion will be needed in expansion works such as new branches, a railway pier on the right bank (Santos), a new railway backyard on the left bank (Guarujá), the elimination of level crossings, and the construction of pedestrian walkways in Porto Organizado. The current contract expires in 2025.

The entire hearing was broadcast live and will be available on SPA's YouTube channel.

The documents for the public consultation may be consulted at: <http://www.portodesantos.com.br/informacao/participacao-social/audiencias-ou-consultas-publicas/consulta-publica-fips/> **On February 10, Companhia Docas do Rio de Janeiro published Public Call Notice nº 01/2021 in the Official Gazette and on the company's website with the objective of identifying those interested in submitting proposals for the**

### implementation of a marine diesel storage and supply terminal on Ilha do Braço Forte, in Guanabara Bay.

The studies to be presented, by individuals or legal entities, should not cause any burden, charges, or conditions to the company or Public Administration, and will be used as a basis for the future bidding process, making it faster. If the interested party wishes to visit the island, he must provide his own means of transport and Docas do Rio will appoint a representative to accompany the visit, on a pre-scheduled day and time.

Interested parties will have 30 days to present their study, counting from the date of publication of the call. Within 5 days after the deadline, Docas do Rio will publish on its website information on the number of companies that expressed an interest, without divulging the names of people and/or companies. Interested parties should respond by e-mail to the Business Development Management, via e-mail to [gerden@portosrio.gov.br](mailto:gerden@portosrio.gov.br). Images of the area can be seen on the Docas do Rio website, under the "public call" tab. To clarify doubts and obtain additional information, contact the sector manager, Eduardo Miguez, by phone: (21) 2253-1985 or (21) 99127-5188.

### On February 10, the Ministry of Infrastructure (MINFRA) signed four new contracts for the development of private-use terminals (TUPs) in the state of Pará through SNPTA (the national secretariat of ports and water transport). The four contracts are with Sabbá Oil, Louis Dreyfus, Cargill, and Infrastructure Asset Management (ABI). Together, they will receive investments of R\$ 616.5 million for handling various cargo, such as grains and fuels.

"The new contracts with the terminals will supply a demand for cargo handling in the region, which has become a strategic logistics corridor and is in constant growth", declared the National Secretary for Ports and Waterways, Diogo Piloni.

The Cargill and Louis Dreyfus terminals are in the area of influence of the agricultural bulk export route through Arco Norte, in the municipalities of Rurópolis and Itaituba. They will be responsible for handling solid bulk, mainly vegetable. The total estimate of cargo handling at both terminals is 6.7 million tons/year.

The Petróleo Sabbá and ABI terminals will handle liquid fuel bulk destined for fuel storage, distribution, and regional supply in the facilities' respective areas of influence in the municipalities of Itaituba and Santarém. In this region, river navigation is an efficient and safe logistics alternative for transporting and receiving large volumes of dangerous cargo.

Private Use Terminals (TUPs) are terminals granted by ANTAQ (the national waterway transport agency) to private companies. The new regulatory framework for the port sector (Law 12.815 / 2013 and Decree 8.033 / 2013) defined new terms for the exploitation of TUPs, facilitating access to private resources. In two years, the Federal Government has signed 78 adhesion contracts with companies, which represents R\$ 6 billion in investments in the modal.

**In January 2021, CODEBA Ports handled 1,095,335 tons, representing a 36.16% rise on the same period in 2020 when the company handled 804,466 tons.**

It was the best January in the company's history and, for the first time, more than 1 million tons were handled in the month. These figures were driven mainly by the performance of the Port of Aratu-Candeias, with an increase of 54.88% compared to January 2020, handling 643,113 tons. The movement of liquid bulk which grew by 69.45%, and solid bulk which grew by 33.82%, contributed to this increase. The main products handled were 294,953 tons of NAFTA, and 99,579 tons of fertilizer.

It is worth mentioning that two weeks ago, the cargo handling system at Terminal I of Grãos Sólidos de Aratu-Candeias (TGS I) resumed its activities after undergoing maintenance. TGS I is the main terminal in the port for importing solid bulk. The first operation after the maintenance was the unloading of 10,500 tons of copper concentrate from Chile. On February 8, another ship from Chile docked at Pier Sul, with 22,030 tons of ore.

The Port of Salvador handled 442,230 tons, representing an increase of 20.81% compared to January 2020, when 366,065 tons were handled. This was due to the handling of solid bulk, with a growth of 59.07%, and containers, with a growth of 5.32%. The main highlight was the import of 53,259 tons of wheat.

In January, Ilhéus shipped the first nickel concentrate shipment in 2021. Around 10,000 tons were handled.

Companhia das Docas da Bahia has shown a stable performance. For the fifth consecutive month, cargo handling is up compared to the same month of the previous year. In December 2020, another record was set. The Organized Ports of Salvador, Aratu-Candeias, and Ilhéus registered an increase of 31.5% in the volume of cargo handled compared to the same period of the previous year. December had the best results ever recorded in the company's history.

See the chart below for a comparison of cargo handling at CODEBA ports in 2019 and 2020:

Cargo handling at the Ports of Aratu, Ilhéus, and Salvador | Comparison Jan to Dec 2019-2020 | WTMT



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

**On February 10, Cotriguaçu, one of the eleven terminals that make up the Eastern Export Corridor at the Port of Paranaguá, inaugurated a new railway diversion. The private investment of R\$8 million for the remodeling is in line with the State Railway Plan and Portos do Paraná's plans to expand capacity and their share in the cargo transportation modal.**

"The work that Cotriguaçu is completing in Paranaguá is aligned with the investments that the state government is making. The Moegão project, an exclusive tank for railway unloading, and the new export corridor of the Port of Paranaguá will largely expand the capacity of the complex", stated the Secretary of State for Infrastructure and Logistics, Sandro Alex, at the inauguration event.

For the director-president of Portos do Paraná, Luiz Fernando Garcia, the improvement of the railway modal in the ports is a necessity. "Between 15-20% of all our cargo handling is done by rail. We know that if we want to expand more, it will have to be by rail. This investment by Cotriguaçu is just a start".

Asa Leste – One of the future projects of the terminal investment is the so-called Asa Leste, which aims to further increase the productivity and participation of the railway modal for the segment's cargo transportation (solid export bulk).

Located in a public area in the East Corridor, between the terminals of Cotriguaçu and Rocha, Asa Leste will be a new patio for larger trains with better distribution to the terminals. The project is Rumo's, in partnership with Portos do Paraná and the two terminals. It will work like a "lung", allowing more breathing room, efficiency, and speed to distribute wagons for unloading – optimizing internal maneuvers.

Works- With more modern tracks, the gains from Cotriguaçu's work are, mainly, more security for operations and workers; increased terminal productivity; and, with the support of Rumo, the concessionaire that manages the railroad, the reduction of interventions at the level crossing on Avenida José Lobo.

According to the general manager of Cotriguaçu port terminal in Paranaguá, Rodrigo Buffara Farah Coelho, the company unloaded 80 wagons a day – of soy, corn, and bran. "With the railway remodeling, this year the discharge should reach 150 wagons/day. Currently, the participation of the railway modal in our operations is at 35%. Our goal is to equalize road and rail modes by 50% each, thus ensuring more competitiveness for our customers," he said.

In addition to a terminal, Cotriguaçu is also a port operator and provides services for the reception, storage, and dispatch of bulk goods. In recent years, the company has invested around R\$ 15 million in improving road access, an internal yard for 80 trucks, and repowering the shipping lines, expanding from 1,500 to 2,000 tons/hour. The new diversion, according to Cotriguaçu, is already ready to receive larger and more modern locomotives and wagons. Each of these wagons has a capacity for 50 tons of bulk. The most modern ones, which must be installed by the concessionaire, have a capacity of up to 80 tons.

**The 1st Panel of the Superior Court of Justice (STJ) decided that storage provided by port terminals is subject to the ISS service tax, and unanimously reformed the decision of the Amazonas Court of Justice (TJ-AM) that had exempted Super Terminais Comércio e Indústria from paying the tax.**

The company had requested its storage and stay operations be exempt from ISS. It claimed that this is equivalent to the leasing of goods, which is not subject to ISS. The Supreme Federal Court (STF) considers that the ISS levy on movable property leasing operations is unconstitutional, according to the Binding Precedent No. 31. The state judgment accepted the request and equated storage with the rental of goods.

The decision of the TJ-AM, if disseminated throughout the country, will lead to a serious fiscal and economic problem for the municipalities, especially those that depend on the revenue from port storage activities, such as Santos (SP) and Vitória, according to the attorney of the municipality of Manaus, José Luiz Franco Junior, who affirmed this in oral arguments (Resp 1805317).

According to the lawyer, the company tried to establish an idea that port storage is confused with leasing and managed at the state level. "A new lease concept has been created," he said.

The company's lawyer, Nicolau Haddad Neto, said that this thesis has no relevance at the national level. "The municipality of Manaus did not lose revenue; it continued to receive ISS on 24 activities in the port," he said. According to the lawyer, the STF made it clear that Precedent 31 applies to any lease provided that certain conditions are met. "This is a pure and simple rental," he says.

For the rapporteur, Minister Gurgel de Faria, the activity of warehousing is not equivalent to leasing. The minister explained that for the proper development of the storage, the company authorized to operate the terminal must organize the received cargoes, preserve their condition, store and keep them safe, and control access to the area using mandatory monitoring. "All of this is the fulfillment of an 'obligation to do something', with the provision of taxable service being well-characterized by the municipal tax," he says.

Also according to the rapporteur, the task of warehousing in a customs area does not resemble the location of physical space. When contracted for storage, the port terminal does not transfer the area for the lessor to use at its own risk, including the area with restricted access.

The difference between storage and rental also differs concerning civil liability, according to the rapporteur. Any damages due to the exercise of direct possession must be borne by the lessee. In storage, it is the duty of the company that operates the terminal to compensate the losses to the owners for possible failures. "The storage activity carried out by the defendant is subject to ISS tax," decided the rapporteur. The vote was followed by all members of the class.

The company may file a motion for clarification to request clarification on the decision or point out omissions. To change the merit, it is necessary to have a decision on the same topic in the opposite direction. In this case, it can be accepted for further analysis by the 1st Section.

**January cargo handling in the Ports of Paranaguá and Antonina grew by about 4% compared to January 2020. Imports and exports reached 3,599,435 tons of cargo during the month. In the same 31 days of last year, 3,446,228 tons were handled.**

"Despite all the rain we had in January, which ends up impacting some operations, operators managed to increase productivity and generate good results during the dry days, especially in the general cargo and liquid bulk segments, which drove the increase", says Luiz Fernando Garcia, CEO of Portos do Paraná.

1,027,598 tons of general cargo were handled in January this year, 12% higher than the 915,861 tons handled in January 2020. As for liquid bulk, this year, 664,225 tons were imported and exported. In the same period last year, 610,370 tons were handled. The registered increase in the segment is 9%.

Regarding the handling in the first month of 2021, Garcia explains that the segment most impacted by the stoppages due to rain is that of solid bulk, which registered a slight drop. Comparing

January this year, when 1,907,613 tons of bulk were handled, in both directions, to January 2020, when 1,919,997 million tons were handled, the variation was -1%.

“With the entry of the new harvest as of the end of this month of February, certainly the segment is already growing again because sales continue to be heated, with most of the contracts already closed”, comments Garcia. In January 2020, 320,182 tons of soy were handled. This year, 30,000 tons were handled. “This was just a remaining balance after the increase that it maintained throughout last year”, says Luiz Fernando Garcia.

Port of Antonina – The Port of Antonina handled 43,766 tons in January this year, 21% higher than the 36,245 tons registered in 2020. The main product handled was sugar (bags). Of this, 31,057 tons were exported in January. Last year, there were no exports of the product there.

The other product handled by Antonina’s terminal is fertilizer (imports). Of this, 2,709 tons were imported in January of this year.

**Sugar and vegetable oil** - Sugar handling also increased at the Port of Paranaguá. 329,372 tons of sugar, in bags and in bulk, were exported in January this year through the Paranaguá terminals. The volume is 198% higher than the 110,477 tons registered in January 2020.

Other products that stand out in exports through the Port of Paranaguá in the month of January this year were vegetable oil (soy), which registered an increase of 65%; corn, which rose 40%; and soybean meal, whose volume handled this year is 24% higher than that recorded in January 2020.

45,349 tons of vegetable oil were exported this year compared to 27,548 tons in January 2020. 417,487 tons of corn were exported this January compared to 297,802 tons in January last year. Of soybean meal, 396,969 tons were exported this year compared to 321,315 tons in January 2020.

**Imports** – Among the import cargo, the handling of general cargo stands out at 469,378 tons imported this year, 15% more than the 408,176 tons registered in 2020. Among the solid bulk, 13,919 tons of salt were handled in January this year. In the same month last year, there were no imports of the product.

Among the bulk liquids, methanol imports increased by 18%, with 97,818 tons handled this year compared to 82,798 tons handled last year. Vegetable oils were up 4451% with 170,174 tons handled this year compared to 3,739 tons last year.

Total January imports totaled 1,841,804 tons, 3.3% more than in January 2020 when 1,782,767 tons were handled. Exports totaled 1,757,631 tons, 6% more than last year when 1,663,461 tons were handled.

**Brasil Terminal Portuário (BTP) plans to deliver its request for early renewal of its contract at the Port of Santos by March. The idea is to extend the lease, expiring in 2027, for another 20 years in exchange for new investments.**

“The plan is to increase capacity within the current limits of the terminal. We started the conversation with the federal government and now we are preparing feasibility studies. The expectation is that the entire process -from presentation to

signature – takes 12 to 14 months,” said the company’s president, Ricardo Arten. According to him, the investment amount that will be proposed has not yet been finalized.

But the group’s expansion plan is not limited to the current terminal. The company also aims at new auctions in the Port of Santos. The main opportunity should be the bidding for a large container terminal in the Saboó region, in an area close to BTP; this is still under study by the federal government. The company, a natural candidate in the competition due to its proximity, had previously proposed the annexation of the area, which would have been included in its early renewal process. The government, however, opted for a new bid.

The group is also studying other areas in the Port of Santos, both on the right and left margins, always focusing on containers. “We are very anxious, not only for this terminal next door but also for other areas that may be operationalized. Today, BTP’s capacity is strangled, we need to find spaces for our operations,” he said.

The company is a partnership between two global shipping groups: APM Terminals (from Maersk) and Terminal Investment Limited (TIL, from MSC). The controllers also move cargo at other terminals at the Port of Santos, but the market perception is that the container logistics chain is going through a verticalization that tends to benefit the expansion of BTP.

BTP has had good results in the Port of Santos, even with the pandemic. In 2020, the terminal’s handling increased 10%, driven by exports, which overcame the drop in imports. This year, the expectation is to grow 3.3%, in line with the gross domestic product (GDP).

“We learned to deal with Covid. Even with the second wave of the pandemic, which brings uncertainty, we already know that Brazilian export products – such as animal protein, cotton, sugar – will not fall,” he says.

For him, the biggest concern is the lack of containers – a problem that started almost a year ago, when the pandemic started to impact the global logistics chain. “It can be a bottleneck and hurt the prospects for 2021.”

The lack of containers results from the mismatch between imports and exports in the countries, aggravated by measures of social isolation. When the pandemic exploded in China last year, many containers were trapped in Asian ports. Then, with the fall in Brazilian imports, the problem started to hurt the country’s exporters – as the ships did not arrive, the exporters lacked equipment.

In the BTP terminal alone, the number of “extra calls” jumped from 10 in 2019 to 56 in 2020. In view of last year’s good financial results, the company does not plan to ask for economic and financial rebalancing due to the impacts of the pandemic on imports – as other infrastructure sectors have done. However, there are plans to negotiate a change in the contract readjustment index, which follows the general market price index (IGP-M) – whose accumulated increase in 2020 was 23.14%. “It is somewhat unreasonable to readjust this level. We started talking to the government about this issue last year, and we need to file a claim”, concludes Arten.

See the two graphs below for volumes imported and exported via BTP compared to other Port of Santos terminals:

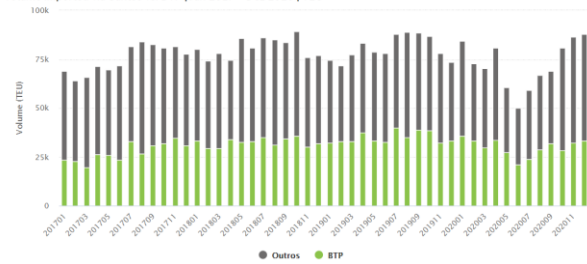


Volume Exported via Santos vs. BTP | Jan 2017 – Dez 2020 | TEU



Source: DataLiner

Volume Imported via Santos vs. BTP | Jan 2017 – Dez 2020 | TEU



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

**TCP, the company that manages the Paranaguá Container Terminal, closed the year 2020 with its best cargo-handling level on record, totaling 983,383 TEU. The number represents a 7.44% growth compared to 2019 when the terminal handled 915,242 TEU.**

Throughout the year, the terminal broke records monthly for the handling of different cargoes. In November, the terminal broke its record for the busiest container handling in a single month when it registered 94,406 TEU handled. “Despite the problems that the pandemic brought to the country, 2020 overcame expectations and took us to a record-breaking level of cargo handling. We took a series of measures to combat Covid-19, such as access controls, reinforced hygiene, and removing high-risk employees from service – without compromising their income”, highlights Thomas Lima, TCP’s Commercial and Institutional Director.

The executive credits 2020’s good results to a set of factors, mainly, the company’s level of preparation. “From the infrastructure point of view, we prepared with investments of over half a billion in recent years, expanding our capacity from 1.5 million TEU to 2.5 million TEU per year. The logistical platform that the company has built is also one of the great differentials: TCP has a railway with direct access to the yard, internal warehouses, and intermodal bases to meet the different market demands”, he states.

**HANDLING** - Agribusiness played a decisive role in TCP’s handling throughout 2020, both in import and export. An example of this is cotton that reached the level of 3,359 TEU exported, a value that represents 116% growth compared to 2019.

Refrigerated cargo also played an important role with its record-breaking handling level of 185,192 TEU exported, maintaining its position as the largest exporter of refrigerated cargo in the country.

Imports were driven by the fertilizer cargo that ended the year totaling 33,809 TEU, 28.43% higher than the previous record set in 2018 when 26,324 TEU passed through the terminal.

Another highlight was the electronics segment which also grew, reaching 3,930 TEU, surpassing the record set in January 2020 (2,870 TEU). The civil construction/infrastructure sector also played a significant role, also with a record in the second to last month of the year, with 1,162 TEU handled – the last record recorded was in March 2018, when 1,102 TEU were handled.

For 2021, the company’s goal is to surpass the mark of 1 million TEU handled.

**ANTAQ will hold public consultations between February 15 and March 31 to receive contributions for the improvement of documents related to the leasing of two port areas: one at the Governador Eraldo Gueiros Industrial Complex / Porto de Suape (PE), called SUA07, for the handling and storage of vegetable bulk, mineral bulk, and general cargo; and another in the Organized Port of Fortaleza (CE), called MUC59, for the handling and storage of liquid fuel bulk, especially naphtha. These are public hearings numbers 5 and 6 of 2021.**

Legal drafts and technical documents related to public consultations will be available at the following electronic address: <https://www.gov.br/antag/pt-br/aceso-a-informacao/participacao-social/participacao-social/>.

Contributions may be sent to ANTAQ until 11:59 pm on March 31, exclusively via the electronic form that will be available at <https://www.gov.br/antag/pt-br>. Contributions sent by other means will not be accepted.

According to the agency, to encourage discussion and clarify any doubts about future leases, public hearings will be held in person or virtually, depending on the current public health conditions, with the date, time, and place to be defined and communicated in advance.

### Shipping

**The CMA CGM Group announced that it is intensifying its strategic development in logistics, creating a division specialized in air transport called CMA CGM Air Cargo.**

According to the company, “this air transport reinforces the Group’s transport and logistics area and allows it to offer customers a new range of comprehensive, agile, and personalized solutions”.

To this end, the CMA CGM Group is acquiring four Airbus A330-200F aircraft with 60 tons of payload, which entered into service between 2014 and 2016. With a range of 4,000 nautical miles, the aircraft will connect Europe with the rest of the world. The CMA CGM Group will entrust the operation of its cargo fleet to a European airline.

The company said that the expansion to air transport is a new milestone in the Group’s strategic development with the aim of offering customers a complementary offer of services in both maritime transport and logistics.

“In response to the growing demand from our customers for agile logistics solutions, we are creating a new division within the CMA CGM Group dedicated to air cargo transportation, CMA CGM AIR CARGO. This division will debut with four Airbus A330-200F aircraft and will take advantage of commercial partnerships with airlines to offer global coverage. This is an important milestone in

the development of our logistics services “, concludes the President and CEO of the CMA CGM Group, Rodolphe Saadé.

**A.P.Moller – Maersk had a very promising 2020, both in terms of financial performance and the company’s transformation. Despite low volumes during most of 2020, profitability grew during the first nine months and 2020 ended with record fourth-quarter results in the Logistics and Terminals division, while Ocean delivered an exceptional quarter, driven by increased volumes and temporary supply chain disruptions.**

“2020 will forever be remembered for the COVID-19 pandemic which negatively impacted our lives, jobs, businesses, and the global economy. I am proud to have accelerated our transformation and posted earnings growth during all quarters of 2020, despite the negative impact of the pandemic in the first half to a recovery in the fourth quarter, “said Søren Skou, CEO of AP Moller – Maersk.

Revenue grew to US\$ 39.7 billion in 2020 from US\$ 38.9 billion the previous year. The increase in demand in the second half of the year created barriers in the supply chain, such as shortages of ships and containers, which raised rates, contributing approximately US\$ 1.5 billion to the results. Ocean has improved its performance by focusing on costs, agile capacity management, and the launch of new digital offerings.

The Logistics and Services area grew with revenues of US\$ 7 billion, compared to US\$ 6.3 billion the previous year, with the acquisition of the company Performance Team, which improved the company’s performance in intermodal logistics, air freight brokerage, and storage and distribution.

“Our customers want our help to build more resilient supply chains and to acquire more end-to-end services. As a result, our logistics business doubled in revenue in 2020. Today we are a profitable and growing logistics company with a wide offer of sea and air transport, port services, and logistical resources, which includes storage, personalized services and cutting-edge logistics “, concludes Skou.

## Grain

**Agribusiness exports in January 2021 reached US\$ 5.67 billion, a decrease of 1.3% compared to January 2020 (US\$ 5.75 billion). According to the Secretariat of Trade and International Relations of the Ministry of Agriculture, Livestock, and Supply (SCRI / MAPA), the drop of almost half a billion dollars in soybean grain exports was due to the low transit stock, the delay in planting the 2020/2021 crop because of a drought, and, subsequently, the delay in harvest areas due to the rains.**

This reduction was largely offset by an increase in the export value of four products: corn (+ 42.5% or US\$ 148.96 million in absolute values), raw cane sugar (+ 35.6% or US\$ 141.06 million in absolute values), green coffee (+ 30.2% or US\$ 108.05 million in absolute values), and soybean meal (+ 28.3% or US\$ 99.17 million in absolute values).

The 1.3% drop in agribusiness exports combined with the 4.5% increase in exports of other products caused the share of agribusiness in Brazilian exports to decline from 39.6% in January 2020 to 38.3% in January 2021. Imports of agribusiness products

increased by 6.5% – from US\$ 1.22 billion (January 2020) to US\$ 1.30 billion in January 2021. The resulting trade balance was US\$ 4.37 billion.

**Corn** - External sales of corn were predominant in the cereals, flours, and preparations sector, reaching US\$ 499.86 million (+ 42.5%), with an increase of 22.1% in the volume exported and 16.7% in the average price of cereal export.

According to SCRI, corn shipments began an upward trend in August 2020 due to the delay in harvesting the second crop last year because of weather issues.

**Sugar**- Record volumes of raw cane sugar exports were recorded in January, with 1.85 million tons exported (+ 31.7%). The Brazilian product follows a positive trend initiated in 2020 due to decreased production by the main Asian producers; this stimulated the recovery of international prices and the exported values of the commodity.

**Coffee**- Shipments of green coffee registered US\$ 466.20 million (+ 30.2%). The volume of green coffee exported was a record for January, reaching 221,880 tons (+ 35.8%).

**Soybean meal** - Soybean meal in January was the highlight of the complex soy sector (grains, bran, and oil) reaching US\$ 449.59 million, an increase of 28.3%. Sales were influenced by the 27.2% increase in average prices, as volumes remained practically the same compared to January 2020 (+ 0.8%). The price increase reflects the low volume of soybeans handled by world exporters, such as the United States and Brazil.

**Brazil is the only country in the world to consume carioca beans. Therefore, for many years, the country was left out of the world legume market. But the scenario began to change due to trading companies and exporters that decided that it was time to participate in a market that has a turnover of over US\$ 2 billion a year.** About five years ago, these companies began to encourage Brazilian farmers to plant varieties that are in high demand in Asian countries, such as azuki beans, mung beans, streaks, and cowpea.

As a result, national shipments of beans and pulses (dried legumes) have already reached 177,400 tons in 2020, an increase of 6.8% compared to 2019 and an increase of 44.6% compared to 2015. The revenue from exports reached US\$ 148.3 million last year, compared to US\$ 112.9 million in 2019 and US\$ 78.1 million five years ago.

See the chart below for the history of Brazilian bean exports since 2017:

### Brazilian Bean Exports (07133) | Jan 2017 to Dec 2020 | TEU

Brazilian Bean Exports (07133) | Jan 2017 to Dec 2020 | TEU



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

“Exporting companies invited a pool of producers to enter this market, showed global opportunities, and created future price guarantee contracts. This has been successful and has grown a

lot”, says Marcelo Lüders, president of the Brazilian Institute of Beans and Pulses (IBRAFE). Lüders, who also owns the brokerage company Corregar, has been advocating the diversification of production and the sale of beans for years to stabilize prices in Brazil and guarantee production.

“With the short cycle, producers are hostage to the prices in Brazil. The bean goes up and down a lot, because there is no foreign market to spawn any excess production and/or to guarantee a remunerative price to the producer”, he says. Brazil produces about 3.1 million tons of beans in three annual harvests, and the carioca accounts for 70% of the total.

China is the largest producer and consumer of beans in the world. India and Pakistan produce, but in deficit, like the United Arab Emirates. On the export front, Australia stands out, in good measure because it is not a consuming country. Myanmar and some African countries also serve the Asian consumer market. In South America, Argentina and Venezuela are Brazil’s competitors.

It is worth noting that carioca beans are produced in irrigation areas and at different times. The special seeds are sown after the summer harvest, in competition with the off-season corn, but have a much shorter cycle – from 110 to 130 days, compared to 120 to 160 days for corn.

### Coffee

**A report released on February 9th by CECAFE (the council of Brazilian coffee exporters) points out that Brazil exported 3.1 million bags of green, instant, and roasted & ground coffee in January. This volume is 9.4% lower than the same month last year. The foreign exchange revenue generated from January shipments was US\$ 404.13 million, equivalent to R\$2.2 billion reais. The average price of a bag of coffee was US\$ 128.41.**

Arabica coffee represented 84.2% of the total volume of coffee exported in January, with 2.6 million bags shipped. Instant coffee represented 8.1% of the month’s shipments, with 254,000 bags exported. Robusta coffee represented the remaining 7.7%, equivalent to 241,500 bags exported.

The following table shows coffee volume by type exported during the month of January for the last 5 years:

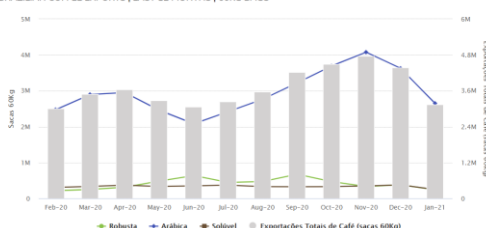
BRAZILIAN COFFEE EXPORTS | 60KG BAGS

Mês	Robusta	Arábica	Total Café Verde	Torrado & Moído	Solúvel	Total Café Industrializado
Jan-17	22.338	2.429.067	2.451.405	3.143	192.036	195.179
Jan-18	12.760	2.519.381	2.532.141	2.614	185.288	187.902
Jan-19	150.609	3.073.902	3.224.511	1.477	244.684	246.161
Jan-20	223.828	2.922.387	3.146.215	2.643	325.394	328.037
Jan-21	241.534	2.651.231	2.892.765	880	253.577	254.457

Source: CECAFE

The following graph shows the coffee volume by type exported during the last 12 months:

BRAZILIAN COFFEE EXPORTS | LAST 12 MONTHS | 60KG BAGS



Source: CECAFE

**Top destinations** - The main destination for Brazilian coffee in January this year was the United States, which imported 692,400 bags of coffee (22% of the total volume exported). In second place was Germany, receiving 532,000 bags (16.9% of exports). Following close behind are Belgium, exporting 261,400 bags (8.3%); Italy, with 195,500 bags (6.2%); Japan, with 150,000 bags (4.8%); Colombia, with 113,000 bags (3.6%); Russian Federation, with 106,000 bags (3.4%); Turkey, with 97,300 bags (3.1%); France, with 84,600 bags (2.7%); and Canada, with 75,300 bags (2.4%).

Of these main Brazilian coffee destinations, Colombia and Belgium stood out for registering a growth of 237% and 56.4%, respectively, compared to the volume exported to these countries in January 2019. The United States also registered an increase compared to the first month of 2020, of 8.9%, and France increased its coffee imports by 7.9%.

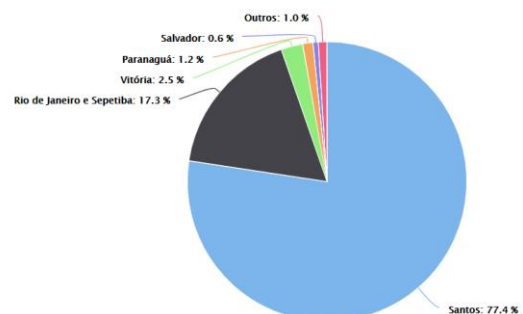
Concerning exports by continent, groups, and economic blocs: shipments to North American countries stood out in the month, registering an increase of 4.6% (798,300 bags), South America was up 59% (170,500 bags), Central America was up 40% (14,400 bags) and for producing countries, growth of 51.3% was registered (199,400 bags). Exports of green coffee to producing countries registered an increase of 117.4%, with 161,500 bags shipped.

**2020/21 Crop Year** - In the first seven months of the 2020/21 Crop Year (July '20 – Jan. '21), Brazil exported 27.8 million bags of coffee, an increase of 17.2% over the same comparative base of the previous harvest and the highest volume shipped for the period in the last five years. Arabica and Robusta coffees recorded a 19.1% growth in export volume, with 22.5 million bags and 3 million bags shipped, respectively.

Foreign exchange revenue from exports for the period to date was US\$ 3.4 billion, an increase of 14.3% for July '20 – Jan. '21, which, converted into reais, reached R\$ 118.5 billion, up 51.5%. The average price was US\$ 123.78.

**Ports** - In January this year, the Port of Santos took the lead for coffee shipments with a 77.4% share (shipping 2.4 million bags). The ports of Rio de Janeiro were in second place, with a 17.3% share (shipping 544,500 bags).

PARTICIPAÇÃO DOS PORTOS NAS EXPORTAÇÕES BRASILEIRAS DE CAFÉ



Fonte: Cecafé

### Meat

**Brazilian exports of fish products grew 4.4% in 2020 compared to 2019, with sales of US \$ 11.7 million. The data are from Embrapa Pesca e Aquicultura (Palmas-TO) in**

**partnership with the Brazilian Association of Pisciculture (Peixe BR).**

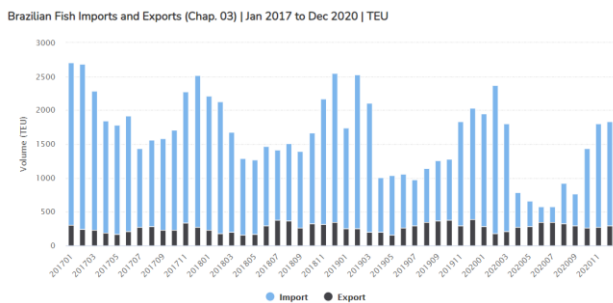
Despite this increase, the segment’s trade balance remained negative at US\$ 456 million last year. This is because Brazil imported US\$ 467.7 million, with salmon representing almost all purchases, at US\$ 415.4 million.

Even with this deficit, Embrapa celebrated the result. “There is a tendency for fish exports to grow in the coming years. Since 2017, exports have been growing at rates above 20% per year. The lowest growth rate in 2020 (4.4%) differs from the pattern seen in the last four years and is directly related to the Covid-19 pandemic and its effects”, said Manoel Pedroza, a researcher at Embrapa, in a note.

Tilapia remained the main exported species, responsible for more than 88% of the volume throughout the past year. Curimatás and Tambaqui follow – together, they were responsible for almost 10% of exports. In the whole year, tilapia sales generated US\$ 10.4 million.

The USA was the largest importer of Brazilian fish, with US\$ 6 million purchased last year. Next are Chile (importing US\$ 1.4 million) and China (importing US\$ 864,200).

The chart below shows Brazilian fish imports and exports since 2017:



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

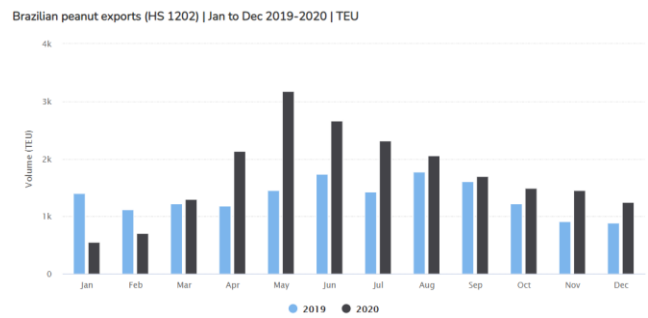
**Other cargo**

**Data from the Foreign Trade Secretariat (SECEX) compiled by the Brazilian Association of the Chocolate, Peanut and Candy Industry (ABICAB) show that the raw peanut sector registered a surplus of US\$ 314.4 million in the accumulated result from January to December 2020.**

This represents a 38% growth compared to 2019 (US\$ 227.7). In all, 259,000 tons of raw peanuts were exported, an increase of 31% in comparison with the previous year.

In the processed peanut market, 5,000 tons were exported, corresponding to a value of US\$ 9.8 million, which represents a decrease of 12% compared to 2019.

In 2020, Brazil exported fresh and processed peanuts to more than 79 countries. In 2019, Brazil closed the year as the 14th largest producer of fresh peanuts in the world according to the USDA and has been increasing its production capacity year by year.



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

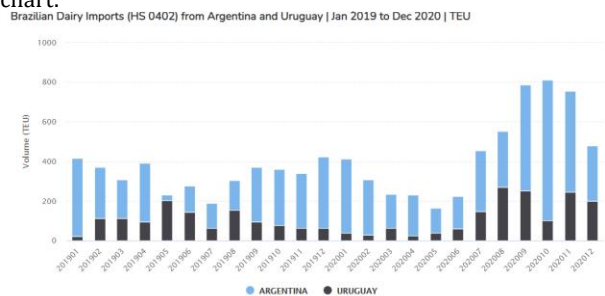
**On February 5, the Sectorial Chamber of Milk and Derivatives, formed by 35 institutions in the sector, asked the Minister of Agriculture, Tereza Cristina, for the Brazilian government to immediately suspend imports of dairy products from Uruguay and Argentina. In the group’s opinion, Mercosur purchases are “predatory” and should be taxed to ease the “delicate” economic and social moment that the national production chain is experiencing.**

“The Chamber understood it is imperative to establish an emergency measure to curb the outbreak of predatory imports of dairy products from Mercosur which have been damaging the production chain since September 2020,” she said in a statement. “We submit to the minister a request for the immediate suspension of dairy imports from Argentina and Uruguay until the productive sectors of Brazil and neighboring countries establish mutual coexistence agreements. As an equitable measure, we suggest taxing imported dairy products in the same manner that Brazilian sugar is taxed to enter Mercosur countries, especially in Argentina”, states the text signed by ABRALÉITE (the Brazilian association of milk producers), OCB (the organization of Brazilian cooperatives), ABCZ (the Brazilian association of zebu breeders), and other entities.

Besides import issues, the sector also is against the increase in input prices, such as soybean meal and corn, which raised the cost of production throughout the chain; the drop in the price paid to producers, influenced by imports according to the entities; and the retraction in the market of the main dairy products, such as long-life milk, mozzarella cheese, and powdered milk, due to the mismatch between supply and demand.

“In the case of demand, 2021 begins with lower demand due to the decrease in the purchasing power of consumers, especially after the end of the emergency aid”, states the paper. The Minister of Agriculture said it is still analyzing the proposals.

To get an idea of the volume of milk imported by Brazil from Argentina and Uruguay in the last two years, see the following chart:



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



## Economy

**On February 11, Minister of Agriculture and Food Supplies, Tereza Cristina, and U.K. Secretary of the Environment, Food and Rural Affairs, George Eustice, signed a Memorandum of Understanding to create the Brazil/U.K. Joint Committee on Agriculture (CCA). Following this signature, the authorities of the two countries will make efforts to ensure the continuity of bilateral consultations on issues related to trade in agricultural goods and to establish a forum for debates related to the interests of both countries, including potential trade arrangements for the future.**

The CCA will consist of meetings between the participants held alternatively in each country (or virtually, when necessary) and between public agencies in Brazil and the United Kingdom and relevant agricultural and animal health institutions.

Other CCA objectives include facilitating discussions and collaboration on agricultural issues between the two countries, including, but not limited to, issues such as agricultural and food trade and access to markets; regulations and technical certifications relevant to agricultural materials; food safety and food safety measures; agricultural production sustainability; research and innovation in agriculture and supply; and international sanitary and phytosanitary standards.

Cristina also emphasized that the committee's objective is to reduce bureaucracy and speed up interactions between the two countries. "We understand that at the beginning, the United Kingdom will continue to adopt many of the European parameters, including sanitary and phytosanitary. But we expect that over time, without abandoning its high standards, the United Kingdom's technical standards will become more aligned with international rules, and closer to science-based approaches", highlighted Cristina. Zac Goldsmith, U.K. Minister of the Pacific and the Environment, also signed the memorandum.

Bilateral trade - Brazilian agribusiness exports to the United Kingdom grew 5% in value in the 2019/2020 comparison, rising from US\$ 1.031 billion to US\$ 1.087 billion.

The main agricultural products exported in 2020 were: soybeans - US \$ 220.9 million; poultry (chicken and turkey) - US\$ 204.4 million; fruits such as melons, grapes, watermelons, guavas, and mangoes - US \$ 138.66 million; food preparations and preserves of bovine origin - US\$ 96.1 million; coffee - US\$ 96 million; sugar - US \$ 57.4 million; and ethyl alcohol - US \$ 27.4 million.

The main products imported by Brazil from the United Kingdom last year were whiskey, which reached US\$ 55.7 million, and gin, which reached US\$ 8.7 million. Together, these drinks represented 60% of British agribusiness exports to Brazil, valued at US\$ 107.8 million.

According to the explanation of the agricultural attaché in London, Augusto Billi, the year 2020 was quite atypical, partially due to the Covid-19 pandemic which altered consumption habits and supply chains, and also due to the Brexit transition experienced by the United Kingdom on 12/31/20.

"The UK economy suffered a sharp drop of about 20% in March and April, recovering slowly, but without reaching the previous levels of economic activity", adds Augusto Billi.

Despite all the difficulties of the year 2020, Brazilian agribusiness managed to grow 5% in the British market. Growth expectations are favorable for 2021.

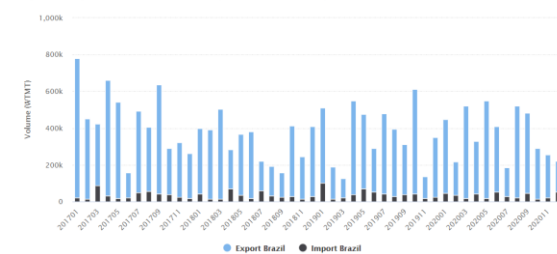
The UK imports more than 50% of the food it consumes, and around 70% of the products come from the EU. Despite the Trade and Cooperation Agreement signed between the United Kingdom and the European Union in December 2020, the simple fact of the mutual imposition of sanitary and phytosanitary checks at the borders favors the competitiveness of Brazilian products.

"A positive fact post-Brexit that favored Brazil was the decision of the United Kingdom to deregulate some fruits, and these no longer require phytosanitary certification", stresses Billi.

"Also, the creation of the Autonomous Tariff Quota, with zero tariffs for up to 260,000 tons of raw cane sugar, increases the positive outlook for the sector. It is estimated that Brazil should occupy a large part of this quota", he concludes.

The graph below shows cargo handling between Brazil and the U.K. since 2017:

Cargo Handling between Brazil and the U.K. | Jan 2017 - Dez 2020 | WTM/T



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

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