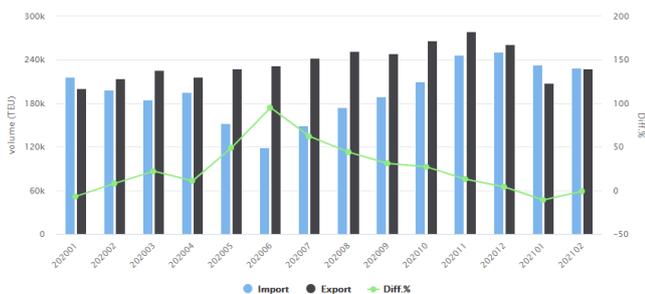


Main news

With the second wave of Covid-19 sweeping the country and the health system collapsing, what was the state of the Brazilian economy in February? Data recently released by DataLiner show that in the second month of the year, imports via container totaled 228,758 TEU, while exports reached 227,552 TEU, a small difference of -1% between imports and exports. In January, this difference had been -11%. In February 2020, with exports exceeding imports by 8%.

See the graph below for monthly differences between exports and imports since January 2020:

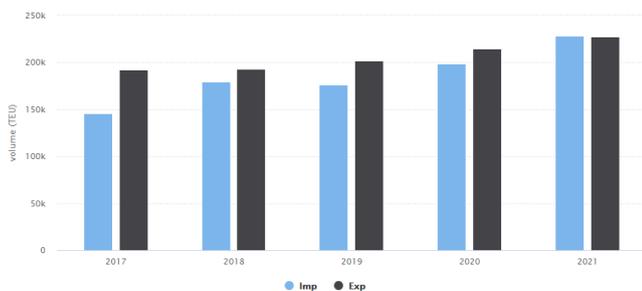
Comparison of Brazilian Exports and Imports | Jan 2020 to Feb 2021 | TEU



Source: DataLiner

In the graph below, see the February container movement for the last five years:

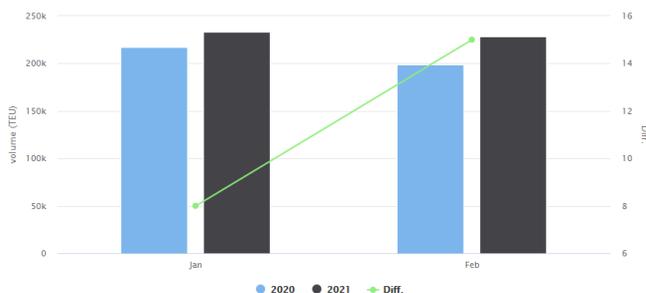
Comparison of February Container Handling by Year | Feb 2017-2021 | TEU



Imports

Container imports in February grew 15% compared to the same month in 2020. See the chart below:

Comparison of Brazilian Imports for the First Bimester | Jan and Feb 2020-2021 | TEU



Source: DataLiner

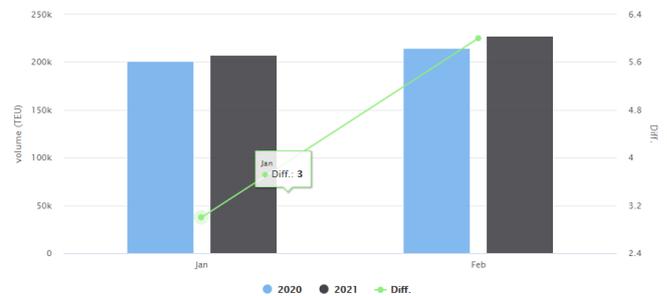
During the first two months of 2021, the main sources of imports were China (185,248 TEU), the United States (47,783 TEU), Belgium (23,938 TEU), Germany (16,557 TEU), India (16,115 TEU), Italy (14,096 TEU), Mexico (13,449 TEU), and Korea (12,142 TEU).

In the first two months of 2021, Brazil imported 19.62% more containers than during the first two months of 2020. In relation to imports from the United States, the increase was 10.80% in the same period.

Exports

Exports, on the other hand, increased by 6% compared to February 2020; this was also an increase compared to January, which had grown 3% in comparison with January 2020. The data can be seen in the graph below:

Comparison of Brazilian Exports for the First Bimester | Jan and Feb 2020-2021 | TEU



Source: DataLiner

The main destinations for containers of Brazilian products in the first two months of 2021 were the United States (73,714 TEU), China (61,384 TEU), Mexico (18,289 TEU), the Netherlands (14,265 TEU), Colombia (13,474 TEU), Vietnam (12,983 TEU), Japan (10,790 TEU) and Peru (10,441 TEU).

It is worth noting that exports via container to the United States in the first two months of 2021 grew 24.13% compared to the same period in 2020. Shipments to China rose 10.07% in the same comparison.

Perspectives

For the month of March, a surplus is expected since the Ministry of Economy has announced the Brazilian trade balance registered a surplus of US \$ 1.268 billion up to the 3rd week in March. In the period, exports totaled US\$ 15.808 billion and imports totaled US\$ 14.540 billion. When considering the average value per working day, exports increased by 26.4% compared to March 2020. The increase in imports was 46.9%.

The increase in exports was driven by the 76.2% growth in extractive industry sales, mainly iron ore and copper. Agricultural sales increased by 20.8%, driven by unroasted coffee, soybeans, and cotton. The manufacturing industry exports grew 11%.

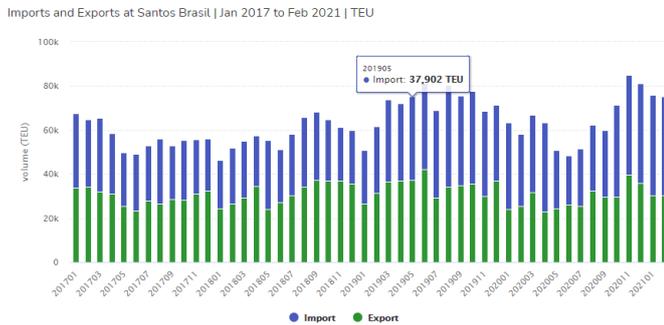
Ports and Terminals & Logistics

Santos Brasil has informed its shareholders and the market in general that it is in the final stages of negotiations to enter into a new contract to provide container port operation services at Tecon Santos with Aliança Navegação e Logística, Hamburg Sud, and Maersk, together known as 'Maersk Group'.

The company expects that the negotiation in progress will end in the next few days. According to Santos Brasil, the new terms must be signed on an equitable, balanced basis and in the best interest of both parties.

The company also informed that it will keep its shareholders and the market in general duly informed and updated as the events take place.

See the graph below for cargo handling at Santos Brasil since 2017:



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

The volume of pulp that arrives by rail to unload at the Port of Paranaguá has increased by 26% in the first two months, year-on-year. During the period, 2,414 wagons carried 154,464 tons. In the same two-month period in 2020, 1,918 wagons delivered 122,752 tons of the product to be exported.

“The railway modal is being used more and more to transport cargo to the ports of Paraná and is increasing in all segments, not only in general cargo. One of our main objectives is to further increase the volume of products unloading from wagons”, comments Luiz Fernando Garcia, president of the company Portos do Paraná.

The pulp exported through the Port of Paranaguá is produced at Klabin’s Puma Unit, in the municipality of Ortigueira, in the Campos Gerais region. According to the company, in these first two months, 137,000 tons of pulp were exported through the Port of Paraná – 104,000 tons by breakbulk (76%) and 33,000 tons by container vessel (34%). Europe and Asia are the main destinations for the product.

In addition to bales of pulp, Klabin also exports paper on reels, both via breakbulk and containers, through the Port of Paranaguá. The volume of paper volume handled by the company in this two-month period was 30,000 tons.

According to Sandro Ávila, Director of Operational Planning, Logistics and Supplies at Klabin, 73% of the total volume of products exported by Port of Paranaguá was transported by rail. “However, 90% of the pulp in bales was transported to Paranaguá by rail,” he says.

“There are many variables of the operation that determine the use of the modes, so it is difficult to specify a single reason for this increase. We can say that the main guide is the programming of the breakbulk or container vessels; from there we plan the loads and modes”, explains Ávila.

New Klabin Terminal – The expectation is that the movement of pulp through the Port of Paranaguá will be even greater when the new Klabin terminal is installed and operating in the primary area. The company received the installation license at the end of 2020 and held a public hearing in early March to present the Neighborhood Impact Study.

According to Ávila, the virtual audience was broadcast in real-time and counted on the participation and contribution of several sectors. “We presented the project to build a walkway on Avenida Portuária, at the main railway crossing point and long-awaited by the population, as it is also the crossing point for individual port workers to access the port,” he says.

The walkway will benefit around 2,800 workers per day and, in addition to improving and speeding up the flow of pedestrians, it will increase the safety of these professionals on the access route to the port.

After the public hearing held on March 3, the company remains in a 30-day regulatory period for the issuance of the construction permit for the new terminal. “Once we receive that, we should be able to start the works respecting the decrees related to the pandemic. The work is expected to last 15 months”, assures the Klabin representative.

1.2 million tons/year – Named PAR1, Klabin’s new terminal area in the Port of Paranaguá will measure 27,530 m2 with road and rail connections and, after the investments, it will reach be able to handle 1.2 million tons per year. The estimate is that the new warehouse area will total 15,000 m2 dedicated to storage and 6600 m2 for the allocation of railway branches, totaling approximately 21,600 m2 – not to mention the area for forklift maneuvers.

Klabin, the largest producer and exporter of packaging paper in Brazil, will manage a terminal for handling general cargo, especially pulp. The area’s development contract has a term of 25 years (extendable for another 45 years). The company intends to invest R\$ 130 million in the area and generate income and more work for the region from the very beginning of the construction.

On March 28, the Port of Cabedelo began a pioneering petroleum coke export operation in partnership with the lessee Oxbow Brasil Energia. In this first operation, the port will export 20,000 tons of the product.

The partnership will continue for two years, a period during which at least 350,000 tons of petroleum coke must be exported through the port. The product originates from the Abreu e Lima refinery in Pernambuco and is destined for the United States.

According to Companhia Docas da Paraíba, there are 280,000 tons of petroleum coke export operations already scheduled for 2021. The solid bulk tonnage will therefore surpass the 600,000 tons mark annually, consolidating this type of cargo handling at the Port of Cabedelo.

The bulk carrier Global Effort is responsible for this first export by the Oxbow company in the Port of Cabedelo. The responsible port operator is Marlog and the maritime agency for the operation is Heytor Gusmão.

The Global Effort was manufactured in 2014 and is 178 meters long, 28.60 meters wide, and 44.80 meters high.

In March, demolition began on the old Refrigerated Cargo Terminal (TERFRIO) at the Port of Imbituba. The facilities were in Area 2 – A2, next to Pier 1, a space that could soon be used for new investments. The revamp of about 8000 m² is expected to be completed in the first half of the year, leaving the site fully suitable for those interested.

“This area is in the heart of the port, practically next to the ships, so there are countless possibilities for qualifying new businesses since it has a multi-purpose and rentable character, which is why we are studying the best destination,” says SCPAR’s CEO Port of Imbituba, Fábio Riera.

The A2 requalification process began in 2020, with the auction of some goods from the old terminal, such as the road scales, boiler scrap, tiles, and general buildings. The reception buildings, cafeteria, warehouse, cold room, and water tank had their materials removed.

The current phase involves demolishing the masonry buildings, reinforced concrete structures, and the high-resistance floor. After the residue is appropriately disposed of, the land will be recomposed, with soil cleaning and grass planting.

New railroad expansion - On March 25, engineers from SCPAR Port of Imbituba and Ferrovia Tereza Cristina (FTC) met to deal with the next phase of expansion of the railroad present at the site. The teams visited the places planned to receive the construction of two lines parallel to the existing route, each containing about 300 meters of tracks. The works should start in the first half of 2021.

The new structure aims to facilitate transport operations, making it possible to carry out more maneuvers within the port area. This is the second phase of an expansion project that has been aligned by the FTC, with the Port Authority, since 2019. In September 2020, the railway pear was opened, an extension of tracks that connected the internal path, facilitating entry and exit of trains. The third and final stage foresees a direct connection to the Container Terminal (TECON), for cargo transshipment directly at TECON.

About 50 containers arrive daily at the port by rail. The cargo departs from Imbituba via a weekly cabotage stopover.

Since March 27, Rumo has taken over the unloading operations of the Rocha terminal at the Port of Paranaguá. The “Full Service” operation was built through an operational synergy with the companies Cotriguaçu and Rocha, whose objective is to provide greater fluidity in the railway operation with gains from the reduction in the number of maneuvers to the increased safety level within terminals.

For the project to become viable, Rumo hired 81 new employees and invested R\$ 7.6 million in infrastructure works in the railway yard. The funds were invested in the construction of four new railway lines that began to integrate and make connections with the existing terminal lines. In addition to the work at the Rocha terminal, the company had already initiated maneuvers at the Cotriguaçu terminal in February. Together, the two terminals received approximately 6 million tons in 2020, which corresponds to about 30% of the volume of grain shipped through the export corridor.

In general numbers, the company forecasts an increase of more than 20% in railway unloading at the two terminals when compared to 2019. Potential gains include the reduction in the time needed to park and exit and a 48% reduction in wagon handling.

Santos Port Authority (SPA) has established new general regulations for the accreditation and operation of truck

yards, modernizing the current port authority standard (NAP). According to the port authority, the new regulations will improve the quality of service to truck drivers who are driving to the Port of Santos and will use these truck yards. The rules will also be in line with the bureaucracy guidelines of the Ministry of Infrastructure (MINFRA).

The modernization of the existing standard seeks to make the accreditation process less bureaucratic, facilitating the entry of new yards to meet the road flow that arrives daily at the Port of Santos. Regulatory yards are of fundamental importance for the organization of this flow, speeding up their arrival and preventing them from going directly to the terminals until needed, thus becoming essential for the scheduling system.

SPA Director of Operations, Marcelo Ribeiro, explains that the old rule imposed a series of restrictions and requirements that only contributed to create an economic barrier to those interested in exploring this opportunity, in addition to reducing the attractiveness of the business. “The result is that over the years, we have had more than a dozen interested companies, but few have really managed to satisfy the requirements,” says Ribeiro.

Under the new regulation, companies are no longer obliged to provide a minimum number of vacancies, nor have service stations, among other conditions contained in the previous regulation. The objective is to provide a safe environment for users, meaning a structure that includes an adequate place for meals and a minimum number of bathrooms, according to the vacancies, adjusting to the determinations of Ordinance No. 1,343 / 2019 of the Special Secretariat of Social Security and Work, which deals with the minimum safety, health and comfort conditions in the waiting and resting places of professional drivers for the transport of passengers and cargo by road.

To date, five regulatory yards are accredited to meet the flow of trucks in the Port of Santos. They are Ecopátio, Pinhal Rodopark and Ceparking, in Cubatão; Logisport, in Sumaré; and Cutrale, in Cordeirópolis. Together, they provide a total of 2,405 truck parking spaces.

The work to reformulate the existing rules was initiated last year by the SPA’s Operations Directorate, with the goal of reducing bureaucracy. Within the arrival logistics at the port, these yards act as a complement to the scheduling system, improving the fluidity of the arrival of the trucks and, in contingency situations, work like real lungs to receive the vehicles that travel on the roads bound for the port.

The full text of the General Regulation for the Accreditation and Operation of Truck Regulatory Yards attached to the port authority standard (NAP) is available at the Santos Port Authority website (<http://www.portodesantos.com.br/wp-content/uploads/Regulamento-de-Patios-Reguladores-NAP-1.2.pdf>).

Representatives of container transporters and cargo transporters from the Port of Salvador signed an agreement for an 18% increase in freight values ending a strike by autonomous transporters.

The agreement came out during a meeting following six days of negotiations mediated by a team from the Companhia das Docas do Estado do Bahia (CODEBA) held in the auditorium at CODEBA

headquarters in the Comércio neighborhood, in the capital of Bahia.

According to the truck drivers, the stoppage was a demonstration of their willingness to hold their ground to demand better working conditions. On February 1st, representatives of the truck drivers called for a national strike.

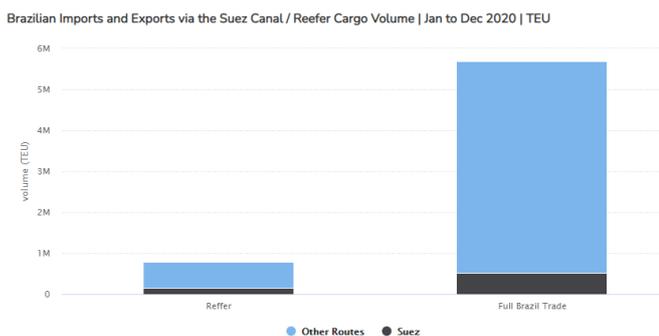
According to the Union of Autonomous Truck Drivers of the State of Bahia (SINDICAM-BA), approximately 1,500 autonomous drivers account for 75% of the cargo handled at the Container Terminal (Tecon) in Salvador.

Shipping

A few days after the Ever Given was refloated, after having been grounded since March 23, vessels began moving again through the Suez Canal but progress has been slow. On April 1, about 250 vessels were waiting to pass. Roughly 10% of the world's maritime trade and 25% of all cargo ships on the planet pass through the Suez Canal.

According to Andrew Lorimer, CEO of Datamar, it should take about a month to resolve the problems generated by the blocked channel. He states that for Brazil, the main route affected is travel to the Middle East and the Far East. As a result, the most affected commodity was Brazilian meat exported to the countries of the Middle East.

To get an idea of the volumes involved, see the graph below for the amount of reefer cargo from Brazil that passed through the Suez Canal in 2020:



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

According to the president of the Suez Canal Authority, Osama Rabie, it is estimated that global daily losses of about US\$ 14 -15 million per day have been recorded as a result of the blocked canal.

In turn, data from Lloyd's List indicates that the stranded ship was holding up about US\$ 9.6 billion in trade along the waterway each day. This is equivalent to US\$ 400 million and 3.3 million tons of cargo per hour, or US\$ 6.7 million per minute.

German insurer Allianz said the blockade could cost global trade between \$6 -10 billion a week and reduce annual trade growth by 0.2 to 0.4 percentage points.

Race for insurance

Given these numbers, another problem will be the insurance claims.

According to Lloyd's List, 90% of marine cargo is not insured in the event of a delay. According to Lucas Leite Marques, a partner at Kincaid Mendes Vianna Advogados, there are different types of insurance, and the parties' efforts to obtain reimbursement must be extended.

In the shipping market, ships are usually owned by a company and are rented for other users to use. This is the case of the ship that ran aground, which is Japanese but is leased to a Taiwanese company.

Those who rent pay a daily fee for the use of the vessel and, with the delay generated by the obstruction, this amount will increase. In addition, even with the problem in Suez resolved, many of these ships will go to the same ports in Asia, effectively moving much of the congestion to these ports.

Delay insurance could help those who will be harmed in such cases. "Delays can happen in cases of war, port blockages, and obstructions. This type of insurance is less common in this market, and it can leave many affected without compensation", highlights Marques, who also predicts the start of a race to cut losses. The injured parties will seek out their insurers, who, in turn, will also seek out the cause of the problem to reverse the loss.

From this moment on, an investigation must be conducted by the authority that controls the Suez Canal and by the local maritime authority. But, as the expert warns, it is very probable that new claims will be made in different courts and jurisdictions in the search to find the person responsible and obtain compensation for the losses.

He also points out that, once found, the party responsible for the damage in Suez may also be insured in some way, which will lead them to seek compensation for their own losses. "Due to the relevance of the event, it is not unlikely that an investigation of an international nature will take place so that it will have not only a punitive but pedagogical effect. All of this will have an impact on the insurance market," he says.

The disorganization of global trade flows caused by the Covid-19 pandemic, skyrocketing the price of freight between China and Brazil - now five times more expensive than a year ago - raised not only the cost of importing imports for industry, but it also begins to hinder meat and fruit exports.

According to sources in the foreign trade sector, the lack of refrigerated containers, essential for the transportation of these products, has hindered shipments.

According to Hamburg Süd executives, the availability of refrigerated containers bottomed out at the end of last month.

At the beginning of the pandemic, restrictions on trade and transport and the drop in demand paralyzed ships worldwide. In the second half, demand for goods returned more quickly than expected, leading to a race for transport services. There was a lack of containers and ships, while operations were often slower because of protocols against the Covid-19 virus. The situation was defined by entrepreneurs in the maritime transport sector as a "perfect storm".

As a result, the average price of freight to China has skyrocketed. In the third week of 2021, freight between Brazil and China was four and a half times higher than at the beginning of 2020 and 18

times more expensive than in the middle of last year. From then until the third week of March this average price showed some relief, with a drop of 23%, but it is still 405% higher than in the same period of 2020.

With the increase in freight to China, inputs for the manufacture of products such as appliances, electronics, and clothing are becoming more expensive, putting pressure on these industries to increase consumer prices. On the export side, the most affected sectors are the meat and fruit producers, because the imbalances in logistics are concentrated in the movement of cargo in containers. The main items exported by Brazil – soybeans, corn, and iron ore – are transported in large bulk carriers chartered in their entirety. The costs are usually borne by the buyer, that is, the picture has little effect on the exporters of these commodities.

According to José Salgado, Commercial Executive Director of Hamburg Süd in Brazil, by the end of February, the company had stopped delivering 5% of the total volume of refrigerated exports to which it was committed in contracts. To solve the problem, the company is actively searching for containers, avoiding discarding old containers whose useful life could be extended with maintenance, and renting additional vessels.

Meats and fruits

In Brazil, refrigerated containers are used primarily for meat and fruit exports, said Bruno Carneiro Farias, president of F Trade, an agency specializing in foreign trade logistics. It is just not possible to compare meat and fruit shipments. The largest global producer and exporter of beef, Brazil sent abroad 2 million tons of red meat last year, a revenue of US\$ 8.5 billion, according to ABIEC, an association of meat exporters. And data from ABRAFRUTA shows that fruit producers sold 1 million tons abroad – especially mangos, melons, grapes, and limes – with revenues of US\$ 876 million.

“A large lime customer exports 600 containers a year. A large meat customer exports 1,000 containers a week,” said Farias.

For this reason, hauliers give preference to meat exports. Customers are large companies, such as JBS, BRF, and Marfrig. Furthermore, meat production does not have much seasonality, with constant shipments throughout the year, which makes it possible to enter into longer-term freight contracts. The freight prices to China that have soared, as measured by the SCFI, are negotiated contracts that are drawn up week by week, in the so-called “spot” market, generally at higher prices than long-term ones.

The fruits are harvested and there is a peak in production. According to Farias, large melon producers also usually sign long-term contracts to transport exports, but many small producers and cooperatives resort to the “spot” market. In the face of imbalances, Hamburg Süd, for example, gave up signing a contract to transport apple exports from Santa Catarina, said Mariana Lara, sales director. The company also stopped transporting egg exports.

“We had the expectation of a strong participation in the Brazilian apple harvest and we retreated,” said Lara, adding that the second quarter of the year is marked by the fruit harvest in several regions of the world, increasing the demand for refrigerated containers, which contributes even more to the scarcity of such equipment.

Coffee

The chaos in world shipping – caused by the shutdown of the global industry due to the pandemic and subsequent hike of up to 500% in sea freight prices – is being reflected in the exports of several commodities. The coffee segment is one that is finding it difficult to sell its production abroad.

According to CECAFÉ (the council of coffee exporters in Brazil), shipping agencies are imposing abusive and undue costs on Brazilian coffee shippers abroad. According to the entity, the collections generate an additional cost of over R\$ 100 million per year for exporters.

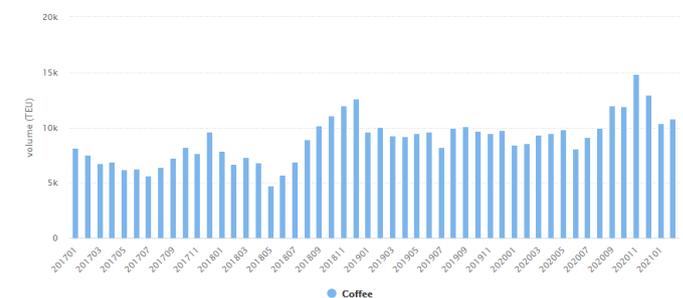
For the president of CECAFÉ, Nicolas Rueda, the arbitrary charges and abusive procedures by the maritime agencies are diverse and continue without being deterred by ANTAQ. According to him, these charges are partly due to the great concentration in the sector and the asymmetries of sectorial regulation.

CECAFÉ states that among the various improper procedures carried out by shipping agencies are the lack of transparency in the amount of reimbursement of the Terminal Handling Charge (THC) and tax evasion by most Brazilian maritime agencies; the abusive charges of the Export Logistic Fee (ELF) for the management of containers; and the Bill of Lading issuance charge (BL charge).

The council asked Eduardo Nery, CEO of ANTAQ (the national waterway transport agency) for a solution, and said it would send documents to support the agency in its analyses of the THC and emissions of ELF, B/L charge, and seals.

It is worth noting that Brazilian coffee exports grew by 26.5% in February compared to the same month in 2020, as can be seen in the following graph:

Brazilian Coffee Exports (HS 0901) | Jan 2017 to Feb 2021 | TEU



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

Meat

In partnership with the Brazilian Export and Investment Promotion Agency (APEX-Brasil), ABPA (the Brazilian association of animal protein) has launched an international information campaign to alert importers and potential customers against cases of fraud and false sales which are impacting exports of Brazilian poultry and swine.

The campaign will feature videos in Portuguese, English, and Mandarin that encourage importers and customers to be careful to check the alleged seller before payments are made. Among the measures being taken is the checking of data with ABPA and diplomatic posts abroad.

The campaign will be promoted through social networks, through direct channels with stakeholders from strategic markets for Brazilian exports, and by Brazilian embassies around the world, with the support of the Agribusiness Promotion Department of the Ministry of Foreign Affairs.

Fraud involves cloning websites of exporting companies, providing sales slips for fake sales, falsifying product labels that were not produced in Brazil, using fake SIF's, cloning e-mails, creating fully structured ghost offices (with bank accounts), etc. In order to inhibit criminal practices, exporting agro-industries have already structured exclusive internal compliance areas to deal with fraud.

According to ABPA estimates, there have been 1,000 cases of fraud in the past five years.

Argentina has suspended 15 exporting companies for circumventing the sanitary-control system - In the meat market, the Argentine Ministry of Agriculture, Livestock, and Fisheries suspended 15 companies in the country for exporting meat without using the Single Registry of Operators in the Agroindustrial Chain (RUCA). The government mechanism attests to sanitary, tax, and exchange control. The names of the companies were not disclosed. In the action, 40 tons of frozen meat destined for export were refused and seized. After a series of investigations by different control bodies in Argentina, it was possible to discover the illegal operations that "were dedicated to the export of meat and grains, circumventing government controls and configuring unfair competition with the rest of the operators, in addition to having a negative financial impact".

After the blockade, companies will be investigated by the Federal Administration of Public Revenue (Afip), the Central Bank of the Argentine Republic (BCRA), and the Customs and Financial Information Unit (FIU), in addition to the Justice Department.

Through the Secretariat of Aquaculture and Fisheries (SAP), the Ministry of Agriculture and Food Supplies (MAPA) has certified the first vessel to participate in the chain of fishery products for export to the European Union. The vessel Delfim, from Rio Grande do Sul, receives certification after meeting all the criteria established in Normative Instruction No. 57, of October 31, 2019.

"The implementation of this process is an important step by SAP/MAPA in meeting the recommendations of the European health authority for adapting the primary stage of the production chain to re-open exports of fishery products to this economic bloc", highlights the Secretary.

Certification was also issued for the fishing vessel Yago F, from Santa Catarina, for meeting the criteria and requirements for good hygienic-sanitary practices on board provided for in the SAP-MAPA Ordinance No. 310, of December 24, 2020. Thus, the vessel can supply raw material for processing fishery products destined for the national and international market, except the European Union.

Shipowners, fishing companies, and those interested in certifying their primary production fishing vessels to offer products to the

European Union and other markets may obtain information on the certification procedures in the links below:

European Union: <https://www.gov.br/agricultura/pt-br/assuntos/aquicultura-e-pesca/pesca/exportacoes-de-pescado-para-uniao-europeia>

National and international market (Except EU): <https://www.gov.br/agricultura/pt-br/assuntos/aquicultura-e-pesca/pesca/control-e-sanitario-embarcacoes>

Economy

The Brazilian trade balance registered the lowest result for the month of March in six years due to its imports of oil platforms. Brazil exported US\$ 1.482 billion more than it imported in March, 63% less than in March 2020 according to the daily average criterion, and the lowest balance for the month since 2015.

With the March results, the YTD trade balance reaches a surplus of US\$ 1.648 billion for the first quarter of 2021, the smallest balance for the period since 2015. In that year, the balance had registered a deficit of US \$ 5.577 billion in the first three months.

In March, exports totaled US\$ 24.505 billion, an increase of 27.8% by the daily average in relation to the same month last year. Due to the purchase of oil platforms, imports reached US\$ 23.023 billion, an increase of 51.7% since the same month last year.

Exports - Last month, agricultural exports grew 34.5% in comparison with March 2020, driven by the beginning of the harvest of some products such as corn and coffee, and by the 11.5% rise in the international prices of commodities. The largest increases were observed in sales of raw cotton (+ 59.5%), soy (+ 36.9%), and unroasted coffee (+ 24.9%).

Packed by a 58.4% increase in the price of various ores, extractive industry sales increased 72.6% compared to March 2020. This was mostly driven by copper ore (+ 267.7%) and iron (+ 152.7%). Manufacturing industry exports grew 8.3% in the same comparison, driven by sugars and molasses (+ 45.3%), semi-finished iron and steel alloys (+ 48.2%), and iron or steelworks and other common metal articles (+ 158.5%).

Imports - Regarding imports, the import of the oil platforms increased foreign purchases. Without including these operations, the trade balance would have registered a surplus of US \$ 6.988 billion in March and would have increased in relation to the result of March 2017, when the surplus totaled US\$ 7.136 billion.

Until the middle of the past decade, Brazil registered oil platforms as exports to Petrobras subsidiaries abroad; in practice, these platforms never left the country but were nonetheless recorded as exports. In compliance with Repetro, the new tax regime for the sector, several platforms are being registered in Brazil and are being accounted for as imports.

Other highlights in imports were the increase in purchases of natural gas (+ 229.8%), medicines and pharmaceutical products (+ 52.9%), and soybeans (+ 215%). The devaluation of the real, which increases the price of goods from other countries, contributed to the increase in the imported value of these products.

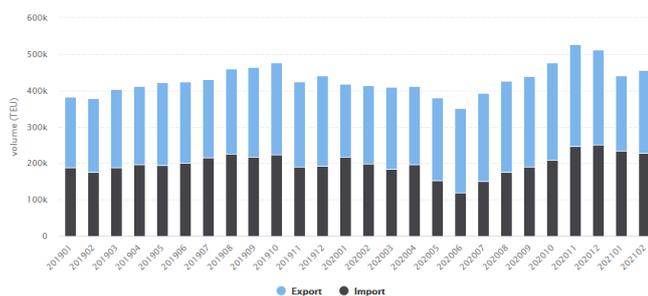
Estimates - Despite the fall in the trade balance in March, the Ministry of Economy's Foreign Trade Secretariat revised its projections and increased the trade surplus forecast for 2021 to US\$ 89.4 billion, which would set a new record. The previous estimate, released in January, was \$ 53 billion.

According to the Ministry of Economy, the sharp rise in the price of commodities recorded in recent months will contribute to the improvement of the trade balance.

According to projections by the World Trade Organization (WTO) released on March 31, world trade will grow by 8% in 2021, a rate of expansion slightly higher than expected. Even so, this pace will not allow a return to pre-pandemic levels. Previously, the international body's expectations for 2021 was for growth of 7.2%.

The WTO figures are in line with Brazilian container handling in February 2021. Data recently released by DataLiner show that imports via containers in February grew by 15% in comparison with the same month in 2020. Exports already increased by 6% compared to February 2020. Check the V curve of the Brazilian economy in the graph below:

Brazilian Imports and Exports | Jan 2019 to Feb 2021 | TEU



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

Even so, the relatively positive short-term outlook for global trade is hampered by regional disparities, continued weaknesses in commercial trade services, and delays in vaccination schedules, especially in poor countries. COVID-19 continues to pose the greatest threat to trade prospects, as new waves of infection can easily undermine any expected recovery.

For 2022, according to the WTO, trade growth should be 4.0% and the effects of the pandemic will continue to be felt, as this pace of expansion would keep trade below the pre-covid-19 trend.

It is worth mentioning that in 2020, world trade plunged 5.3% but the drop was less than the 9.2% reduction projected by the organization in October of that year.

“The strong recovery in global trade since the middle of last year has helped to ease the pandemic blow for people, companies, and economies,” said WTO Director-General Ngozi Okonjo-Iweala. “Keeping international markets open will be essential for economies to recover from this crisis and the rapid, global, and equitable distribution of the vaccine is a prerequisite for the strong and sustained recovery that we all need.”

“Increasing vaccine production will allow businesses and schools to reopen more quickly and help economies to recover. But as long as a large number of people and countries are excluded from sufficient access to vaccines, this will stifle growth and reverse the economic recovery around the world,” she said.

Okonjo-Iweala added that trade through value chains helped countries gain access to essential food and medical supplies during the crisis. “Vaccine manufacturing requires inputs from many different countries. One of the main COVID-19 vaccines includes 280 components from 19 different countries,” she said. “Trade restrictions make it more difficult to increase production. The WTO helped maintain the flow of trade during the crisis. Now, the international community must leverage the power of trade to expand access to life-saving vaccines.”

DatamarWeek is our weekly newsletter. Previous editions can be downloaded at www.datamarnews.com

Your contributions, criticisms, suggestions and, if you do them, press releases, will be welcome. Contact: datamarweek@datamar.com.br
Tel + 5511-3588-3033

Datamar Consultores Associados Ltda.
Rua Fuchal 203, 4th floor
Vila Olímpia, São Paulo – 04551-904 – SP