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## **BRAZIL EXPORTS 2.47M TONS OF SUGAR IN JULY; AVERAGE PRICE DROPS 1.5% COMPARED TO JUNE**

Brazilian sugar exports remain at high levels but fell last month. In June, according to data from the Foreign Trade Secretariat (Secex), of the Ministry of Economy, 2.74 million tons of the commodity were shipped, however, in July, this value dropped to 2.47 million, down 9%. In comparison with the previous year, the retraction was even greater, 25%. Of the total sugar exported in July, 2.22 million tons were of the raw product, sold at an average value of US\$ 323.24 per ton. This price represents an increase of 21.1% compared to the same month in 2020, but a drop of 2% compared to June this year. The 243,400 tons of refined sugar were sold at US\$ 382.83/t on average, down 0.3% over the previous month, but up 16.1% year-on-year. In the accumulated result for the year, sugar exports reached 15.25 million tons, of which 1.94 million were refined and 13.32 million were raw. Total revenue was US\$4.95 billion, representing an average value of US\$324/t. In comparison with the same period of the previous year, the country registered an increase of 6% in volume, 14.7% in price, and 21.6% in revenue.

Sources: NovaCana/Datamar News

## **BRAZILIAN ETHANOL EXPORTS SUFFER A 27.8% DROP IN JULY, TO 215 MILLION LITERS**

Ethanol exports, which had grown in June, dropped in July. According to data from the Foreign Trade Secretariat (Secex), of the Ministry of Economy, the country sold 215.15 million liters in the month, 27.8% less than the same month of the previous year. However, the accumulated volume in 2021 reached 1.2 billion liters, an annual increase of 8.7% compared to the same period last year, when the country totaled 1.1 billion. In addition, the average price of biofuel between January and July was US\$507.37/m<sup>3</sup>, an increase of 8.4% compared to US\$468/m<sup>3</sup> in 2020. In July, specifically, the value of Brazilian ethanol was US\$ 543.78/m<sup>3</sup>, an increase of 0.2% compared to June and 26.1% compared to July 2020. As a result, exports generated US\$ 117 million of revenue, down 25.1% month-on-month and 9% year-on-year. In the month, the largest markets were: United States (56.22 million L), South Korea (54.46 million L), Nigeria (26.53 million L), and India (20.70 million L). In 2021, the main destinations for Brazilian biofuel were: United States (432.21 million L), China (275.82 million L), Nigeria (70.09 million L), the Philippines (31.15 million L), and Turkey (26.03 ml).

Sources: NovaCana/Datamar News

## **SUGAR: SUPPLY-DEMAND BALANCE TO BECOME TIGHTER IN 2021/22**

Sugarcane supply crunch in Brazil is about to decrease 10.6% when compared to the previous cycle, totaling 541 million tons. Sugar output is also expected to decline about 10.1%, as well as Ethanol production could decline 10.4%. "Due to the water deficit in the Center-South region since last year, and for the frosts in early July, sugarcane productivity has been in decline, reaching 71.5 tons per hectare this season, a drop of 7.9% compared to the previous year", said the market analyst, Rafaela Souza. According to her, this scenario should affect the global sugar supply in the 2021/22 cycle. "Last estimates have shown a surplus of 1.7 million tons, now we can see a deficit of 1 million tons, which means that crop failure in the Center-South could significantly impact the market. In other words, the supply-demand balance will remain tight for sugar", she said.

Source: Canal Rural (\*Translated by la Niani)

## **BRAZIL: FROST AND DROUGHT TO DAMAGE CROPS**

Brazilian Supply Company (Conab) has warned of the risks of frost that may affect crops, with temperatures dropping to freezing levels, from Rio Grande do Sul to São Paulo. Bad weather conditions may mostly impact the growth of the second corn crop and the wheat crop at more advanced stages. Besides low temperatures, the forecast for the South region points to a drier climate. The lack of rainfall in Parana is likely to strike

the grain filling, bringing negative effects to the 2nd corn crop and the wheat crop, as humidity is low. In Santa Catarina and Rio Grande do Sul, however, the lack of rainfall may not bring major impacts, since soil water storage remains at appropriate levels. There is no forecast until now for rain coming in the South, Southeast, North, and Northeast regions of Brazil.

Fonte: Agrolink (\*Translated by la Niani)

## **SOYBEAN/CEPEA: SOYBEAN MEAL EXPORTS SOAR TO HIGHEST LEVEL IN 17 YEARS**

The external demand for Brazilian soybean meal has increased again, leading national exports to reach the highest volume since 2004. This scenario triggered some factors, such as the increase in export premiums, the drop of supply of large lots by industries in the national spot, as well as increased domestic price of soybean meal. According to data from Secex, Brazil exported 1.987 million tons of soybean meal in July, the largest amount since June 2004, whereas foreign sales totaled more than two million tons. On the other hand, Soy oil prices have dropped again in recent days, and Soybean prices were unsteady last week. Higher prices are due to low stocks in the 20/21 harvest, also the appreciation of the dollar, and the rise in premiums. Aware of the good progress of North American crops, several Brazilian producers increased the supply of soybeans in the national spot, by increasing the liquidity and pressing prices.

Sources: CEPEA/Noticias Agrícolas (\*Translated by la Niani)

## **FERTILIZER IMPORTS IN THE 1ST HALF HAVE DOUBLED OVER THE LAST SIX YEARS**

The volume of fertilizers imported by Brazil between January and June has doubled within the last six years. In the first half of this year, there were 16.6 million tons, against 8.8 million in 2015, according to the logistic bulletin of CONAB (the national supply company). "The potential of Brazilian agribusiness has allowed producers to import more and more inputs to consolidate their production, and for this reason, the scenario of aggressive advance purchases in the international market remains", says the bulletin. Other factors influencing this trend are the capitalization of producers and the favorable exchange ratio due to high grain prices. On the other hand, the increase in imports reinforces Brazil's dependence on the international market. Currently, Brazil imports over 85% of the fertilizers it consumes. The countries that export most fertilizers to Brazil are Russia, China, Canada, Morocco, Belarus, Qatar, the United States, Germany, and the Netherlands.

Sources: Valor Econômico/Datamar News

## **ADVANCED BIOFUEL MARKET ADDS VALUE TO THE PRODUCTION CHAINS OF SOYBEAN AND CORN**

During an online panel organized by DATAGRO on August 5, some analysts of the biofuel sector pointed out the growth of the biofuel market has been adding value for the production chains of soy and corn, raising the producer's price. The president of Unem, Guilherme Nolasco, pointed out that corn production may be around 3.3 billion liters in 2021 and is expected to reach 8 billion in 2028. The president of Aprobio, Erasmo Carlos Battistela, projected that the production of B15, which has soy as its main raw material, has the potential to reach 11 billion liters in 2030. Production this year is expected to reach around 7 billion liters. The executive director of Abramilho, Glauber Silveira, said on the 2020/21 harvest of the grain: "I believe that in order to meet the domestic demand, Brazil is expected to import about 5 to 6 million tons this year."

Source: Universo Agro/DATAGRO (\*Translated by la Niani)

## **BRAZIL AIMS TO REACH 30% OF RENEWABLE FUELS**

Brazil ranks second in world's production of biodiesel and is world's dominant sugarcane ethanol producer, the secretary of Petroleum, Natural Gas and Biofuels at the Ministry of Mines and Energy (MME), José Mauro Coelho said. According to him, Brazil's transportation and energy mix is one of world's cleanest. About 25% of the fuel the country uses comes from renewable sources and the goal is to reach 2030 with a 30% share. "This is unique in the world." The Fuel of the Future



program will be partly responsible for this increase. Launched in April this year, it aims to increase the share of renewable and low-emission fuels, and further develop national vehicle technologies. "Brazil has greatly advanced in Flex Fuel vehicles. In this energy transition period, we must further develop this vehicle technology." Another goal is to develop new biofuels: According to Coelho, the biofuel market was a reality in cargo transportation due to the use of biodiesel.

Source: *Jornal Cana* (\*Translated by la Niani)

### PETROBRAS DECIDED TO ABANDON GAS MARKET OF BRAZIL'S NORTHEAST REGION

Petrobras will no longer supply fuel to local concessionaires in the Northeast region of Brazil as of 2022. The announcement comes at a time when companies are promoting public calls for contracting gas for the next few years. The region accounts for 23% of national gas consumption (excluding thermoelectric plants). On the other hand, the oil company is targeting the free market and has a contract to supply gas to Proquigel's fertilizers factories in Bahia and Sergipe. The state-owned company explained that the contracts already signed are assured and that they will "bring new operators to meeting local demands" as regards to the leasing of the terminal in Bahia in progress, and the sales of mature fields in the region. Petrobras also said that "they are open to find temporary solutions, if necessary" and that they are committed to the development of an "open, competitive and sustainable" market. While the company ceases the supply of gas in the Northeast, new agents are emerging in the local market.

Sources: *Value/Ports and Ships* (\*Translated by la Niani)

### BRAZIL CAN INCREASE EXPORTS TO PORTUGAL BY UP TO 74%

Trade relations between Brazil and Portugal are still small compared to the other countries. For the director of the Luso-Brazilian Chamber of Commerce and Industry and coordinator of the organization's innovation committee, José Manuel Diogo, there is room to increase these negotiations. "Brazil can use the Portuguese market as a facilitator to enter the European Union," he says. Today, Portugal imports from Brazil less than 3% of their total purchases abroad and only 0.8% of Brazilian exports are destined to Portugal. In the overall ranking, Portugal occupies the 31st place among Brazilian export partners, with a balance of US\$ 951.6 million (R\$ 4.8 billion in today's exchange rate, 30/7). However, Brazil can increase its exports to Portugal by up to 74%, without making any structural changes, says the director. Diogo explains that Brazilian producers can use points in common – such as the same language and history – to enter the Portuguese market.

Source: *Revista Dinheiro Rural* (\*Translated by la Niani)

### INVESTMENTS IN RAILWAYS MAY INCREASE DEMAND FOR PORT TERMINALS IN THE NORTHEAST

Implementing the West-East Integration Railroad (FIOL), the Midwest Integration Railroad (FICO), and Ferrogrão may attract up to 100 million tons to port terminals in the Northeast and other northern regions by the year 2035. In this scenario, investments in the railway sector may reach R\$ 24.5 billion for the concession of 8,169 kilometers of railways in the Northeast. The numbers were taken from the National Logistics Plan 2035 (PNL 2035) and presented during the "Nordeste Export" Forum by the CEO of EPL (planning and logistics company), Arthur Lima, on August 3rd. The event held at the Port of Itaqui (MA) brought together the main leaders and experts in the country in the sector of logistics and port infrastructure. The National Secretary for Land Transport at the Ministry of Infrastructure, Marcello da Costa, was also one of the participants. The PNL 2035 is the strategic-planning reference for identifying present and future needs and opportunities of transport subsystems in Brazil. It will be presented by the Ministry of Infrastructure this semester and includes possible scenarios for developing infrastructure in the long term.

Source: *Datamar News*

### CADE APPROVES INTERMARÍTIMA'S DEAL WITH GERDAU MARITIME TERMINAL

CADE (the general superintendence of the administrative council for economic defense) endorsed a deal through which Intermarítima Portos e Logística will acquire 100% of the share capital of the company to be incorporated by Gerdau, which will own all assets necessary for the operation of the private-use port terminal, under the tenure regime. This measure involves a port located in Salvador called the Gerdau maritime terminal (TMG). Intermarítima is a Brazilian logistics and port operator which focuses on operations in the northeast of Brazil. Gerdau Aços Longos manufactures long and flat carbon steels, in addition to special long steels. TMG was developed and is currently managed by Gerdau to handle the storage of cargo destined for – or coming from – waterway transport. In operational terms, Intermarítima provides ancillary services that integrate TMG's port operation activities. Members of these companies stated to CADE that the operation is part of the buyer's strategy to serve the market of imported solid-bulk shippers in the Todos os Santos bay region, who currently face long waiting lines at the Port of Aratu, and who do not have an infrastructure specialized in bulk in the Port of Salvador.

Source: *Valor Econômico/Datamar News*

### COMPASS BEGINS CONSTRUCTION OF REGASIFICATION TERMINAL AT PORT OF SANTOS

Compass Gás e Energia started the construction of the São Paulo regasification terminal (TRSP), located in the Port of Santos. Investments are estimated at R\$700 million and the construction period is 20 months. The project has a nominal licensed regasification capacity of 14 million cubic meters per day and a storage capacity of 173,000 cubic meters of liquefied natural gas (LNG). The company emphasizes that the terminal will operate on a charter model of the floating LNG storage and regasification unit (FSRU). According to Compass, the implementation of the TRSP will be an important lever for the development of the free market for natural gas, promoting greater competition in the country.

Sources: *Valor Econômico/Datamar News*

### VITÓRIA HANDLES 830,000 TONS IN JULY

In a year of recovery from the pandemic for the port sector, the Port of Vitória broke its monthly handling record in July for the first time in 56 years, handling 830,209 tons of cargo. The numbers were also higher than September 2020, when 815,151 tons were handled. In the accumulated result for the year, the results are also positive: from January to July this year, the increase is almost 30% compared to the same period last year. In the monthly comparison between July this year and July last year, the increase is 23.7%. The current result has not been recorded since 1965, a year when more than 10 million tons circulated and the monthly average was 833,000 tons. The annual record (10 million tons) in 1965 was due to iron ore, from then-CVRD (Vale today) which was exported via the Eumenes Guimarães and Paul wharves, located on the Vila Velha margin.

Source: *Datamar News*

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