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FOREIGN TRADE: FIVE MAJOR PARTNERS ABSORB 65% OF BRAZILIAN EXPORTS IN THE FIRST HALF

With the beginning of the recovery of the world economy, Brazilian exports responded positively in the first half of 2021. During the period, Brazil's trade with the world was US\$ 236.1 billion. Of this total, according to a survey by CNI (the national industry confederation), 65% of exports were to five major trading partners – China, European Union, United States, Mercosur, and Japan. Together, they totaled US\$ 88.4 billion in exports in the first half. The largest volume went to China, with US\$ 47.2 billion, an increase of 39% compared to the first half of 2020. Next comes the European Union, with US\$ 17.8 billion (+26%); followed by the United States, with US\$ 13.3 billion (+10%); Mercosur, with US\$7.9 billion (+46%); and Japan, with US\$ 2.2 billion (+22%). When considering these five main partners together, the sum of 2021 increased by 31.8% compared to the same period in 2020 and is the highest in the last 5 years. As exports totaled US\$ 136.4 billion (+35.5%) and imports totaled US\$ 99.4 billion (+26.8%), the trade balance for the semester is US\$ 37.1 billion, which represents a growth of 66.3%.

Sources: *Comex do Brasil/Datamar News*

ANBA: BRAZIL TO CONCLUDE A MERCOSUR-LEBANON FREE TRADE AGREEMENT IN 2022

The Brazilian government expects the free trade agreement between Mercosur and Lebanon to be concluded next year. The information was provided to ANBA by the Ministry of Foreign Affairs. Since July, Brazil has held the bloc's pro-tempore presidency, which rotates among its members. Lebanon and Mercosur are in negotiations for a trade agreement. Itamaraty informed that talks were affected by the Covid-19 pandemic, but were resumed in December of last year. Brazil coordinates the negotiations between the South American bloc and Lebanon. "The expectation is that the agreement can be concluded in 2022", informed Itamaraty. As coordinator of the negotiations and pro-tempore president of Mercosur, Brazil intends to organize a new virtual round of negotiations with Lebanon this semester, according to the Ministry of Foreign Affairs. "If the Lebanese side is available," said the ministry.

Sources: *Comex do Brasil/Datamar News*

BRAZIL: MILLS WILL SELL ETHANOL DIRECTLY TO GAS STATIONS

A provisional measure (MP) declared by the president this week allows ethanol makers to sell the fuel directly to gas stations, making fuel distributors no longer needed. The provisional measure is valid for 60 days and may be extended once. It changes the Petroleum Law and needs to be sanctioned by the Congress to become permanent. According to the government, the decision "provides greater logistical efficiency, as well as benefits to consumers, and greater competitiveness for the sector". The government also states that, in order not to waive revenue, the rates applicable to the direct sale of ethanol will come from the sum of the rates currently provided for the producer (or importer) with those that would apply to the distributor. The MP also eradicates the tax exemption on the sale of imported anhydrous alcohol added to gasoline by the distributor (importer). This move is intended to balance the tax incidence between the national product and the imported product.

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

SUGARCANE MILLS PRIORITIZE ANHYDROUS ETHANOL PRODUCTION

Ethanol production reached 2.28 billion liters in the second half of July, with priority given to the production of anhydrous ethanol (970 million liters). This volume represents an increase of 31.01% over the same fortnight of the last agricultural cycle. In turn, the production of hydrous ethanol declined, reaching 1.31 billion liters (-21.98%). Of the total biofuel output, about 127.52 million liters were made from corn. "These numbers show that companies are prioritizing the production of anhydrous ethanol to meet the current level ethanol-gasoline blends", said the technical

director of UNICA, Antonio de Padua Rodrigues. The cumulative was 14.11 billion liters, 5.28 billion liters of anhydrous ethanol and 8.83 billion liters of hydrous ethanol. About 981.16 million liters of the total production came from corn. "Mills continue to prioritize the production of ethanol. Although the pessimistic scenario, the biofuel output increased by 24.6% in the 2021/2022 season", said Rodrigues.

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

BRAZIL: SUGARCANE OUTPUT IN THE STATE OF ALAGOAS TO REACH 18.8 MILLION TONS

According to the survey carried out by the Sugar and Ethanol Industry Union of Alagoas (Sindaçúcar-AL) for the 2021/22 cycle, sugarcane production is expected to reach 18.8 million tons. Of this total, about 6.7 million will be from independent suppliers. The estimated growth is 10.9% when compared to the previous cycle (17.03 million tons). Estimates will be confirmed depending on the weather during the season, especially in the warmer months (September to January). Sindaçúcar-AL believes forecasts will be revised upwards. The president of Sindaçúcar-AL, Pedro Robério Nogueira, is optimistic about the agricultural production, and the market. Sugar and ethanol prices remain on an upward trend. The sugarcane sector in Alagoas had its lowest production in history in the 2017/18 cycle. The sugarcane crushing amounted to just 13.7 million tons – almost half of the historical average in Alagoas (25 to 26 million tons per cycle). By now, recovery has entered a consolidation phase considering the last four years.

Source: *Nova Cana (*Translated by la Niani)*

CORN PRODUCERS RUSH TO APPLY FOR INSURANCE SERVICES DUE TO FROST AND DROUGHT

An extreme frost in Mato Grosso do Sul followed by drought has damaged the corn crop, making rural producers claim insurance benefits from insurers, and speeding up the harvest to meet sales commitments. According to bulletin 419 of the SIGA/MS Project (Agribusiness Geographic Information System), by 20.1% of the 2nd corn crop in 2020/2021 has already been harvested. Despite the bad weather conditions and the slow harvesting pace, Aprosoja/MS holds a projection of 2.003 million hectares of planted area for the 2nd crop corn, an increase of 5.7% when compared to the 2019/2020 crop area. According to the president of Aprosoja/MS, André Dobashi, Mato Grosso do Sul reached 20.1% of its harvest. "This gave the harvest a boost in the last few days, which were very dry and with a very high temperature, giving a boost to the harvest in the North Region", he said.

Sources: *Semagro-MS/Notícias Agrícolas (*Translated by la Niani)*

EARLY STUDY SAYS BRAZIL CAN PRODUCE FERTILIZERS

A study carried out by the Geological Service of Brazil (SGB-CPRM) has revealed Brazil's potential to produce potash. The plan is to make Brazil less dependent of fertilizer imports. According to data from the Association of Fertilizer Mixers of Brazil (Ama), by 55% of the phosphate, and 96% of the potash are imported. NPK fertilizer, which stands for phosphate, potash, and nitrogen, is commonly used in the Brazilian agriculture. The demand for these inputs will increase in the next decade, as food production in Brazil is likely to increase by 27%, according to the Ministry of Agriculture. NPK imports hit a record last year, totaling over 32.8 million tons, while shipments totaled 40.5 million tons. On the other hand, domestic production declined 11% when compared to 2019. The study in question has found new occurrences of the mineral in the Amazon Basin, increasing the potential for deposits of potassium salts by 70%. An area of 500,000 square kilometers in the Amazon Basin shows great potential for potash.

Sources: *Agrolink/Portal GH (*Translated by la Niani)*

BRAZIL'S SANTOS PORT TOPS SOY EXPORTS IN JULY

The Port of Santos (SP) was the main exporter of soybeans in Brazil in July 2021. In all, 1.855 million tons were shipped in the month, up 4% from June 2020. The Port of Paranaguá (PA) was in the second position, with 1.574 million tons. The port of Rio Grande (RS) is in the third position, with 1.307 million tons, followed by São Luís (MA), which exported 1.258 million tons of soybeans. Brazil exported about 8.663



million tons of soy in July. In 2021, total exports reached a cumulative of 66.201 million tons by June. The port of Santos was also the main exporter of soybean meal in July 2021, shipping 800,700 tons. However, the volume is 2% lower than that exported last year. Paranaguá (PR) is in the second position with 460.8 thousand tons (down 14%), and Rio Grande (RS) occupies the third position with 377.9 thousand tons of soybean meal exported, an increase of 25%. In all, the country exported 1.987 million tons of soybean meal in July, an increase of 16% compared to the same period last year.

Sources: *Agencia Safras/Canal Rural (*Translated by la Niani)*

NEW PORT CONCESSION AGREEMENTS TO BE SIGNED, MINFRA SAYS

The Ministry of Infrastructure (Minfra) plans to sign the concession agreements for three port terminals in the North and Northeast regions of Brazil in the last quarter of this year. The auction happened on August 13th and was held at B3 in São Paulo (SP). The private investment in these terminals is expected at R\$ 106 million, according to Minfra's website. Intermarítima Portos e Logística acquired the SSD09 terminal, in the port of Salvador (BA). The concession agreement is valid for ten years with investments of R\$17.73 million. Tergran – Fortaleza Grains Terminal took the concession for the MUC01 terminal at Porto do Mucuripe, in Fortaleza (CE). The agreement is also valid for ten years with investments of R\$47.7 million. The MCP02, at the Port of Santana, in Amapá, was auctioned by Caramuru Alimentos. The concession agreement is for 25 years, and they expect to invest R\$ 41.3 million.

Source: *Revista Globo Rural (*Translated by la Niani)*

SANTOS PRIVATIZATION SHOULD GENERATE R\$ 10 BILLION OF INVESTMENTS

The privatization of the Port of Santos should generate investments in the order of R\$ 10 billion, according to Diogo Piloni, national secretary for ports and waterway transport. The modeling has not yet been completed, but the forecast is that the resources will be allocated to deepening the draft, dredging services, land access, the construction of the Santos-Guarujá tunnel, among other works and services. The new operator is expected to take control of the Santos Port Authority (SPA, formerly CODESP), the state-owned company that manages the public port. The first version of the project should be presented between November and December. The idea is to open the public consultation this year, to complete this step by the first quarter of 2022. "Studies are evolving a lot. It is a much more complex model than the privatization of Companhia Docas do Espírito Santos (CODESA). In Santos, there must be more restrictive regulation and greater care with tariffs. We must make use of a model that is very careful at this point", said Piloni. CODESA's privatization process is more advanced than that of SPA, but the notice has not yet been published.

Sources: *Valor Econômico/Datamar News*

GENERAL CARGO HANDLING GROWS 13% IN JULY AT PARANÁ

The Ports of Paraná had another month of prominence in general cargo handling. In July this year, the Paranaguá and Antonina terminals loaded and unloaded 5,783,348 tons of products, 13% more than that registered in July 2020, when 5,118,798 tons were handled. In July, exports totaled 3,553,905 tons – 7% more than the 3,330,290 tons registered in the same month of 2020, with emphasis on shipments of soy, sugar, vegetable oils, and general cargo, especially containers carrying wood pulp. Last month's imports totaled 2,229,443 tons, a volume 24.7% higher than the 1,788,508 tons imported in July 2020, with a rise in fertilizers, general cargo, mainly containers, wheat, malt, barley, and vegetable oil. At the Port of Antonina, the private terminal (TPPF) handled 209,778 tons of cargo last July. The volume registered this year is 130% greater than the 91,147 tons of cargo handled in July 2020. Exports of non-transgenic soybean meal through the terminal registered an increase of around 7%. There were no sugar exports in July at Antonina. Regarding imports, the volume of fertilizers unloaded in July at TPPF registered an increase of 264%.

Source: *Datamar News*

SANTOS BRASIL SIGNS LEASE AGREEMENTS AT THE PORT OF ITAQUI

Santos Brasil informed the market that it signed leasing contracts with the Ministry of Infrastructure for operations in the Port of Itaquí, in Maranhão. According to the statement, the contracts establish the movement, storage, and distribution of liquid bulk fuels and have a term of 20 years, renewable for a maximum period of 70 years. Santos Brasil claims that the signing of the contracts marks the company's entry into the liquid bulk port segment in a strategic location close to the Gulf of Mexico. Also according to the statement, the Port of Itaquí offers competitive maritime access infrastructure, with connections to the Norte-Sul, Transnordestina, and Ferrovia dos Carajás railroads.

Sources: *Valor Econômico/Datamar News*

FIVE YEARS OF STEEL PLATE EXPORTS

The Pecém Complex is celebrating five years since the first steel plates produced by the Companhia Siderúrgica do Pecém (CSP), a company located in the Export Processing Zone (ZPE) of Ceará, began to be shipped from the Port of Pecém to be exported. In all, between August 2016 and July 2021, more than 13.2 million tons of steel plates were shipped from Porto do Pecém to other locations in Brazil and around the world. This year, 1.62 million tons have already been shipped at the Port of Pecém, with 1.04 million destined for the United States; 507,900 tons to other locations in Brazil; and another 69,700 tons that left for Canada. "Steel is among the main Brazilian commodities, it is one of the world's consumer goods that strongly contributes to cargo handling at the Port of Pecém. Today, I can say that the expectation for the next five years is positive, as the economy is picking up again. In Brazil alone, the sector estimates a 15% growth in steel consumption in the country in 2021. And when it comes to exports, we believe that the economy will continue to recover with the post-pandemic consumption", concludes Danilo Serpa, president from the Pecem Complex.

Source: *Datamar News*

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