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AGRIBUSINESS EXPORTS SET A NEW RECORD IN JUNE

Agribusiness exports in June this year set a record-breaking US\$ 12.11 billion, an increase of 25% compared to the US\$ 9.69 billion shipped in June 2020. The rise in prices of agricultural products exported by Brazil (30.4%) was the main variable responsible for this record value. Due to the 105.3% increase in exports of non-agricultural products, driven by exports of iron ore and oil, the share of agribusiness products in total exports reached 43.1%, even considering the record observed for the months of June. In June 2020, the participation was higher, at 55.5%. The main export sector of Brazilian agribusiness was the soy complex. A little more than half of the value exported by Brazil in agribusiness products was due to foreign sales in this sector, which had soybeans as the main product exported. Foreign sales of soybeans reached a record value of US\$ 5.30 billion, even with a 12.9% reduction in the volume exported, of 11.1 million tons.

Source: *Portos e Navios* (*Translated by *la Niani*)

BRAZIL FORECASTS RECORD TRADE SURPLUS IN 2021

AEB (the Brazilian foreign trade association) released its forecast for the Brazilian trade balance this year. According to the AEB, exports should be around US\$ 270.052 billion, an increase of 28.7% compared to the US\$ 209.817 billion in 2020, and imports are forecast at US\$ 202.051 billion, an increase of 27.1 % compared to the US\$158.930 billion in 2020. This results in a trade surplus of US\$ 68.001 billion, 33.6% more than the US\$ 50.887 billion calculated last year. If confirmed, this will be a new record, surpassing the 2017 surplus of US\$ 67 billion. According to Castro, the sharp rise in commodity prices, especially oil and iron ore, explains the projected growth in exports. The weight of crude oil, iron ore, and soybeans in the Brazilian export basket rose from 35% last year to 41% this year. On the import side, the fact that several products are not currently being manufactured in the country to supply the domestic market, such as parts and components, accounts for the increase in foreign sales to Brazil, said Castro.

Sources: *Brazil-Arab News Agency/Datamar News*

AT LEAST 33% OF THE EXPORTED SOYBEAN HAVE ALREADY LEFT THROUGH NORTHERN ARC PORTS

Brazilian ports of the Northern Arc handled 33% of soy exports in the first half of this year, with 19.2 million tons of the 57.7 million that left the country. Shipments of grains through the Northern Arc reduce transport costs and give a boost to the sector. This advantage is not so evident now, for prices of grain are higher, however, it will be felt when prices of commodities start to decline in the domestic and foreign markets. Antonio Galvan, president of Aprosoja Brasil, says that prices in Mato Grosso are starting to get closer to those in Paraná and Rio Grande do Sul. Transport costs are lower, making the producer gets a higher added value. This great movement through the northern arch is due to the main Brazilian grain producing state, Mato Grosso. More than half of the state's soy exports are made through the Northern Arc. This year, it was 54%, while ten years ago, it was only 16%. The output of corn through these ports also increased, reaching 29% in the first half of this year.

Sources: *Valor/Portos e Navios* (*Translated by *la Niani*)

HIGH CORN CONSUMPTION SUSTAINS IMPORTS TO MEET DOMESTIC DEMAND

The Port of Paranaguá should receive another corn ship from Argentina in the next few days. Corn imports are uncommon, considering that Brazil is a major corn exporter, and are due to the increased demand for domestic consumption and low production this harvest, which made prices soar. Brazil is the third-largest corn producer, behind the United States and China, but the drought has damaged the national harvest. With the low volume of rain between April and May this year, the Brazilian corn crop is smaller than expected this season. The corn import tax remains suspended by the Ministry of Agriculture until the end of the year to contain prices on the domestic market. The cargo from the first three

ships that reached the coast of Paraná in recent months totaled 102,799 tons of corn. The expectation is to receive another 35,000 – 40,000 tons of corn in bulk for rural producers for animal feed.

Sources: *Comex do Brasil/Datamar News*

CORN CROP FAILURE MAY SLIGHTLY IMPACT ETHANOL OUTPUT, SAYS UNEM

The collapse of the second corn crop is due to the delay in the planting area as a result of climate problems. This delay may change the fulfillment of contracts regarding the delivery of the cereal to ethanol plants. However, according to the president of the Brazilian Union of Ethanol from Corn (Unem), Guilherme Nolasco, this situation will not drastically affect the production of the biofuel. "Of course, the crop failure brings concerns. Some supply contracts are being reviewed. A forecast of crop failure impacts mostly because of the contracts, but this should not bring major problems due to the existing stock", he said. The corn ethanol industry keeps the estimates at 3.3 billion liters of the biofuel in the current 2021/22 cycle. According to Guilherme Nolasco, the plants have been working with a storage capacity that surpasses 85%. And there are units with at least 70% of their storage capacity. The president of Unem said that the ethanol industry is already blocking corn purchases for 2022 and 2023.

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

NEW GMO SUGARCANE VARIETIES AIM TO PROVIDE GREATER PRODUCTIVITY AND SUSTAINABILITY

The borer-resistant GMO varieties of sugarcane, developed by the Sugarcane Technology Center (CTC), aim greater productivity and sustainability for sugarcane output. Bt (*Bacillus thuringiensis*) technology can generate gains of up to R\$ 2,000 per hectare, depending on the infestation and the quality of the agronomic management. Since 2017, CTC has developed and obtained commercial approval of six Bt varieties, adapted to the climate and soil conditions of the various sugarcane regions. Resistant to the cane borer, these new varieties avoid large losses caused by the insect, reducing production costs and providing greater sustainability. Every year, the widespread insect causes losses estimated at R\$ 5 billion to Brazilian sugarcane planting areas. Entomological studies show that for every 1% of infestation, about 1.5% of productivity is lost, measured in tons of sugar per hectare. "Our team focuses on increasing sugarcane productivity through conventional genetic improvement, as to reduce costs and provide sustainability through biotechnology", says biologist Adriana Capella, who leads the team of researchers and scientists at CTC.

Source: *DATAGRO* (*Translated by *la Niani*)

DEMAND FOR DIESEL LIKELY TO SURPASS 2019 LEVELS

According to the Oil Market Forecast Report for Latin America released by S&P Global Platts Analytics, the demand for diesel in Brazil in the 3rd quarter of 2021 is likely to surpass the levels registered in the same period of 2019. Demand is expected to reach 1.1 million barrels per day, 15,000 barrels more than 2019. The report shows that some factors have influenced the increase in demand for diesel in the short term, such as the support from the agriculture and transport sectors, strong retail sales, and better economic performance. However, COVID-19 infections, political tensions and the ongoing drought could change estimates. S&P Global Platts Analytics also points out that demand for gasoline and ethanol in the third quarter of 2021 is expected to grow in Brazil, reaching 885,000 barrels per day, about 15,000 barrels per day more when compared to the same period in 2020. Despite the increase, demand should still be lower than that registered in the same period in 2019.

Sources: *S&P Global Platts/Notícias Agrícolas* (*Translated by *la Niani*)

BRAZIL IMPORTS FERTILIZERS LIKE NEVER BEFORE

Never before has Brazil imported so much fertilizer. According to Globalfertil, 14.1 million tons of fertilizers were imported in the first half of 2021, an increase of 14% compared to the same period in 2020. The month of June reached the highest level among the first six months of this year: "Russia was the top origin country, with 3 million tons of



fertilizers imported, followed by China, Belarus, Canada and Qatar. Also, a large volume of fertilizers was imported from Morocco, Oman and Germany". The survey of Globalfert shows that the Port of Paranaguá led shipments, surpassing 2020 by 3%, followed by the ports of Santos, Rio Grande and São Luís. São Francisco do Sul was reached the 5th position in the first semester. "Potassium Chloride is the leading product. KCl and MAP were imported mainly from Russia, whereas Urea was imported more from Qatar, said the portal.

Sources: *Agrolink/Globalfert* (*Translated by *la Niani*)

HERINGER RESUMES OPERATIONS IN SERGIPE

Brazilian fertilizer company Heringer has resumed operations in the state of Sergipe. The mixing unit's installed capacity is about 450,000t/year, however the company has not said when they will be able to reach this total. Heringer expects to open another unit in Goiás, by the third quarter of this year. The units of Sergipe and Goiás are expected to increase the storage capacity of the company to 638,000t/y. The unit in Sergipe was built in 2005 to supply the states of the Northeast region, as well as the states of Pará, and Tocantins, in the North region. Production has been suspended since January 2019, for legal issues. The government of Sergipe will grant tax benefits to Heringer until 2028. Heringer's market share is equivalent to about 8% of the Brazilian fertilizer market. Heringer's shipments reached 1.3 million tons in 2020, an increase of 12% over 2019.

Sources: *Argus Media/Siacesp* (*Translated by *la Niani*)

EU CARBON TAX COULD AFFECT BRAZILIAN STEEL

Brazil's exports of steel and iron will be affected by the European Union (EU) carbon tax, announced on July 14 against foreign competitors that are not subject to the same environmental standards. The EU is the first to adopt this measure on the international stage. It was included in the broad green package with which the European bloc hopes to achieve its goals of reducing its greenhouse gas emissions by at least 55% by 2030. The carbon tax will force EU steel, cement, aluminum, and fertilizer importers to pay a surcharge for amounts they buy from countries with no carbon price. In the case of Brazil, steel products may be more vulnerable to the European rate. Brazilian exports of steel and iron covered by the measure represented US\$ 524.8 million to the EU in 2019, or 10.4% of the country's total exports of these goods. However, not all steelmakers are listed for possible taxation. In some specific cases, such as flat-rolled steel, iron, or unalloyed steel with a certain width, sales to the EU reach more than 90% of Brazil's shipments abroad.

Sources: *Valor Econômico/Datamar News*

ANTAQ: PORT HANDLING GROWS 9.23% IN THE FIRST FIVE MONTHS

The movement of cargo in the Brazilian port sector grew 9.23% during the first five months of 2021 compared to the same period in 2020. According to the Waterway Statistics panel of ANTAQ (the national waterway transport agency), 484.7 million tons of cargo passed through the country's terminals. Between January and May, private ports registered an increase of 9.27% in cargo transport, which is equivalent to 315.5 million tons of cargo. Public registered 9.14% more, reaching more than 169 million tons. Also noteworthy in the panel is the growth in the handling of general cargo which increased 15.63%, and the increase in container cabotage, which moved 14% more than in 2020. In 2020, the federal government sent a proposal to the National Congress for a cabotage incentive, the BR do Mar. If it passes, a 40% increase in maritime fleet capacity dedicated to cabotage is expected in the next three years. The proposal is still awaiting a vote in the senate.

Source: *Datamar News*

PORT OF ITAQUI GROWS 32% IN THE 1ST SEMESTER

With more than 15 million tons of cargo handled in this first half, the Port of Itaquí grew 32% compared to the same period in 2020. The biggest increase was registered in liquid bulk cargoes, registering 90% above what was handled in the first six months of last year. If we consider only warehouse operations, the increase reached 441%. There was also an

increase in the movement of soy (19%) and general cargo (+7%). The volume registered in this half of the year corresponds to 80% of the total planned for the year in liquid bulk, 53% in solid bulk, and 52% in general cargo. In June alone, 2.8 million tons of cargo passed through the public port of Maranhão, 19% more than in June 2020. Liquid bulk grew 143%. The almost 330,000 tons of fertilizers handled broke the previous monthly record, reached in August 2019, when 310,000 tons of this type of cargo were imported. The numbers for the semester strengthen the trend of closing 2021 with more than 27 million tons handled (the planned volume for the period is 26.3 million tons).

Source: *Datamar News*

SUAPE TO RECEIVE A R\$ 1.2 BILLION GAS TERMINAL

The Suape industrial and port complex in the metropolitan region of Recife will build a new storage terminal for Liquefied Petroleum Gas (LPG). The structure is the result of a partnership between Nacional Gás, of the Edson Queiroz Group, and Liquegás and Copagaz, from Copa Energia, to meet demand throughout the Northeast. The R\$ 1.2 billion investment will generate 1,000 new jobs during the construction phase. The new terminal will have a 90,000 m³ tank infrastructure unit in addition to implementing pipelines to move the raw material and make the logistic connections. In addition, he said, a new technology will be implemented in Brazil whereby the gas is stored refrigerated to reduce the volume; this allows increased storage capacity. The forecast is that the 60,000 m² terminal will hold around 1.5 million tons of LPG annually. "We are going to work in the infrastructure sector, and we are starting with port infrastructure. This is a great opportunity to invest in tanks, given the modernization and revision of the LPG gas supply model by Petrobras", detailed the president of the Edson Queiroz Group, Carlos Rotella.

Sources: *Jornal do Comércio/Datamar News*

SANTOS LIQUIDS SECTOR NEEDS MORE BERTHS

A lack of mooring berths and access bottlenecks at the Port of Santos liquid terminals are two of the main problems faced by users who work in operations with liquid chemicals and fuels at the Santos wharf. According to them, the combination of these two factors results in the loss of cargo to other port complexes in the country. Despite the cargo diverting reported by ABTL (the Brazilian association of liquid terminals), the Santos pier registered an increase in its liquid operations last year. Official data from the Santos Port Authority (SPA) show that 18.77 million tons of liquid bulk were operated in 2020, 11.35% more in 2019. According to ABTL, in order to avoid the recurrence of these problems, SPA has carried out studies for the construction of another public mooring berth in Alemoa. It also began structural repair work on the Ilha Barnabé berths. "In addition to these two public berths being repaired, there is a project to build a third public berth, besides the investment already started by the private sector to construct another private berth on Ilha Barnabé, which should be operational in mid-2023", highlighted ABTL.

Sources: *A Tribuna/Datamar News*

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