

APRIL TO JUNE 2021

# APEX-BRASIL TRADE & INVESTMENT OVERVIEW FOR THE EU & UK

A QUARTERLY OVERVIEW BY APEX BRASIL



## SNAPSHOT

Brazilian exports to the European Union rose by 47% and those to the United Kingdom by 41% in the second quarter of 2021 when compared to Q2 2020, reaching US\$ 10.5 billion to the EU and US\$ 746.5 million to the UK. To the EU, this is the best result in a Q2 since 2012, and to the UK, since 2014.

The boom in exports was mostly caused by an upsurge in commodity prices, such as metal ores, oil and soy as well as export growth in key industrial sectors such as transport equipment, chemicals and metallurgical products. These developments point to a post-pandemic trade recovery in Europe stimulating resumption of demand and 2019 trade flows.

Highlights on the regulatory side are the legal framework for Startups to improve the innovation environment in Brazil, "Fuel of the Future", a Federal Government Program aimed at expanding the use of sustainable fuels as well as a new legal framework for the natural gas market which seeks to foster greater market competition.

# TRADE OVERVIEW

## BRAZILIAN EXPORTS TO EUROPE & THE UK

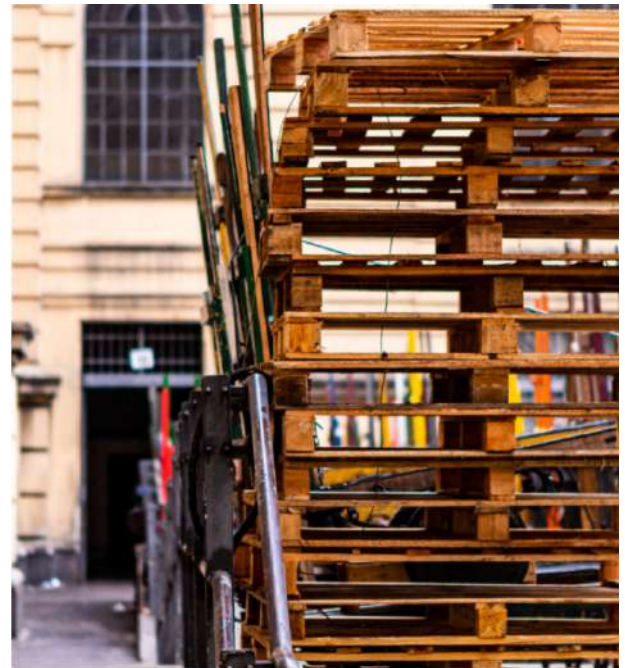
Brazilian exports to Europe and the UK for the second quarter of 2021 returned to pre-pandemic levels and in the process are fostering hopes of a wider trade recovery. The value of exports to the EU rose by 47% compared to the same period last year, buoyed simultaneously by high commodity prices and rising demand, while those in the UK increased by 41%.

Bilateral trade between the EU and Brazil increased 46% by value in the second quarter compared to 2020 for a total of \$20.1 bn (€16.6bn, £14.3bn). In the other direction, EU exports to Brazil also rose significantly – 45% by value totaling \$9.6bn (€7.9bn, £6.8bn). Meanwhile, Brazilian exports to the UK rose by 41%, with UK exports increasing by 52% for an overall bilateral trade picture of 46%.

The export figures are Brazil's highest in a second quarter for the EU and UK since 2012 and 2014, respectively. They also continue the positive export trends witnessed since the start of 2021 and indicate a broader recovery to pre-pandemic trade levels.

Brazil recorded a huge trade surplus with the EU of \$911m (€756m, £652.1m), the highest for a quarter since 2011. This is a massive turnaround on the deficit of \$1.4bn (€1.1bn, £1bn) Brazil had with the EU in Q1 2021. Brazil also recorded a trade surplus with the UK of \$82m (£58.6m, €68m) in Q2 2021.

Export rises in value were noted across all major product categories, helped by a confluence of high commodity prices and growing demand in a Europe accelerating its recovery from the crisis. The rise in prices was caused by several sector-specific factors, from low soybean stocks in the United States to logistical difficulties affecting the coffee sector in Colombia. Significant value of export growth was noted in sectors such as metal ores, oil, transport equipment, chemicals and metals as well as key agriculture products like coffee, beef and soy.



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# SECTOR ANALYSIS - EU

FOR MORE DATA, PLEASE REFER TO [HTTP://COMEXSTAT.MDIC.GOV.BR/EN/COMEX-VIS](http://comexstat.mdic.gov.br/en/comex-vis)



## SOY (GRAINS, OILS AND BRAN)

Exports: ↑ US\$ 525.8 million/22%

A rise in Brazilian soybean exports in Q2 2021 was mainly fueled by high international prices.

## COFFEE

Exports: ↑ US\$ 71.1 million/12%

The rise of coffee exports to the EU was driven by record harvest and by the logistical difficulties in Colombia.



## OIL AND OIL PRODUCTS

Exports of oil: ↑ US\$ 803.8 million

Exports of oil seeds: ↓ US\$ 4.4 million

The rise of Brazilian oil exports to the EU between the second quarter of 2020 and the second quarter of 2021 represents a significant value of export growth.



# SECTOR ANALYSIS - EU

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## TRANSPORT EQUIPMENT

Exports: ↑ US\$ 230.4 million/120%

Imports: ↑ US\$ 697.2 million/88%

Brazilian exports of transport equipment to the European Union have grown significantly in value in Q2 2021, when compared to 2020.

Imports of transport equipment were up by \$697.2m (€578.6m, £499m), a rise of 88%,

## CHEMICALS

Exports ↑ US\$ 447 million/ 27%)

Brazilian chemicals exports to the UK rose in Q2 2021 when compared to Q1 2020.



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*Imports from the EU grew in the second quarter, reaching a value of \$9.6bn (€7.9bn, £6.8bn), up 45% on the same period in 2020*

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# SECTOR ANALYSIS - UK

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## SOY (GRAINS, OILS AND BRAN)

Exports: ↓ US\$ 34.1 million

A drop in Brazilian soybean exports in Q2 2021 was mainly fueled by high international prices due to low soybean stocks in the United States.

## SUGAR AND ALCOHOL

Exports: ↓ US\$ 3.2 million

Brazilian exports of sugar and alcohol to the UK dropped slightly in Q2 2021, when compared to 2020.

In Q2 2021, exports of British spirits by \$32m (£22.9m, €26.5m), up a huge 406% compared to the same period in 2020.

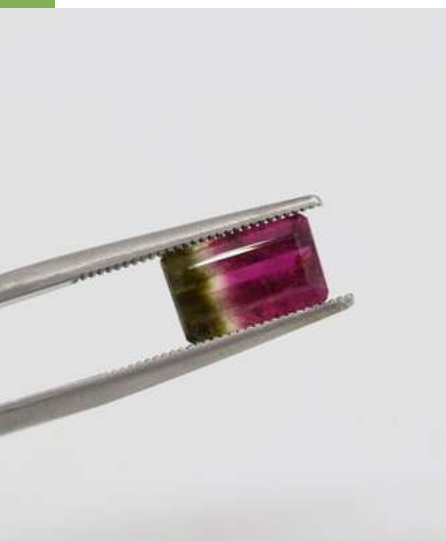


## METALS, PRECIOUS STONES AND JEWELRY

Exports: ↑ US\$ 111.3 million/135%

Brazilian exports of metals and precious stones and jewelry skyrocketed in the second quarter of 2021 when compared to the same period of 2020.

The increase confirms the ongoing need for metals as by downstream British industries in the post-pandemic period.



# SECTOR ANALYSIS - UK

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## PAPER AND CELLULOSE

Exports: ↓ US\$ 2.3 million

Brazilian exports of sugar to the UK dropped slightly in Q2 2021, when compared to 2020.

## METALLURGICAL ORES

Exports: ↑ US\$ 21.1 million/46%

Significant value of export growth was noted in sectors such as metal ores, compared to the same period of 2020.



## TRANSPORT EQUIPMENT

Exports: ↑ US\$ 16.2 million/88%

Imports: ↑ US\$ 38.5 million

Brazilian exports of transport equipment to the United Kingdom have grown slightly in value in Q2 2021, when compared to 2020.

Brazil maintained a strong demand for British products in the second quarter, with a 52% rise noted compared to the same period in 2020 and a 27% rise on the first quarter of 2021.

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# About Apex Brasil

The Brazilian Trade and Investment Promotion Agency (Apex-Brasil) works to promote Brazilian products and services abroad, and to attract foreign investment to strategic sectors of the Brazilian economy.

Apex-Brasil organizes several initiatives aiming to promote Brazilian exports abroad. The Agency's efforts comprise trade and prospective missions, business rounds, support for the participation of Brazilian companies in major international trade fairs, arrangement of technical visits of foreign buyers and opinion makers to learn about the Brazilian productive structure, and other select activities designed to strengthen the country's branding abroad. Apex-Brasil also plays a leading role in attracting foreign direct investment (FDI) to Brazil, by working to identify business opportunities, promoting strategic events and lending support to foreign investors willing to allocate resources in Brazil.

