BRAZILIAN EXPORTS OF HIDES AND SKINS

JULY 2020

Brazilian leather CICB CENTRE FOR THE BRAZILIAN TANNING INDUSTRY

ApexBrasil BRAZILIAN TRADE AND INVESTMENT PROMOTION AGENCY

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1 - ANALYSIS OF BRAZILIAN EXPORTS OF HIDES AND SKINS

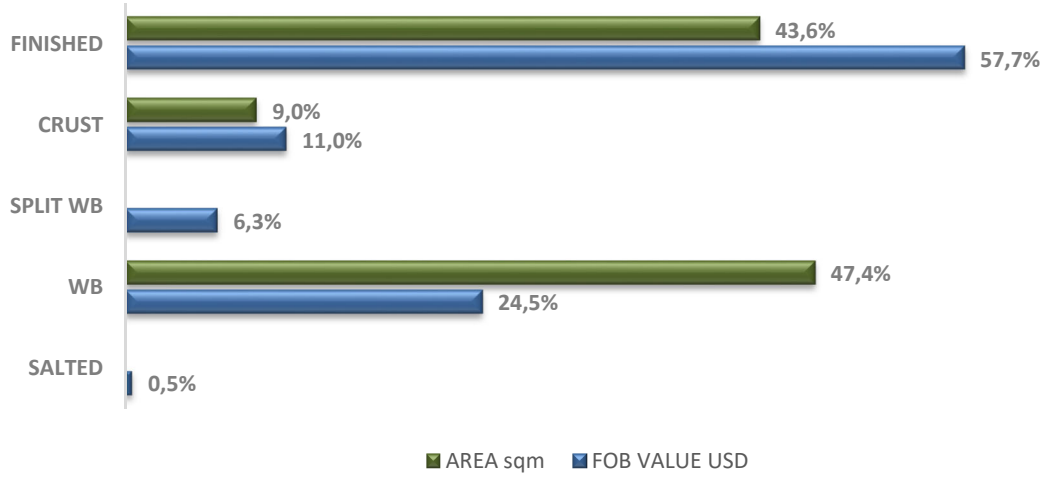
JULY 2020

The Hides and Skins Exports released by SECEX (Foreign Trade Secretariat), for the month of July 2020, registered the amount of US$ 66.2 million, down 23.1% year-on-year, when total exports were US$ 86.1 million, however with a sharp increase of 36.8% compared to June, when amount was US$ 48.4 million.

Considering exports in square meters, during July were shipped 12.5 million, down 8.1% year-on-year, but higher 44.1% than June, when total was 8.7 million.

The first seven months of 2020 ended with a total of US$ 516.6 million, 28.2% less compared to the same period of 2019, and also 16.7% below in trade area, with 90.3 million square meters.

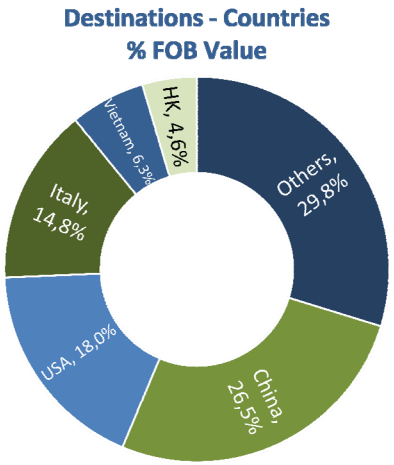
Below is the profile of 2020´s bovine exports till July:



These are the variations of the Brazilian exports of bovine leather during 2020 till July, year-on-year:

- Salted hides higher 32.0% (previous +14.9%) in value, and also +171.8% (+131.5%) in weight;
- Wet Blue declined 32.6% (-37.2%) in value and 18.1% (-24.3%) in area;
- Split WB down 7.2% (-4.5%) in value and also down 7.1% (-4.7%) in area;
- Crust with value down 5.1% (-5.4%), but still higher 3.3% (+4.3%) in area;
- Finished leather lower 31.4% (-30.5%) in value and also down 23.7% (-21.9%) in area.

Below are the 2020 destinations:



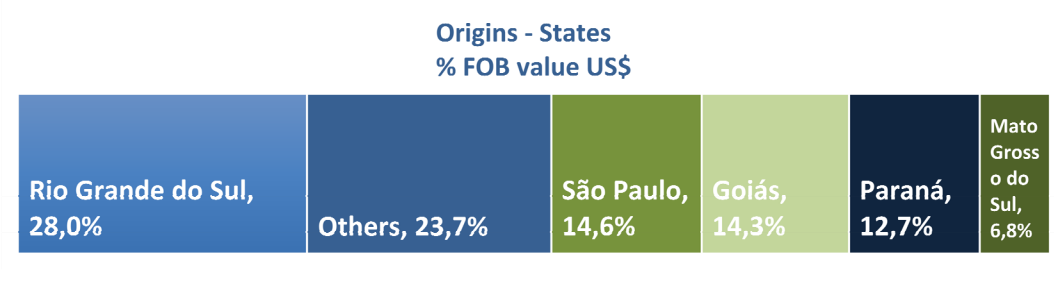
These are highlights of the first seven months of 2020 for the three main destinations for Brazilian leather:

- China, with share of 26.5% (previous 25.4%) in value and 33.8% (32.1%) in area, down 12.7% (-18.4%) in traded area and also -19.7% (-23.6%) in value;
- US, with share of 18.0% (17.7%) in value and 9.3% (9.2%) in area, down 16.6% (-15.3%) in area and -22.9% (-22.2%) in value;
- Italy, with share of 14.8% (15.3%) in value and 18.4% (19.1%) in area, has reduction of 22.9% (-26.4%) in traded area, and also down 38.4% (-40.7%) considering value.

Although the three main destinations still show declines y-o-y, both in value and in volume, with the improvement of exports compared to June the situation changed direction in both China and Italy. Even though modest, the reactions in these two countries result in improvements in the indexes compared to the previous period. The USA improved the share, but continue to worsen the indexes. On the other hand, Italy worsened the share, but as the previous falls were higher than the average, it showed improvement in the indexes compared to the results till June.

As an analysis of other countries considered important players in the leather trade, we highlight the following: Vietnam, in 4th place in the ranking (6.3% value share), shows increase of 0.7% (+12.5%) in area, but fall of 28.0% (-22.6%) in value; Hong Kong, with share of 4.6% in value, is keeping growth of 17.3% (+14.5%) in area, but down 38.4% (-39.4%) in value; Mexico, keeping share of 4.0% in value, now shows decrease of 7.3% (+1.5%) in area, also down 12.9% (-5.4%) in value; and Germany, with share of 3.9% in value, show a decline of 41.8% (-36.5%) in area, and also down 48.2% (-44.4%) in value. Among the TOP30 destinations, positive exports' highlights go to Poland (+146.8% in value and +252.6% in area), to Lithuania (+56.8% in value and +43.8% in area), to Turkey (+30.7% in value and +11.9% in area), and to British Virgin Islands (+67.8% in value and +35.6% in area).

Below share of the states with relevant exports to the sector during 2020:



Some highlights considering exporting states:

- TOP10 exporting states continue with negative rates in values, with only two presenting positive rates in the traded area, being: Mato Grosso do Sul (+3.7%) and Bahia (+1.0%);

- Trend inversions also occurred in most states, with improvements in value criteria over the previous period. Considering TOP10 states, São Paulo and Minas Gerais worsened indexes. The largest drops are: Ceará, with -51.8% (previous -52.1%); São Paulo, with -35.2% (-34.8%); Paraná, with -31.0% (-31.4%); Minas Gerais, with -28.6% (-20.4%); Santa Catarina, with -28.6% (-31.5%); Pará, with -27.8% (-37.8%); and Goiás, with -27.7% (-29.8%);

- Leader in exports remains Rio Grande do Sul, including improving its share. Now its share is 28.0% (previous 27.8%) in value and 22.9% (22.7%) in area. São Paulo continues in second place in value (share of 14.6%), and fourth in area (share of 12.2%); Goiás is third in value and area, improving to 14.3% (14.2%) in value and keeping 14.3% in area; and Paraná standing in fourth position in value, with a share of 12.7%, and keeping also second place in area, with 15.6% (15.4%);

- The most expressive growths among all states are: Acre, with +478.6% in value and +791.5% in area, and Rondônia, showing +61.1% in value and +121.9% in area.

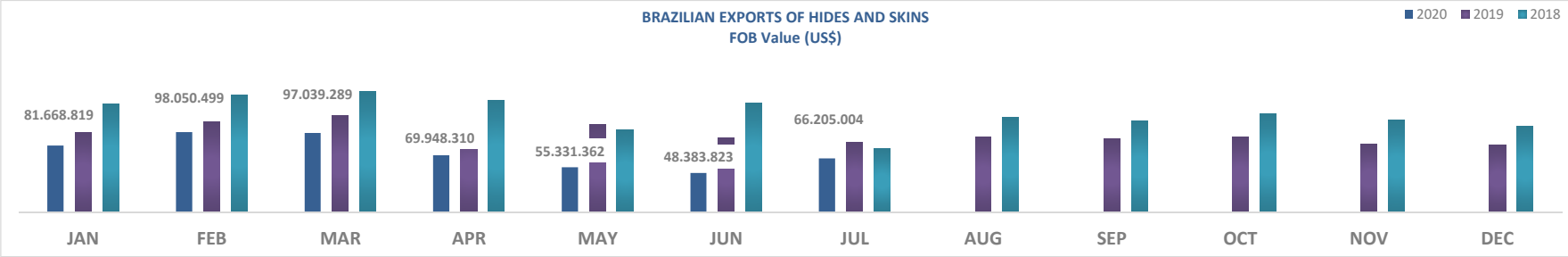
The recovery of July over the previous month is still incipient, but it shows an important reaction of the sector in face of a still weak and stagnant market situation in most countries. Even with a high exchange rate of US Dollar x Brazilian Real, prices remain low, and with a high currency volatility, which keeps the current situation extremely difficult for companies. The month of July registered a reaction of 36.8% in value and 44.1% in volume compared to June. The accumulated exported volume now shows a drop of 16.7% (before 17.9%), while the total value practically did not react, now presenting -28.2% (before -28.8%). As for the leather types, only Crust still has positive levels in volume, with +3.3% (+4.3%). All other types of leather are negative, with Wet Blue and Finished values being the worst results, with -32.6% and -31.4%, respectively. Salted hides, which had already increased significantly until June, increased shipments even further, with an accumulated +32.0% in value and +171.8% in weight. Among the three largest destinations for Brazilian leather, the negative indexes are still apparent, but now Italy also shows improvement compared to June, joining China. This reaction, although slow and timid, can show a change of direction for the rest of the year. -

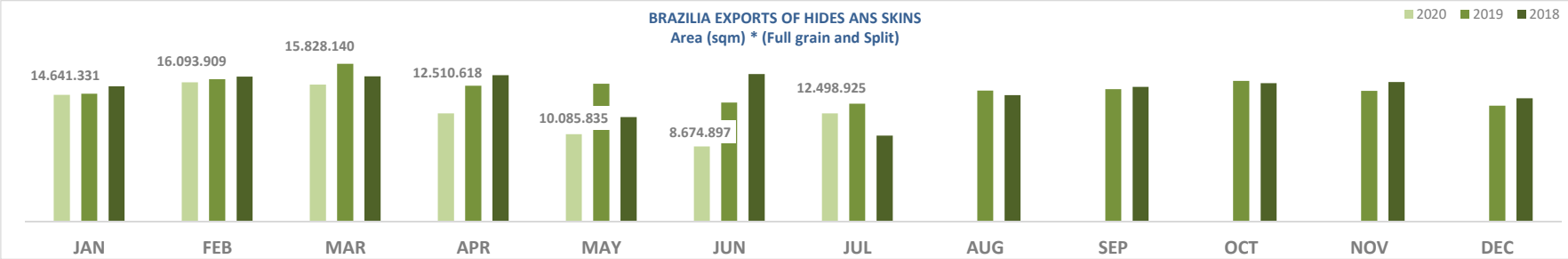
2 - BRAZILIAN EXPORTS OF HIDES AND SKINS

	FOB VALUE (US$)			Δ (%)			AREA* (sqm)			Δ (%)		
MONTH	2020	2019	2018	MONTH 2019	2020/2019	2020/2018	2020	2019	2018	MONTH 2019	2020/2019	2020/2018
JAN	81.668.819	98.084.385	132.850.230	-1,1%	-16,7%	-38,5%	14.641.331	14.761.798	15.620.127	9,5%	-0,8%	-6,3%
FEB	98.050.499	110.865.937	144.041.578	20,1%	-11,6%	-31,9%	16.093.909	16.450.463	16.743.477	9,9%	-2,2%	-3,9%
MAR	97.039.289	118.876.746	147.515.178	-1,0%	-18,4%	-34,2%	15.828.140	18.232.700	16.782.906	-1,7%	-13,2%	-5,7%
APR	69.948.310	105.935.839	136.997.970	-27,9%	-34,0%	-48,9%	12.510.618	15.685.661	16.934.162	-21,0%	-20,2%	-26,1%
MAY	55.331.362	107.847.382	101.387.567	-20,9%	-48,7%	-45,4%	10.085.835	15.914.498	12.060.974	-19,4%	-36,6%	-16,4%
JUN	48.383.823	91.317.919	134.092.407	-12,6%	-47,0%	-63,9%	8.674.897	13.741.104	17.040.148	-14,0%	-36,9%	-49,1%
JUL	66.205.004	86.133.297	77.719.735	36,8%	-23,1%	-14,8%	12.498.925	13.605.791	9.931.991	44,1%	-8,1%	25,8%
AUG		92.351.955	115.879.312					15.124.597	14.602.513			
SEP		90.587.484	112.331.092					15.293.740	15.567.193			
OCT		92.618.708	120.783.613					16.274.932	15.996.795			
NOV		83.767.663	113.432.678					15.092.702	16.111.481			
DEC		82.617.316	105.533.435					13.371.975	14.245.185			
Total	516.627.106	1.161.004.631	1.442.564.795		-28,2%	-40,9%	90.333.655	183.549.961	181.636.952		-16,7%	-14,1%

Source: SECEX - Prepared by: CICB

*Area including Full grain and Split





3 - DESTINATION OF BRAZILIAN EXPORTS OF HIDES AND SKINS

		FOB VALUE (US$)				Δ	AREA* (sqm)				Δ
	COUNTRIES	Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	Share 20	2020/2019	Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	Share 20	2020/2019
1	China + Hong Kong	160.724.128	209.031.571	277.873.517	31,1%	-23,1%	36.039.202	39.689.656	37.101.246	39,9%	-9,2%
	China	137.117.207	170.677.867	234.174.088	26,5%	-19,7%	30.538.682	34.999.897	33.872.015	33,8%	-12,7%
2	United States	93.104.924	120.685.958	149.719.139	18,02%	-22,9%	8.357.314	10.016.678	11.123.446	9,3%	-16,6%
3	Italy	76.449.376	124.104.477	140.531.915	14,80%	-38,4%	16.631.705	21.582.709	20.547.865	18,4%	-22,9%
4	Vietnam	32.584.036	45.235.674	45.883.461	6,3%	-28,0%	8.776.029	8.715.515	8.893.639	9,7%	0,7%
	Hong Kong	23.606.921	38.353.704	43.699.429	4,6%	-38,4%	5.500.520	4.689.759	3.229.231	6,1%	17,3%
5	Mexico	20.811.504	23.892.902	23.933.804	4,0%	-12,9%	1.865.094	2.012.894	1.718.084	2,1%	-7,3%
6	Germany	20.296.979	39.159.401	21.740.742	3,93%	-48,2%	1.975.992	3.397.995	1.502.615	2,2%	-41,8%
7	Thailand	14.195.014	22.257.610	31.664.077	2,7%	-36,2%	1.531.303	2.228.624	2.786.652	1,7%	-31,3%
8	Hungary	11.676.649	12.025.320	41.507.799	2,3%	-2,9%	1.008.016	950.385	2.977.810	1,1%	6,1%
9	Taiwan	10.814.095	15.390.743	17.183.451	2,1%	-29,7%	3.779.257	5.795.365	6.081.309	4,2%	-34,8%
10	Indonesia	8.283.080	8.990.525	16.834.523	1,6%	-7,9%	946.637	869.934	1.284.233	1,0%	8,8%
11	India	8.126.635	13.109.614	9.196.322	1,6%	-38,0%	2.486.414	3.816.688	1.818.071	2,8%	-34,9%
12	South Korea	7.130.698	9.413.915	10.115.681	1,4%	-24,3%	989.576	1.405.946	1.129.838	1,1%	-29,6%
13	Netherlands	5.475.109	7.610.053	8.559.287	1,1%	-28,1%	596.969	850.611	746.082	0,7%	-29,8%
14	Norway	4.807.436	4.950.777	7.356.984	0,9%	-2,9%	345.920	325.889	436.338	0,4%	6,1%
15	Tunisia	4.006.170	4.169.383	3.554.564	0,8%	-3,9%	268.409	258.741	183.408	0,3%	3,7%
16	Uruguay	3.339.621	6.898.170	10.199.157	0,6%	-51,6%	400.764	665.755	779.043	0,4%	-39,8%
17	Canada	2.632.609	3.256.574	3.473.320	0,5%	-19,2%	184.416	186.667	197.781	0,2%	-1,2%
18	Portugal	2.516.327	5.114.084	5.677.709	0,5%	-50,8%	346.049	665.682	638.370	0,4%	-48,0%
19	Poland	2.151.994	871.962	1.769.478	0,4%	146,8%	227.352	64.487	162.148	0,3%	252,6%
20	Malaysia	2.055.080	5.043.402	8.070.477	0,4%	-59,3%	160.122	411.706	540.130	0,2%	-61,1%
21	Macau	1.970.672	0	30.902	0,4%	-	396.049	0	1.025	0,4%	-
22	Argentina	1.803.039	2.573.555	2.191.021	0,3%	-29,9%	278.155	185.762	176.906	0,3%	49,7%
23	United Kingdom	1.735.454	2.775.360	2.312.885	0,3%	-37,5%	180.575	315.043	211.770	0,2%	-42,7%
24	Spain	1.617.453	2.914.285	2.755.876	0,3%	-44,5%	358.590	781.484	803.644	0,4%	-54,1%
25	Lithuania	1.555.098	991.874	1.035.943	0,3%	56,8%	102.431	71.220	58.691	0,1%	43,8%
26	South Africa	1.397.179	2.378.109	4.209.071	0,3%	-41,2%	267.865	318.789	400.848	0,3%	-16,0%
27	Cambodia	1.385.184	1.681.431	1.022.811	0,3%	-17,6%	194.529	175.498	420.994	0,2%	10,8%
28	Turkey	1.157.345	885.828	2.664.205	0,2%	30,7%	159.962	142.990	438.886	0,2%	11,9%
29	Chile	1.116.805	1.531.222	1.557.220	0,2%	-27,1%	149.353	179.931	145.197	0,2%	-17,0%
30	British Virgin Islands	1.040.297	619.832	0	0,2%	67,8%	230.478	169.909	0	0,3%	35,6%
	Others (2020: +46 countries)	10.667.116	21.497.894	21.979.324	2,1%	-50,4%	1.099.128	2.139.462	1.807.716	1,2%	-48,6%
	Total	**516.627.106**	**719.061.505**	**874.604.665**		**-28,2%**	**90.333.655**	**108.392.015**	**105.113.785**		**-16,7%**

Source: MDIC/SECEX - Prepared by: CICB

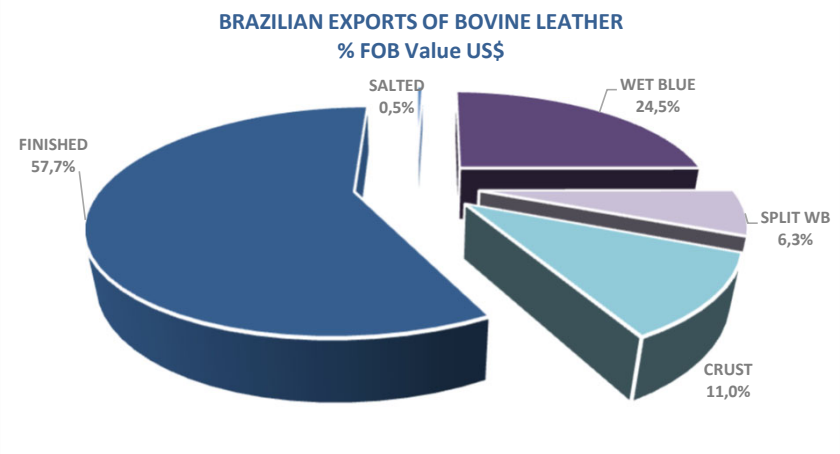
*Area including Full grain and Split

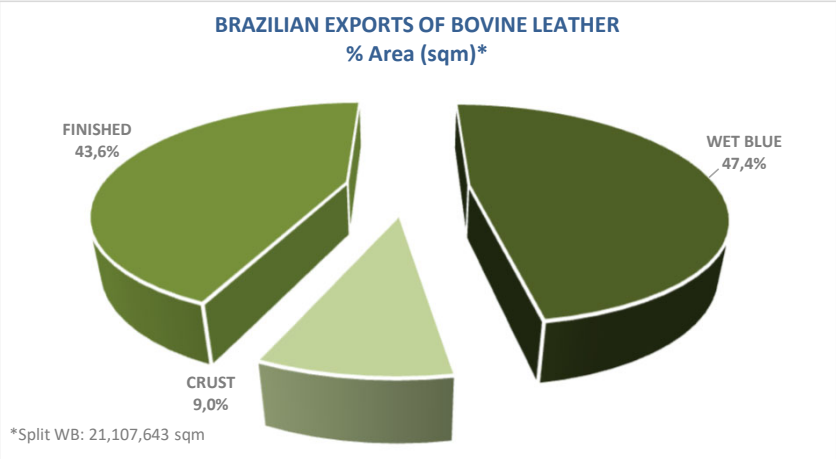
4 - BRAZILIAN EXPORTS OF BOVINE LEATHER BY TYPE

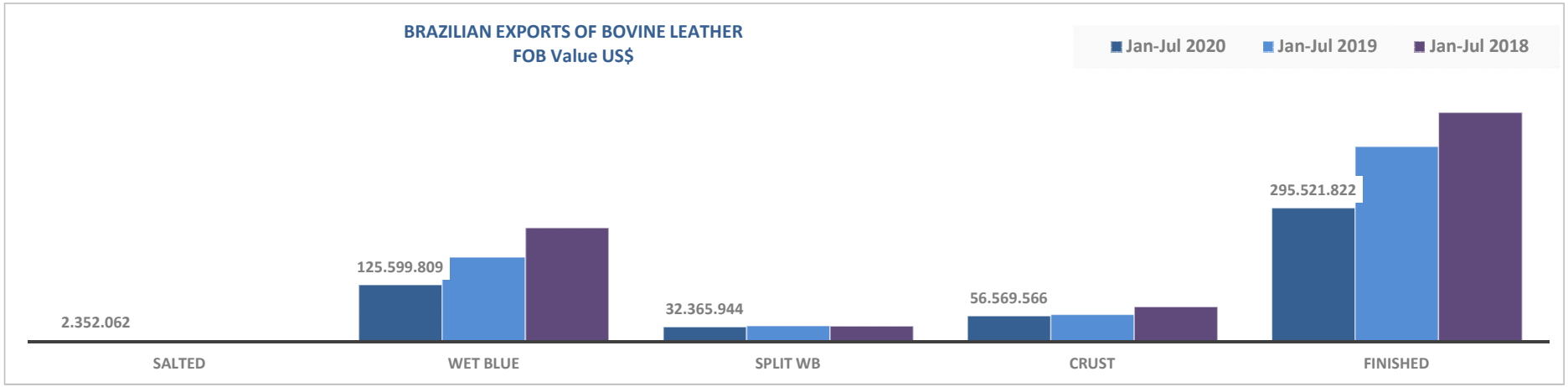
	FOB VALUE (US$)			Δ		AREA (sqm)*			Δ		WEIGHT (KG)			Δ	
TYPE OF LEATHER	Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	2020/2019	2020/2018	Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	2020/2019	2020/2018	Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	2020/2019	2020/2018
SALTED	2.352.062	1.782.088	1.806.722	32,0%	30,2%	-	-	-	-	-	8.504.902	3.129.125	2.765.205	171,8%	207,6%
WET BLUE	125.599.809	186.372.865	251.860.422	-32,6%	-50,1%	32.717.082	39.965.932	35.293.644	-18,1%	-7,3%	138.575.878	165.087.773	140.105.944	-16,1%	-1,1%
SPLIT WB	32.365.944	34.875.347	34.300.423	-7,2%	-5,6%	-	-	-	-	-	61.818.062	64.783.080	70.194.416	-4,6%	-11,9%
CRUST	56.569.566	59.609.082	77.000.120	-5,1%	-26,5%	6.222.582	6.023.987	7.039.863	3,3%	-11,6%	6.008.084	5.851.621	12.500.372	2,7%	-51,9%
FINISHED	295.521.822	431.083.840	506.356.074	-31,4%	-41,6%	30.079.794	39.424.689	39.135.220	-23,7%	-23,1%	26.338.207	35.675.597	33.623.026	-26,2%	-21,7%
Total	**512.409.203**	**713.723.222**	**871.323.761**	**-28,2%**	**-41,2%**	**69.019.458**	**85.414.608**	**81.468.727**	**-19,2%**	**-15,3%**	**241.245.133**	**274.527.196**	**259.188.963**	**-12,1%**	**-6,9%**

Source: MDIC/SECEX - Prepared by: CICB

*Only full grain

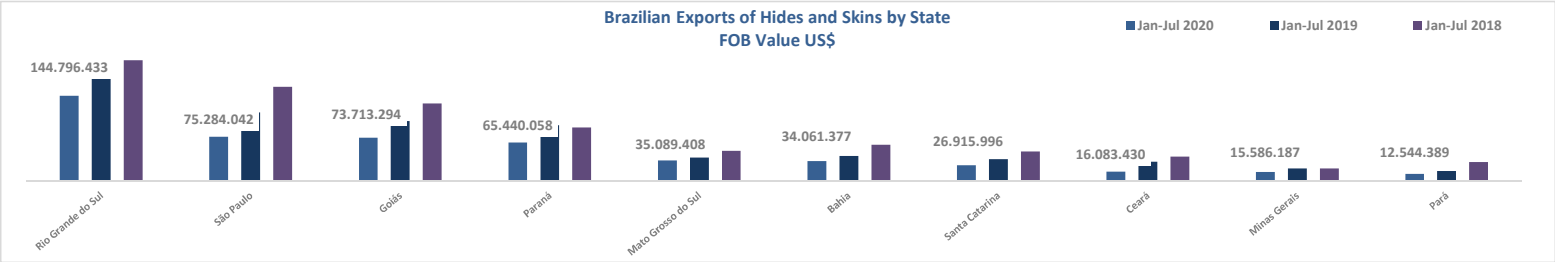
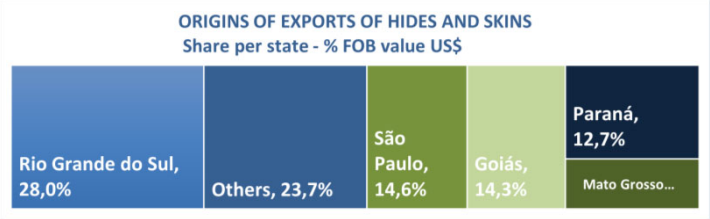
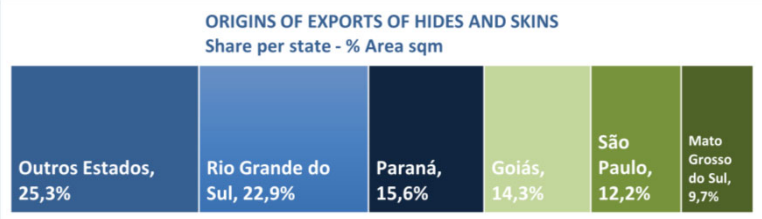






5 - BRAZILIAN EXPORTS OF HIDES AND SKINS BY STATE

		FOB VALUE (US$)			Share	Δ		AREA* (sqm)			Share	Δ	
		Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	2020	2020/2019	2020/2018	Jan-Jul 2020	Jan-Jul 2019	Jan-Jul 2018	2020	2020/2019	2020/2018
1	Rio Grande do Sul	144.796.433	189.017.061	204.721.925	28,0%	-23,4%	-29,3%	20.649.067	23.212.992	22.069.631	22,9%	-11,0%	-6,4%
2	São Paulo	75.284.042	116.225.472	159.706.015	14,6%	-35,2%	-52,9%	11.003.015	15.090.687	17.589.539	12,2%	-27,1%	-37,4%
3	Goiás	73.713.294	101.960.195	131.397.227	14,3%	-27,7%	-43,9%	12.959.119	17.068.812	16.040.416	14,3%	-24,1%	-19,2%
4	Paraná	65.440.058	94.878.668	91.046.684	12,7%	-31,0%	-28,1%	14.049.293	18.021.014	13.765.939	15,6%	-22,0%	2,1%
5	Mato Grosso do Sul	35.089.408	39.944.406	51.661.740	6,8%	-12,2%	-32,1%	8.788.522	8.478.790	7.369.635	9,7%	3,7%	19,3%
6	Bahia	34.061.377	42.708.278	61.954.858	6,6%	-20,2%	-45,0%	5.860.534	5.800.390	7.437.255	6,5%	1,0%	-21,2%
7	Santa Catarina	26.915.996	37.690.648	50.337.986	5,2%	-28,6%	-46,5%	4.660.639	5.341.881	5.637.430	5,2%	-12,8%	-17,3%
8	Ceará	16.083.430	33.337.934	41.930.560	3,1%	-51,8%	-61,6%	1.872.329	3.749.782	3.959.930	2,1%	-50,1%	-52,7%
9	Minas Gerais	15.586.187	21.830.920	21.699.629	3,0%	-28,6%	-28,2%	3.163.893	3.748.838	3.328.851	3,5%	-15,6%	-5,0%
10	Pará	12.544.389	17.377.455	32.544.145	2,4%	-27,8%	-61,5%	3.172.318	3.424.550	4.224.600	3,5%	-7,4%	-24,9%
11	Mato Grosso	6.652.272	12.872.714	20.701.599	1,3%	-48,3%	-67,9%	1.711.574	2.589.451	2.947.038	1,9%	-33,9%	-41,9%
12	Acre	1.996.570	345.050	0	0,4%	478,6%	-	584.899	65.608	0	0,6%	791,5%	-
13	Rio de Janeiro	1.906.029	1.833.295	1.495.119	0,4%	4,0%	27,5%	17.716	60.092	35.347	0,02%	-70,5%	-49,9%
14	Rondônia	1.766.740	1.096.695	0	0,3%	61,1%	-	546.741	246.346	0	0,6%	121,9%	-
15	Tocantins	1.114.049	1.961.987	1.131.050	0,2%	-43,2%	-1,5%	344.140	451.351	159.312	0,4%	-23,8%	116,0%
16	Amazonas	1.081.657	1.817.062	183.444	0,2%	-40,5%	489,6%	595.244	530.495	32.910	0,7%	12,2%	1708,7%
17	Pernambuco	606.752	574.638	909.412	0,1%	5,6%	-33,3%	24.758	36.774	82.556	0,03%	-32,7%	-70,0%
18	Piauí	589.099	2.239.076	451.267	0,1%	-73,7%	30,5%	35.207	199.193	40.336	0,04%	-82,3%	-12,7%
19	Amapá	431.206	296.862	237.185	0,1%	45,3%	81,8%	0	0	0	0,0%	-	-
20	Sergipe	400.441	398.053	417.244	0,1%	0,6%	-4,0%	130.518	114.446	96.654	0,1%	14,0%	35,0%
21	Maranhão	381.530	641.181	1.291.356	0,1%	-40,5%	-70,5%	144.939	160.315	219.461	0,2%	-9,6%	-34,0%
22	Distrito Federal	114.665	0	0	0,02%	-	-	18.946	0	0	0,02%	-	-
23	Rio Grande do Norte	48.803	0	0	0,01%	-	-	0	0	0	0,0%	-	-
24	Espírito Santo	22.679	13.855	13.558	0,004%	63,7%	67,3%	244	208	147	0,000%	17,3%	66,0%
25	Not Declared*	0	0	772.662	0,0%	-	-100,0%	0	0	76.798	0,0%	-	-100,0%
	Total	516.627.106	719.061.505	874.604.665	100,0%	-28,2%	-40,9%	90.333.655	108.392.015	105.113.785	100,0%	-16,7%	-14,1%

Source: MDIC/SECEX - Prepared by: CICB

*Exporter did not declare the state of origin