JAPAN–BRAZIL
Bilateral Dynamics and Partnership in the Agri-Food Sector

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JAPAN–BRAZIL BUSINESS COUNCIL
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### Japan and Brazil

**Competitive Advantages in the Agri-Food Sector**

<table>
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<tr>
<th><strong>JAPAN</strong></th>
<th><strong>BRAZIL</strong></th>
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<tbody>
<tr>
<td>• 4th top importer, after the EU, the United States and China.</td>
<td>• 3rd ag exporter (&gt; 200 destinations).</td>
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<tr>
<td>• Free Trade Agreements and Economic Partnerships with 16 countries: ASEAN, TPP, Mexico, Chile, Peru, Switzerland, Australia, India, Mongolia.</td>
<td>• Availability of natural resources: land, water, climate conditions.</td>
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<td>• Reputation and differentiation: quality, food safety, food chain coordination, traceability.</td>
<td>• “Tropicalization”: genetics, double cropping, crop-livestock integration, no-till, large scale farming systems, integrated supply chains, migrations.</td>
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<td>• Value-added products and branding.</td>
<td>• Benchmark in advanced biofuels.</td>
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<td>• Japanese conglomerates are top investors throughout the Brazilian agri-food sector (long experience).</td>
<td>• Commodity based exports: volumes and low costs, value-added still a challenge.</td>
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<td></td>
<td>• Farmers: young entrepreneurs, motivated, risk takers, migrations.</td>
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<td>• New ag frontiers (e.g., MAPITOBA).</td>
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Huge complementarities with Japan!
Top Agri-Food EXPORTERS in the World (value in US dollars)

- **EU**
  - 2017 (%): 11%
  - CAGR %: 5%
- **USA**
  - 2017 (%): 10%
  - CAGR %: 5%
- **Brazil**
  - 2017 (%): 6%
  - CAGR %: 6%
- **China**
  - 2017 (%): 6%
  - CAGR %: 8%
- **Canada**
  - 2017 (%): 4%
  - CAGR %: 4%
- **Indonesia**
  - 2017 (%): 3%
  - CAGR %: 6%
- **Australia**
  - 2017 (%): 2%
  - CAGR %: 6%
- **Thailand**
  - 2017 (%): 2%
  - CAGR %: 4%
- **Argentina**
  - 2017 (%): 2%
  - CAGR %: 4%
- **Mexico**
  - 2017 (%): 2%
  - CAGR %: 8%
- **India**
  - 2017 (%): 2%
  - CAGR %: 10%

**Source:** USDA and UN Comtrade Data

**BRAZIL ranks 3rd on world ag exports → high growth rates and competitiveness**
Top world agri-food IMPORTERS (value in US dollars)

Source: USDA and UN Comtrade Data.
Note: China + Hong Kong may occur double counting.

JAPAN is the 4th top importer, responding for 5% of the world total import value (~US$ 80 billion).
BRAZIL
Agri-Food EXPORTS by Destination
Asia receives 48% of Brazilian Agri-Food exports

Source: MAPA (Agrostat).
Note: Asia Ex-China includes Eastern Asia (ex. China), South Asia, Southeast Asia, Russia and Central Asia; Europe includes European Union, EFTA and Eastern Europe. MAPA's definition of agri-food used, which takes into account 2949 agri-food products.
BRAZIL vs. JAPAN
Agri-Food TRADE BALANCE (value)

Source: MAPA (Agrostat), USDA and UN Comtrade
JAPAN
Agri-Food IMPORTS by Products

Source: USDA and UN Comtrade
Note: soybean complex includes beans, meal and oil
BRAZIL - JAPAN
Total and Agri-Food TRADE BALANCES

Source: MAPA (Agrostat)
Note: Total and agri-food EXPORTS include the value of fuel ethanol exports on ETBE from the US to Japan.
Brazilian Agri-Food EXPORTS to Japan

Source: USDA Data and “Japan Biofuels Annual 2017”, UN Comtrade
Note: Ethanol EXPORTS include the value of fuel ethanol exports on ETBE from the US to Japan.
Brazilian Agri-Food Exports to Japan

- 2017 (%): Poultry - 30%, CAGR % - 1%
- 2017 (%): Coffee - 17%, CAGR % - 14%
- 2017 (%): Soybeans - 15%, CAGR % - 13%
- 2017 (%): Ethanol - 13%, CAGR % - 3%
- 2017 (%): Cereals (corn) - 9%, CAGR % - 5%
- 2017 (%): Orange juice - 7%, CAGR % - 0%
- 2017 (%): Forest products - 7%, CAGR % - 2%
- 2017 (%): Others - 3%, CAGR % - 2%

Source: USDA Data and “Japan Biofuels Annual 2017”, UN Comtrade
Note: Ethanol exports includes ethanol on ETBE exported from the USA to Japan.
JAPAN
Evolution of the Brazilian share for selected imports

Source: USDA and UN Comtrade
Note: Total is the total amount imported by Japan in million of USD, Brazil is the total imported by Japan from Brazil in million of USD.
## Market Share (% per annum)

<table>
<thead>
<tr>
<th>Increase</th>
<th>Decrease</th>
<th>Challenges</th>
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<tbody>
<tr>
<td><strong>Low value commodities:</strong></td>
<td><strong>- Poultry</strong> (-4% p.a.)</td>
<td>Sugar  $\rightarrow$ low polarization required levels.</td>
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<tr>
<td>- Corn and cereals (21% p.a.)</td>
<td><strong>- Coffee</strong> (-4% p.a.)</td>
<td>Beef  $\rightarrow$ processed meat, FMD (in natura).</td>
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<tr>
<td>- Soy Complex (5% p.a.)</td>
<td><strong>- Ethanol</strong> (-44% in 2019)</td>
<td>Pork  $\rightarrow$ gate price.</td>
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</tbody>
</table>

*Note: Soy complex (beans and meals). Japan has a requirement for a maximum polarization of 97.99% for raw sugar with tax free (beyond that there is a tariff of around US$ 200,00/ton). Brazil has a minimum pol of 99%. FMD (Foot and Moth Disease): Japan specific requirements.*
CONCLUSION

Main Challenges

1. **ANIMAL PROTEIN**: open the Japanese market for **BEEF**, address the **PORK** “gate price” issue and expand **POULTRY** exports. Time to revert the course to low value ag commodities.

2. **SUGAR AND ETHANOL**: establish the most ambitious ethanol program in the world: 55-60% reduction of GHG emissions with no blending mix, moving to E-10. Work together with Brazil on new technologies for hybrid vehicles using ethanol engines and hydrogen cells fueled by ethanol. On **sugar** address the requirements for maximum polarization levels.

3. **NEW PRODUCTS**: explore new segments such as tropical fruits, eggs, dairy.

4. **INVESTMENTS AND COOPERATION**
   - Japan-Brazil long-term partnership in agri-food. Started more than one hundred years ago with the Japanese migrations to Brazil: horticulture, ag cooperatives, PRODECER (JICA) etc.
   - Today more than 600 Japanese companies are present in Brazil. Time for a new cycle of investments and cooperation.

Note: PRODECER → Japanese–Brazilian Cooperation Program for Cerrados Development.
THANK YOU!

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