

Brazil-Japan Business Council Plenary Meeting

Joint Statement on the Promotion of Japan-Brazil Economic Relations

July 6, 2023

On July 5 and 6, 2023, the Brazilian National Confederation of Industry (CNI) and the Japan Business Federation (Keidanren) co-hosted the 24th Plenary Meeting of the Brazil-Japan Business Council in Belo Horizonte, Brazil. Over 400 Brazilian and Japanese business leaders joined the meeting, which was co-chaired by Eduardo de Salles Bartolomeo and Tatsuo Yasunaga, heading the Brazilian and Japanese delegations, respectively.

In this occasion, both governments were called to set forward-looking priorities agenda for Brazil-Japan bilateral trade and economic relations, as well as to deepen collaboration in priority areas for countries, such as decarbonization, digital transformation and international integration.

Global and bilateral circumstances have strengthened the relevance of this Business Council. While international geopolitical tensions, economic uncertainties and a joint environmental and climate crisis set the major challenges of our time, both countries also have specific bilateral agendas to focus on.

Last year, Brazil-Japan goods and services trade reached a solid US\$ 12,8 billion mark. However, we note that both countries have experienced a decrease on trade amount and investment relevance. On the other hand, Japan and Brazil have a lot of vast and untapped business opportunities in environment, energy, food, infrastructure, and digital areas as mutual complementary business partners. It is crucial that both countries take further steps to develop their relationship in order to increase the dialogue on trade and investment.

In this scenario, Japan and Brazil's business sectors seized the opportunity during the 24th Plenary Meeting of the Brazil-Japan Business Council to exchange views and emphasize that both economies are committed to support the revitalization of its national industries through international cooperation on the following relevant areas:

1. Decarbonizing the economy.

The common objective of the Brazilian and Japanese private sector is to develop a Low Carbon Economy, with incentives to the industry decarbonization, the energy transition and the promotion of bioeconomy and circular economy. Together, Brazil and Japan can explore better cooperation opportunities for clean energy production. In Brazil, there are affluent natural resources to be explored for clean energy such as ethanol, biogas and sustainable aviation fuel (SAF). Also, both countries should explore common interest in the development of the low carbon hydrogen market. In Japan, there are technologies and innovations on the industry decarbonization, energy transition and circular economy as well as clean energy.

2. Digital Transformation.

Brazil and Japan can expand cooperation to transform society and business through the adoption and development of new digital technologies. The Brazilian private sector aims to capacitate Brazilian

companies, especially small and medium-sized businesses, so that they can become more competitive through higher productivity, leading to market scale expansion and becoming qualified to participate in global supply chains. Japan is looking forward to achieve the Society 5.0 for Sustainable Development Goals with digital transformation to solve social problems and establish a rich and sustainable economic society.

3. Global Value Chains.

Brazil plays pivotal role in Global Value Chains and intends to further increase its presence as food supplier. Brazil is an important player considering that its clean energy matrix meets the conditions to attract foreign investments for the environmental agenda. Japan is able to contribute to expand investment and technologies in industrialized products, boosting supply chain resilience in a sustainable way.

Conclusion.

In order to accelerate the mutual business cooperation including the above areas, as like-minded, democratic countries sharing the same common values of freedom, rule of law, and respect for human rights, we call on both governments to bring Brazil-Japan cooperation to the next level, strengthening a long-standing alliance to challenge unilateralism and revamp rules-based international multilateral systems.

In this endeavor, we ask the Japanese and Brazilian governments for further improvement of business and investment environment, specially taking on concrete steps towards:

- launching a Mercosur-Japan Exploratory Dialogue with views to negotiate a free trade agreement in due course;
- negotiating a cooperation and investment facilitation agreement, to mitigate risks for investors from both countries; and
- updating the convention to avoid double taxation, in force since 1967, in order to contemplate the current commercial relations of both countries.

Representing both countries' private sectors, we stand ready to cooperate and collaborate throughout this process to further support bilateral trade and economic relations.

Tatsuo Yasunaga
Chair, Japan-Brazil Economic Committee
Keidanren

Eduardo de Salles Bartolomeo
Chairman, Brazil-Japan Business Council
Brazilian National Confederation of Industry