



# Brazil - Japan bilateral trade: a tool to strengthen an old friendship

**Octávio Henrique Dias Garcia CÔRTEZ**  
**Ambassador of the Federative Republic of Brazil to Japan**

Octávio Henrique Côrtes has been a career diplomat since 1986. Graduated in Electrical Engineering, he has served in Washington, Asunción, La Paz, Tokyo, Baghdad and Addis Ababa. He was Ambassador in Bolivia and Ethiopia and Representative of Brazil to the African Union and the United Nations Economic Commission for Africa. He has been the Ambassador of Brazil in Tokyo since July 2022.



The bilateral relationship between Brazil and Japan is complex and multifaceted, but one feature clearly stands out: the unique historical bonds connecting our peoples. Throughout the 20th Century, Brazil became home to thousands of Japanese immigrants and today has the largest Nikkei population in any country in the world. On the other hand, Japan hosts one of the largest Brazilian communities overseas, comprised of more than 200 thousand people. This intense human connection makes our relations particularly dense and dynamic. This is even more remarkable when we bear in mind the fact that our countries are virtually geographical antipodes.

Japan has been one of Brazil's most traditional international partners in the economic domain – the collaboration between Japanese and Brazilian businesses since the 1950s have contributed to economic growth, innovation and job creation in both sides of the world. However, trade numbers show that our relationship has lost momentum over the past decade, reminding us that meaningful, relevant bilateral ties must be constantly tended to, in order to keep thriving. From 2002 to 2022, Japan's share in Brazilian international trade more than halved, from 4.1% down to 2%. In 2021, India overtook Japan to become Brazil's second largest trade partner in Asia. In that same year, trade with South Korea also grew past Japan, and the latter became Brasil's fourth partner in Asia. International trade among countries is obviously not a competition, but we can rely on these figures to better understand where we are coming from and, perhaps even more importantly, where we might be heading.

The analysis of updated trade figures show that we could be witnessing a change in recent trends: our bilateral trade flows in 2022 reached US\$ 11.9 billion, which is not only an 11.5% increase, as compared to 2021, but also the highest value since 2014. This could be a reason for some optimism, albeit of the cautious kind: even though the increase is significant, trade growth between Brazil and Japan was smaller than that between Brazil and many of its most relevant partners (India +31.9%, USA +25,8%, Chile +20%, Argentina +19.4%, Germany +16.4%, China +11%), and also smaller than the growth of Brazilian trade globally (+21.4%).

Further analysis of trade figures also sheds light on the nature of our bilateral exchanges, as well as our potentialities. In 2022, Brazil exported goods valued at USD 6.6 billion to Japan, making Japan its ninth international buyer (from the Japanese perspective, Brazil was its seventeenth international supplier). The main products exported from Brazil were commodities: corn, iron ore, poultry meat, coffee, aluminum and soya beans.

The other direction of this flow shows that Brazil imported USD 5.3 billion from Japan, comprised mainly of goods of high added value, such as automobile parts, chemical compounds, engines and other types of machinery and electrical equipment. Japan was Brazil's ninth international supplier; however, Brazil was only number twenty-four among Japan's buyers. This shows significant imbalance and there seems to be room for improvement. Private-led initiatives such as the Brazil-Japan Business Council and the Wise Group for the

Strategic Economic Partnership, as well as several bilateral governmental instances are committed to find creative ways to create more opportunities for our businessmen, by identifying priorities and developing specific policies that can foster growth.

In 2022, Japan experienced its largest trade deficit since 1979. Japan has traditionally been a major importer of goods, particularly food items, being the world's second net importer of foodstuffs. Brazil, conversely, is the number one net exporter in that category. Thus, it seems obvious, at least in the area of agribusiness, that we can achieve much more, as long as we keep focused and committed.

We export beef to more than 150 countries worldwide, including highly advanced and demanding markets, such as the USA and the European Union. A considerable area of the Brazilian territory has been recognized by the World Organisation for Animal Health as free of foot and mouth disease without vaccination. Yet, we are still waiting for the appropriate certification from the Japanese authorities. The same applies to pork meat, for which only the product originating from a single state (Santa Catarina) is allowed entry in Japan.

Whereas Brazil understands Japan's sanitary concerns, we would also expect Japan to acknowledge Brazil's improvement in working to eradicate animal diseases from its territory. Our Ministry of Agriculture has a highly efficient animal health surveillance system, capable of implementing sanitary demands from Japan and any other country. Brazilian meat is safe, sustainable, cost-beneficial and of the highest quality. Japanese households will benefit greatly once this option finally becomes available to them.

"Embraer Day" in Japan. November 2022.



Mutual collaboration between our countries can go beyond agriculture. As one of the largest economies in the world, Brazil also manufactures and exports industrialized goods of extremely high added value, such as cars and airplanes. As for cars in particular, the participation of Japanese technology and expertise in our industry is longstanding and deeply rooted. Toyota was the second most lucrative car manufacturer in Brazil in 2022 and is planning further investments to make compact biofuel hybrids in their Brazilian plant. Japan is also an important customer of Brazilian aircraft. The entire fleets of Fuji Dream Airlines and J-Air (a subsidiary of Japan Airlines) are comprised of Embraer airliners.

We should also recall that all of these goods are produced in an environment where the use of clean and renewable energy sources accounts for approximately 50% of the energy mix – a share well above the world average. One such source, Brazilian ethanol, is already used in Japan. There is great potential for further collaboration, by increasing its use in road transportation, and by making ethanol-based sustainable aviation fuel more widespread, for instance.

In any case, if Brazil and Japan truly intend to maximize mutual gains from their bilateral relationship, they must tackle the issue of negotiating an Economic Partnership Agreement. In the competitive world of today, it is improbable that we will be able to strengthen our ties unless we grant each other some sort of preferential access to one another's markets. In the absence of this kind of pact, it is only natural that our countries' trade and investments will flow towards other partners.

Brazil and Japan have the possibility to redefine their economic relationship in the coming years, by making a conscious political decision to collaborate and pursue mutual growth in areas of common interest. It is in our hands to explore such vast potential to the fullest, for the benefit and prosperity of our countries and our peoples.

お問い合わせ

JOI 事業企画部

E-mail: bd@joi.or.jp

駐日ブラジル連邦共和国大使館

E-mail: comercial.toquio@itamaraty.gov.br

<https://www.gov.br/mre/pt-br/embaixada-toquio/>