

Brazil and Japan: Past, Present and Future

Ryukyu Forum
Naha, Okinawa, April 9, 2008





Outline

- **Brazil** (history, territory, population, economy)
- **Brazil and the world**
- **Brazil and Japan:**
 - The past: first and second waves
 - The present: at the crossroads...
 - The future: a new partnership



Brazil: history

- A few highlights:

1808 - The Portuguese Royal Family arrives in Brazil. Rio de Janeiro becomes capital of the Portuguese Empire.

1819 - State sponsored immigration begins.

1822 - Formal Independence.

1908 - Kasato Maru arrives in Santos.



Brazil: territory

- 8,500,000 sq. km
 - Fifth largest country
 - 10 neighbours
 - 14,700 km of borders
 - Not a single territorial dispute





Brazil: population

- 186 million Brazilians. One language, one sense of “Brazilianness”, multiple origins:
 - Native-Brazilians (circa 1 million in 1500)
 - Africans (3,5 million: 1580-1850)
 - Immigrants (1820-1970):

| | |
|---|----------------------|
| 1,7 million Portuguese | 1,6 million Italians |
| 700 thousand Spanish | 330 thousand Germans |
| 240 thousand Japanese | 120 thousand Arabs |
| Others: 200 thousand (Russians, Poles, Americans, Koreans, South-Americans, i.a.) | |



Brazil: population

- Brazil, a true “melting pot”:
 - Largest Portuguese-speaking country
 - Second largest “African” country (circa 90 million)
 - Second largest “Italian” country (circa 20 million)
 - Second largest “Japanese” country (circa 2 million)
 - Third largest “German” country (circa 10 million)
 - Largest “Lebanese” country (circa 5 million)
 - Seventh largest Jewish country (circa 200 thousand)



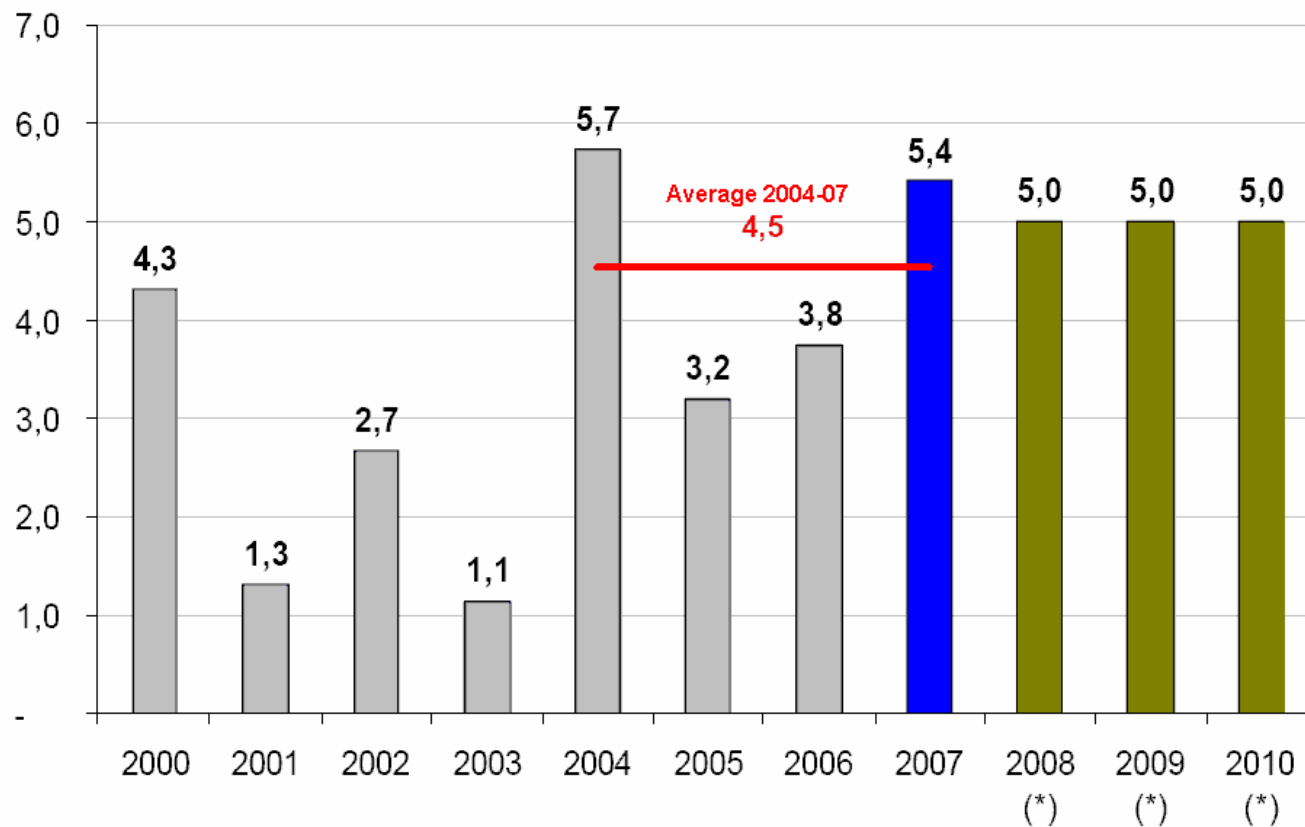
Brazil: economy

- **Macroeconomic stability**
 - Monetary policy (inflation under control, decreasing interest rate)
 - Low external vulnerability
 - Foreign reserves: USD 195 billion
 - FDI: USD 34.6 billion (2007)
 - Foreign trade: + USD 40 billion (2007)
 - Current account: +USD 3.6 billion
 - Fiscal responsibility (4.15% primary surplus, 2.1% nominal deficit, 42% public debt/GDP ratio)
- **Social inclusion** (Education, Family Stipend)
- **Sustainable growth** (5,3% GDP growth in 2007, growth for 24 consecutive quarters)



Brazil: economy

GDP Growth (2000-2010)



Source: HUGON, Paul. Demografia Brasileira (1972)



Brazil: basics

- Area: 8,500,000 sq. Km
- Population: 186 million
- Real GDP: USD 1,3 trillion

Area (>3 million sq.km) + Pop.(>100 million) + Real GDP (>USD 1 trillion)



BRAZIL RUSSIA INDIA CHINA USA



Brazil and the World

- Foreign policy

The principles governing Brazil's international relations are enshrined in the Constitution: national independence, prevalence of human rights, self-determination, non-intervention, equality among states, defense of peace, peaceful settlement of conflicts, repudiation of terrorism and racism, cooperation among peoples for the progress of mankind, and granting of political asylum. The Constitution also prescribes that Brazil shall seek the economic, political, social and cultural integration of the peoples of Latin America with a view to the consolidation of a Latin American community of nations.



Brazil and the World

- Integration of South America





Brazil and the World

- Brazil, a global player...

| | | | | |
|------|--------|-------------|--------|-----|
| | UN | WTO | IBSA | |
| Asia | Africa | Middle East | Europe | USA |

- ... and a global trader

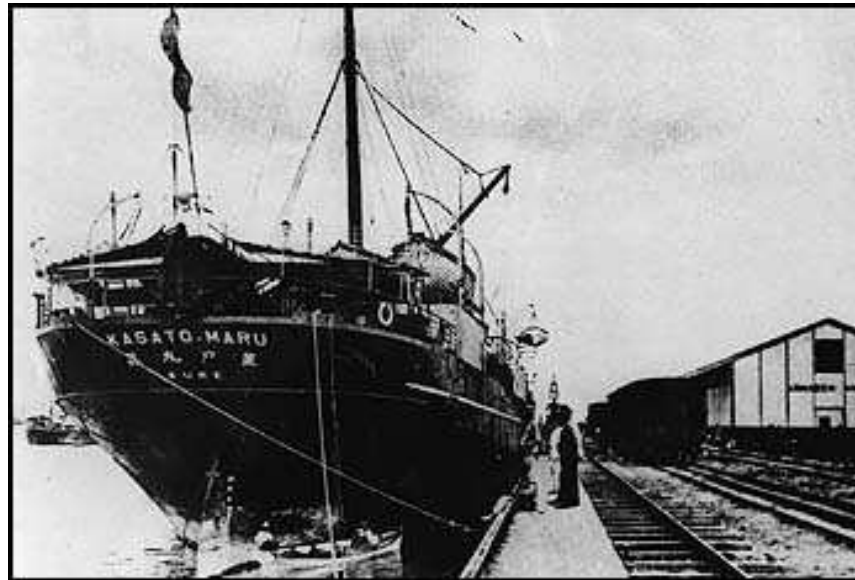
- Main partners (Brazilian exports):

| | |
|-----------------------------|-------------------|
| Latin America and Caribbean | 27% |
| European Union | 25% |
| USA | 16% |
| Asia | 15% (Japan: 2.7%) |
| Africa | 7% |



Brazil and Japan

- The past: “first wave” (1908-1942)



Japanese immigration to Brazil



Brazil and Japan

- The past: “second wave” (1952-1979)
 - More Japanese immigration to Brazil
 - Investments in Brazil (just some examples):

| | |
|------|--------------------|
| 1958 | Usiminas |
| 1959 | Toyota, Ishibrás |
| 1965 | Ajinomoto |
| 1967 | Toshiba, Panasonic |
| 1968 | Yakult |
| 1969 | NEC |
| 1970 | Yamaha |
| 1971 | Honda, Sharp |
| 1972 | Sony |
 - Cooperation on Agriculture



Brazil and Japan

- The present: at crossroads...
 - The “lost decades” in Brazil and in Japan
 - Brazilian immigration to Japan (new links, new challenges)

| | |
|------|---------|
| 1990 | 56,000 |
| 1991 | 100,000 |
| 1996 | 200,000 |
| 2000 | 250,000 |
| 2005 | 300,000 |

- Trade below potential

| | |
|----------------------------|------------------------------------|
| Exports to Japan in 2000 | USD 2,4 million (commodities: 43%) |
| Exports to Japan in 2007 | USD 4,3 million (commodities: 55%) |
| Imports from Japan in 2000 | USD 2,9 million |
| Imports from Japan in 2007 | USD 4,6 million |



Brazil and Japan

- The future: a new partnership

Positive signs:

- Digital television
- New investments in both directions (Petrobras in Okinawa)
- Embraer (adding value to bilateral trade)
- The “2008 factor”
- Biofuels



Brazil and Japan

- **Ethanol: Questions and Answers**

(source: UNICA)

- *What is fuel ethanol?*
- Ethanol is synonym with ethyl alcohol. Both terms refer to a type of alcohol consisting of two carbon atoms, five hydrogen atoms, and one hydroxyl group. As opposed to gasoline, ethanol is a pure substance consisting of only one type of molecule: C₂H₅OH.
- *How is fuel ethanol used in Brazil today?*
- Around 80 percent of Brazil's ethanol production is used as fuel, whereas 5 percent is used in foods, perfumes and alcohol chemicals, and 15 percent is exported. Anhydrous ethanol is used in the production of 'C' gasoline, which is the only gasoline that can be marketed within Brazil's national territory for fueling motor vehicles (the blend may range from 20 to 25 percent anhydrous ethanol). Hydrous ethanol is used directly as a fuel for motor vehicles. It is the ethanol that consumers buy at the fuel station for vehicles that either run exclusively on ethanol or are equipped with "flex-fuel" engines.



Brazil and Japan

• Ethanol: Questions and Answers

(source: UNICA)

- *Is it true that ethanol has a negative energy balance?*
- It is not true. That conclusion is a mistake that originates in analyses of the ethanol produced from other crops. In Brazil's sugar-cane industry, the ratio between the renewable energy produced and the fossil energy used is approximately 9. That figure is the highest among all liquid fuels produced from biomass around the world. The main reason for this positive ratio lies in the fact that sugar-cane industry does not use any fossil energy in the ethanol production process, just the sugar-cane bagasse.
- *Can ethanol be used in existing gasoline vehicles in other countries around the world?*
- Virtually all automakers in the world consider blends containing up to 10 percent ethanol to be acceptable. In Brazil, the ethanol content of gasoline is higher than in other countries, ranging from 20 to 25 percent.



Brazil and Japan

• Ethanol: Questions and Answers

(source: UNICA)

- *Can ethanol be used alone as fuel?*
- Yes. Although ethanol has a lower energy content than straight gasoline, it has several technical characteristics that make it perfectly suited for use as a fuel. The high octane rating, for instance, partially makes up for the lower energy content. In practice, vehicles that run exclusively on ethanol display a better performance (greater power and torque). On the other hand, consumption may increase by 20 to 30 percent in volume.
- *What are “Flex-Fuel” vehicles?*
- They are vehicles equipped with an engine management system that can accurately identify the presence of gasoline and/or ethanol in the fuel tank, and then automatically adjust the engine operation accordingly. A major advantage of the flex-fuel concept is that it enables the use of ethanol under limited conditions for distributing the fuel. It also allows consumers to opt for the fuel of their choice. In Brazil, flex-fuel vehicles represent more than 80% of all domestic sales.



Brazil and Japan

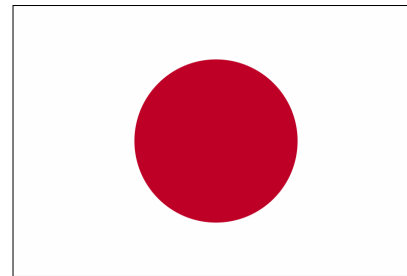
- Biofuels: the “third wave” ...

Biofuels contribute to:

- Energy security (diversification)
- Economic and social development (more income, more food)
- Environment (sustainable development, climate change)

Biofuels require:

- Governmental decisions with adequate public policies
- Global efforts towards creation of a biofuel international market



Muito obrigado!
どうも ありがとう ございました。

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