

## Joint Statement on Cooperation in the Field of Shipbuilding for Facilitating the Offshore Resource Development between Japan and the Federative Republic of Brazil

The following statement was released by the Governments of Japan and the Federative Republic of Brazil on the occasion of the visit of Prime Minister Shinzo Abe to Brazil on 1 August 2014.

Japan and Brazil recognise that it is important to strengthen the foundation of the Brazilian shipbuilding industry in order to build, maintain and manage ships and offshore structures, which sustain offshore oil exploration and production in Brazil. In addition, the two countries recognise that the shipbuilding industry needs not only shipbuilding facilities and workforce but also advanced technologies, specialized knowledge and skills for construction, and that the technologies, knowledge and skills, obtained by the Japanese shipbuilding industry through many years of experience, will benefit the Brazilian shipbuilding industry.

The most important factor, in the shipbuilding cooperation between the two countries, is that Japanese shipbuilding companies have invested and dispatched engineers and skilled workers in order to improve the Brazilian shipbuilding capacity.

In May 2012, Kawasaki Heavy Industries, Ltd. signed a contract with Odebrecht S.A., OAS S.A. and UTC Participações S.A. for a joint venture to invest in Enseada Indústria Naval S.A. The groundbreaking ceremony was successfully held in July 2012 with the presence of the Brazilian President Dilma Rousseff, and currently the shipyard is under construction and drilling ships for Sete Brasil are concurrently being built.

In June 2013, IHI Corporation, Japan Gas Corporation and Japan Marine United Corporation commenced an equity participation in Estaleiro Atlântico Sul (EAS) sharing Japanese advanced technological and operational expertise. The companies are now holding one-third of its stake in EAS with Camargo Corrêa Group and Queiroz Galvão Group keeping another third each. The shipyard has already constructed three shuttle tankers and the Brazilian President Rousseff attended every delivery ceremony. EAS' next deliveries include oil tankers and drilling ships for Petrobras.

Moreover, Mitsubishi Heavy Industries Ltd., Imabari Shipbuilding Corporation Ltd., Namura Shipbuilding Corporation Ltd., Oshima Shipbuilding Corporation Ltd. and Mitsubishi Corporation have signed an investment contract with Ecovix - Engevix Construções Oceânicas. Currently, FPSO hulls and drill ships are being built.

Japan and Brazil expect that the aforementioned participation of Japanese shipbuilding companies in Brazil will play an important role in the improvement of productivity and quality of the Brazilian shipbuilding industry, and will enable on-scheduled offshore oil exploration and production in Brazil.

In order to enhance the partnership between Japan and Brazil in the shipbuilding industry, the Memorandum on Cooperation in the Field of Maritime Technology and Industry was signed by the Minister of Development, Industry and Foreign Trade (MDIC), Brazil and the Minister of Land, Infrastructure, Transport and Tourism (MLIT), Japan. In addition, public and private sectors of both countries get together and hold a roundtable conference every year in Rio de Janeiro to exchange information and discuss solutions to the issues of the oil exploration and production and development of the shipbuilding industry.

Currently, a relevant issue, in the development of the Brazilian shipbuilding industry, is the enhancement of the qualifications of human resources for the shipbuilding industry. To improve this situation, Japan and Brazil plan to start a technical cooperation project to develop human resources. In line with this project, MLIT, JICA, MDIC and SENAI will promote the exchange of instructors to improve skills and knowledge of Brazilian workers for shipbuilding, including a foreign training in Japan.

The project will also introduce Japanese-style practical construction process management and construction method into the Brazilian shipbuilding industry. The implementation of this project will be managed by MDIC and the MLIT's expert on shipbuilding policy.

The two countries recognise that technologies and products of Brazilian shipbuilding industry should fulfil the higher level requirements, in terms of safety, performance, functionality, efficiency and quality, in order to ensure the capability of exploration and production while the offshore oil fields are shifting to the deep water area far away from the land of Brazil.

One of the typical challenges to satisfy the requirements mentioned above is how to

ensure safety and efficiency in transportation of workers from the land area to the offshore platforms, located in an area more than 300 kilometres away from the shore called the pre-salt area.

As a potential solution to the above challenge, Japanese shipbuilding industry has proposed the Logistic Hub System consisting of high-speed vessels and large-scale floating structure technologies.

The two countries recognise that it is important to develop technologies and products for offshore resource development by strengthening Japan-Brazil cooperation in not only the private sector but also the academic and administrative levels.

The two countries also recognise that Japan-Brazil cooperation in the shipbuilding sector dates back to the 1950s, when the current IHI Corporation established Ishikawajima do Brasil Estaleiros S/A (ISHIBRAS) in Rio de Janeiro. In addition, the countries recognise that current shipbuilding cooperation owes to the trustworthy relationship, between the two countries in the shipbuilding sector, founded by ISHIBRAS and many people who had worked for the shipyard.

From this experience, Japan and Brazil expect that the future enhancement of cooperative relationships in the shipbuilding sector for Brazilian offshore resource development will contribute not only to the enhancement of cooperation in the economic field but also to the enhancement of friendly ties through personnel exchange between the two countries.