

Final Report on the 13th Wise Group Meeting for Strategic Economic Partnership  
between Brazil and Japan

April 8, 2025

The Wise Group for Strategic Economic Partnership is a group of business experts from Brazil and Japan established to discuss specific issues affecting both countries from a broad perspective and provide recommendations and proposals to officials of each government. The Group aims to promote bilateral strategic economic partnership and relations. Since its formation in 2007, it has held multiple meetings to pursue these goals.

This year, the 13th meeting was held in Casa Firjan, Rio de Janeiro, Brazil, on April 8, 2025. Considering the recent progress in low-carbon and decarbonization efforts, the accelerating development of artificial intelligence (AI) and digital transformation (DX), as well as the rising, geopolitical tensions, intensifying trade friction and technological competition, along with the ongoing global inflation and the emergence of economic blocs, the Group members discussed the ideal form of bilateral co-operation between the two nations, and expressed their opinions, suggestions and proposals on the following three themes; "Collaboration for Decarbonization and Ecosystem Conservation", "Collaboration for Supply Chain Resilience and Security of Essential Goods and Resources" and "Collaboration in New Fields".

The first theme, "Collaboration for Decarbonization and Ecosystem Conservation," is the topic that has been discussed for several years in the Group meetings but considering its importance and need for fixed-point observations on progress, it was decided to keep the subject at this meeting.

During past meetings, it was confirmed that Brazil, which already generates 85% of its electricity from clean sources such as biomass, hydropower, solar and wind power, and Japan, which has advanced technologies related to low carbon and decarbonization, have a complementary relationship to solve the common issue regarding climate change. Specifically, cooperation has been promoted in various fields such as bioethanol and biofuels, sustainable aviation fuel (SAF), green hydrogen and ammonia, and biochemicals.

On the other hand, the second term of Donald Trump administration, announced its withdrawal from the Paris Agreement, the Inflation Reduction Act (IRA) and the Infrastructure Investment and Jobs Act (IIJA), marking a major shift in U.S. policy on decarbonization and climate action, including an executive order immediately halting the expenditure of funds allocated to it. Thus, it is necessary to pay close attention to how moves such as the review of the U.S. clean energy policy, the relaxation of domestic environmental regulations, and support for the fossil fuel industry will affect the international community in the future, as well as whether there are any variations in decarbonization and climate change measures in each country.

At this meeting, we reviewed what kind of initiatives have been promoted under the cooperation of Brazil and Japan over the past year from the perspective of decarbonization and ecosystem conservation, what kind of technological development has occurred, and based on the review, we exchanged views on what we should do in the future and what we should focus on. It was also discussed how Brazil and Japan should increase their cooperation and economic integration in response to the evolving situation of the U.S. economic policy and its impacts on the global economy.

Through the Prime Minister Fumio Kishida's visit to Brazil in May 2024, during his meeting with President Luiz Inácio Lula da Silva, both leaders of the nations announced the "Japan-Brazil Green Partnership Initiative (GPI)", and an agreement was reached to strengthen environmental cooperation, including the sustainable development of the Amazon region. At the Environment and Climate Sustainability Ministers' Meeting, held in Rio de Janeiro in October last year, an agreement was reached to promote international cooperation on climate change countermeasures and biodiversity conservation. Under the framework of initiatives and cooperation promotion by these two governments, concrete investment projects by Japanese companies and collaboration with Brazilian companies are steadily progressing in various fields, such as the production and development of biofuels and biogas, the further expansion of renewable energy production such as solar and wind power (onshore and offshore), and the development of green hydrogen.

Continuing to develop joint businesses that combine the advanced and diverse technological capabilities of Brazil and Japan with the potential of renewable energy will not only contribute to achieving carbon neutrality in both countries, but also to the realization of global decarbonization and climate change countermeasures. As policy shifts in the U.S. have been observed since the beginning of this year, it is important for Brazil and Japan to maintain and strengthen the international decarbonization agenda in cooperation with other countries around the world. In particular, at COP30 to be held in Belém, Brazil, in November this year, it is hoped that Brazil, which holds the presidency, will lead discussions on forest conservation and sustainable development. On the other hand, Japan is expected to actively promote and support these international discussions.

Under the initiative of the governments of the two countries, the Wise Group emphasized that the business communities of the two countries should further strengthen and advance cooperation for the purposes of decarbonization, climate change countermeasures, ecosystem conservation, and at the meeting, the following opinions and proposals were expressed by each member regarding the possibility and measures of concrete initiatives.

- ✓ Facilitation of Brazilian public-private cooperation to support Japanese Programs for Ethanol Blending in road transportation, Sustainable Aviation Fuel and Sustainable Maritime Fuel by sharing expertise in production, logistics and infrastructure acquired over 50 years of large-scale ethanol in mobility
- ✓ Building upon the Brazilian R&D on sugarcane to favor an increased productivity and a positive impact on the production and use of ethanol in Asia.
- ✓ Promotion of the implementation of fair, science-based mechanisms to incentivize low-carbon fuels in Japan, utilizing certified and internationally recognized emission factors. Notable frameworks such as EU Renewable Energy Directive (RED), Brazil's RENOVA Bio, and the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) recognize Brazilian sugarcane ethanol for its low Carbon Intensity (CI) and large scale.
- ✓ Promotion of long term supply agreements between Brazilian and Japanese companies in the fields of low carbon biofuels including ethanol, biogas and sustainable aviation fuel (SAF) aligned with IATA net-zero goals
- ✓ Further development of hydrogen-reduced iron technology and continued verification for its practical application
- ✓ Contributing to Brazil's unique decarbonization by combining Brazil's strengths of sugarcane-derived ethanol with Japan's strengths of electrification technology

- ✓ Enhancement for Japan's mobility industry through the introduction of flex-fuel hybrid vehicles (FFVs) and the expansion of flex-fuel plug-in hybrid vehicles (PHEVs) in Brazil
- ✓ Stimulation for the adoption of ethanol as a Sustainable Maritime Fuel, exploring its potential as a sustainable and efficient alternative to contribute to the decarbonization of the global shipping sector
- ✓ Joint cooperation by Brazil and Japan for the spread of ethanol in other regions such as India and Thailand
- ✓ Cooperation in both hardware and software of the Brazilian and Japanese industry ecosystem for decarbonization
- ✓ Reducing greenhouse gas emissions and contributing to sustainable urban development by using digital technology
- ✓ Financial support and cooperation for green projects that will lead to the prevention of global warming, conservation and mitigation of climate change effects
- ✓ Collaboration in the development of hydrogen production technology using Brazilian expertise in biofuels
- ✓ Promotion of bioethanol in the mobility sector and Brazil's contribution in gasoline blending of ethanol in Japan
- ✓ Importance of establishing a mechanism for carbon credits, including energy efficiency, reverse logistics and chemical recycling and plastics valorization
- ✓ Joint opportunities related to the bioeconomy
- ✓ Importance to create opportunities from Biodiversity Credits for the conservation of Brazilian biomes, including oceans
- ✓ Opportunities to implement CCUS (Carbon Capture, Utilization and Storage) solutions
- ✓ Production and export of calcined clay and decarbonization of cement production
- ✓ Collaboration on development and production of green steel, such as self-reduction of iron ore using carbon and energy derived from biomass and the development of a platform for the production of metallic iron in the form of HBI (hot briquetted iron), using green hydrogen and cold agglomerates in the direct reduction process of iron ore
- ✓ Joint participation in public calls to attract research centers in Brazil dedicated to hybrid engines, green energy and ethanol with negative carbon footprint
- ✓ Cooperation between Brazil and Japan for COP30 and discussion on the role of industry in ecosystem conservation and energy transition
- ✓ Challenge toward technological development and drastic cost reduction of hydrogen production by renewable energy
- ✓ Importance of running operations that consume large amounts of electricity, such as data centers, cloud computing, and artificial intelligence, in Brazil, which has an abundance of renewable energy
- ✓ Capitalization on Brazil's extensive port infrastructure, with over 15 ports equipped to handle liquid bulk, to enhance the efficiency and capacity of transporting low-carbon biofuels to Japan.
- ✓ Fostering cooperation between Brazil and Japan to aid in developing the ethanol blending programs in regions like India, Southeast Asia and Africa, leveraging Japanese expertise in automobile production and Brazil's expertise in ethanol production and country-scale blending infrastructure.

The second theme: "Collaboration for Supply Chain Resilience and Securities of Essential Goods and Resources" dealt with discussion on how Brazil and Japan can work together to solve issues related to the global value chain resilience and diversification. Ensuring stability in the procurement, food and energy security as supply chain disruptions and raising protectionism persists due to escalating geopolitical tensions, conflicts, and



climate change in many parts of the world. Issues such as rising prices, supply shortages and production delays persist and have also a negative impact on economic activity.

Over the past year, prices in Japan have continued to rise due to soaring global energy and food costs and a decrease in the exchange value of yen. In particular, the increase in crude oil and natural gas prices is directly linked to the rise in electricity and gasoline prices, which has had a significant impact on Japan's industry and people's lives. Since Japan relies on imports for many of its important commodities, such as natural resources, energy and food, the impact of such price increases is significant. Especially in order to stabilize the supply and prices of food, which is particularly dependent on imports, it is relevant to strengthen domestic agricultural production, but there is a limit to how much self-sufficiency can be improved within a limited national territory. Therefore, while it is indispensable for Japan to continue food imports, it is also essential to avoid dependence and concentration on specific countries to mitigate risks by diversifying procurement sources. In addition, it is important to actively conclude free trade agreements (FTAs) and economic partnership agreements (EPAs) to ensure stable and reliable import routes. In addition, critical minerals and high-quality iron ore are extremely indispensable resources from the perspective of realizing a decarbonized society. The foundation of advanced technologies play an important role in maintaining Japan's industrial competitiveness. The diversification of supply chains for these resources is an urgent issue.

On the other hand, Brazil is well established, diversified and reliable economy that produces a wide variety of mineral resources such as crude oil, iron ore, bauxite, and niobium, and exports many agricultural and livestock products such as soybeans, corn, beef, and chicken to the world.

Especially in the agriculture and food sectors, the Brazilian government is working to increase productivity and convert degraded pastures into farmland in a way to keep balance with ecosystem conservation and increased competitiveness. In this effort, Japan can contribute to improvement the efficiency and productivity of Brazil's agriculture by providing precision agriculture technology and supporting the development of agricultural infrastructure. In addition, it is possible to contribute to the production of high-value-added agricultural products by providing technologies for maintaining the freshness of agricultural products and processing technologies, and to contribute to the reduction of food loss through the development of cold chains and the sharing of technologies to improve logistics efficiency. These efforts will contribute to the expansion of agricultural and food production and the strengthening of competitiveness in Brazil, which in turn will lead to the stabilization of food supply and its prices to Japan.

Not only in the field of decarbonization, but also from the perspective of economic security, Brazil and Japan are in a good position to complement each other. In addition, the two countries share values such as democracy, the rule of law, and free trade, and have built a relationship of mutual trust over many years, which enables safe and stable cooperation and coordination in the supply and demand of important resources and goods. At the Wise Group Meeting, the following opinions and proposals were presented on what kind of efforts should be made by the two countries against the background of such a possibility of cooperation between the two countries.

- ✓ Expansion of financial support for the agriculture, biofuel sectors and any other sectors that contribute to

supply chain resilience

- ✓ Importance of economic partnerships between Brazil and Japan and third countries, in Latin America and Asia regions, which share common values, human rights, freedom and democratic values
- ✓ Urgence of early conclusion of the Japan Mercosur Economic Partnership Agreement (EPA) from the perspective of supply chain resilience between Brazil and Japan
- ✓ Promoting foreign and economic policies based on a global perspective and international rules
- ✓ Discussion on the opening of Japan market to Brazilian beef and pork into the and the importance of considering measures for coexistence with domestic products
- ✓ Cooperation in the advancement of production technology, biotechnology for degraded soil regeneration and the efficiency of farming management, such as digital agriculture using ICT technology, as well as to flights satellite and drone environmental monitoring
- ✓ Development of agricultural technologies for climate adaptation, especially through varieties with greater resilience to rising temperatures and changes in rainfall patterns, as well as a partnership for disaster recovery. Suggestion to consult the Japanese government about possibilities for collaboration in this area, either through non-reimbursable aid or technological cooperation
- ✓ Partnership on fertilizer production in Brazil, increasing national fertilizer production
- ✓ Promotion of concrete projects for cooperation in the fields of base metals, critical minerals, high quality iron ore and the Importance of financial support for these fields
- ✓ Expansion of financial support for the agriculture, biofuel sectors and any other sectors that contribute to supply chain resilience
- ✓ Brazil is interested in participating in the chain of critical minerals for battery production, so the government plans to promote an auction of batteries for energy storage not only for the automotive sector, but on a large scale.

The third theme, "Cooperation in New Fields," aims to propose and discuss all possibilities of cooperation in various areas such as wellness, healthcare, and start-up support, in addition to cooperation in the sphere of information technology, such as digitalization and the use of AI, which was discussed last year.

The importance of joint research and technology development by integrating the advanced and superior technologies of Brazil and Japan, and the fact that the wealth of data and experience possessed by both countries can be used to improve productivity and profitability, were confirmed in the discussions at last year's meeting. It is important that these efforts will be continued and expanded further in all industrial fields in Brazil and Japan.

Especially in Japan, where the labor force is declining due to the decreasing birthrate and increasing aging population, it is important to promote automation in both manufacturing and service industries and maintain productivity by introducing AI and robot technology. In Brazil, AI and automation technologies have already been introduced in a wide range of fields, such as agriculture, manufacturing and services, to improve productivity, but they are expected to be used in many more areas, such as improving the efficiency of public services and developing the quality of education. Brazil and Japan can share technologies and experiences with each other and accelerate their efforts together in pursuing more improvement of productivity and efficiency through digitalization and AI.

Brazil is one of the largest markets in South America, with a population of 220 million, and its economy continues to grow. In this context, there is an increasing need for the efficiency and sophistication of systems and services using digital technology, such as the competence of public services, the development of medical infrastructure, and the introduction of more advanced security systems. In Japan, the development of both hardware and software to meet these needs is progressing. There is a possibility that the demand for digital technology in response to such social changes can be met through collaboration between Japan and Brazil.

Brazil and Japan, each possessing their own technologies and large economic power, have various possibilities for collaboration and cooperation in the digital field, and can mutually utilize the know-how they have developed. While it is expected that the strengths of these two countries will be combined to build a more prosperous society, the Wise Group members pointed out the importance of the following initiatives and stressed the need to overcome existing challenges.

- ✓ Cooperation in technological infrastructure and joint development aimed at strengthening the independence and competitiveness of AI technology
- ✓ Utilization of digital documents and identity systems to improve security and streamline and speed up administrative, governmental and business procedures
- ✓ Cooperation in AI-based medicine discovery and vaccine development considering the strategical health economic-industrial complexes of both countries
- ✓ Importance of providing education and training opportunities to narrow the digital divide
- ✓ Cooperation in both hardware and software in response to an aging society, such as a monitoring system that utilizes digital technology
- ✓ Expansion and progress of services related to advanced disease prevention and the avoidance of further complications
- ✓ Cooperation in the deployment of secure and open 5G and related infrastructure, such as Open RAN, as the base for the utilization of digital technologies
- ✓ Importance of improving safety, security, and convenience through Connected Services like IoT
- ✓ Discussion on structure and content of government regulations concerning the development and use of AI
- ✓ Importance of cooperation on reducing greenhouse gas emissions and improving safety through the utilization of digital technologies and AI
- ✓ Cooperation between Japan and Brazil in integration of system and use of digital technologies in building up system for tackling climate urgencies, like forecast and protection of natural disasters and evacuation of population

For many years since its foundation, the Wise Group has been appealing to the governments of both nations for the early conclusion of an Economic Partnership Agreement (EPA) between Japan and Mercosur. During 2025 Wise Group meeting, in light of current geopolitical challenges, it has become even clearer that the conclusion of the EPA is urgent and expected to further invigorate trade between Japan and Mercosur. The agreement will also foster mutual investment both in Japan and the Mercosur region, will improve the economic and business environment, such as reviewing regulations on investment by foreign capital and formulating rules for dispute settlement.

During Prime Minister Kishida's visit to Brazil in May last year, in addition to launching the Green Partnership


Initiative (GPI) with President Lula, they confirmed the importance of strengthening this relationship and took advantage of opportunities such as the "Dialogue to Strengthen the Economic Relationship between Mercosur and Japan". The two leaders agreed to consider ways to strengthen economic relations in a wide range of fields.

On the G20 Summit in November last year, Prime Minister Shigeru Ishiba and President Lula held a summit meeting in which it was agreed that the Japan-Mercosur Strategic Partnership Framework would be discussed and worked together as a forum for win-win cooperation in a wide range of fields, including trade and investment.

Furthermore, at the Japan-Brazil Summit Meeting held on the occasion of President Lula's visit to Japan in March this year, brought significant results to bilateral relations between the two countries, marking the 130th anniversary of the Treaty of Friendship, Commerce and Navigation. The visit was considered a milestone in the two nations relations, with advances in several areas and the signing of 10 bilateral agreements and 80 cooperation instruments in areas such as agriculture, industry, environment, science and technology, education, health and aviation. Furthermore, leaders of the two countries agreed to visit each other's countries every two years to hold talks to further strengthen the bilateral relationship as a "strategic global partner," and to further strengthen the trade and investment relations between the two countries and raise the economic relationship to a higher level. President Lula and Prime Minister Ishiba confirmed that they would launch the Japan-Mercosur Strategic Partnership Framework at an early date, and that they would proceed discussions to deepen trade relations under this framework.

During a year since the last meeting, the leaders of Brazil and Japan have visited each other with unprecedented frequency, and the two countries have discussed the ideal form of cooperation and coordination also with unprecedented intensity. In this context, we believe that the development of a framework and an environment conducive to the creation of rules will lead to the further expansion and enhancement of trade and investment between the two countries. This year, the dialogue between the leaders and high-level government officials of Brazil and Japan will take place repeatedly at important events and international conferences to be held in their respective countries, such as the Osaka-Kansai Expo and COP30. In anticipation of these opportunities, the Wise Group once again strongly urges the governments of both countries to reach an agreement to begin official discussions and dialogue regarding the introduction of the Japan-Mercosur EPA.

As the Wise Group, we will report the results of this discussion to the leaders of the two governments, and in order to realize the proposals and recommendations, we will contribute to the development of the economies of both countries by collaborating with the governments, the economy, industry and individual private companies with the aim of creating and expanding concrete initiatives and projects.

  
(Signature)

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