

*AN ABSTRACT OF CASE STUDY I: BRAZIL: CREATING THE MACRO ENVIRONMENT FOR INNOVATION*¹

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With the ninth largest economy in the world and the second largest economy in the Americas after the United States, Brazil has been dubbed, “Latin America’s success story”². With an annual growth rate of 5%, it is projected that post 2014, Brazil will become the world’s fifth largest economy and by 2025, São Paulo is predicted to be the world’s fifth wealthiest city. With their democracy, lack of insurgents, “no ethnic and religious conflicts or hostile neighbors”³ and variety of exports, Brazil has been said to “outclass”⁴ other BRIC countries. To what does Brazil owe such acclaim?

It is without speculation that “Brazil occupies key niches in energy, renewable energy and bio-fuels as well as biotechnology, agriculture, service industries and high technology markets.”⁵ Brazil develops projects that range from submarines to aircraft as well as space research and Brazil is a pioneer in fields of deep water oil research⁶.

In addition to having the advantage of natural resources at their fingertips, Brazil also has a very entrepreneurial population (1 out of every 8 adults is creating their own business) which has helped them “climb up the ladder of innovation.”⁷

Although Brazil’s IP industry is in its infancy and able to benefit from competitive and comparative advantages, the country must be cautious of conservative behaviors can hinder innovation⁸. Brazil also has significant income inequality and crime and corruption issues that political leadership needs to decrease so they do not effect innovation in a negative way⁹.

Nonetheless, even with the existence of potential hindrances, Brazil is currently 13th in terms of “published scientific articles in national and international scientific magazines and journals.”¹⁰ Brazil has managed to develop a significant capacity for innovation in the bio-sciences and an increase in funding coupled with improved legislation has improved the structure of various innovative areas¹¹. As a result of the improvement of innovation, the number of patent filings by Brazilian entities has increased domestically and abroad.¹²

Despite being on the brink of success and innovation, Brazil still has “low R&D [expenditures], poor quality primary education, limited capacity for commercial innovation and a discrepancy between supply oriented innovation and market driven

¹ [All quotes and information for this abstract were obtained from: *Global Innovation Index 2009-2010. Case Study I: Brazil: Creating the Macro Environment for Innovation*. Confederation of Indian Industry. Insead the Business School for the World pp. 41-43.]

² 41

³ Id.

⁴ Id.

⁵ Id.

⁶ Id.

⁷ Id.

⁸ 42

⁹ Id.

¹⁰ Id.

¹¹ Id.

¹² Id.

demand”¹³. The Brazilian Cenatecs network and the numerous incubators that have been established by municipalities are a good base for the nation’s innovative industry, but they need to be expanded to face likely increase in demand or to simply stimulate new ‘vocations’¹⁴.

Domestically, Brazil is “encourage[ing] innovation through [] IP protection and integrat[ion] [] of institutions, laws and norms.”¹⁵ Unfortunately, such efforts cannot be seen on the international front. If the same efforts existed internationally, Brazilians would be more competitive globally because the necessary human resources are already there¹⁶. Also, “[t]he high level of risk associated with R&D investments that deter more individuals and companies from getting involved in the Brazilian biotech sector”¹⁷ have yet to be remedied. Hopefully we will start to see some of the necessary changes being made so that Brazil can experience the success that they are capable of achieving.

¹³ 43

¹⁴ Id.

¹⁵ 43

¹⁶ Id.

¹⁷ Id.