



Brazil: innovation commitment, the only way

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The reality of the Brazilian economy has dramatically changed during the last decade. Brazil has not only consolidated its position among the world's greatest economies, but has also opened up to foreign trade and investment. However, important steps are still needed in order to grow sustainably, recover high growth rates and to achieve a higher level of domestic productivity.

In this sense, Brazil is aware that productivity is one of the key factors to increase the country's competitiveness. It is also the main variable that most depend on the efforts of private businesses through large scale hands-on, and improved managerial techniques. However, to continuously expand productivity, enterprises should innovate by launching new products or services, adopting more efficient processes, and investing in new methods and business models.

Therefore, the agenda for innovation has lately become a central aspect of industrial policy in almost every country. It is also recognized by business as a mandatory component for companies' strategies as well as for a country's sustainable growth. This scenario is no different in Brazil, which has the highest innovation level in Latin America, but it is still distant from those of more advanced economies.

The Brazilian National Confederation of Industry – CNI, well aware of this fact, launched in 2009 the *Business Mobilization for Innovation – MEI*. It is an unprecedented collective movement to promote innovation based on two main themes:

- (i) stimulate and encourage innovation strategies within Brazilian enterprises;
- (ii) increase innovation public policies effectiveness through a constructive agenda and long lasting dialogue between the private sector and the most relevant public entities in this area.

MEI has brought together a great number of important CEO's from both the largest companies based in Brazil, and those of reduced size but intensive in knowledge and research and development (R&D). As a result they issued a list of recommendations in ten main economic areas to foster indigenous innovation, such as emphasising education and

capacity building in engineering, improving the national legal framework for innovation and intellectual property rights, attracting investment in R&D centres, facilitating companies' investment operations abroad, and so on.

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Innovation is a market imposition to enterprises, and all the actions the Brazilian private sector is taking aims to make companies protagonists of the innovation process. This agenda must be supported by government initiatives, as it has been taken up by other countries.

Some actions by the Brazilian private sector must be given importance, like the work performed by the National Service for Industrial Training – Senai – an education service network managed by CNI to train the work force – which through many decades has developed actions in three distinct areas: expansion and improvement of professional and technological education; extension of services offered through the creation of Senai's Institutes of Technology, and of Senai's Institutes of Innovation, both intended to work on high complexity applied research for small and average size business.

These institutes are important initiatives, especially due to the partnerships created between international universities and R&D centres, focused on the reality of the Brazilian manufacturing and services sectors. The most noteworthy ones are with the Fraunhofer Society, from Germany, and with the Massachusetts Institute of Technology, from the United States, that are world benchmarks for R&D and innovation in the manufacturing sector.

Also, CNI and the MEI movement are working hard to mobilize a greater number of companies to strengthen innovation, structuring the *Net of Innovation Centres – RNI* spread in all five regions of Brazil. MEI has built 25 state innovation centres that are coordinated by industrial federations in partnership with local universities, technological institutes and the Brazilian micro and small enterprises service – Sebrae. More than US\$10 million were spent on these initiatives to

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support companies in projects such as 17 scholarships and tens of projects conducted inside small companies all over the country through RNI.

All successful experiences of countries in innovation have been achieved with the involvement of governments through policies taken to adapt and modernize laws and regulations related to the topic. In addition, special attention is given to improve the level of public education as well as enhance government policies in this field.

In past years, this agenda has progressed at a faster pace. Firstly, by defining eight working groups, then by identifying their CEO's leaders and by establishing scope and schedules. The areas targeted were improvement of human resources for innovation, internationalization of Brazilian enterprises,

attraction of R&D centres, innovation in finance and legal framework, intellectual property rights, access to biodiversity and specific projects like green economy.

Progress was made in important areas, such as intellectual property and regulations to simplify the analysis process to reduce the period of granting a patent. There is still a lot to be achieved in this area in order to develop a pragmatic regime that aims to extend intellectual property rights compatible with the desire of the country to be a producer and owner of knowledge and technology.

Progress was also made in innovation finance and in the creation of the Brazilian Research and Industrial Innovation Corporation – Embrapii, which is a joint effort between public and private sector aimed at generating innovative products and processes, following the successful model of the Brazilian Agricultural Research Corporation – Embrapa.

Increasing Brazil's productivity and competitiveness remains the greatest challenge in the hope of improving the country's growth performance in the next decade and to recover the importance of the manufacturing sector of the economy. This goal will be achieved by continuously working and advancing on the innovation agenda. ■