

Only 1.7% of Brazilian Companies Invest in Research and Development

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Innovation. This is the key word that every Brazilian entrepreneur should have in mind. The companies that go for innovation, be it in products or processes, have 16% more chances of exporting than those that don't invest in research and development.

This is only one of the conclusions of study "Growth and External Insertion", presented yesterday, August 28, at the seminar Inserting Brazil in the World - a series of four debates on how the country may increase its participation in the global market.

The series of talks is an initiative of the Federation of Commerce of the State of São Paulo (Fecomércio) and the study was elaborated by economists João Alberto De Negri and Fernanda De Negri, of the Institute of Applied Economic Research (Ipea).

According to João Alberto, the Ipea looked at 16,000 companies during ten years (from 1996 to 2006) to elaborate the analysis on innovation. Researchers divided Brazilian companies into three great groups: the ones that innovate and differentiate their products, the ones specialized in standardized products and the companies with low productivity.

The ones in the first group spend 3.6% of their revenues in research and development and are exporters. The second group is focused on price and spends only 0.99% in research, and they export or have potential to export. Lastly, the low productivity companies don't export and spend 0.39% in innovation.

The big problem, as shown by the study, is that 77% of Brazilian companies fit in the third group, which doesn't invest and doesn't export. Only 1.7% of national companies fit in the first group. The danger in this scenario, as explained by the researcher, is that the country keeps in its exports basket only the commodities.

"We cannot forget that China is not only a threat concerning exports of products related to natural resources or the result of cheap and abundant labor. They are also dangerous because they invest in technology," analyzed the researcher.

Employment and Education

Technology is not a threat to employment. The study elaborated by the Ipea on behalf of the Fecomércio shows that those who invested in technology generated more jobs in the period analyzed. And more appreciated work.

Innovative companies pay 23% more than the average paid by industry in general. Between 2000 and 2004, the level of employment in these industries grew 29%, against 19% industrial growth.

"While average monthly income in low productivity companies is R\$ 431 (US\$ 200), innovative companies pay R\$ 1,255 (US\$ 585)," explained João Alberto De Negri.

The researcher recalled the importance of universities and of relations between companies and academic organizations for research to grow in Brazil. "Our research environment, universities, technology centers, is greatly under-utilized," he pointed out.

After the presentation of the research, Fecomércio debated the theme with economists Luciano Coutinho, from the University of Campinas (Unicamp), Octávio de Barros, from Bradesco bank, and congressman and former finance minister Antônio Delfim Netto.

All those present defended the growth of government investment in the area of research and development. According to the Ipea study, 90% of expenses in research and development are covered by the organizations themselves.

Seminar "Inserting Brazil in the World" is an initiative of the Fecomércio, aimed at providing new proposals to actively place Brazil in the global marketplace.

The initiative is the continuation of the "Simplifying Brazil" series of debates, which presented proposals to reduce bureaucracy and bottlenecks that reduce economic growth. The idea is to make the themes - and the proposals elaborated - be included into the programs of presidential candidates.

Anba