

# Call to Action



**Compete.**

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## **US-Brazil Innovation Summit 11 – 12 July 2007**

In March 2005, the Council on Competitiveness and Movimento Brasil Competitivo (MBC) signed a Memorandum of Understanding committing our private sector-led organizations to collaborate to enhance competitiveness in the United States and Brazil – and in so doing, contribute to a better environment for trade, commerce and prosperity in both nations and across the Americas.

Coming out of the Council on Competitiveness 20<sup>th</sup> Anniversary in 2006 and building on two years of exchanges and cooperation – including joint participation in the groundbreaking Movimento Brasil Competitivo 4<sup>th</sup> Brazil International Competitiveness Congress – the two organizations have made the strategic decision to elevate their level of engagement. Recognizing the leadership roles of both nations in the hemisphere and the innovation imperative at the heart of 21<sup>st</sup> century competitiveness, the Council and MBC are co-hosting the first-ever **US-Brazil Innovation Summit**, in partnership with the Brazilian Agency for Industrial Development – ABDI.

The **US-Brazil Innovation Summit** deepens the strategic relationship between the United States and Brazil – a relationship that the recent joint meetings between President George W. Bush and President Luiz Inácio Lula da Silva have turbocharged.

The **US-Brazil Innovation Summit** has at its core several key goals:

- Exciting and mobilizing the public and private sectors – in the United States, Brazil and across the Americas – around the theme of innovation-based prosperity.
- Promoting strategies across the Americas to enhance sustainable innovation.
- Building an agenda – a “Call to Action” – that will commit leaders in the two countries to continue working together to build a common innovation-based future.

### **Resolved**

Whereas leaders from the private and public sectors of the United States and Brazil recognize that innovation will be the single most important factor in determining US and Brazilian productivity and prosperity in the 21<sup>st</sup> century, the Council on Competitiveness and MBC call on both our nations to: stimulate and promote innovation and creativity across all sectors of our economies, and to lead the spread of innovation-friendly ecosystems throughout the Americas.

### **The Challenge for the United States and Brazil**

In the face of an unprecedented acceleration of global change and competition – in which growing numbers of economies around the world are focused on competing for high-value investments and



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activities – the challenge for our nations is straightforward: to unleash our innovation capacities to drive productivity, standard of living and leadership in global markets. Over the next quarter century, the United States and Brazil must optimize their entire societies for innovation.

### **Call to Action**

The United States and Brazil face a unique and delicate historical juncture, shaped by two unprecedented shifts – one in the nature of global competition, the other in the nature of innovation itself:

- The world is dramatically more interconnected and competitive – but one in which the United States and Brazil have common ground on which to stand (large and diverse populations; strong domestic markets with foreign export power; rich natural resources; vibrant, creative, entrepreneurial classes; etc.).
- Where, how and why innovation occurs are in flux – across geography and industries, in speed and scope of impact, and even in terms of who is innovating. In many ways, the global playing field is leveling, and the barriers to innovation are falling – and in the 21<sup>st</sup> century, the pace will only accelerate.

The **US-Brazil Innovation Summit** is laying the foundation to build on this common ground in order to forge a natural partnership – a partnership aimed at ensuring both our nations and our entire hemisphere is globally competitive and innovative. To thrive in this new world, it will not be enough – indeed, it will be counterproductive – simply to intensify current stimuli, policies, management strategies and to make incremental improvements to organization structures and curricula.

Today, we call on our nations, our partners across the Americas and ourselves to focus on an innovation agenda that will prepare all Americans for success in the 21<sup>st</sup> century. This **Call to Action** centers on the three most critical enabling conditions for innovation: **TALENT, INVESTMENT** and **INFRASTRUCTURE**.

- **TALENT.** We must cultivate an innovation talent base in the United States, Brazil and across the Americas. “Talent” represents the human dimension of innovation, including knowledge creation, education, training and workforce support.
- **INVESTMENT.** We must create the investment climate in the United States, Brazil and across the Americas to fuel a 21<sup>st</sup> century innovation economy. “Investment” represents the financial dimension of innovation, including R&D investment; support for risk-taking and entrepreneurship; and encouragement of long-term innovation strategies. All nations must give innovators the resources and incentives to succeed.
- **INFRASTRUCTURE.** We must build the physical and policy structures that support innovators. “Infrastructure” includes the intellectual property protection at the heart of any innovation-driven economy; the networks for information, transportation, healthcare and energy; business regulation; and structures of collaboration among innovation stakeholders.

### **Talent for Innovation**

The first innovation priority for the United States and Brazil must be our workers and our citizens. While both countries have developed an educated middle class as well as outstanding scientists, engineers and technologists, we still have many challenges to face – and opportunities to seize. Our educational institutions must provide quality education to even larger numbers of citizens and people from all socio-economic backgrounds – throughout their lives. We must provide our students with an increasingly global orientation and education so that they can more easily move between cultures and economies in a mobile world. And we must support workers’ and families’ ability to succeed – not merely survive – in a world in which skills needs are rapidly changing and the competition for jobs is global. At the end of the day, human creativity and human capital drive innovation and economic growth.

The United States and Brazil must focus on three priorities:

- Build our base of scientists and engineers.
- Catalyze our next generation of innovators.
- Empower our workers to succeed in the global economy.

To this end, we call on our private sector members and governments to work together to:

- Strengthen primary and secondary education, especially in science, technology, engineering, and mathematics (STEM).
- Increase the numbers and proportions of students in higher education who are trained in science, engineering, entrepreneurship and management.
- Stimulate workforce flexibility, skills and teamwork through lifelong learning opportunities.
- Establish a new “Innovation Leaders Program” – a US and Brazilian industry-sponsored, competitive leadership program focused on educating the next generation of innovators in frontier, multidisciplinary areas that will drive future competitiveness.
- Encourage greater US and Brazilian studies in both nations through the creation of American and Brazilian Studies Institutes.

### **Investment for Innovation**

In the Industrial Age, machines and physical plant were king – the core assets of most companies. In economies driven more today by innovation, intangibles and concepts, however, intellectual capital is the engine that drives economic growth and prosperity. Investment risks and rewards are increasingly built around ideas – how we develop and deploy them, how we protect them, and how we value them.

The United States and Brazil must focus on three priorities:

- Turbocharge frontier and multidisciplinary research.
- Energize our entrepreneurial economies.
- Reinforce risk-taking and long-term investment.

To this end, we call on our private sector members and our governments to work together to:

- Increase public and private sector investments in science, engineering and advanced design – especially in multidisciplinary areas such as biotechnology, biofuels, nanotechnology, information technology, computer sciences and aerospace.
- Provide incentives for R&D and innovation such as permanent science, technology and experimentation tax credits.
- Increase the availability of early-stage risk capital – and expand angel networks across regions and nations.
- Provide broader access for small and medium-sized firms to traditional capital markets.
- Support and build awareness of “innovation hotspots” in the United States and Brazil – and find ways to link these innovation nodes to drive collaboration and commercialization of innovative ideas.
- Make rural development a strategic national objective by leveraging agriculture-based energy to drive rural prosperity.
- Support and build on the US-Brazil Biofuels Partnership – and invest in programs for long-term alternative/renewable energy sources.
- Support efforts to deepen bilateral tax relationships between the United States and Brazil.

### **Infrastructure for Innovation**

A major key to a robust 21<sup>st</sup> century economy will depend both on the policy and the physical infrastructures that enhance innovation – and accelerate trade and investment. The steps that both nations take today to encourage high-value investments – both domestic and foreign – will be critical to future prosperity and standard of living.

The United States and Brazil must focus on three priorities:

- Create a 21<sup>st</sup> century intellectual property regime.
- Create national consensus for innovation-based growth strategies.
- Strengthen platforms for the high-value manufacturing that will drive future prosperity.

To this end, we call on our private sector members and our governments to work together to:

- Improve the protection of intellectual property – across all industry sectors and fields of endeavor throughout the Americas – as the key asset to innovation and a core determinant of high-value investment.
- Place intellectual property rights and trade distortions front-and-center when negotiating and signing trade treaties in the Americas.
- Leverage strong intellectual property rights to encourage greater collaboration between US and Brazilian innovators.
- Support bilateral negotiations to deepen and strengthen US-Brazil trade relationships.
- Support private and public sector innovation efforts – like Brazil’s pathbreaking innovation law, The Industrial, Technological and Foreign Trade Policy – PITCE and CNDI’s National Innovation Initiative, the US Council on Competitiveness National Innovation Initiative, President Bush’s Americas Competitiveness Initiative, bi-partisan innovation enacted by the U.S. Congress and the U.S. National Governors Association Innovation America initiative – that make explicit the critical role innovation plays in building prosperity and future competitive advantage.
- Improve benchmarking of innovation investments and performance – and develop new metrics for innovation and its impact.
- Streamline regulations and shorten the time and steps needed to open new businesses.

### **Roadmap for Results**

In addition to calling on our national governments – and peers across the Americas – to focus on these innovation priorities, the private-sector leadership of the Council on Competitiveness and Movimento Brasil Competitivo pledge to continue our own dialogue and collaborative activities to meet the goals of the US-Brazil Innovation Summit and Call to Action. We call on our own organizations to work on the following efforts over the coming two years:

- Create in 2008 a joint Task Force to identify regulatory, tax, legal and other barriers to investments and collaboration in areas of frontier research and opportunity.
- Establish in 2009 a biennial “Roadmap for Innovation and Regulatory Reform” to measure progress in dismantling barriers to innovation-based growth and collaboration.
- Establish over the coming two years a joint project to create a new “Innovation and Competitiveness Index for the Americas” that will benchmark key performance and prosperity metrics.
- Encourage honorary cross-participation of leading US and Brazilian CEOs in the projects and activities of MBC and the Council on Competitiveness.
- Begin preparing steps for a 2<sup>nd</sup> US-Brazil Innovation Summit in 2009.