



# Brazil

## *Strong diversity offsets lagging technological growth*

A Modest Innovator, Brazil earned a mixed bag of grades, with room for improvement in several categories.

Brazil’s average internet speed of just 6 mbps is consistent with that of other Latin American countries, but lands at the lower end of the averages in other parts of the world. Only about a fifth of all Brazilian workers are highly-skilled, which also lags the numbers in other nations.

Drone operators face some restrictions, including an age limit that prevents anyone younger than 18 years old from flying a drone and another rule that requires any device over 250 grams to be registered. Brazilian authorities also outlawed the use of drones less than 30 meters — about 100 feet — above populated areas.

Brazil was on par with other countries in research and development spending, investing 1.17 percent of its GDP in R&D efforts, well above what neighboring countries devote to the sector. And while immigrants make up only a small portion of the Brazilian population, an ethnically diverse population and gender parity on par with most other countries gave Brazil a strong showing in diversity.

Sources: (Tribune) (Library of Congress) (Reuters)

## WHAT DID WE DO RIGHT?

Brazil allows rideshare services and short-term rentals to operate without onerous federal rules, but some localities impose fees on rideshare operators and are starting to develop zoning rules and special taxes for short-term rentals.

## WHAT CAN WE DO BETTER NEXT YEAR?

Brazil should allow the testing of self-driving vehicles, lower its corporate tax rate, boost its annual new business entry rate, and raise the number of graduates with STEM degrees, who currently constitute only 14 percent of all degree holders.

Diversity	B-
Freedom	B-
Broadband	C+
Human Capital	D+
Tax Friendliness	F
R&D Investment	B-
Entrepreneurial Activity	F
Drones	C
Ridesharing	B
Short-Term Rentals	B
Self-Driving Vehicles	F
Environment	B



### Short-Term Rentals

Allowed to operate without serious federal impositions, but local zoning and taxes burden the growing industry.



### Broadband

Relatively low average internet speeds of 6.8 mbps for fixed and 5.2 mbps for mobile broadband are offset by affordable monthly costs of \$17.



### Environment

More than 98 percent of Brazilians have safe drinking water and the country’s ambient air quality just exceeds the World Health Organization Air Quality Guideline standards.



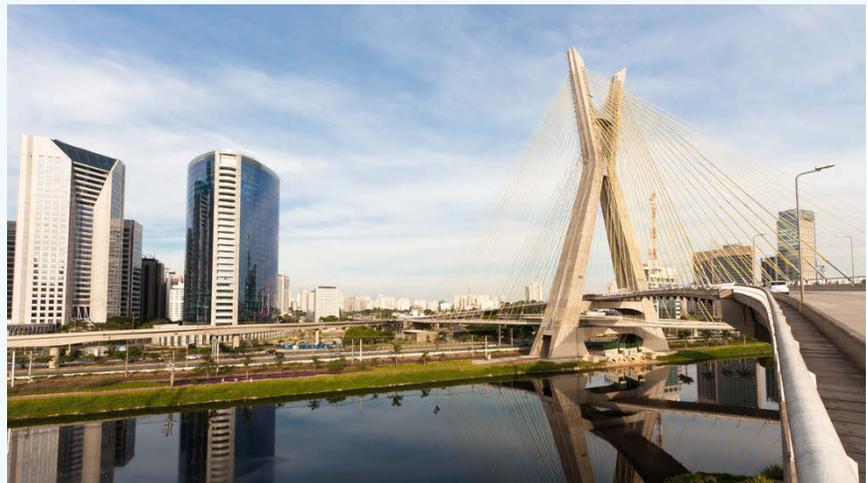
### R&D Investment

Brazil spends just over one percent of its GDP on research and development, more than any other Latin American country graded.

## SÃO PAULO

Brazil’s wealthiest and most populous city, São Paulo, has built itself into the center for technological innovation in South America’s largest nation.

Established companies, including Airbnb, Facebook and Uber have set up shop in the city, as have a majority of Brazil’s small-scale startups. Nationwide, the startup sector grew by an estimated 30 percent a year between 2011 and 2016, despite rocky economic and political landscapes.



Sao Paulo has attracted interest from worldwide brands like Airbnb and Facebook, both of which set up shop in the Brazilian city. Google joined them in 2016, adding Sao Paulo to its list of Google for Entrepreneurs cities and raising more than \$1.3 million for local companies in the program.

Google chose São Paulo for its first South American campus, launching a Google for Entrepreneurs site there in 2016. In that year alone, the incubator attracted more than 67,000 members and raised more than \$1.3 million for companies spanning sectors from education to e-commerce.

Despite a three-year recession, the industry is betting on a continued startup boom. São Paulo-based coworking space Cubo announced a plan to quadruple office space in the city by summer 2018, expanding to hold as many as 210 companies.

Sources: (Google for Entrepreneurs) (Be Brasil) (TechCrunch) (Startup Compass) (Inc.) (Reuters) (VentureBeat)