

Thematic Session 4

Innovation policies in the Defense Industrial Complex

In the 2000s policies to support to defense industry started to be discussed again in Brazil. Given its high technological character, amongst others, innovation policies ought to keep a close relationship with industrial ones. Therefore, the Brazilian Productive Development Policy (2008) had significantly contributed to the design of strategic policies which articulate industry and innovation in the defense area. In this context, it is important to discuss the main actions undertaken in the country in the last few years, as well as the development capacity in the area.

With the end of the military dictatorship in the 1980s the Brazilian defense industry entered into a declining period and only few firms survived. Nevertheless, this strategic economic area rises back to prominence in the last decade, what may grant a new boost to such enterprises, bringing back a marginalized area to the centre of policy actions.

Such changes deserve to be analysed and discussed, not only taking into consideration the previous historical factors, but also the technological spillovers that might occur in the future due to current actions. In this sense, it is proposed that the proposed policies should be assessed in a systemic context, including productive, technological and institutional aspects, and how they interact with each other in an attempt to develop the Brazilian industry.

Additionally, when taking into account the relative technological gap of the Brazilian industry, defense innovation policy is to be considered one of the main supporting instruments, as the revitalization presupposes the technological update of its productive base, that is considered out dated in most areas, apart from aeronautics. Innovation in the area of defense can also be used, as in other countries, for civilian purposes. Particularly in Brazil, because of the size of its borders and the precarious living conditions of the population in remote areas, the technological efforts and innovation in defense can also be combined with policies to fight poverty.

However, for political actions to have a better performance it is necessary to keep the entrepreneurs as partners. So, military firms need to modernize their production base to fit into new demands of the Brazilian government, and to create conditions for these companies to compete in the international market. For that, challenges must be faced, such as high levels of investment and instability of the demand, a common feature in the defense sector.

Therefore, the thematic session **Innovation policies in the Defense Industrial Complex** aims at debating the defense innovation policy, its main guidelines, its instruments, economic and political agents involved, as well as the main spillovers to the rest of the economy.

Moreover, it also intends to provide a comparison with other countries experience, keeping in mind the specificities of each case and learning from successful experiences.

Guiding questions:

1. Is the revival of the Brazilian defense industry feasible?
2. Will current policies be able to stimulate the regeneration of the industry?
3. It is possible that the spillover effects are as significant as in other countries?
4. Such spillover effects could be stimulated in a way to promote social inclusion and poverty reduction?
5. Is the business sector prepared to face the new challenges?
6. What are the lessons from the international experience?