India–Brazil Opportunity Paper

Authored By:
Devika Chawla, Ankita Sharma (SIRU) I Navya Sharma (Startup India)
This dynamism intrinsic to our cultures and societies is precisely what makes both countries prosper and complement each other as we make our path through the 21st century, beyond traditional investment paths. But we must remember that a solid base of investment is in place. The stock of mutual investment between Brazil and India is around USD 7 Bn. India is present in Brazil in diverse areas such as pharmaceutical industry (e.g., Zydus-Cadila), information technology (Tata Consultancy Services) and energy infrastructure (Sterlite Power). Likewise, leading Brazilian companies in their fields have built a significant presence in India, in the transportation industry (Marcopolo), electrical machinery and power (Weg), as well as banking automation (Perto).

Brazil and India alike have advanced four places in the Global Innovation Index 2020, highlighting the rapid pace at which our countries are leapfrogging in innovation, led mainly through their vibrant startup ecosystems. Last year Brazil had the third highest number of new unicorns in the world, by registering five private technology companies valued at more than one billion dollars before their Initial Public Offering (IPO). India followed closely with 4 new unicorns. The trend continued this year with Brazil’s real estate startup, Loft, becoming the world’s first tech unicorn in 2020.

Now with 14 unicorns among over 13,000 startups supported by a network of nearly 350 incubators and accelerators, Brazil’s innovation ecosystem is seen as driving growth for the Latin American region as a whole. Agritech, fintech and healthtech – the most important verticals in Brazil’s startup ecosystem – also find resonance with India’s entrepreneurial spirits. As a result, startups from both countries have garnered interest and investments in the other country’s landscape.

Recognising this potential, the Brazilian Embassy organised the 1st India-Brazil Fintech Conference in Mumbai in April last year. In view of the pandemic, this year’s conference has been adapted into a series of fintech webinars, being jointly organized by the Embassy and Invest India.

In order to address common challenges in agriculture and animal husbandry through technology, both governments have organised the India-Brazil Agritech Cross Incubation Programme, a pioneering initiative under the BRICS Innovation Network (iBRICS). The first phase of the programme in December 2019 saw five Brazilian startups exploring the agricultural panorama and innovation ecosystem of India. The second phase will follow similarly with five Indian agritechs visiting Brazil next year.

Innovation and technology will undoubtedly be one of the primary engines of growth in the post-Covid world. With the launch of this Startup Bridge, increasing collaboration and exchange between startups is bound to make India and Brazil leading creative forces in the process of global recovery which stands as a priority to us all.

**Foreward**

Brazil-India relations achieved a higher level in recent years, based on a common global vision, trust building and sharing of democratic values. Besides collaborating closely in multilateral (UN, WTO) and plurilateral arrangements (BRICS, IBSA, G4, G20, BASIC etc.) and in the United Nations, the two countries increased bilateral dialogue and cooperation in many areas. But there is still an enormous potential to be explored.

In the context of the State visit of President Jair Bolsonaro to India in January 2020, our countries celebrated an ‘Action Plan to Strengthen the Strategic Partnership’ and 15 bilateral agreements, addressing a wide range of areas of cooperation, such as oil and gas, bioenergy, investment, health, culture, science and technology, and cybersecurity. In the economic dimension, Brazil and India have begun to establish during the visit an important platform for expanding bilateral flows and creating a more transparent and friendly environment for investors, with the signing of an ‘Investment Cooperation and Facilitation Treaty’ and also a Social Security Agreement.

Beyond the positive progress on the government side, Brazil and India recognise the importance of entrepreneurship. This is pivotal for one simple reason: while government officers and diplomats may, sometimes, envisage the opportunities for their countries on the road ahead, only the societies – through their intellectuals, academicians, scientists, entrepreneurs, artists and civil society etc. – are really able to venture and ride on them.

Fortunately for us, Brazilians and Indians are known the world over for thinking outside the box when faced with unforeseen challenges – and for their resilience during times of crises.

**André Aranha Corrêa do Lago**  
Brazilian Ambassador to India
India and Brazil today, are two of the largest, most diverse, and dynamic democracies in the world. The potential displayed by our two nations is immense and reflects the changing realities of this century. Underpinning the Indo-Brazil Strategic Partnership is the strong commitment towards preserving the global order based on democratic values and rule of law while at the same time ensuring better opportunities for our citizens. Our relationship is further complemented by our deep-rooted cultural and people-to-people linkages, which have grown unhindered by the limits of geographical distance.

Over the years, our cooperation has been most prominent in reforming and collaborating on multilateral and plurilateral institutions, forming an important strategic interest for both our countries. As both our leaders have repeatedly mentioned, stronger bilateral cooperation will be key to realising the true potential of this relationship in the future. This opportunity paper comes in the backdrop of the Brazilian President, Jair Bolsonaro’s first state visit to India in January this year, which saw the signing of a number of agreements and joint collaborations to further boost our bilateral ties. It highlights the impact of this visit on the future of this relationship while describing the existing broad areas in which our nations cooperate, such as Trade, Defence, Startups, Innovation, and Cyber tech, among others. Besides describing the broad expanse of our bilateral ties, this paper also examines the emerging areas in our cooperation such as bio-energy and space tech, while arguing for deeper and frequent engagements between our businesses and industries.

I hope you find this opportunity paper informative and useful in better understanding the Indian-Brazilian partnership and how its best days, are yet to come.

Invest India and ApexBrazil have been leaders in promoting economic partnerships and I wish them success in promoting partnerships amongst startups as well.

Suresh K. Reddy
Ambassador of India to the Federative Republic of Brazil

Deepak Bagla
MD & CEO Invest India
Introduction

As the second and the sixth most populous countries in the world, India and Brazil are partners to a relationship defined, but not limited by, shared interests and values such as democracy, rule of law and individual freedoms, and also convergences on global matters common to both like climate change and terrorism. Since the establishment of bilateral diplomatic ties in 1948, both the countries have seen their economies boom and their ties expand. While much of their cooperation has been plurilateral in nature, our two countries cooperate extensively on varied issues such as trade and commerce, defence and security and more recently, startups, cyber security and other emerging domains. This bilateral dimension has been recently strengthened by the wide scope of agreements signed during the State visit by the President of Brazil to India in January 2020, which included an ‘Action Plan to Strengthen the Strategic Partnership’. This paper describes the broad contours of this relationship till now, as well as explores the emerging areas of collaboration to further deepen this partnership, as envisioned by our leaders and in accordance with the changed global order of this century.
Economic Cooperation

The first contacts between India and Brazil took place between the 16th - 18th centuries when Portuguese explorers and imperialists (ruling over both Brazil and India’s Goa at that time) began having bilateral exchanges of food, dressing and languages, which are still reflected today in local traditions.

Over the years, the Indo-Brazilian ties have both deepened and widened, economically. While India is the fifth largest global economy, Brazil is the ninth largest. As major economic powerhouses from the so-called ‘Global South’ or the developing world, India and Brazil share close strategic and economic interests and seek to play a greater role in the West-centric international order. Brazil, being the largest economy in Latin America, is also a close economic partner for India, offering a large market for Indian goods, besides giving a solid point of entry for India into the humongous South American market.

In his recent and first State visit to India, the Brazilian President, Jair Bolsonaro led his high-profile delegation of several ministers and business leaders as the Chief Guest of India’s Republic Day ceremony this year. A major highlight of the visit was the ‘Brazil India Investment Cooperation and Facilitation Treaty’.

While 15 Memorandum of Understanding (MOUs) and agreements were exchanged between both sides, an ‘Action Plan to Strengthen the Strategic Partnership between India and Brazil’ was also adopted to concretise cooperation in several key areas like science and technology, space technology, agri-tech and environment. It was further agreed to expand bilateral trade to USD 15 Bn by 2022.

Bilateral trade between India and Brazil is currently hovering around USD 8 Bn, with this amount standing at over USD 11 Bn at its peak. While Indian exports to Brazil stood at USD 3.8 Bn in 2018-19 including a diverse basket of commodities such as agrochemicals, synthetic yarns, auto components and parts, pharmaceuticals and petroleum products, Brazilian exports to India, on the other hand, amounted to USD 4.4 Mn and mainly consist of commodities like crude oil, soya oil, gold and sugar.

An important pillar of Indo-Brazilian economic engagement is their interactions on multilateral and plurilateral forums such as BRICS, G-20, IBSA, the Biofuture Platform, WTO and more recently the India-led International Solar Alliance (ISA). As part of the MERCOSUR regional grouping, which also counts Argentina, Uruguay and Paraguay as its members, Brazil played an essential role in securing India’s Preferential Trade Agreement (PTA) with the grouping in 2004.

The first meeting of the Joint Administrative Committee (JAC) was held in Uruguay in November 2009 and focused largely on implementing and expanding the PTA. The latest meeting of the India-MERCOSUR PTA JAC was held virtually due to the global pandemic on 24 September 2019.

Given the scale and size of both the countries, the existing bilateral trade leaves much to be desired. Boosting bilateral trade and economic cooperation requires both sides to develop convergent and specific strategies for mutual engagement. Stronger and multi-pronged ties between two of the largest democracies in the world will demonstrate their willingness and seriousness in actualising the ‘South-South’ development paradigm whilst demonstrating that the breadth of their cooperation goes much beyond multilateral institutions.
Defence and Security Cooperation

While the need for a greater economic cooperation cannot be over-emphasised, strategic defence and security cooperation is an equally, if not more, important pillar in strengthening ties between India and Brazil in an increasingly uncertain world. As two regional powers, and multi-cultural democracies, with a broadly similar level of economic development, India and Brazil share converging interests internationally, be it in pushing for reforms in multilateral institutions like the UN or reviving South-South cooperation or diversifying their foreign policies from conventional allies to a wider set of interest-specific partnerships.

As far as institutional mechanisms of defence cooperation are concerned, both sides have a number of such existing frameworks to seek greater dialogue and cooperation in defence and security matters. Among them, the crucial ones include the Strategic Dialogue Mechanism, the Joint Defence Committee (JDC) meetings as well as an Extradition Treaty, Mutual Legal Assistance Treaty in Criminal Matters and an Agreement of Transfer of Sentenced Persons. The Strategic Dialogue Mechanism, operational since 2006, covers regional and global issues of common concern and is led by the National Security Advisor to the Indian government from India’s side. The Mechanism has organised four meetings till now, with the last meeting happening in November 2015 in Delhi. The JDC meetings, another important institutionalised mechanism for mutual defence cooperation have also taken place frequently. Till date, six JDC meetings have been held between the two sides, with the last one taking place in February 2019 in the Brazilian capital. Adding another layer to closer defence coordination, Indian and Brazilian navies also engage closely with each other on the technical aspects relating to White Shipping Information through a data sharing agreement.

Broad-based defence cooperation was a recurring theme during the recent State visit of President Bolsonaro to India (24-27 January 2020) in which he, along with the Indian PM Modi reiterated the importance of bilateral defence cooperation in enhancing the Indo-Brazil strategic partnership as well as announced their commitment towards building a ‘stronger international partnership’ in combating issues of global concern such as terrorism. PM Modi further asserted that India was looking at expanding security cooperation with Brazil and exploring ways for greater cooperation in each other’s defence industries.

The Brazilian President was accompanied in his delegation with several Brazilian arms manufacturers keen to increase their share in the huge Indian market. Consequently, in an event focused exclusively on defence industries held on 27 January 2020, a Brazilian arms manufacturing major Taurus Armas SA announced the signing of a joint venture with Jindal Defence (part of India’s OP Jindal Group) to produce and sell small arms in India in the next five years. The project entails establishing a plant in Hisar district of Haryana with an initial investment of USD 5 Mn, to be followed up in several phases. In yet another sign of the bright future of this defence partnership, the Indian government has shown much interest and willingness in purchasing military and commercial planes from the Brazilian aerospace giant, Embraer, in the coming days. This welcome development points to the immense potential of this relationship, both bilaterally and multilaterally.
Cyber Security Cooperation

Although a recent entrant in global policy making, the domain of cyber warfare and security has come to hold much prominence in the 21st century largely due to the massive spread of internet and digital connectivity throughout the world. The advent of the so-called ‘digital age’ while on one hand, has led to better mobility and connectivity to the remotest corners of the world, on the other hand, it also has given rise to newer cyber and digital threats which are being increasingly used as a means of non-conventional warfare against nations and peoples. As a result, cyber security has emerged as one of the most significant aspects of bilateral and multilateral cooperation in the recent decades.

To this end, the revitalised Indo-Brazil strategic partnership too, has laid greater emphasis on cooperating on emerging cyber threats in the past few years. Such cooperation was given an impetus during the latest visit by President Bolsonaro in January this year when a MoU on enhancing cyber security cooperation was signed between India’s CERT-In and its counterpart Brazilian agency. Cooperation in the cyber security domain is also a frequent feature of Indian and Brazilian engagements in multilateral institutions such as Brazil, Russia, India, China, South Africa (BRICS) and India, Brazil and South Africa (IBSA) where many initiatives on ensuring greater cyber security and protecting the digital rights and privacy of individuals, have been taken.

Cooperation in Science, Technology and Innovation (STI)

Cooperation in science and technology has been a key aspect of India-Brazil bilateral relations, focussing on biotechnology, information and communication technology, pharmaceuticals, alternate energy sources, agricultural technology, mining, and outer space and oil exploration. The Agreement on S&T Cooperation signed between the two countries on 12 September 2006 envisioned a space for interaction between scientific communities of both nations. In January 2020, the Ministries responsible for STI signed the ‘Work Programme for Scientific and Technological Cooperation 2020–2023’, which, among other activities, sets forth the launch of a joint bilateral research call.

Under the aegis of the IBSA Forum, India and Brazil have launched joint R&D projects in biomedicine. Under the India-Brazil Scientific Council (established in 2001) and the 2006 Agreement on Scientific and Technological Agreement, STI cooperation between the two countries has so far included 15 joint workshops and three coordinated projects in areas of biotechnology and human health, renewable energy including low-carbon technologies, ICT, ocean sciences and climate change. Also, to encourage innovation in agriculture, the two countries launched in 2019 the India-Brazil Agritech Cross Incubation Programme, under the aegis of BRICS Innovation Network – iBRICS.
India and Brazil share much in common. An area of much common interest for both has been the growth of their innovation-driven startup ecosystems. India is home to the world’s fourth largest startup ecosystem which is growing at an unprecedented rate, contributing to the innovation-driven growth for the Indian economy. It plays host to 23 unicorns and over 38,000 startups and 400 incubators and accelerators. India continues to witness huge expansion in industries targeted by startups in which sectors like fintech, enterprisetech, retailtech, healthtech, agritech, among others have emerged as strong sectors.

Similarly, Brazil also hosts a vibrant startup ecosystem with over 13,000 startups, 14 unicorns and over 350 incubators and accelerators. Fintech, IT, agritech, are the major sectors with many innovative startups developing cutting-edge solutions. Both the countries house dedicated programs aimed at startups.

In India, Startup India was launched on 16 January 2016, by PM Modi with an objective to build a strong ecosystem for nurturing innovation and startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. Startup India has been instrumental in creating a cohesive force and has tapped the regional ecosystem as well. Similarly, Brazil’s IPA, Apex Brasil, has dedicated programs like ScaleUp and StartOut Brazil that work towards nurturing Brazilian startups.

In the past one year, India and Brazil have taken up several joint programs to increase collaboration between the startup ecosystems of the two nations, a major one of which was the Indo-Brazil Cross-border Agritech Incubation Programme.

Both Brazil and India enjoy strong ties backed by a healthy local business environment, young workforce and vibrant cultures. For OYO, Brazil continues to be a strategically important market as we work with the country’s small and independent hoteliers and empower them with technology and operational excellence for delivering a good quality experience to guests. Today, we have 400+ hotels in Brazil and have hosted over a million guests to date. We continue to invest in the market through technology and talent while creating direct and indirect employment opportunities.

The thriving entrepreneurial ecosystem in both countries is another area for us to collaborate and create multiple possibilities for the future and use shared resources for tapping this potential. We will continue to join forces and steer ahead on a steady road to recovery as both economies emerge from the current Covid-19 crisis. I am confident that we will achieve this feat together in the time to come and strengthen the relationship between India and Brazil.

Ritesh Agarwal
Founder & Group CEO, OYO Hotels & Homes
India-Brazil Agritech Cross-Incubation Programme

Powered by Department of Science and Technology (DST), the Delhi-based Pusa Krishi Incubator, an agri-focused incubation centre of the Indian Agricultural Research Institute (IARI) had launched the Indo-Brazil cross-border agritech incubation programme called Maitri in 2019. A pioneering initiative under the BRICS Innovation Network (iBRICS), the programme involves exchange of agritech startups from both countries to explore the agricultural panorama and innovation ecosystem of the other country. The goal is to facilitate access to the reciprocal markets, with complementary solutions and shared learning.

In its first phase, the five selected startups from Brazil got an opportunity to take part in a two-week long immersion programme in the agritech ecosystem of Delhi and Hyderabad in India, through experience workshops, networking events and mentorship opportunities, as well as extensive interactions with potential partners, customers, investors and regulatory authorities.

Owing to the restrictions imposed by Covid-19 pandemic, the second phase of the programme is slated for completion in April/May 2021, with five selected Indian startups visiting Brazil for a comprehensive overview of Brazilian agritech landscape and engagements with stakeholders therein.

Indo-Brazil innovation under the BRICS

In 2019, the BRICS Ministers of S&T endorsed the creation of a mechanism for direct dialogue among players of innovation from their countries. The Innovation BRICS Network (iBRICS Network) was launched to promote mutual support, joint projects and the exchange of best practices with a view to advancing innovation systems among Brazil, Russia, India, China and South Africa. The mechanism encourages soft-landing and cross-incubation programs, in addition to a broader collaboration between the innovation environments (technology parks, incubators and accelerators) of the BRICS countries. India and Brazil have a lot to benefit from this wide-open avenue to foster innovation.

Following the decentralised and flexible model of the iBRICS Network, Brazil has proposed to create a new BRICS network, this time focused on technology transfer. The proposal of the ‘BRICS Tech Transfer’ is being currently considered by the other member countries. If approved as designed, it will promote direct actions between the different participating institutions, in the areas of intellectual property and technology transfer.

India-Brazil Startup Bridge

The India-Brazil Startup Bridge is a pivotal step towards strengthening the collaboration between India and Brazil in the startups and innovation space. The bi-directional bridge where the promising startups of other country can get access to Indian markets and vice versa. The bridge will help enable startups, investors, incubators, and aspiring entrepreneurs of both countries to connect with one another and also provides them with resources to expand and become globalised startups.
Fintech Cooperation

Leveraging the ever-deepening proliferation of internet and smartphones into the society, Indian and Brazilian fintech startups are making headways into the day-to-day life of the consumers and businesses alike on the back of emerging technologies like machine learning, artificial intelligence, blockchain, and big data analytics. Recognising the crucial need for cross-learning between India and Brazil, Embassy of Brazil in New Delhi in collaboration with NITI Aayog organised the ‘India-Brazil Fintech Conference’ at Mumbai in April 2019. The conference brought together fintech industry experts and policymakers to identify the complementarities between the two ecosystems and witnessed the strengthening of three inter-country partnerships including an MoU between Brazilian Association of Fintechs (ABFintechs) and Mumbai Fintech Hub.

Invest India, Startup India, and the Embassy of Brazil in New Delhi have organised the India-Brazil Fintech Webinar series to discuss the increasing role of fintech in the two countries, especially in shared areas of concern like financial inclusion and economic empowerment of MSMEs. This ongoing series invites panelists from the public and private sector to share their thoughts on emerging areas in the fintech sector like neo-banking, electronic payments, open banking and agri-fintech. Representatives from Brazilian Central Bank, Paytm, Nubank, Mumbai Fintech Hub among others to have joined these panel discussions.

Cooperation in Traditional and Renewable Energy

Oils and Gas – Collaboration between the two countries in the hydrocarbon sector has greatly intensified. Brazil is the recipient of India’s largest upstream investment in all of the Latin American region. India imported 3.4 MMT of crude oil worth USD 1.6 Bn from Brazil in FY 2018-19.

Bioenergy – In 2016, Brazil and India agreed to cooperate on R&D of renewable energy and second-generation biofuels. To this end, in 2019, the two parties signed an MoU outlining a framework for cooperation and investment in biofuel, bioelectricity and biogas supply-chains. India’s National Biofuel Policy and Brazil’s Renova Bio Programme have common goals to increase the blending percentage of biofuel with petrol and diesel. India’s target of 175-gigawatt power from renewable energy can be reached with Brazil’s assistance, given its experience with biofuels, and having the most advanced ethanol programme in the world. In this context, an MoU on Bioenergy cooperation was signed during the Brazilian presidential visit in January 2020, aiming to contribute to the increase in ethanol production in India and to advance the process of transforming ethanol into an international commodity.

Multilateral fora – Brazil and India are long-standing allies in energy discussions and take part in initiatives promoted by the other country, especially in the field of renewable energy. While Brazil is signatory of the International Solar Alliance led by India, the latter is member of Biofuture Platform spearheaded by Brazil.

Soft Diplomacy

India and Brazil share numerous social, political, geographical and economical similarities that have contributed to the development of their successful bilateral relationship. The two countries signed a Cultural Exchange Programme for 2020-24 during President Bolsonaro’s recent state visit to India, which aims to boost their solid cultural bond.

A growing number of Brazilians appreciate many aspects of Indian culture, such as Indian classical dance, Yoga organisations, and Ayurveda. Likewise, increasingly more Indians recognise the richness of capoeira, the tradition of Brazilian football and the diversity of Brazilian music.
Conclusion

In a world increasingly marked by economic volatility and shifting geopolitical alliances, closer congruences among partners like India and Brazil reflect the changing global order of the 21st century. Brazil and India are also collaborating in international efforts to overcome the current world crisis represented by the Covid-19 pandemic. While the Indo-Brazil ties date back decades, even centuries, it is in this century that this relationship has rediscovered itself and the immense potential it holds for the world. Besides being important partners in multilateral institutions such as the UN, BRICS, IBSA and ISA, India and Brazil are laying greater emphasis on expanding their bilateral partnership in the years to come. It is in this context that this paper becomes significant by analysing the historical and current India-Brazil relationship covering aspects like economic cooperation in sectors like fintech, heathtech, IT and agritech as well as cooperation on defence matters and on the cultural influences (soft diplomacy) that energises the people-to-people linkages between both the countries.

The recent state visit of the Brazilian President to India early this year gave a major thrust towards expanding our bilateral ties. Not only were the two leaders enthusiastic on greater engagement with their respective countries but also emphasised on diversifying the existing strategic partnership into new areas of cooperation such as cyber security, space technology, animal husbandry and agriculture. They urged their respective entrepreneurs and startups to converge their synergies towards better tech sharing and R&D so that both sides benefit and learn from each other. The future of this renewed and revitalised partnership is bright yet contingent upon the willingness of both countries in implementing their policies towards tangible outcomes and further expanding their bilateral engagements. The time for stronger and deeper ties between India and Brazil is now, and it is here!

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