

Viewing cable 08BUENOSAIRES647, ARGENTINA: MISSION AND U.S. COMPANIES COLLABORATE

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SUBJECT: ARGENTINA: MISSION AND U.S. COMPANIES COLLABORATE
WITH S&T MINISTER ON COMPETITIVENESS ISSUES

REF: BUENOS AIRES 273 AND PREVIOUS

¶1. (U) This telegram is sensitive but unclassified, and not for Internet distribution.

Summary

¶2. (SBU) Ambassador Wayne hosted Argentine Science and Technology Minister Lino Baranao and CEOs from U.S. innovation-based companies May 9 in the latest of a number of sector or topic-specific events to bring together GOA ministers with relevant U.S. businesses. The meeting helped to address a common concern of U.S. business in Argentina: lack of access to GOA decision-makers. Following that meeting, the ambassador introduced Baranao to Daniel Behr, Director of Business Development at Harvard University's Office of Technology Development. The company executives and Behr offered to assist Baranao toward his goal of speeding Argentina's technological development and inculcating a more

entrepreneurial mindset in Argentina's scientists and researchers.

¶3. (U) U.S. companies represented at the meeting with Baranao were 3M; Bristol Myers Squibb; Dupont; IBM; Intel; Johnson & Johnson; Merck, Sharp and Dohme; Monsanto; and Pfizer. End Summary.

Baranao's Activist Vision

¶4. (SBU) Baranao began the company roundtable by explaining that he understands that it is no longer the 1970s and that Argentina must find its place in the global economy or suffer. He said that President Fernandez de Kirchner wants to "harness a new productive model," with the state playing a more active role in promoting innovation. With that in mind, Baranao told the executives that he hopes to spur Argentina's transition to a more knowledge-based economy by creating and enacting policies designed to encourage the establishment and success of technology-based businesses. Specifically, Baranao pointed to biotechnology, nanotechnology, and software/IT as examples of sectors to which he has already decided to provide assistance. That help will come in the form of GOA sector-specific, World Bank-capitalized venture capital funds, which Baranao expects will be created shortly.

¶5. (SBU) Another aspect of what Baranao described as his "proactive approach" is the cultivation of public/private partnerships, or "strategic associations with the private sector." Baranao reported that he is working with several universities in the U.S. and around the world, and that he is looking into some way to do the same with private sector companies. Baranao also announced his intention to establish an institute he will call the Public-Private Institute of Technology, which will have as its mandate connecting government-funded researchers (and in Argentina, most researchers are government-funded) with Argentina's manufacturing sector.

Changing a Culture

¶6. (U) Baranao explained to the company executives and to Behr that another of his priorities is to effect a change in Argentina's scientific culture. He wants Argentina's scientists to understand that science and industry "can and should mix," and that innovations and research should end up in and benefit society. Baranao noted that it will be a challenge to legitimize wealth creation among Argentine scientists, but that he expects that it will only take a few researchers striking it rich to change the collective mindset. To that end, Baranao said that he will focus his initial efforts on the few sectors named above, in the hope that a few "emblematic cases" will result. The watchword, Baranao said, is "use-inspired basic science," or convincing scientists to find answers to existing problems instead of looking for problems to fit their solutions.

¶7. (SBU) Another element of Baranao's planned cultural change is to establish within the GOA an understanding of the necessity of protecting intellectual property. Baranao said that a debate about whether patents are "good or bad" still

rages in Argentina, and he stressed the need to get beyond that stage. Establishing and enforcing appropriate IPR protections is a difficult issue in Argentina, Baranao noted, partly because of a politically powerful local pharmaceutical industry that fears a change in IPR standards. More important, Baranao thought, is that high-level government officials are not as well informed about the IPR issue as they could be.

Fruitful Exchanges

¶8. (SBU) Baranao spent most of the two meetings fielding questions from the ambassador's corporate and academic visitors. With company executives, Baranao supported stronger intellectual property protections; encouraged company representatives to tell their stories more ably, so that Argentines from all social strata can better understand the contributions their companies had made to Argentina; and in one specific case explained to the 3M rep how that company could most effectively work with the GOA. Baranao also faced tough questions, as when the Dupont representative questioned Argentina's attractiveness to the shareholders of multinational corporations relative to other countries where they operate. Still, the mood was friendly, and all the companies present expressed a desire to cooperate with Baranao to further his vision.

¶9. (SBU) Baranao's hour with Harvard's Behr, whose job is to promote start-up technology companies using Harvard's venture capital, focused on how to overcome barriers to Argentina's entrepreneurial innovation and technological competitiveness.

Chief among those, Baranao said, is a lack of what he described as "technology managers," individuals who understand both science and business. Behr pointed out several U.S. universities with specialized curricula in that area, information that Baranao received with interest. (Embassy Buenos Aires is working on a project to send Argentine curriculum specialists to visit U.S. universities with relevant courses of study. Behr's list will figure in that project.) Baranao also said that venture capitalists have not been investing strongly in Argentina because there are not enough promising projects in the pipeline. Behr suggested that he had found success by clearly delineating to scientists areas of corporate interest, and Baranao said that he is trying to do the same thing via the creation of the World Bank-funded sector-specific venture capital funds. As the meeting ended, Behr offered his expertise to Baranao.

Comment

¶10. (SBU) Baranao's interactions with company representatives and with Harvard's Behr were consistent with the views he expressed during his two previous meetings with the ambassador (reftels). Such consistency, especially in an individual who is essentially inventing a role (he is Argentina's first S&T Minister), is a sign of the clarity of the goals Baranao has set for himself. That those goals -- leading Argentina into the knowledge age and changing Argentina's scientific culture along the way -- are especially ambitious does not seem to have yet induced the minister to waver. We will track whether and how he decides to use the goodwill he generated during his May 9 meetings to further his agenda. We are also generating a set of follow up ideas for work with U.S. companies in promoting the advantages of U.S. investment. For example, it is clear that the Argentine public does not appreciate or understand the extent of investment, training and CSR activities now underway by U.S. companies in the innovative and knowledge economy areas.

WAYNE