



**EXPORTS AS A PATH TO LOCAL DEVELOPMENT:  
THE CASE OF THE METROPOLITAN REGION OF CAMPINAS**

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**abstract**

This research investigates how RMC's exports are characterized and their representativeness for the local development of this region. The theory of the export base and the approach to local development through the reduction of inequalities and equitable distribution of income and entrepreneurship were considered. The data endorsed Perroux's theory about the concentration of investments, since the RMC had as its initial economic support activities from the primary sector. These activities were important to determine the importance of Campinas as a regional capital of the state. The logistical infrastructure available at the RMC and the proximity to the capital São Paulo (great science and technology center, qualified workforce and various investments) led to the installation of large industries that promoted the dynamism and growth of this region. From the exported products, it was possible to realize that they are produced by large industries and the participation of SMEs in these exports proved to be negligible if not nonexistent. Even though there are exports, most of the municipalities of the MRC are still focused on the domestic market and SMEs have not been identified as participating in the total exported volumes. There is a concentration of wealth in large industries, which contradicts the theoretical postulates of the approach to local development. It was possible to perceive that these are produced by large industries and the participation of SMEs in these exports proved to be negligible, if not nonexistent. Even though there are exports, most of the municipalities of the MRC are still focused on the domestic market and SMEs have not been identified as participating in the total exported volumes. There is a concentration of wealth in large industries, which contradicts the theoretical postulates of the approach to local development. It was possible to perceive that these are produced by large industries and the participation of SMEs in these exports proved to be negligible, if not nonexistent. Even with exports, the majority of the municipalities of the MRC are still focused on the domestic market and SMEs have not been identified as participating in the total exported volumes. There is a concentration of wealth in large industries, which contradicts the theoretical postulates of the approach to local development.

**Key words:** Local development. Foreign trade. Metropolitan Region of Campinas.

**1. Introduction**

Promoting local development is at the heart of many public policies (ZAPATA et al., 2000; BENITEZ, 2000), since it is at the local level, in cities, where resources and economic dynamics take place (BARQUERO, 1999; ZAPATA et al., 2005; BITHAS & CHRISTOFAKIS, 2006). Local development, due to its endogenous characteristic, aims at improving people's quality of life (CABREIRA, 2002; MARTINELLI & JOYAL, 2004; TURNES, 2004).

At the local level, entrepreneurship is one of the main drivers of economic activity. It is

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thanks to entrepreneurs that many localities have developed due to the scope of reach of these businesses that, in the first instance, operate at the local level, but which can also reach international markets (DORNELLAS, 2001). An example of this was the Italian case of development, whose companies are eminently familiar (MACIEL, 1996).

Entering international markets also requires the development of skills of these small and medium-sized companies - SMEs, as well as the generation of technological innovations with greater demand or greater complexity (BORTOLUZZI et al., 2003), in order for these companies to survive and prosper in the global context (MARTINELLI & JOYAL, 2004).

The Export-Based Theory brings the exogenous factor, that is, outside the region, a factor that promotes the economic well-being of a locality through the production of surpluses, that is, greater profits, which strengthen the SMEs that originated them and, sometimes they can give rise to other businesses and foster economic diversification at the local level, even as a way of diversifying the possibilities of economic prosperity (NORTH, 1977; SOUZA, 2002). On the other hand, few Brazilian SMEs export, when compared to other developed countries like Canada, partly because SMEs compete unequally with large conglomerates and multinationals (MARTINELLI & JOYAL, 2004; JOYAL, 2006; SOUZA et al., 2003 ). Although the Export Base Theory refers to the local x global markets (TIEBOUT, 1977),

In countries of great geographical dispersion, such as Brazil, the regions surrounding a given location may represent a new and potential market (SMITH, 1983 apud PAIVA, 2004). Therefore, a given location can enjoy the benefits of competitiveness arising from the exploitation of the benefits of the territory as competitive advantages in the international scenario (PORTER, 1989).

For the implementation of these theoretical postulates, a Brazilian region was chosen with significant participation in the national and international scenario (Metropolitan Region of Campinas - RMC), located in the State of São Paulo / Brazil and in a specific period of exports from this region that would allow the comparison of data. This region was chosen by the national migration due to the high number of large companies located in the region and the presence of large universities. However, this attraction and agglomeration aggravate some of the common problems in large centers such as precarious jobs, structural unemployment, precarious housing, violence, among others.

Popularly, the region is known for the concentration of technology-based industries, however, it also offers business opportunities in sectors such as specialized services, activities to support industry, social areas and hotels and food. Despite the fact that the industry is the

flagship of the economy of this region, the agroindustry deserves prominence with its diversified profile with products such as flowers and fruits that are part of the state's export portfolio. The region had a Gross Domestic Product (GDP) of US \$ 58 billion in 2005, according to data from IBGE (2007 [a]).

A large part of the contingent of employees is located in the commerce and services sectors (such as education, medical services and communication). Transport material, chemical / pharmaceutical are the activities that stand out the most in terms of employment in the industry, respectively. The region has the best human development index (HDI) of the metropolitan regions of the interior of the state of São Paulo, and the fourth best among the metropolitan regions of Brazil.

Douglas North's export base theory has been instrumental in explaining the dynamism of regions in their early stages of development. Thus, it is based on the premise that the development of a region also involves the export of local products, be it to other regions or other countries, as they increase the revenue of exporting companies (SPEROTTO, 2003).

On the other hand, from the perspective of the International Labor Organization (ILO), in relation to its concept of local development, as well as the Economic Commission for Latin America and the Caribbean - ECLAC (2006), development occurs when inequalities are reduced, mainly for equitable income distribution and inclusion in the world of work.

RMC's per capita income is significant compared to that of the state of São Paulo and also that of Brazil (RMC = US \$ 6,777.00; state of São Paulo = US \$ 4,692.00 and Brazil = US \$ 3,326.00; Emplasa , 2007). Therefore, in this research it was decided to delimit the CMR by the economic importance of this region, in view of the data presented.

In this case, exporting companies can concentrate even more the capital of a region, promoting an even greater distance between the limits of inequality in a region.

It is in this dichotomy between economic growth (through the concentration of capital in large industries) and local development (through the creation and expansion of small and micro enterprises) that the intention is to verify the exports of the RMC and how the participation of small and micro companies (SMEs) in this export scenario, as a way to balance local development and economic growth in a given region.

This balance becomes important to the extent that there is no concentration of income located in the few and large industries that hold the economic growth of a region, as well as for the participation of small enterprises in exports and better income distribution. and job and income generation.

Based on this statement and considering the nationally known exporting culture of the

state of São Paulo, we seek to investigate how RMC's exports are characterized and their representativeness for the local development of this region through the participation of its SMEs.

## **2. Research method**

The present study is characterized as a case study, according to the classification of Yin (2001), since the delimitation of this investigation is the Metropolitan Region of Campinas. The level of analysis used was of the exploratory type, supported by investigation of secondary data (document analysis).

The case must be a significant reference to merit investigation and be able to make similar generalizations, or to allow inferences in relation to the context of the analyzed situation (CHIZZOTTI, 1998).

To explore the theme, bibliographic searches and thematic documentation were used. In the first phase, the pertinent literature for theoretical foundation was searched (GODOY, 1995 [a], GODOY, 1995 [b], GODOY, 1995 [c]).

In the second phase, to carry out the case study (YIN, 2001), document analysis was used, that is, reports from SECEX (2007), Secretariat of Economy and Planning - SEADE (2006) and IBGE (2007 [a] ; 2007 [b]) supported by complementary documents (SEBRAE, 2005; SEBRAE, 2006; SEBRAE, 1998). For Severino (2002), the thematic documentation collects relevant elements for the realization of a particular work, in a certain area, a technique that is used depending on the structure of the content of the studied area or the work in progress.

According to Yin (2001), the documentary information is relevant to all topics of the case study. This type of information can be found in correspondence, reports, administrative documents, studies or assessments made from the same place of study, articles and newspapers.

The data were analyzed using the content analysis technique (MINAYO et al., 1994) and were reduced (where they were separated, categorized, prioritized and interrelated) according to Collis and Hussey (2005) and semantically categorized (BARDIN, 1977; EVRARD et al., 1997). The relevant information was categorized to facilitate comparisons and analyzes. The functions of content analysis are to find answers to the questions asked (MINAYO et al., 1994; PATTON, 2001).

As limitations, the study has applications to the focus region of the study, investigated from January to October 2007, a period chosen by the accessibility of the data for the

comparisons made. The results identified do not necessarily apply to other cases, at other times.

### **3. Characterization of the study focus region**

#### **3.1. São Paulo: characterization of economic formation**

Analyzing the period from 1835 to 1850, one can see the considerable budgetary autonomy of São Paulo, achieved through the collection of taxes that favored the province, such as exit rights and taxes on the movement of animals. It is worth remembering that the state in question was, and still is, a mandatory gateway for access from the southern states to the state of Minas Gerais (COSTA,1984).The coffee economy starts and stands out from 1840. While coffee was developing in the Paraíba Valley, other regions lived on the trade and planting of sugar cane. The 1840s were decisive for the economy of São Paulo, as it marks the progressive replacement of sugar cane by coffee, confirmed from the 1850-51 financial year (PIVARO, 1985). The dominance of coffee becomes evident when it becomes the main agricultural export product, leaving sugar in the second position, followed by tobacco. Subsequently, the 1875 world economic crisis and the overproduction of coffee between 1980 and 1986, and competition from other countries made the vulnerability of the coffee economy evident.

In short, the conditions for the first substantial advances in the industry in Brazil and São Paulo were associated with coffee expansion (Semeghini, 1991). The same author also states that the source of capital for the first industrial boom was the rural bourgeoisie. During this period, there was, specifically in the textile sector, a concentration of companies in the capital of São Paulo, as well as the consolidation of the sector. These conditions offer the possibility of expansion with the installation of production units in other Brazilian regions, especially those that had good transport conditions, that is, the railways (Ricci, 2006).

From the end of the 19th century, a growing number of factories of current consumer goods, such as fabrics, clothing, food and beverages, are found in São Paulo. In 1901 there were already records of large factories that produced some of these products. In the textile segment, the Álvares Penteado spinning and weaving factory stood out in the capital, this one for jute bags for coffee (with 950 workers), Industrial de São Paulo (with 370 workers) and Anhaia (with 620 workers) , in addition to several industries located in the interior dedicated to the production of cotton threads and fabrics; in beer production, Antarctica (with 300 workers) and Bavaria (with 200 workers); in the clothing industry, shoe and hat factories, six of which have more than 100 employees. In a survey carried out in 1907, it was estimated that

there were 334 industrial establishments with five or more workers, who employed 24,600 workers (CANO, 1977). This industry had a sectoral flaw: production was concentrated in consumer goods while machines and production inputs were imported, thus being subject to fluctuations in the international market and exchange fluctuations.

The events of the 1930s made the industry less dependent on fluctuations in the foreign market. The 1929 crisis and the Great Depression of the 1930s led to the external strangulation of the Brazilian economy: the volume of foreign exchange generated by exports was insufficient to cover essential imports and the country's financial commitments, causing a deep devaluation of the national currency - the thousand réis - against foreign currencies (SAES et. Al.,2006). This factor encouraged the production of inputs since the devalued currency made importing unfeasible, in a process of import substitution that took place through waves, improving the deepening of the industry that went from the production of current consumer goods to durable consumer goods, intermediate goods and capital goods. In the 1930-1960 period, the fast pace of industry expansion placed the Brazilian economy among the fastest growing in the world. This growth occurred with greater intensity in the state of São Paulo (mainly in the capital of São Paulo and in the region called Greater São Paulo), which increased its participation in the value of national industrial production (SAES et. Al., 2006).

Even though in 1960 the city of São Paulo was still a typical industrial city, other industrial sectors, such as the automobile, were already showing signs of growth. There was also an increasing spatial change in development, once the resources of the São Paulo capital were exhausted, attention turned to the interior again. Firstly, the expansion, as in the coffee cycle, took place in the regions surrounding the capital. From 1933 onwards, a period of expansion of the São Paulo industry began, after the crisis of 1929. This expansion continued for the following years and can be considered the factor that consolidated São Paulo as a Brazilian industrial leader (OLIVEIRA, 2007 ).

In the 1950s, with the Goals Plan of the Juscelino Kubitschek government, increasing industrialization is again concentrated in the Greater São Paulo region and inhibits the industrialization of the interior. This concentration disfavored regions of the interior, since there were cities that were characterized by a single sector or even a single company.

It is estimated that, in the early 1960s, about half of São Paulo's private industrial capital, excluding small workshops, belonged to or was under the control of foreigners. The figures were even higher in specific product lines such as automobiles, tires, pharmaceuticals, electronic articles, cigarettes, among others. Thus, the foundations of a new stage of industrial

growth were laid, strongly dependent on technology and the massive flow of external resources, marks of industrialization in the years after those examined here (SAES et. Al., 2006).

São Paulo is the most populous state in Brazil, with almost forty million inhabitants and the third most populous administrative unit in South America. The current GDP share of the State of São Paulo in Brazil, which in recent years had been small, but systematic reductions, reversed this trend by increasing its weight by 33.1% in 2004, to 33.9% in 2005 (SEADE, 2006). Known as the engine of the country, São Paulo is the richest state and is among the highest HDIs, behind only Santa Catarina and the Federal District. The state leads several sectors of the Brazilian economy, with emphasis on the financial, automobile, aviation, sugar and alcohol and orange juice production sectors.

According to data from SEBRAE (2004), the origin of SME exports, according to the Federation unit where exported goods are produced, the concentration of industrial external sales is in five states: São Paulo, Santa Catarina, Rio Grande do Sul, Paraná and Minas Gerais, which account for 76% of SME exports and 80% for micro-enterprises.

The findings presented above are in line with what was pointed out by Piccinini et al (2005), where even though Brazilian companies have little participation in the international market, they are looking for strategies of internationalization and insertion in these markets.

### **3.1.1. Exports in the historical context of São Paulo**

According to Agricultural Imports and Exports (IEA) of São Paulo, in this state that has the main Brazilian industrial base, agribusiness is strategic for international trade. The São Paulo Trade Balance showed a deficit of US \$ 4.15 billion in 2001. The justification would be that São Paulo is the recipient of fundamental inputs for national supply as industrial components of sectors such as the automobile, information technology, aeronautics and capital goods generally. Also according to the IEA, analyzing whether only agribusiness, São Paulo had a trade surplus of US \$ 2.65 billion in 2001, with an increase of US \$ 1.03 billion in relation to 2000, thus contributing to the reduction of 62, 8% of the reduction of US \$ 1.64 billion in the São Paulo trade deficit.

According to data from the Ministry of Development, Industry and Foreign Trade (SECEX, 2007), the balance of the Trade Balance analyzed from 1996 to 2001 presented consecutive deficits. Since 2001, the annual balances have been positive. Specifically analyzing the year 2007 from January to October, the month of January and the month of October showed deficits, while the other months showed surpluses. This is explained by the

fact that in order to develop new levels of innovation, the importation of new technologies and innovations (such as machinery and equipment, innovative raw materials, among others) is necessary for the production of added value, which has been observed since sequential surpluses.

### **3.2. Metropolitan Region of Campinas: characterization of economic formation**

In the 19th century the regional economy was based on planting sugarcane sugar, undergoing several transformations in its productive structure. Coffee arrived in the region in the middle of the same century and quickly took the lead in state production.

The coffee crisis of the 1930s and political changes in the country marked the beginning of major transformations. Between the 30s and 60s, the urban economy - notably the industrial one - acquired predominance in the region's productive structure. In addition to Campinas, some other municipalities in the region already stood out in industrial production, such as Americana and Indaiatuba, important textile centers (SEADE, 2006).

The Metropolitan Region of Campinas (RMC) was formally instituted by the State Complementary Law nº 870, of 06/19/2000, and comprises 19 municipalities: Americana, Artur Nogueira, Campinas, Cosmópolis, Engenheiro Coelho, Holambra, Hortolândia, Indaiatuba, Itatiba, Jaguariúna, Monte Mor, Nova Odessa, Paulínia, Pedreira, Santa Bárbara d'Oeste, Santo Antonio de Posse, Sumaré, Valinhos and Vinhedo (SEADE, 2006).

The following figures illustrate the RMC for a better understanding of its geographical location in the state of São Paulo.



Figure 01 - Location of the MRC in the state of São Paulo

Source: Region (2007).



Figure 02 - Metropolitan region of Campinas

Source: - Map (2007).

The RMC occupies an area of 3,348 km<sup>2</sup>, which is equivalent to 1.3% of the São Paulo territory. RMC has an excellent road network, and Viracopos international airport, considered the largest in cargo transportation and the second largest in volume in the country where large express cargo companies are located. According to SEADE (2006), the cities that make up the RMC originated in the coffee period, when Campinas was strengthened as a regional capital of an important part of the interior of the state. From 1970, Campinas led the industrialization of the interior of São Paulo. Thanks to the policy of incentives and investments in the RMC, this was the most dynamic of the regions of the interior of São Paulo, with a rapid metropolization. In 2003, the RMC presented a GDP equivalent to 9.1% of the State GDP.

Also according to SEADE (2006), the factors that make RMC a region with a modern productive structure, with a high degree of complexity and great wealth concentrated in its territory were: the transport infrastructure, the proximity to the São Paulo Metropolitan Region (RMSP), the sophisticated Science and Technology system and the highly qualified workforce, to name the main ones. These advantages facilitated the installation of new companies and the formation of productive arrangements in the petrochemical, textile, ceramics and flowers areas, among others. The agricultural sector was highly favored by the geographical location and the road system, as they allow the connection between regions producing raw materials, the large consumer markets and export terminals.

In the 70s and 80s, the location of industries, commerce and services along the highway axes, outside urban centers in intercity spaces, made it possible to more closely interconnect the economy of the various cities, boosting the unification of the local labor market and strongly stimulating flows of people and products, simultaneously configuring the modernization of decentralization to Campinas and initiating the process of metropolization (SEMEGHINI, 1991).

Monundo the SEADE foundation (2006), in 2003, the industrial sector was responsible for 57.06% of the region's GDP, followed by the services sector and the agricultural sector, respectively with 40.6% and 2.4%.

Together, the municipalities of Campinas and Paulínia account for more than 50% of regional GDP, reproducing regionally the economic concentration already identified in the state. It is also worth highlighting, regionally, a group of nine municipalities that together account for 42.4% of the GDP generated in the MRC: Americana (6.9%), Jaguariúna (6.4%), Sumaré (6.4%), Indaiatuba (5.7%), Hortolândia (4.0%), Santa Bárbara d'Oeste (3.8%),

Valinhos (3.6%), Vinhedo (2.9%) and Itatiba (2, 8%). The remaining eight municipalities that make up the RMC are responsible for 6.5% of the regional GDP (SEADE, 2006).

Paulínia leads the regional GDP thanks to the largest oil refinery in the country - REPLAN, and the high prices of oil products, although the municipality of Campinas has always represented greater industrial production in volume.

According to data from Municipal Agricultural Production (PAM), from IBGE(2007 [b]), for 2004, the main agricultural product in the region was sugar cane with 34.0% of the value of regional production. Then, orange (19.5%), tomato (8.03%) and grape with (6.9%). In terms of production value, the municipalities of Santa Bárbara d'Oeste, Cosmópolis and Valinhos were the main agricultural producers in 2004. Campinas appears in the fourth position with the production of guava, sugar cane and fig. The importance of the municipality of Holambra and its flower production cannot be ignored, since the state of São Paulo is the main national producer, with about 70% of the value of national production and 75% of the value of Brazilian exports. The municipality of Holambra stands out in the state as responsible for about 30% of the total production of flowers and ornamental plants in São Paulo in 2002 (GONÇALVES, 2005).

The branches of industry with the greatest participation are the manufacture and refining of oil, which accounts for more than a third of this product in the entire State (39.7%), and the manufacture of electronic material and of communication devices and equipment (32.4%). In third place, there are the textile product industries, with 26.2% of the total of this branch in the State (SEADE, 2006).

Two other segments participate, each one, with more than 13% of the total of the state: manufacture of office machines and computer equipment (15.0%) and paper and cellulose (12.9%). Also important in the region are: rubber and plastic articles (12.1%); chemical products (11.8%); and manufacture of machines, devices and electrical material (9.0%) (SEADE, 2006).

In the service sector it is possible to highlight the segments of formal education, due to characteristics of the educational pole of Campinas. Personal services, assistance and collective activities, energy, gas and water are also significant.

The industries with the greatest weight in the regional economy of RMC are oil refining, chemical products, electronic material and communication equipment, whose shares in the region's industry structure are 24.8%, 16.1% and 10.1%, respectively, according to value-added data from Paep (SEADE, 2006).

## **4. Presentation and discussion of results**

### **4.1. Characterization of São Paulo exports and the participation of local companies**

The five main destination countries for São Paulo exports are the United States, Argentina, Venezuela, Mexico and Germany. Considering the periods of 2006 and 2007, there was a reduction of the exported volume of 5.38% to the USA, and 11.56% to Mexico. Exports to other countries had an increase in the volume exported. Those cited destination countries they are responsible for receiving 42.2% of São Paulo's exports (SECEX, 2007).

Also from the analysis of data presented by MDIC (SECEX, 2007), Embraer - Empresa Brasileira de Aeronáutica SA, Petróleo Brasileiro SA Petrobrás, General Motors do Brasil Ltda., Volkswagen do Brasil Ltda., Carterpillar Brasil Ltda., Represent the five largest exporters in the state of São Paulo, being responsible for 20.72% of exports in the period from January to October 2007. It can be seen, therefore, that the exporters are large companies from São Paulo and SMEs do not appear, confirming the precepts of Martinelli and Joyal (2004) and Joyal (2006). These large companies exert pressure on the market, which makes it difficult for SMEs to emerge (Souza et al., 2003).

The main products exported according to the value for the same period were, respectively: other airplanes / aerial vehicles, weight less than 15,000 Kg (6.03%); raw cane sugar (4.02%); other cane sugars, beets, sucrose (3.31%); orange juices, frozen and unfermented (2.82%); portable cell phone terminals (2.69%); cars with an explosion engine 1500 <CM3 <3000AT (2.53%).

In a brief analysis of national imports, it can be seen that among the five largest exporting companies in São Paulo, only General Motors and Volkswagen are among the largest importers in the state. In the analysis by the national accounts sectors, the state imported 33.54% of capital goods, 44.09% of intermediate goods and 10.33% of consumer goods, in the analyzed period. In exports, we have 28.36% of capital goods, 43.95% of intermediate goods and 22.0% of consumer goods. In the selected period, the São Paulo trade balance showed a higher value than that of exports over imports only in consumer goods.

### **4.2. Local economic activities in export**

Of the 19 municipalities in the RMC, all exported and imported in the period studied. Data on imports and exports by municipality from January to October 2007 are presented below. This period allowed the comparison of data in order to identify the participation of SMEs in exports from that region.

Table 01 - RMC Exports and Imports by municipality (Jan-Oct 2007, in millions US \$ FOB)

Municipalities of RMC	Export	Import	Balance
	(Jan-Oct 2007)		
American	324	339.8	-15.9
Arthur Nogueira	2.3	4	-1.7
Campinas	1078.3	1305.5	-227.2
Cosmopolis	58.3	42.5	15.9
Eng. Coelho	10.6	0.9	9.7
Holambra	15.8	6.3	9.4
Hortolandia	135.6	559.5	-423.9
Indaiatuba	488.2	442.5	45.7
Itatiba	70.6	81.6	-11
Jaguariúna	1170.6	1845.8	-675.3
Monte Mor	77.4	108.6	-31.3
Nova Odessa	87.2	46.5	40.8
Paulínia	372.5	994.3	-621.8
quarry	19.5	3	-16.5
Santa B. D'Oeste	60.1	66.3	-6.2
Santo A. de Posse	5.6	12.3	-6.8
Sumaré	538.8	850.6	-311.8
Valinhos	128.2	110.2	18
Vineyard	195.3	222.8	-27.4
<b>Total RMC</b>	<b>4838.9</b>	<b>7043</b>	<b>2204.1</b>

Source: adapted from SECEX (2007).

Considering the export period, the exported products are represented as follows: intermediate goods (with 44.50% of the total exported), capital goods (39.94%) and consumer goods (14.42%).

From the data, the municipalities of Campinas and Jaguariúna stand out, which present the largest international trade flows. The two cities together represent almost half of the total exports of the MRC (just over 47%). It is important to note that although Paulínia has the highest regional GDP, its production primarily serves the domestic market. It is also noticed that the deficit of the period is concentrated in Jaguariúna, Paulínia, Hortolândia and Sumaré. In 2006, these municipalities had a joint deficit of US \$ 1.85 billion (RIBEIRO, 2007).

The region has been experiencing a worrying increase in its deficits: while exports grew 4.4%, imports increased 21.1%. The deficit accumulated in the first ten months of 2007 represents an increase of 86.4%, when compared to the same period last year. The deficit forecast for the whole year was US \$ 2 billion, and in October the deficit already represented US \$ 2.2 billion (RIBEIRO, 2007).

In relation to 2006, the two largest exporting municipalities had a low growth: Jaguariúna had a reduction of 6.5% in growth and Campinas 12.1%; while imports continued to grow in the RMC, which characterizes the worsening of the negative result in the balance.

Only Cosmópolis, Holambra and Pedreira showed a surplus growth compared to the same period last year. Only seven of the nineteen municipalities in the RMC had surpluses (Holambra, Eng. Coelho, Cosmópolis, Pedreira, Valinhos, Nova Odessa and Indaiatuba).

#### **4.3. Main destination countries for local exports**

According to data provided by SECEX (2007), the total exports of the region under study is US \$ 4,838.9 million considering the FOB price in the period from January to October 2007.

The main destinations for RMC exports are, respectively: ALADI - exclusive Mercosul - (31.7%); Mercosur (28.8%); United States (16.5%); European Union (9.3%) and Asia - excluding the Middle East - (2.6%). The percentage values are calculated on the total of exports so that the other destinations correspond to 11.1% SECEX (2007).

#### **4.4. Contribution of exports to the local development of the territory**

From the historical context of the RMC, it is clear that this region follows the trend of the state of São Paulo, as a region with a high concentration of large industries.

In its history, the RMC presents a trajectory through the primary sector of the economy, mainly comes from the sugar cane and coffee cultures that created the basis for the emergence of other industrial sectors, which was seen in the following decades, represented by the textile sector. Metropolization, great incentives for the installation of industries, an abundance of skilled labor and technological production and knowledge of technological frontier arising from the proximity to the Metropolitan Region of São Paulo, associated with the abundant road infrastructure (Viracopos airport), favored the formation of a micro environment in this region to become a storehouse for large industries.

It is even observed that this region is highly developed in business terms, given that in addition to having all the attractive factors for the development of large companies, it also favored the emergence of local productive arrangements for the production of products that require greater degrees of technology and production complexity, which is achieved through such productive agglomerations.

Given the size of the identified industries, considering the representativeness of the state of São Paulo in relation to national production, it is noticed that in the RMC the exporting companies or participate in large productive conglomerates that supply components to the largest exporters in São Paulo (such as Embraer, Petrobrás, General Motors, Volkswagen and Caterpillar) or are themselves major exporters.

However, as the companies that are part of the conglomerates are normally seen as mere links in a production chain and given the volume exported by the RMC, SMEs do not appear and would not be able to appear in this economic scenario, reinforcing Marinelli's postulates and Joyal (2004), Joyal (2006) and Souza et al. (2003). These would then be peripheral companies (such as small local markets, bakeries, service providers) that supply products or services to the RMC working mass or else small links within the giant production system that is observed in this region, according to what says Smith (1983, apud Paiva, 2004).

Considering that the main products exported are airplanes; cane sugar; other sugars, beets, sucrose; Orange juice; frozen; cell phone; automobiles, these products alone are not easily produced by SMEs. At most, they could participate as mere links in the production chain, supplying components for this chain, but not necessarily exporting. It is clear, therefore, that there are large companies that are exporters in addition to the fact that, in the RMC, only Campinas and Jaguariúna have the exporting culture.

Even if RMC's deficits are observed, it is understood that importing is necessary as it deals with the acquisition of new technologies and knowledge, necessary for RMC companies to achieve new levels of production and export and, therefore, greater results in their balance commercial. The reason for the international crisis cannot be disregarded, which inevitably reduces countries' exports. Therefore, in the period under study, it is clear that the RMC is in the process of investment through imports.

The large industries present in this region eclipse the results of SMEs in terms of the export scenario and in accordance with the dictates of Souza et al. (2003). However, more detailed studies can be used to analyze the historical trajectory of these large exporters in order to identify the participation of SMEs that have benefited from benefits for the development of the RMC and today are major exporting companies or participants in the production links for the export of this region. . It is also recommended to identify the existence of large foreign companies or even branches of large national or international production groups, which would be out of the consideration of this study (which specifically deals with RMC's regional exports and their contribution to the development of SMEs).

#### **4.5. Possible influences of logistical factors on exports**

It is evident from the data collected that the RMC road network favored the flow of its production to other regions. In addition, the proximity to the RMSP and the geographical location of the RMC (close to the port of Santos) and the availability of the largest cargo airport in the country also facilitate exports through the logistics found in this region.

Agriculture, known for its bulk volume, has at its disposal the necessary resources and outlets, such as the port of Santos. Rodovia dos Bandeirantes (SP 348) connects the municipalities of RMC with the RMSP. Another five highways with double lane and two lanes in each direction depart from the municipality of Campinas. The Anhanguera Highway (SP 330) represents for agriculture the most developed structuring route in the interior of São Paulo, in addition to crossing municipalities with high industrial concentration (such as Jundiaí, Limeira, Campinas, São Carlos, Ribeirão Preto and São Joaquim da Barra) . The D. Pedro I Highway (SP 065) connects the region to the interior of the State, starts in Campinas and ends at the Presidente Dutra Highway (BR 116). The Campinas-Mogi Mirim Highway (SP 340) is the most prominent joint between the northern municipalities of the RMC. The Campinas – Paulínia Highway connects the two municipalities, in this case linking Replan, the largest oil refinery in the country. Recently, América Latina Logística (ALL) and the Belgian company Katoen Natie invested R \$ 25 million in partnership in the multimodal terminal that connects the Port of Santos by rail to the Campinas region, with the capacity to transport 110 containers per day. Transport can be done in 36 hours, representing a cost reduction in relation to road transport in the order of 30%. with capacity to transport 110 containers per day. Transport can be done in 36 hours, representing a cost reduction in relation to road transport in the order of 30%. with capacity to transport 110 containers per day. Transport can be done in 36 hours, representing a cost reduction in relation to road transport in the order of 30%.

In the contemporary world, airports allow greater competitive advantages in relations with the regional, national and international markets, by being part of the logistics chain of large companies and constitute themselves as true airport cities where industrial airports are installed, new companies and business centers and services that generate jobs, income and taxes both for the municipality where the airport is installed and for the cities located in its surroundings (CAPPA, 2007).

RMC is covered by Viracopos International Airport. Based on MDIC statistics (SECEX, 2007), in 2003 the exported areas of companies based in Campinas represented, at Guarulhos airport (capital of São Paulo), 31% of cargo and, in Viracopos (Campinas), 69%. Another factor worth mentioning would be that Viracopos was the starting point for higher value-added segments such as, for example, telecommunications, engines and parts, information technology, auto parts and electrical material.

Thus, the RMC's modal transport complex contributes decisively to its exports, since other regions with less structured modes have less positive numbers in relation to their

exports. Another factor is the cost reduction in the transport of RMC products due to the logistical variety that RMC enjoys and makes its products more competitive on the international stage.

## **5. Final considerations**

This article dealt with the RMC, one of the most prosperous in the economic scenario of the state of São Paulo. The export base theory of North (1977) and the perspective of local development through the reduction of inequalities and equitable distribution of income and inclusion in the world of work were the approaches considered in this research with the objective of characterizing RMC exports and verifying which the participation of SMEs in this export scenario.

The theoretical framework indicates that entrepreneurship has a relevant role in development (Dornelas, 2001), SMEs that export promote development by attracting money from exports (North, 1977; Tiebout, 1977). However, some barriers can be imposed on SMEs and these can be overcome through productive agglomerations through access to new levels of growth and competition provided by productive agglomeration (Porter, 1989; Sachs, 2001; Lastres and Cassiolato, 2000) and access to international market (Scatolin et al., 2003; Nique et al., 2005; Macadar, 2006; Ferguene, 2002).

However, it is clear that in the studied region, the evidence is in accordance with Perroux's theory (apud Souza, 1980), which deals with the concentration of investments in some points of space. The initial economic support for the RMC was activities from the primary sector (sugar cane and coffee), and were instrumental in strengthening the city of Campinas as the state's regional capital.

The logistical infrastructure available at the RMC, the proximity to the RMSP (great center of science and technology, qualified labor) and the various investments of the state for the installation of large industries promoted the dynamism and growth of this region. From the exported products, it was possible to realize that they are produced by large industries and the participation of SMEs in these expressive exports proves to be negligible, if not nonexistent. This is due to two factors: a) the volume of units exported (which SMEs would not have the productive capacity to support, such as raw cane sugar, orange juice, frozen, products that are normally sold in high volumes); and b) the complexity required for the production of exported products (such as airplanes and automobiles).

In relation to the deficits found in the period studied, it is clear that the region has its trade balance retracted, which responds to the international crisis and also to the fact that

imports also deal with the acquisition of new technologies, which will increase innovations in production processes and products to be exported later.

Therefore, it is clear that even with exports, most of the municipalities of the RMC are still focused on the domestic market, reinforcing the postulates of Martinelli and Joyal (2004), Joyal (2006) and Souza et al. (2003) and SMEs were not identified as participating in the total exported volumes. This is not to say that CMR is not developed. What is found is a concentration of wealth in large industries, which contradicts the theoretical postulates of the approach to local development, used in this research.

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