

MG/ES

A New Territorial Device

Nelson Brissac Peixoto

Globalization implies the emergency of a regimen of accumulation and production commanded by the **big corporation**, in a level that exceeds the national borders. From the industrial production point of view, an integrated and verticalised transnational system. The expansion of capitalism allowed to the constitution of companies holding gigantic resources and multiple capacities _ industrial, technological, commercial and financial. Capable also to incorporate innovations, technologies and organizational and managerial procedures introduced by new and more flexible enterprises.

This would allow the large corporation to redefine the productive processes dimensions, in a division of the industrial work and commercial intra-firms flows, that integrate regions and countries. The created or acquired productive units in the peripheral economic spaces are integrated to the globalised projects of the big company, through hierarchised networks that distribute productive operations and functions of development and coordination. An economy of scale that has the global market as reference.

In Brazil, due to historical and structural reasons, the presence of the large corporation is even more important, determining the way of insertion of the country in the global economy. Specially in a region configured by basic industrial activities _ mining, siderurgy and cellulose production.

The productive and territorial device of the region was configured according to the national development model.

It was a extractive - industrial model, based on state-owned companies (CVRD and Siderbras), articulated internationally through inter-governmental agreements with Japan. Resulting in a productive organization directed toward the exportation of commodities (iron ore and cellulose) and siderurgical products of low aggregate value. Part of the production, more elaborated, is destined to the domestic market (civil construction and automobile industry). An inductive device of the growth based in a subordinated integration into the Japanese steel and paper industry. A model of international insertion resultant of politics and strategies of the State, previous to the current period of globalization.

This model was translated in the complex mine - railroad - port - navigation operated for the CVRD in the 70's. Configured in a region **spatially integrated** by the productive chain and the infrastructure of transport for exportation. A clear functional articulation of the use of the space, with defined areas exerting different linked economic activities _ mineral extraction, eucalyptus plantation, steel production and port operations _ prevails.

In this period, the global productive device operates through relatively autonomous industrial units, installed in the country. Fordists industrial structures determined by the large scale of production and transport. Its

relationships with the territory are characterized by the massive impact in local situations. The iron mining operations generate great disorganization in the urban and environmental landscape; the companies create cities that function as bases for its operations (Ipatinga, Timóteo, Ouro Branco); the eucalyptus plantation for the steel production determines the urban occupation in Minas Gerais; the implantation of ports, siderurgical complexes and cellulose projects leads to the expansion of the Great Vitoria.

In the 90's begins a deep transformation in the productive and territorial device. The privatization of CVRD and the siderurgical sector disrupt that structure. The national development model is disassembled.

CVRD leaves the command of the productive chain. The company moves away from the control of steel industries (CSN), sells its participation in the cellulose sector (Cenibra) and in others steel plants (CST) and abandons the transoceanic navigation, now dominated by large international companies.

CVRD is not anymore an instrument of public policies of development. It is now managed in function of market criteria, focusing its activities in mining and logistics, assuming the control of a large part of the national railroad network. A strategic movement that would modify the profile of the company and the territory.

The **mine - railroad - port device**, although keeping its physical infrastructure, **is converted into a more complex and extended logistic network**. Mining operations have been through an intense technological mutation: first the ore was directly exported, as granulated; now is combined and processed in pellets, in accordance with the specifications of the purchaser (the steel industry, which produces under demand for the automobile assembly plants).

The introduction of market standards (attendance to the customer) in the processing of the commodity led to a transformation of the iron ore logistics. The pellets plants and transfer yards, where the blend of the ore from different mines can be carried through, now have a strategical role. CVRD connects the different mines and plants (MBR, Ferteco, Samarco) it has acquired, first of all to guarantee the diversification of products. Thus, the project of building a railroad binding Tubarão to Ubu consolidates the extended port complex of Espírito Santo. But it also articulates, in the coast, the Minas Gerais mines, whose production is drained by different systems of transport. The pellets plants, in Espírito Santo, had modified the geography of the mining process. Technological changes redefine productive processes and reconfigure the territory.

CVRD became a important company in logistics, acquiring new railroads and port terminals, including warehouses and customs stations, offering services to other enterprises. The integration of the logistics processes includes transport maritime of cabotage, storage, railroad transport and intermodal services with containeres. A platform of communication and planning, allowing the survey of the chain and the management of complex logistic projects. Once Brazilian economy is more oriented toward exportation, CVRD _ having increased the railroad network under its control _ extended the reach of its operations and

the type of carried products (as soy), redesigning the map of the territories articulated for those railroad and port infrastructures.

Other important companies located in the region had also introduced new operational procedures. Gerdau (Açominas), characterized by the diverse units of production, with large geographic dispersion, developed efficient logistic system of distribution and attendance to the customer. Arcelor, that now integrates several steel plants under its control, uses logistic services of cabotage to feed its unit of lamination in the South. Also Aracruz, with great expansion of its areas of eucalyptus plantation, starts to use intermodal devices of transport.

Flexibilization of the productive activities would have great impact in **the relationships of the companies with the cities**. The integrated model manufacturer plant - city, where the corporations plan the creation of its urban support and lead its management, is abandoned. The implantation of new industrial projects, specially in the cellulose sector, already obeys a model of flexible urbanization, where the road articulation between dispersed housing centers substitutes the construction of urban infrastructure. The cities inherit the urban equipment and start to have autonomous administration, forced to diversify its economic base and to define, in cooperation with the companies, politics of economic development.

The result is a regional urban system, produced by the attraction of cities around Monlevade, Itabira and the metropolitan area of the Steel Valley. A bigger complexity in the territorial organization, due to the technological update of the larger steel and cellulose companies, creating an increasing interdependence with the supplying companies. The outsourcing processes, the networks _ internal to the region _ between the diverse companies and the relations with other leading corporations, in other regions (as the supply contracts between Usiminas and Fiat and between CST and Renault), evidence the character more open and flexible of the industrial base. Also the diversification of the port complex in Espírito Santo, with new investments and operations in the ports of Ubu and Barra do Riacho, extends the productive system and the area of influence of Vitória.

On one hand, the modernization of the transport devices, with the creation of national exportation corridors, leads to the acceleration of the territory. The rectification of railroad branches is made by the removal from the cities, considered obstacles to circulation. The big industrial companies (as CVRD in Tubarão and CSN in Sepetiba) articulate its productive operations, the railroads and the ports in an integrated system.

On the other hand, the different segments of the infrastructure (railroads and ports), to a large extent also privatized, become independent and start to compete one against the other. Alternative transportation routes appear, including diverse platforms for logistic services (as transfer yards and customs stations). The intermodality (road, railroad and cabotage transport) completely modifies the dynamics of the territory.

This process of modernization, that indicates the passage from an infrastructure of transport to logistic platforms and intermodal systems, would open the opportunity for the diversification of services and

agents, reinforcing the role of the cities as centers of flows management networks? The update of the large companies operations, promoted by logistics, would potentialise an effective transformation of the territory?

The international networks have a new configuration.

International corporations, as the European steel group Arcelor _ that now holds the control of Belgo Mineira, Acesita and CST _ starts to have an important role in the configuration of the productive chain, now also articulated to the European automobile assembly plants. Large Chinese steel companies, as Baosteel, turned the country into Brazil's most important iron ore client, substituting Japan, and plan the installation of steel plants here. The eucalyptus plantation sector, first directed to the production of vegetal coal for the steel industry, starts to produce cellulose _ by Cenibra (Japanese capital) and Aracruz (Swedish capital) _ and diversifies its international insertion. The **foreign investments** aiming at guarantee the supply of raw materials gradually stops being a geopolitical question, managed by the State, to be part of the **companies strategy**, that search to integrate suppliers and markets into their production networks.

The sells contracts in the long run and joint ventures continue, but now according to another logic: they are agreements between firms. Instead of governmental commercial agreements that searched to make massive production (ore) possible, the implantation of infrastructure (railroads and ports) and the technological transfer (creation of the national steel park), there are strategic alliances between companies, from different countries, aiming at to guarantee the supply of basic materials, the enlargement of its production bases and the conquest of markets.

So the expansion of the steel production is made through several CVRD projects to construct steel plants with different international partners _ Baosteel, Arcelor and Posco in Maranhão, Thyssen in Rio de Janeiro- Sepetiba and Riva in Espírito Santo. The result of the race of the larger siderurgical groups to increase production bases outside the regions with high costs and environmental restrictions. On the other hand, the national groups, specially Gerdau, make the inverse path, expanding internationally its production base through the incorporation of plants located in the USA.

It is another architecture of global insertion. Instead of a structure based on commercial relations between countries, carried through by the State, there is a extended and diversified network of relations between multiple companies. The region is not a closed block anymore, starting to function in an interdependent way, part of the global production network, a platform to production and exportation of national and multinational corporations. A dynamic field of forces, with changeable configuration.

The relationships with **China** will be established according to a totally distinct paradigm. The internationalization model of the Chinese economy is entirely different from the strategy used by Japan in the 50/70's. The integration of China in the global markets is conducted through financial and productive interdependence, with great presence of multinational corporations in the country. It occurs through market mechanisms. The direct foreign investment deepened the insertion of China in the networks of global

production and commerce, converting the country into a production platform and center of operations for Asian and global corporations.

The relationships of China with Brazil will be then based on agreements between corporations, according to strategies of expansion of its productive bases and market appropriation. What allows, potentially, to the implantation of industrial and logistic operations of Brazilian companies in China. As Embraer and CVRD, that operates a coal mine there and develops logistics projects for companies that export to China. An intricate and multidirectional network of investments and commerce.

On the other hand, China promotes overseas investments, the internationalization of its larger companies, following a strategy directed to assure the supply of basic materials and goods to the country. This model of investments gives to the companies access to low costs resources, capital from the vast reserves of the country, allowing them to acquire many assets in Brazil. The basic chains and the infrastructure projects for exportation of these products would end under Chinese control. In this in case, the articulation of these productive sectors with the world-wide market would happen within a new subordination to a verticalised chain, directed from overseas.

An **extended territory**, of international reach, is configured. Where the diverse industrial operations are spatially distribute according to its own productive logics, both articulated and conflicting. The control of the productive chain don't matter anymore, substituted by a strategic vision that privileges business-oriented opportunities with international partners, as in the case of the participation of CVRD in the new steel projects. The public policies of development are substituted by multiple corporate strategies, dictated by their relationships with the market. The multinational companies strategies, now with shareholding control of diverse enterprises, become a more and more important factor. The presence of several agents _ corporate, institucional and social _ restores a systemic functioning. The device architecture becomes much more complex and dynamic.

The processes opened by the productive and logistic modernization of these large corporate operations can be a counterpoint to the verticalization of the productive chain, potentializing its networking diffusion within the territory? The mutation occurred with the privatization, the dismounting of the national development model, the flexibilization of production and the increment of the logistic operations would indicate other possibilities?