

Productive Integration and Locational Advantages: The Brazilian Agribusiness Value Chains in Comparative Perspective

Topic: GVC upgrading

Author: Izak Carlos Silva

Co-Authors: Fernando Salgueiro Perobelli, Weslem Rodrigues Faria

Due to the climate and soil conditions, in line with funding and research policies, Brazilian agribusiness presents with great weight the economic activity of the country, creating an average of 20% of the national GDP in the last 20 years, besides representing more than 35% of Brazilian exports. At the same time, the emergence of global value chains and the great fragmentation of production around the world have altered the global patterns of productive integration, influencing production, international trade, domestic value added, productivity, employment and distribution of income.

Given the importance of agribusiness to the Brazilian economy and having in view of the new productive conformation, the objective of this article was to analyze the degree of productive integration and the Brazilian locational advantages for the specialization in the agribusiness value chains, defined in a pioneering way based on the hypothetical extraction of the Brazilian input-output matrix from the Agriculture, Hunting, Forestry and Fisheries sector (S1), with the opening of 35 sectors between 1995 and 2011. They were defined as sectors belonging to the chains of Brazilian agribusiness, the sectors with above-average total production as a reflection of the hypothetical extraction of purchases and sales of the Agriculture, Forestry, Hunting and Fishing (S1) sector, or sectors immediately below the average in specific periods, but with tenacity in their longitudinal production variations, for which the value-added rate was calculated on the exports Gross (VAX rate), the index revealed comparative advantage in terms of value added (VARCA). For both coefficients the shift-share was applied, in order to capture the locational advantages of productive integration and specialization in these sectors.

From the indicators of integration, specialization and locational advantages to specialization, we sought to understand how Brazil was associated with this productive conformation of the Global Value Chains in relative terms, that is, the coefficients were normalized so that Brazil represented the unit and the other WIOD countries were positioned in terms relative to Brazil, allowing comparison. The results indicated that Brazil, in perspective to the other sectors of the other countries, has high productive integration and wide locational advantages for the specialization in several sectors of agribusiness value chains, even in the most dynamic sectors.