INTRASTATE AND INTERNATIONAL TRADE IN THE STATE OF PARANA: IMPLICATIONS FOR DOMESTIC VALUE ADDED

Topic:
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Brazil is a major global exporter of commodities, primarily in the agricultural sector. ParanÃ¡, situated in the southern region of Brazil, ranks fourth among Brazilian states in terms of GDP. Its economy is centered around agro-industrial products, excelling in supplying agricultural inputs to other Brazilian states and exporting products from the soybean and meat complex.
This study aims to scrutinize ParanÃ¡'s integration into global value chains (GVCs) and the process of generating domestic value added (DVA) through its trade relations with other Brazilian states and key international partners, including China, the USA, Argentina, Germany, Netherlands, OECD countries, BRICS, other Latin American nations, and the Middle East.
To achieve this, an inter-regional input-output system was constructed for the 27 Brazilian states using the SUIT method, integrated into the Inter-country Input-Output System by the OECD. This study advances existing literature by examining DVA generated not only through international trade but also through trade between Brazilian states. This is crucial as intranational trade in Brazil is approximately 20 times greater than international trade.
Results reveal that the generation of DVA in ParanÃ¡ is more pronounced through trade with other Brazilian states than through international trade. SÃ£o Paulo, in particular, emerges as a significant contributor, responsible for generating US$15,550 million of DVA in the ParanÃ¡ economy. This influence stems from SÃ£o Paulo's economic size, boasting the largest GDP in Brazil and being ParanÃ¡'s primary commercial partner, as well as geographical proximity with well-established transport infrastructure linking the two states' productive structures.
In terms of international trade, China holds the position of ParanÃ¡'s principal trading partner, contributing the most to DVA in ParanÃ¡'s economy, approximately US$3,047 million. Key exports to China include agricultural products, with a focus on soybean complex and chicken meat. OECD countries also maintain a robust trade relationship with ParanÃ¡, generating around US$3,853 million of value-added demand in ParanÃ¡'s economy.
The agricultural sector prominently figures in ParanÃ¡'s industries, with the highest DVA generated in exports to China and SÃ£o Paulo, accounting for approximately US$3,596 and US$2,406 million of DVA, respectively. SÃ£o Paulo's close ties with ParanÃ¡'s agricultural industry are highlighted, as it houses a sizable portion of Brazil's food industry, relying on inputs from ParanÃ¡.
In conclusion, beyond international trade, intranational trade plays a pivotal role in DVA generation in ParanÃ¡'s economy, especially in collaboration with SÃ£o Paulo. Concerning international trade, the agricultural and food industry stands out, particularly in trade with China and OECD countries. Future studies can enhance this analysis by incorporating environmental variables such as CO2 emissions and Virtual Water.
Keywords: international trade, intranational trade, Domestic Value Added
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