A NEW EXPORTING PATTERN OF PRODUCTIVE SPECIALISATION?
CONSIDERATIONS ON THE BRAZILIAN CASE

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ABSTRACT

The proposal of a new pattern of capital reproduction in Latin America presents as distinctive trait the specialization of production and export base in agricultural and metallic commodities as well as industrial products with low added value. Such configuration engendered a destruction of important industries, a process characterized as deindustrialization. In this scenario, foreign capital is presented as the articulator of this new pattern of productive specialization insofar as the exporting axes generally constitute large segments of global production chains under the direction of multinational companies. The consolidation of this model assumes the increase of exports to the detriment of the dimension of the internal market, especially the mass consumption. In the Brazilian case, are perceived differentiating traces of this general model preconized for the Latin America. The dual process reprimarization/deindustrialization in Brazil does not result from the absence of dynamism in the domestic market. In fact, in the last years, credit expansion, employment generation and the formal policy of valuing the minimum wage were crucial for the expansion of domestic demand. This fact combined with the redefinition of the strategies of multinationals, in a logic of financialization of companies, were determinants for the consolidation of this dual process of reprimarization/deindustrialization. In reality, the recent process of productive internationalization was translated into the deepening of the movements of patrimonial nature and fictitious valorization, implying the reduction of the time horizon of the company’s valorization. As a consequence, the production strategies along with the modalities of implementation of foreign companies imply progressively in its productive disengagement.

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1. INTRODUCTION

In a recent article entitled Latin America: the new the exporting pattern of productive specialization - a study of five economies of the region, Jaime Osorio (2012) believes that it was consolidated in the Latin American continent a new exporting pattern of reproduction of capital that is characterized by productive specialization, however with remarkable differences in relation to the primary export model prevailing in the region from the second half of the nineteenth century until the early twentieth century. The main differentiator is associated with a higher degree of elaboration of many products exported in this new pattern.

In his assessment, the consolidation of this new exporting pattern of productive specialization occurs as the end of the industrial model prevailing in the major economies of Latin America between 1940 and mid-1970. In fact this new model effectively means the destruction of important segments of the industrial structure, leading to de-industrialization. In this new context, even economies with more complex industrial structures, such as Mexico and Brazil, were “integrated or subsumed and submitted to the new exporting project, in which the exporting axes constitute, in general, large segments of the global productive chains under the direction of multinational companies (OSORIO, 2012, p.106).”

What are the characteristics of this new pattern? A distinctive trait is related to the strong specialization of production and the exporting base in agricultural and metallic commodities as well as industrial products with low added value of local origin or maquilas. This configuration does not reflect an active strategy of diversification and generation of new markets and commercial opportunities, but the use of natural or comparative advantages in production and international trade. Actually, the exporting dynamism reflects a heated external demand for these characteristic products of the region as well as the rapid reaction capacity of Latin American economies to such demand.

Additionally, this new exporting pattern engenders the formation of enclaves with activities that operate with low productive and technological linkage effects in the region, importing capital goods, intermediate goods and even raw materials.

In the constitution of this exporting model, Osorio (2012) highlights the determining role of large domestic and foreign capital. In reality, the author points out that large companies "concentrate the main export platforms of the new pattern, as well as the dynamic activities oriented to the domestic market, particularly concentrated in
the service sector, which provide energy and telecommunications and constitute important commercial chains” (p.111).

In this dynamics, the private domestic capital is concentrated in the fields of trade, agribusiness and the food industry, with an important participation in mining, electronics and electrical sector. Yet the foreign capital is present in almost all segments, with emphasis to the automotive sector and auto parts and electronics. The oil and gas segment is considered the only one with small contribution of foreign capital. Finally, the state enterprises prevail in the activities of oil and gas, mining and electricity.

In the evaluation of the author, it is part of the nature of this new economic pattern focused on the external market the loss of purchasing power of wage earners in the dynamics of the internal market as well as the precarization of working and living conditions and of the majority of the population to the extent that: 1) consumption of wage earners is not an element of greater relevance insofar as a significant proportion of the production is oriented to external markets. This because the average wage of workers does not allow access to the industrial and agricultural exportable goods; 2) the competitiveness of industrial products is linked to deterioration of local wages and depreciation of all that implies an increase in labor costs. In other words, local workers are more regarded as producers rather than as consumers.

Therefore, the consolidation of this pattern of capital reproduction presupposes the increase of exports to the detriment of the dimension of the internal market, in particular of the consumption of the masses. In the Brazilian case, are perceived differentiating traits of this general model preconized for the Latin America. The dual process of reprimarization / deindustrialization in Brazil does not result from the lack of dynamism in the domestic market. Indeed, in recent years, the expansion of credit, the generation of formal employment and the policy of minimum salary valorization were crucial to the expansion of domestic demand.

This fact combined with the redefinition of the strategies of multinationals was determinant for the consolidation of this dual process reprimarization / deindustrialization. Actually, the recent process of productive internationalization was translated in the deepening of the movements of patrimonial nature and of fictitious valuation started in the nineties, resulting in the reduction of the company's valuation time horizon. As a consequence, the productive strategies and modalities of deploying foreign companies increasingly imply in their productive disengagement.
2. THE PROCESS OF REPRIMARIZATION OF EXPORTS IN THE CONTEXT OF FINANCIIALIZED CAPITALISM

The insertion of the Brazilian economy in financial capitalism occurred as a result of two crucial factors. On the one hand, the process of trade and financial openness as well as orthodox monetary and fiscal policies and the establishment of high real interest rates aimed at monetary stability. On the other hand, structural reforms in the financial system, ensuring benefits and tax concessions to the financial capital. (Paulani, 2012; Moreira e Sherer 2002).

The logic of the stabilization policy, based on significant increases in real interest rates, was crucial to the overvaluation of the national currency. The combination of high interest rates and currency appreciation brought significant consequences in our productive insertion. The first impact is associated with the process of “reprimarization” of the Brazilian exports. In other words, Brazil returns to the undesirable position of primary goods and low aggregated value exporter.

Gonçalves (2003) already drew attention to the consolidation of this pattern of specialization based on exporting commodities in the nineties. According to the author, the specialization in resource-based exports reflects the loss of competitiveness of Brazilian industry. This scenario remains in the 2000s. Brazilian exports still follow very specialized in primary commodities. This fact has increased their share in total exports of the country from 28.9% in 2003 to 47.0% in 2012. In general, primary commodities are extremely vulnerable to variations in weather conditions, world demand and prices.

This setting indicates that the performance of Brazilian exports is associated with the exploitation of opportunities produced by the expansion of dynamic markets. In this context, it is worth highlighting the crucial role of the Brazil-China bilateral trade to consolidate the pattern of specialization based on traditional export goods of the primary sector. There has been a concentration of Brazilian international sales to that country in a few commodities. This is not an isolated trade with Brazil, since in general China has been importing commodities (especially oil, gas, minerals and food) from Latin America.

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3 Recently published study by the Economic Commission for Latin America and the Caribbean (ECLAC) revealed that China is the main source of export growth in Latin America and the Caribbean, including in the context of strong deceleration in this region in 2009. Moreover, we found a pattern eminently inter-sectoral trade between the two regions, with China mainly exporting manufactures and importing raw materials ECLAC (2010).
The expansion of exports of mineral and agricultural commodities engenders substantial inflow of foreign currency, leading to an oversupply in the foreign exchange market and triggering a process of appreciation of the national currency. Therefore, this phenomenon also contributes, along with the high real interest rates, for the appreciation of the Real. The negative impact on the production and export of manufacturing industry is notorious. The share of manufactures in the exports fell by 54.3% in 2003 to 37.2% in 2012 (MDIC, 2013). Of total exports by the manufacturing industry, there is a strong predominance of international sales of the segments of low and medium-low technology.

The slackening of industrial exports is accompanied by a deterioration of the trade balance in manufactured goods (IEDI, 2012). In 2012, the deficit of the industry reached U.S. $ 50.6 billion against $ 16.7 in 2003. Analyzed by technological intensity, the larger trade deficit was observed in the high and medium high technology. The high-tech group recorded a deficit of U.S. $ 29.3 billion in 2012, the second negative performance since the beginning of the series in 1989. This deficit was exceeded only by registered in 2011. The most significant deficit was observed in the segment of medium-high technology (U.S. $ 54.5 billion), the highest for this year in the series. In this group, the automotive industry and machinery and equipment were the negative highlights.

The medium-high technology industry marked the third consecutive year trade deficit. The low-tech segment was the only one to show a surplus in the trade balance, benefited by the performance of the food and beverage industry. It is worth noting the deterioration of the trade surplus in labor intensive activities (textiles, footwear and clothing).

This dynamic reduces the weight of the industrial sector in GDP and the level of technological sophistication of industrial manufactured goods, leading to a process of deindustrialization. In addition to the exchange rate appreciation, the deindustrialization movement also reflects the ineffectiveness of national industrial policy combined with large trade liberalization (MOREIRA e ALMEIDA, 2012; SALAMA, 2011; CARNEIRO, 2009).

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4 By technology intensity, the OECD methodology ranks the industry in four segments: high-tech, medium-high technology, medium-low technology and low technology.
The double reprimarization/deindustrialization movement of the Brazilian economy seems to confirm the theory of the constitution of a new export pattern of productive specialization that marks the end of the industrial model that prevailed in the Import-substitution Industrialization (ISI). The constitution of this export pattern of specialization is associated with the loss of purchasing power of wage earners and the deterioration of working conditions.

In the Brazilian case, differentiating features of this model generally recommended for Latin America are perceived. The double process reprimarization/deindustrialization in Brazil is not associated with the lack of dynamism of the internal market wage. Indeed, in recent years, several factors have contributed to the expansion of this segment in the domestic demand.

3. THE EXPANTION OF THE BRAZILIAN INTERNAL MARKET AS A DYNAMIC ELEMENT OF CAPITAL REPRODUCTION

The theoretical model proposed by Osorio (2012) of a new exporting pattern of productive specialization for Latin America associates elements said as structural of these economies, linked to the cycle of capital in the dependent economy (MARINI, 2012), to the emergence of a new pattern of capital reproduction to the region, in which the economic extroversion specialized in mainly primary products would be the central element of capitalist expansion.

A more detailed observation of the Brazilian economic conjuncture of the last decade leads to the inadequacy of this country in the specific dynamics of this theoretical proposition. Thus, there is room for other conclusions about the determinants of the dual process reprimarization/deindustrialization, identifying the Brazilian insertion in the new logic of financial capitalism, as discussed in the previous section, and understanding the new role played by domestic demand to achieve the surplus value extracted from the country house, which will be addressed at this point.

Osorio (2012) states that the loss of purchasing power of workers would be at the center of the dynamics of this new exporting pattern of productive specialization acting in two ways. First, because the domestic market would not constitute itself as an element of greater relevance, since a substantial part of the production would be destined to the exterior. Second, because the low level of the average wage would be far from allowing access to manufactured goods. Such theoretical statement comes from the
analysis of the capital cycle in the dependent economy of Marini (2012). Influenced by Kaleckian macroeconomics, Marini (2012) identifies the mismatch between the production in the dependent economies and local consumption requirements, more specifically, those of the working mass.

In the logic of a late industrialization, despite the availability of abundant labor supply, dependent economies import labor-saving productive technologies, which expand the industrial reserve army and consequently lower the level of wages. It is thus a fragile domestic market, which leads to the inevitable outward orientation of dependent economies. Thus, the analysis of Osorio (2012) works in the theoretical perspective of an automatically inverse relationship between the formation of a dynamic internal market and the increasing of exports. In other words, when perceiving a pattern of export specialization in Latin America, Osorio (2012) ends by stating that such economic configuration prescinds the internal market in its dynamics of expansion.

When analyzing the behavior of the Brazilian market in the last decade, understanding the movement of expansion and reprimarization of exports, one perceives a distinguished dynamic between the performance of the internal market and in the reprimarization in Brazil from that observed by Osorio (2012) for the broad framework of Latin America. We must undo the thesis that the movement of reprimarization constitutes itself because it prescinds the internal market. What is observed in Brazil is exactly the opposite. The internal market gains relevance to the reproduction of capital concurrently with the process of reprimarization. In this period, one can observe a policy of minimum salary valorization, an enlargement of formal employment and an expansion of credit to natural persons.

These factors, especially the last, put in obvious contradiction the inverse relationship between the formation of an internal market and the increasing of exports proposed by Osorio (2012), identified as the center of the new pattern of capital reproduction dominant in Latin America. Therefore, the analysis of the behavior of the Brazilian domestic market seeks to oppose the assertion of Osorio (2012, p. 104 and 105, emphasis added):

[...] That most of this production [national raw materials and food], generated in reduced productive centers, is destined to foreign markets and to a small domestic market with high purchasing power, leading to the decline of wages and therefore the general poverty, since the local working population ceases to appear as a dynamic element in the realization of surplus value.
However, our caveat to the observation of Osorio (2012) does not seek to demonstrate that the conditions of workers in Brazil have shown a substantial improvement as to be possible to establish an autonomous development in the country. What the recent trajectory of indicators of employment, remuneration and especially credit to workers comes to evidence is the insertion of this share of the market in the dynamics of realization of the global capitalist production, absorbing increasingly consumer durables through the use of credit also being part of global financial dynamics. As proposed by Saad Filho (2011, p. 13), the impoverishment of workers “is not due to absolute decline in living standards of workers, as often assumed, but on the contrary, the growing distance between their ‘needs’ and its purchase power, leading to debt and overwork.”

The generation of formal jobs in the Brazil presents considerable evolution since 2003 (Chart 1). The incorporation of more workers in the labor market has proved to be one of the factors that increased the relevance of the internal market for the capitalist dynamics in the country. It is worth mentioning that the predominant character for Latin America of informality still represents a significant portion of the Brazilian labor market. The trajectory of formal employment generation for metropolitan regions of Brazil is presented in the following chart:

Chart 1:

![Formal Employment Metropolitan Regions - Persons (thousands)](chart)

Source: IBGE/PME.

The evolution of formal employment in Brazil since 2003 is a reflex of the positive growth conjuncture of the country in the period. It is important to highlight its upward trend even during the time of the 2008 crisis, presenting only decrease in its rate of expansion. The growth of this waged mass takes considerable proportions for the consolidation of the Brazilian domestic market.
The growth of formal employment brings impetus to the domestic market, because, in contrast to the informality, it allows the employee a fixed and guaranteed remuneration at the end of the month, the salary. Contrary to the uncertain remuneration from the informal market, the wage allows certain household financial planning, allowing the provision of counterparts for obtaining credit, boosting, especially, consumption.

The policy of raising the national minimum salary, also undertaken since 2003, corroborates to the affirmation of an internal market increasingly powerful (Chart 2). The real gain of over 70% in the period between 2002 and 2013 is indicative of a strong movement of increase of the purchasing power of the working class. During the 1990s, under the liberal aegis translated in economic stabilization, especially the Real, the minimum wage has suffered a severe reversal in its purchasing power. Only with the recent increase in January 2013, retrieves the nominal level of 1983, the biggest since then (DIEESE 2012).

Chart 2:

[Chart showing the nominal value of the minimum salary from April 2002 to January 2013.

Source: DIEESE.

After the stringency of the monetary stabilization plans, the nominal increase of the minimum wage since 2003 can be seen as a reversal of its very low level presented in previous decades. The nominal increase becomes significant in the new conjuncture of economic growth and low inflation. Within the limits of flexible accumulation, emerging markets are configured not only as platforms of primary goods exportation, but as potential consumer markets in expansion.
The potential of the Brazilian market, comprising more and more segments of the population by the real elevation of the minimum wage, enters as a dynamic factor in the economy. Thus, the assessment made by Osorio (2012, p. 132) does not seem to capture the specificities of the Brazilian case:

The decline of the market formed by the income of workers has as counterpart in the local market, the conformation of a small but powerful market [...], in which participate sectors that survives from the surplus value, rents or high wages whether in the public sector whether in the private.

In the Brazilian case, the trajectory of the minimum wage increase becomes notorious. The expansion of formal employment transpires the expansion of the dimension of this portion of the waged population in the domestic consumption. In this way, it can be said that for the Brazil, the moment initiated in 2003 presents itself as of expansion of purchasing power the working class and of expanding of their participation in the internal market, contradicting the thesis lifted by Osorio (2012).

The salary advancement, however, comes with new forms of extraction of surplus value, as the precarization of working conditions, mainly through outsourcing. It is also important to highlight the central role of work intensification, which widens the gap between capitalist accumulation and worker's remuneration. If this expressive formal increase in the remuneration to the worker was possible, there is no doubt that the capitalist appropriation of surplus value generated in these years of economic bonanza was certainly higher. Thus, even with an increase of their salaries, one can speak in relative impoverishment of the Brazilian working class in this period.

The increased speed of the capitalist cycle of production, arising from the technological and organizational productive innovations, further expands the scale of production and directs an increasing portion of production to the working class. It is necessary, therefore, to extend the absorption capacity of this production by employees. The potential of domestic markets in emerging economies, represented by its considerable population, takes place through the process of proletarianization of this population. The growing need for magnification of the value, within the new financial logic, makes the salary just is not enough to account for absorbing the huge flow of goods. It is in this economic scenario that the figure of credit comes as a defining element of the capacity of realization of surplus value in dependent economies in contemporary capitalism.
The perspective of the expansion of credit to workers opens a double critique the new pattern proposed by Osorio (2012). First, a critique regarding his point of view of the conjuncture of the Brazilian economy, since domestic consumption enters as a strong factor in the dynamics of capital reproduction in the country, in alliance with the emphasis on exports, there is no rivalry or mutual exclusion as the author says. Second, it opens up space for theoretical critique reading of Marini (2012) about the cycle of capital in the dependent economy that, based on Kaleckian macroeconomics, defines the smallness of the internal market by differentiating the production of wage goods and luxury goods. The extension of credit to the working class makes increasingly blurred the difference between these categories of goods defined by Marini (2012).

In the Brazilian economy, the recent movement of expansion of the internal market is due more to the expansion of credit than to the aforementioned increases in formal employment and of purchasing power of the minimum wage. The expansion of credit directed to individual persons underwent a considerable increase since the year of 2003, relating to the greater Brazilian integration in the international financial and productive circuit (Chart 3).

Chart 3

Credit operations of the financial system - Natural Persons - (Millions of Reais)

Source: BACEN.

The rapid increase in the volume of credit to individuals reveals a new orientation of Brazilian economic policy focused on the expansion of consumption, which highlights the importance of the internal market for capitalist expansion in the country concomitant to international scenario which press the expansion of primary
exports. Are indicative of this perspective to leverage the growth by domestic consumption the economic stimulus measures adopted by the government to fight against the crisis of 2008, as the IPI reduction for cars and motorcycles produced in the country and also for the so-called white goods, as well as reductions in interest rates and housing credit expansion.

Finally, one can evidence that the consumption basket of Brazilian workers, notably through credit mechanisms, incorporates increasingly industrialized goods, undoing the thesis of Marini (2012) on the distortion of the productive structure that distance itself from the needs local consumption. Thus domestic consumption takes increasingly greater participation in the dynamics of capital reproduction in the country, which brings us to challenge the thesis of Osorio (2012) that the movement of reprimarization constitutes itself in denial to the formation of a large domestic market. In this way, nevertheless, we do not intend to deny such theoretical contributions. It becomes, however, imperative to the update of the interpretation about the reality of Latin America, bring new elements of this phase of financial capitalism for the analysis and try to be as faithful as possible to the specific realities of each country in the region.

This warmed Brazilian market accelerates demand for commodities, creating a mismatch between supply and domestic demand. This situation, however, is not able to stimulate domestic investment. This market vacuum is quickly filled by foreign capital, which presenting new strategies for capital valorization, gives special attention to the Brazilian market, introducing new forms of commercial insertion of foreign direct investment in the country, ending up by framing categorically Brazil as an emerging market in the logic of global financial capitalism.

4. THE NEW FORMS OF INSERTION OF FOREIGN DIRECT INVESTMENT IN BRAZIL

The recent period has been marked by a strong recovery in investment flows straight toward the Brazilian economy. In fact, it appears that the entry of foreign direct investment has accelerated in the last five years. In 2011, foreign direct investment totaled U.S. $ 66.6 billion, an increase of 37.4% over 2010.

This dynamism stems from two main factors. Firstly, investors seeking profitable options in emerging markets with dynamic domestic demand and monetary stability. The appreciation of the national currency combined with the increased purchasing power of the population strengthens market seeking strategies, benefiting
mainly the manufacturing and services sectors. In fact, the manufacturing industry was the main receptor of FDI in the country, concentrate 46% of inversions, followed by the service sector with 44% of the total.

Moreover, investments in search of natural resources are significant, motivated by the upward trend in recent years the prices of agricultural and metal commodities in the world market. The consolidation of Brazil as a major producer and global supplier of commodities contributes to this strong FDI inflow. However, resources-seeking investments registered a slowdown in 2011 (9% of total FDI) compared to previous years.

Despite the positive results, it is necessary to draw attention to the fact that the active integration of the Brazilian economy in financial capitalism implies the subordination of the productive dimension to the purely financial short-term criteria. In this context, there is an adaptation of foreign capital to such logical short term, with important consequences for the dynamics of foreign direct investment (MOREIRA and ALMEIDA, 2012).

The short-term multinational corporations’ strategies and the logic of economic policy bring transformations in the internationalization of production, with a predominance of commercial and financial activities on the production. This can be seen already in the nineties, with the disengagement of productive branches operating in the country. With the trade and financial liberalization, the multinationals have established strategies for productive restructuring, involving the reduction of productive operations combined with an expansion of commercial activities.

The affiliates engage minimal production and import logic, increasing the internal transfer of surplus towards other units of the same group who are more strategic in terms of wealth creation (MOREIRA, 2002). In 2000, foreign affiliates are still integrated into the overall logic in which benefit from the differences in each country. In this perspective, specialize in activities that contribute little to the formation of the elements that make up the supply chain.

An example in this direction is associated with the automotive industry. A study of IEDI (2011) revealed that domestic demand for vehicles in Brazil registered an increase of 1.8 million vehicles between 2005 and 2010, reaching 3.5 million. This value is more than double that recorded at the beginning of the period (1.7 million). The real increase in wages and credit expansion were responsible for this performance. And in 2009, the government's countercyclical policies directed at increasing consumption of strategic sectors such as autos, also contributed to this positive result.
The dynamism of the domestic consumer market benefited especially imports. In fact, international purchases increased by 650% over this same period, from 88,000 to 660,000 vehicles. This result raised the share of imports in total demand of only 5% in 2005 to 19% in 2010. It is noteworthy that 45.8% of domestic market growth in 2010 was met by imports, almost half of the total. In contrast, domestic production signaled a much more modest increase compared international purchases: 75% between 2005 and 2010.

With regard to exports, the survey found a decline of 30.6% in the analyzed interval. These results led to auto trade balance to a deficit of historic U.S. $ 4.9 billion in 2010. This same configuration can be seen in the auto parts segment. In the last year analyzed, imports exceeded exports by $ 3.5 billion.

The case of the automobile industry illustrates this new stage of internationalization of production in Brazil, in which foreign subsidiaries fail to insert themselves strongly in supply chains in the country, with effects less important in the expansion of production capacity than in preterit phases.

In fact, the foreign firms take into account the possibility of importing inputs and consumer goods open for trade liberalization and the context of high interest rates and appreciated exchange rate. In this scenario, the high and medium high technology sectors, dominated by foreign capital, are those with the largest trade deficits with subsequent emptying of their supply chains. In this sense, it is clear that Brazil is considered an extension of the global market for big foreign firms. But in a scenario where imports are the preferred option, getting investments as second best choice.

The insertion of the country in the accumulation regime of financial dominance encourages affiliates to seek ways of valuing purely financial. Recently, foreign companies were using intercompany loans to avoid the tax on financial transactions (IOF) for application in fixed income. When the government raised the IOF application in fixed-income securities in October 2010, intercompany loans flow was $ 6.8 billion. In December of the same year, the amount was already at $ 15.4 billion. Prepayments of loans allow affiliates to apply in the financial market for only then undertake some "investment". In other words, companies seek to benefit from the interest rate differential.

Given this speculative movement, the government decided to impose a tax for short-term intercompany loans in March 2011. The goal was to contain the entry of short-term capital in the country and the appreciation of the national currency. Originally scheduled to transactions with an average duration of five years, the
government reduced this period to one year in July 2012. With taxation and the downward cycle of base interest rate (Selic), intercompany loans fell substantially. The appropriation of profits from purely financial transactions shows the movement of financialization of foreign firms, which assumes an important dimension in this new regime of accumulation.

5. FINAL CONSIDERATIONS

The analysis of the process of internationalization of production confirms the central role of foreign capital in the formation of the pattern of specialization advocated by Osorio (2012). Undoubtedly, it is the major foreign and domestic companies that concentrate the main exports of primary products.

However, reproduction of foreign capital is also associated with the growth of domestic consumption. The subsidiaries of multinational companies benefit substantially from the expansion of the internal market. This does not imply major investments in production capacity expansion.

In fact, the dynamics of the consumer market, in the context of accumulation of financial domination, just valuing commercial and financial activities of foreign companies at the expense of productive activities. Therefore it cannot join the disengagement productive foreign capital the absence of a dynamic consumer market wage and the consolidation of a primary export base. The double movement of deindustrialization / reprimarization in the Brazilian case is not within the export pattern of productive specialization. In fact, it is a reflection of the subordination of the country to financial logic of contemporary capitalism.
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