

EXPORT PROCESSING ZONE: A Case Study In CÁCERES-MT

Juliana V. V. Mattiello da Silva

*University Vale do Rio do Sinos (UNISINOS) and University of the State of Mato Grosso (UNEMAT)
Cáceres-MT - Brazil*

E-mail: julianamattiello@gmail.com

Ana Maria de Lima

*University Vale do Rio do Sinos (UNISINOS) and University of the State of Mato Grosso (UNEMAT)
Tangará da Serra-MT - Brazil*

E-mail: ana.lima@unemat.br

Nilso Francio

*University Vale do Rio do Sinos (UNISINOS) and University of the State of Mato Grosso (UNEMAT)
Sinop-MT - Brazil*

E-mail: francionilso43@gmail.com

Regina Maria da Costa

*University Vale do Rio do Sinos (UNISINOS) and University of the State of Mato Grosso (UNEMAT)
Tangará da Serra-MT - Brazil*

E-mail: regina.m.costa@uol.com.br

Sponsors: *Coordination for the Improvement of Higher Education Personnel (CAPES) and Foundation of Support for Research of the State of Mato Grosso (FAPEMAT).*

ABSTRACT

This study aims to investigate the trajectory of the Export Processing Zone (EPZ) of Cáceres-MT from the operating permit 1990 to 2013. The EPZ had its operations permit official by Decree No. 99,043, 03/06/1990. This article appears as a case study, applying interviews with managers and business class. The EPZ did not present any impact to the development, the perspective of the respondents indicates that the beginning of the activities are promising, because if the deployment of infrastructure in fact occur, the raw material found in the region will encourage the installation of companies in this area.

Keywords: *EPZ. Industrial districts. Public policies*

1 INTRODUCTION

In order to attract investment, create jobs, add value to domestic production, increase exports and promote economic and social development of the country through regional development, the Federal Government proposed the Export Processing Zones (EPZ).

Numerous regional development policies were planned, implemented, some not run. The study of Senra (2009) identified, compared and analyzed the main regional development federal initiatives practiced in Brazil in three periods: Post-War (1945/1964), Post-Military Coup (1964/1988) and Post-Federal Constitution of 1988 (1988/2009).

The EPZs of exports were created and authorized after the Federal Constitution of 1988. According to Lins and Amorim (2012), the interest of the Federal Government in the authorization, creation and implementation of the EPZs was strategic and occurred in national macro-regions, due to the potential or due to the historical and structural needs, being these the cases of the Midwest and Northeast Regions.

An EPZ can generate greater local development from economic, social and technological gains, arising from the relationship between the organizations that are inserted in nearby locations. Thus, the EPZ of Cáceres-MT, was the third area to be authorized and created in Brazil. The publication of Decree-Law No. 99,043, of March 6,

1990, caused an expectation in the population that 20 years ago was still waiting to be awake from the dream that was in the paper, according to an article by journalist Wilson Kishi, of 01/23/2013.

In this article, it's intended to present the trajectory (actions taken) of Cáceres' EPZ since the authorization (1990) until the year 2013. More specifically, show the current status and future prospects of the area, as well as to discuss the possible reasons of the hitherto failure of the EPZ project. In this context, the question to be answered was: **how was the trajectory of Cáceres' EPZ since its release until 2013?**

This study is organized in a structure that presents the historical process of Export Processing Zones (EPZs) in Brazil. Following, there is a discussion of EPZs and Industrial Districts and then the reality of EPZs as to the success or failure of this program. The method is arranged in the third part of this study; in the fourth part, the discussion of the results and, finally, the fifth part, the final considerations.

2 HISTORICAL PROCESS OF EXPORT PROCESSING ZONES (EPZS) IN BRAZIL

The Export Processing Zones (EPZs) in Brazil were established by Decree-Law No. 2,452, of July 29, 1988, during the Sarney government. The characterization of EPZ, according to the Decree-Law and subsequent laws, is defined "as free trade areas with the outside, for the installation of companies focused on the production of goods to be sold abroad, being considered primary zones for customs control effect."

The main objectives of the establishment of EPZs are: attract foreign investment; reduce regional imbalances; strengthen the balance of payments; promote technology diffusion; create jobs; promote economic and social development; increase the competitiveness of Brazilian exports.

As information extracted from the site Ministry of Development, Industry and Foreign Trade, Decree-Law No. 2,452, in 2007, was repealed by Law No. 11,508 / 07, maintaining the competence of the National Council of Export Processing Zones (CZPE) to set standards, procedures and program parameters.

So, to ensure control, abide by the determinations of the National Council of Export Processing Zones (CZPE) and statement of the Internal Revenue Service, was established by Decree No. 846 of 25/06/1993, which regulates the DC No. 2452 which added to your art. 1, § 1, "the area of the EPZ will be bounded and closed in order to ensure their isolation and ensure fiscal control of the operations conducted there." Figure 1 shows the EPZs created by the year 1994 in chronological order, as follows:

Figure 1: EPZs created until 1994

Denomination of EPZ	Town/State	Decree/Law
EPZ of Ilhéus	Ilhéus/Bahia	Decree No. 97.703, of April, 23 rd /1989
EPZ of Araguaína	Araguaína/Tocantins	Decree No. 98.123, of September 06 th /1989
EPZ of Cáceres	Cáceres/Mato Grosso	Decree No. 99.043, of March, 06 th /1990
EPZ of São Luís	São Luís/Maranhão	Decree No. 899, of August, 17 th /1993
EPZ of Barcarena	Barcarena/Pará	Decree No. 898, of August, 17 th /1993
EPZ of Corumbá	Corumbá/Mato Grosso do Sul	Decree No. 997, of November, 30 th /1993
EPZ of Rio Grande	Rio Grande/Rio Grande do Sul	Decree No. 996, of November 30 th /1993
EPZ of Imbituba	Imbituba/Santa Catarina	Decree No. 1.122, of April, 28 th /1994
EPZ of Itaguaí	Itaguaí/Rio de Janeiro	Decree No. 1.278, of October 13 th /1994
EPZ of João Pessoa	João Pessoa/Paraíba	Decree No. 1.275, of October 13 th /1994
EPZ of Teófilo Otoni	Teófilo Otoni/Minas Gerais	Decree No. 1.276, of October 13 th /1994
EPZ of Vila Velha	Vila Velha/Espírito Santo	Decree No. 1.118, of April, 22 nd /1994

Source: Elaborated by the authors, based on the Ministry of Development, Industry and Foreign Trade. Export Processing Zone: basic and legislation information (updated to June / 2013), 2013.

According Lins & Amorim (2012, p. 8), the first batch of areas were authorizations in the Northeast and Midwest Regions, approved by the Government of Sarney, which included the EPZ of Cáceres, subject matter of this article. The second batch of zones, covered the Southeast and South Regions and was authorized during the government of Itamar Franco. After the first establishment of EPZs, which occurred until 1994, over 12 EPZs were authorized under Law No. 11,508 / 2007, as Figure 2.

Figure 2: EPZs created by 2012

Denomination of EPZ	Town/State	Decree/Law
EPZ of Suape	Jaboão do Grararapes/Pernambuco	Decree No. 27/01/2010
EPZ of Sertão	Assú/Rio Grande do Norte	Decree No. 10/06/2010
EPZ of Macaíba	Macaíba/Rio Grande do Norte	Decree No. 10/06/2010
EPZ of Pecém	São Gonçalo do Amarante/Ceará	Decree No. 16/06/2010
EPZ of Bataguassu	Bataguassu/Mato Grosso do Sul	Decree No. 30/06/2010
EPZ of Boa Vista	Boa Vista/Roraima	Decree No. 30/06/2010
EPZ of Parnaíba	Parnaiba/Piauí	Decree No. 30/06/2010
EPZ of Aracruz	Aracruz/Espírito Santo	Decree No. 30/06/2010
EPZ of Barra dos Coqueiros	Barra dos Coqueiros/Sergipe	Decree No. 21/12/2010
EPZ of Fernandópolis	Fernandópolis/São Paulo	Decree No. 08/07/2011
EPZ in the town of Senador Guiomar	Senador Guiomar/Acre	Decree No. 15/03/2012
EPZ in the town of Uberaba	Uberaba/Minas Gerais	Decree No. 15/06/2012

Source: Elaborated by the authors, based on the Ministry of Development, Industry and Foreign Trade. Export Processing Zone: basic and legislation information (updated to June / 2013), 2013.

Thus, by the end of the Lula government, were created and authorized for operation 24 EPZs throughout the country.

The concept presented on Export Processing Zone-EPZ by the Decree-Law of these zones limited the marketing of goods produced abroad. With the approval of Law No. 11,508, of 07/20/2007, as amended, opened the possibility for companies located in these areas perform up to 20% of its sales domestically. Thus, seeking the deployment of these areas, the government tried to put into practice their implanted development program for over 20 years.

The discussion held by Geddes (2008) about the origins and history of partnerships for local and regional development shows that the public sector (in their many roles as a planner, regulator, resource provider and provider of production factors, such as land) always worked closely with the interests of the private sector. Thus, the public sector to promote the development of certain regions created programs with diverse objectives.

2.1 EPZ versus Industrial Districts

The ABRAZPE (Brazilian Association of Export Processing Zones) mentions that EPZs are **incentivized industrial districts**. Companies located in them operate with tax suspension, exchange freedom (can maintain abroad permanently, the currency obtained in exports) and simplified administrative procedures - on the condition of designating at least 80% of its production to foreign markets.

The term Industrial District appeared in 1920, designed by economist Marshall. Using his ideas and making a rereading of his studies, Becattini (1990) updated the definition of industrial district as the presence of an active community of people and a population marked by history or by the nature of firms in a given region.

Markusen (1995, p. 15) defines as "a spatially defined area with a new orientation of economic export activity and defined specialization, be it related to the natural resource base, or to certain types of industries or services."

To Markusen (1995, p 14) a successful industrial district must comply with the following conditions:

- 1) The obtaining, in the region, of growth rates at average or above average recorded for the sets of research areas;
- 2) The local capacity to avoid bankruptcy and loss of jobs due to the effects of fluctuations of short and medium term, both the business cycles, as public spending;
- 3) Providing good jobs, to curb wage trends segmentation and the prevention of excessive concentration of income and property;
- 4) The free organization of workers and their participation in decision-making processes of companies and
- 5) encouraging participation and political contestation at the regional level.

The conditions for success of an industrial district presented by Markusen (1995), culminates in the deployment of the implementation of EPZs as a development program in Brazil.

Lazerson and Lorenzoni (2008) explain that the industrial districts have challenged many of the dominant assumptions of institutional and industrial economy, and mass production, economies of scale and complex hierarchies defined modern organizations. The operation of companies that were in the industrial districts stood out as speed economies that quickly adapted products and processes to meet increasingly volatile demand of consumers for more differentiated and customized goods.

Companies located in industrial districts were small, with fewer than ten employees, the majority made up of relatives; however, they showed speed and quickness in adapting products and processes, according to the study by Brusco (1982).

According to Garcia (1996, p.14), can be defined as the Industrial Districts:

[...] Agglomerations of small and medium companies in the same sector or industry segment located in a geographically limited area, setting up yet for features like: strong intercompany relationships, which enhance specialization in certain stages of the production process and permits collective action; reduction of stiffness and fast and flexible responsiveness to changes in demand; endogenization of technological capability, which allows a continuous process of innovation.

Industrial districts have tax advantages for its operation; however, some, like the case of Italy presented by Brusco (1982), are born naturally. International experience with industrial districts is related to the intertwining relationships between companies, according to Ferreira (2012). In Brazil, for Suzigan (1986), "the discussion of the protection (the activity) is usually focused on customs duty and the fluctuations in the exchange rate."

2.2 Reality of EPZs: a story of success or failure?

The increasing international integration of the economies of developing countries was due to the proliferation of export processing zones or free trade zones - FTA (Stein, 2008).

Historically, the first zone was established in 1959 in Ireland and the initial success of this experience encouraged to be a model to be replicated in developing countries. In 1965, the first zone established in a developing country was organized in India. In 1980, over 30 countries had established export processing zones. Ten years later, the number of countries with areas doubled. EPZs have become popular due to the successful experience of network cards at the beginning of their development process (Stein, 2008 & Fias, 2008).

Belloc & Di Maio (2011) mentioned in his work that almost all Latin American countries have EPZs with the sole exception of Chile. All with similar characteristics as tax benefits, raw materials exemption for imported goods, and settled in places designated by the government.

The study conducted in Argentina by Sirlin (1999) aimed to empirically analyze the Industrial scheme specializing in two dimensions: restructuring and export subsidies policy. The results were disappointing to the policy established by the negative impact in the influence of the ways in which industrial policy instruments were developed and applied. In particular, nothing has been done to ensure the necessary strengthening of public bodies responsible for policy formulation, implementation, monitoring and evaluation, which seems to be one of the main reasons why the new industrial policies continue to exhibit the same defects as the period of import substitution.

Belloc & Di Maio (2011) state that there are results of EPZs that are disappointing, with some exceptions. The study by Jayanthakumaran (2003) investigated the performance of Export Processing Zones in Malaysia, Indonesia, South Korea, Sri Lanka, China and the Philippines, evaluating the cost benefit of these areas. The results suggest that, except for the Philippine EPZ - which resulted in a negative net present value - the others are economically efficient and generate well above the estimated returns.

The case of EPZs in China has a positive effect in terms of output growth, exports, employment and attracting FDI, but they were not evenly distributed across geographic areas or between companies. Companies that benefited were mostly private, located in coastal regions, which are closer to the most important regional markets worldwide, according to a study by Ramachandran & Cleetus (1999).

In the case of EPZs of Africa, it is reported the Mauritius Islands EPZ, which is one of the few success stories. In this country, the establishment of EPZs stimulated the boom in sugar and export earnings in the 1970s, and caused an increase in investment in joint ventures between domestic and foreign investors in the special areas, with the main attraction being the tax exemption and imports (Belloc & Di Maio, 2011).

The reason for the success of Mauritius Islands experience is the fact that its government was able to create a favorable business environment. From the promotion of supply and demand for skilled workers, to the stimulation of innovation by domestic firms, improving the dissemination of information and providing various support institutions (UNECA, 2011). This success of the EPZ of the Mauritius Islands may have been one reason for the failure of the not yet functioning Brazilian EPZs.

3 RESEARCH METHOD

This study presents the results of research conducted on the Export Processing Zone in Cáceres-MT. It is characterized by a descriptive approach, as it seeks to describe the actions taken (trajectory) and future prospects of the EPZ. The descriptive research identifies which situation, events, attitude or opinion is occurring in a given population and seeks to describe it (Gil, 2010; Collis & Hussey, 2005).

The search strategy used for this work is a case study in order to demonstrate the current situation and future prospects of the area, as well as to discuss the possible reasons of the hitherto failure of the EPZ project. The case study is mentioned by Eisenhardt (1989) as a research study that focuses on understanding the dynamics present within a single environment. Therefore, the EPZ of Cáceres-MT was opted for being one of the first created and authorized in Brazil and which is inactive to date.

As shown in section 2, there are 24 EPZs authorized and created throughout the country. We opted for the EPZ of Cáceres -MT for being one of the first created and authorized in Brazil and which is inactive up to date.

Data collection took place from secondary data and semi-structured interviews with current managers, political leaders and a business representative. Interviews can be used for the understanding of an individual in the group or the prospect of a group. As for the interview length of time, it can be a brief exchange of information, five minutes on the phone, or multiple sessions with the interviewee (FONTANA; FREY, 1994).

Five interviews were conducted in the understood period of January 15th to 25th of 2014, as shown in Figure 3:

Figure 3: Interviewees

ORDER	POSITION
INTERVIEWEE 1	Ex-President of AZPEC.
INTERVIEWEE 2	Technical Director of AZPEC – Management 2011/2016.
INTERVIEWEE 3	Municipal Secretary of Industry and Commerce.
INTERVIEWEE 4	Administrative Director of a private enterprise with interest in the area.
INTERVIEWEE 5	Mayor of Cáceres 2013/2016.

Source: Designed by the authors.

The interviewee 4 was related for participating of almost all discussions held so far in the city on the project EPZ by his company, being an exporter of products and having an interest in the area of the EPZ. Through his position, it can be understood a little about the overview of companies over the area.

As for the technique of interviews analysis, it was used an analysis of the content of the interviews. Interviews were all recorded and transcribed in full. Some observations during the interview were also made in a researcher's notebook. After the interviews, the questions were analyzed in their content, and observations of the contents were made for the analysis of results.

Bardin (2009, p. 38) defines content analysis as “a set of analysis techniques of communication, that uses systematic procedures and the goals of describing the content of messages.” Therefore, the researcher makes his/her analysis of the messages recorded through semi-structured interviews and uses systematic processes to describe the content of the interviews.

4 RESULTS

4.1 Trajectory of the EPZ of Cáceres-MT

In Figure 4 we can visualize the legal and chronological trajectory of the creation of EPZ of Cáceres-MT.

Figure 4: Trajectory of the creation of EPZ of Cáceres-MT.



Source: REIS, Adilson. Development documents - Timeline, 2010. Document given by the author on 01/18/2014.

As can be seen, the EPZ of Cáceres-MT was at least 17 years inactive, with the shelved project. According to respondents, the main reason for not working in the area was the political forces that fought / shelved the project. This statement is observed by the interviewees' answers:

Brazil took forever to actually recognize the importance of regional development tool, Brazil created this program more than 20 years ago, however, it has only been regulated since the end of 2010, all the legislation that was created was... was developed mechanisms of improvement ... (Respondent 1).

At first this stoppage for this long time, was not due to not wanting the EPZ, it was not due to the directors of the time not processing right, IT WAS GOVERNMENTAL, IT WAS BLOCKED, Sarney authorized and during Fernando Henrique government José Serra blocked it, shelved it because it would hurt SAO PAULO, then it was blocked for 18 years, no one did anything to this process, no EPZ in Brazil went forward. (Respondent 2).

The POLITICAL forces did not let it happen, the states that were in rapidly industrial development, (South and Southeast), used its political forces and blocked the PROJECT. This development tool so important to the other more peripheral states that is to promote and provide conditions for industries to become more competitive (Respondent 3).

The question raised by respondents 2 and 3 can also be justified by the article by Jose Serra in 1988 (quoted as ruler opposed to the deployment of EPZs). In this text, Serra has reasons to "one of the biggest misconceptions of the economic politics of the government last decades which are the Export Processing Zones throughout Brazil." The reasons given by Serra (1988) are:

1) **net worsening** balance of payments due to losses (not gains) of exports of currency; 2) Increase in the public deficit, due to falling tax revenues and the increase of public expenditure; 3) serious fracture in the weakened structure of the Brazilian industry, wounding the trend towards verticalization and integration which allowed the country, with so much sacrifice, to build the largest industrial park in the Third World; 4) Generalization of smuggling practices, illegal trafficking of currency and corruption, a style, say, Paraguay; 5) intensification of regional conflicts in Brazil, today already quite serious, no, what is worse, to reduce the imbalances, which are also serious and 6) loss of national self-respect, something difficult to measure, almost impossible to recover in the given time with huge costs to the country's development and the affirmation of the democratic process.

Still, the origin and history of partner for local and regional development has the public sector with relevant role (Geddes, 2008). In this case, the vision of those in the process of the organization of the EPZ (Respondents 1, 2, 3) is that the political role was detrimental to the progress of activities. However the interviewee 4 (private company) comprises otherwise, as follows:

I think that what was tied were a number of factors that led to the non-functioning, but I think that it's yet more prominent the lack of the firms' decision to settle for not

being sure about all that they would have to face, imagine if one knows exactly what they or other companies can do, they will push politically for this to work but if one is in doubt one make no effort to do so (Respondent 4).

In this sense, Geddes (2008) shows that the resource base of a public / private partnership depends on the amount of available resources, the local population funding, relationship between funders, and industry expertise. In the interview with Interviewed 4 we see the lack of active participation in the decision-making process of the implementation of actions by the private sector. Another issue is the use of program resources for initial leverage in the implementation of the EPZ for strengthening economic development. The Interviewee 5 reports that there was no proper regulation to provide the installation of the EPZ with private enterprise.

One reason was the lack of definition by the federal government with clear laws, giving what are the types of incentives that the EPZ had, because it spoke about exemption but was not regulating which exemption and how they would work, and this regulation only happened a few years ago, finally actually creating conditions for the business to know if it fits in the EPZ and what advantages it has. It is now law and constitutionally regulated. It was the slow implementation of the law (Respondent 5).

Still, there is a counterpoint by a possible candidate company to settle in the area by the lack of clarification regarding the operational costs of installation. In fact, there is no infrastructure, but if there was a better understanding of the functioning of the area from the business part, it could become a force to further the pursuit of the implementation and operation of the area.

4.2 Current situation and future prospects of the EPZ of Cáceres-MT

The current situation was a question directed to the respondents, and the understanding is that, in January / 2014, the infrastructure project bidding for the installation of the area was performed. According to the aforementioned responses:

The EPZ of Cáceres is currently with the customs area of the approved process area, it is still at the stage of development of executive projects that is defined by the Internal Revenue and is already in development, and as far as I've been following it is at that stage today, waiting executives project, obviously next they must have the financial equation situation worked to make the buildings (Respondent 1).

Documentary it is all organized in Brasilia, it is already authorized in the customs area, and the documentation is all right and we are the 3rd place in Brazil in part of documentation. It was auctioned in January / 2014 the project for physical structure, the winning company will do the project, based on this project will be determined the operating costs to raise the work.... and then we enter with the resources. The time it takes is 45 days to deliver the project. Once the project is delivered we will meet with the shareholder to make the allocation of funds according to the project to begin the works (Respondent 2).

The EPZ de Cáceres is the third with advanced process so that can actually start working. We have several interested companies and the prefecture is the institutional role, the city is also a shareholder in AZPEC and have quotas, have the actions, just as well as FIEMT is also a shareholder but has to make contribution. There is a schedule that must be followed and fulfilled (Respondent 3).

We are depending on a bid for architectural projects for infrastructure works of the EPZ, well the office of the EPZ, the custom house of the IRS, the warehouse for incoming and outgoing merchandise deposit, the scale so that the trucks can be weighed to check if the weight is consistent with what is in the invoices, part of the restaurant infrastructure, bathrooms, cafeteria all this part for drivers, the power infrastructure, water, sewer, telephone, internet, storm water and paving of streets there, so this project is to be bid (Respondent 5).

What can be seen is that documentary the EPZ of Cáceres is well adjusted, proceeding to the next steps of schedule, according to the Respondent 3. Respondents 1,2,3,4 and 5 agree with each other about the current situation of the EPZ. All are optimistic citing short deadlines for the operation of the program. The details that are still missing are in the documentary and project delivery process for bidding for the construction of the IRS, which is an important part to the implementation of the EPZ.

Despite the EPZs project pileup throughout Brazil, actions were implemented for its operation:

So the step by step was this since the mandatory creation of the Administrator, this obviously after the creation by decree law, then the administrator was created after all this exploitation of this Administrator, the capital contribution to develop all studies, economic and the importance of this instrument viability, following the master plan of the EPZ, the environmental impact assessment and environmental impact report the consequent processing of all these ministry-level processes in Brasilia, but specifically in the National Council of EPZ and in the office of State for the Environment, what culminated with the approval of the EIA / RIMA of the EPZ, obviously as undertaking of this size goes through environmental licensing, Preliminary License, License Implementation and Operation License, then they are with the Preliminary License approved and renewed, now everything is OK according to the environment organs there, then all the steps were these, following came the obligatory legal term that existed to develop the customs area of the process area by the IRS (Respondent 1) .

The main actions implemented after the inauguration of the new board was the REFORMULATION AND UPDATE of documentation (Respondent 2).

The actions of our management is to work with the government to release the resources to do all this infrastructure, where we fulfill the first step until December 2012/2013, now in 2014 we have to conclude new stages of infrastructure, there was already issued the bid for the development of the area of the project through many actions, from the city hall, from the FIEMT and from the AZPEC. This is the political will, you have to convince the Secretary of State for municipalities that the EPZ of the state of MT is important for the State of MT and being deployed in Cáceres is viable and has to happen and that his help is necessary for its realization (Respondent 3).

In many partnerships the leadership role of local and regional governments are often primary contributions. For Geddes (2008) the role of the local authority should be seen as a key point in the realization of public-private partnerships. On the other hand there are historical differences of experience with industrial districts, which can manifest as contrary to the reality of Brazil. This is because international experience with industrial districts is related to the web of relations between companies (Ferreira, 2012). In Brazil, there are political discussions on the implementation and the development of regional activities to growth of less favored regions, but with growth potential for the use of vessels for transport of local or regional production.

The reflection that one can make is at the origin of an EPZ. The central question concerns the advantages or disadvantages of the involvement of political figures in the conduct of activities to be developed by private figures who have their own interests and often not consistent with the planning of public figures, who often fail to set goals converging with each other.

There was a general change in the law of EPZs throughout Brazil that have been created, that increased the percentage of internalization of products. They had something that could not be allowed and became allowed, for example, in our case (MT) we are not free zone, we are Amazon legal therefore we can enter the SUDAM design, the EPZ of Cáceres has this advantage, who is in MT has this advantage, but there was an article of law of the EPZ that whom already had tax relief and exemption / reduction of income tax could not be within the free zones, now its allowed. It seems to me that now even though you are benefiting from the project SUDAM you might be in the area of the EPZ and the increase in the percentage to maintain in the Brazilian market the products that you add or manufacture increased, and there is a bill to raise a little more (Respondent 4).

Within the knowledge of the interviewee 4, the implementations made served to attract businesses to the area of the EPZ.

Currently, there are no businesses installed in the area due to the lack of infrastructure to receive these enterprises. After the construction and adjustments in infrastructure, the Administrator of Cáceres Export Processing Zone - AZEPEC will begin receiving proposals from companies to settle there.

With the non-operating area, the business class has discredited the project, by the statement of the respondent 2, as follows:

Because of the amount of time that has passed there is a sense of DISTRUST by entrepreneurs. The people think that the fact that the EPZ stood still was to blame the former directors, who had nothing to do with it, it was FEDERAL POLITICS, the FEDERAL government, not the state politics or municipal politics. The mayor both the previous and the current are struggling together, are participating, are everything. THE BIGGEST PROBLEM was the distrust which caused that STOP (Respondent 2).

Political forces and the will of the entrepreneur, and we are on track, we had now approved the change of some directors of AZPEC. The new director of AZPEC is representative of APROSOJA, so today we are believing that the waterway and EPZ go hand in hand, so this business will of APROSOJA to have the disposal of the soy and through the waterway and APROSOJA becoming part of the EPZ is an extra force to the business will and political force (Respondent 3).

The distrust hitherto perceived by the directors of AZPEC turned into hope after the entry of the Association of Soy Producers of Mato Grosso State and Corn (APROSOJA) in the project. It is believed that such participation is a little more than political force and business will.

Another issue raised was on the authorized number of EPZs and created throughout the country, if the opening of so many areas, for a total of 24 so far, would affect the implementation and development of these projects.

No, I do not believe this situation because of the regional vocation of each, nationally they are completing given the need to balance the Brazilian trade balance, then each one has a regional vocation. I do not see them as competitors, there is no competition between EPZs but they are complementary, our in particular has a very strong vocation in the wood, rubber, food, meat processing etc. Without, obviously, ruling out the area of technology by the geographical position of this processing area in the heart of South America (Respondent 1).

No ... there are 24 states that have EPZs, 03 seem like they have stopped, the people are not moving. The logistics problem is so important that ACRE is ready, it's all ready, but cannot get business to go there... because it is export product and for ACRE to export to where he has to export, via the Pacific Ocean, they must compete with Venezuela, Chile, Peru, with everyone. We have the waterway. Ours export using the waterway, for them to produce there for export makes no sense. THE NUMBERS DONNOT MAKE IT HARDER, one will be in Caceres (Respondent 2). I DON'T BELIEVE SO because each EPZ has its peculiarities, has different products, what I really believe was in the creation tool and the jealousy of the industrially developed states (Respondent 3).

No, each EPZ has a peculiarity, a peculiarity, in Ceará, for example, they have the steel industry within the EPZ, so that has nothing to do, I believe, with our wishes, I believe that the EPZ of Caceres will be strengthen, grow, be structured in rubber since we have a lot of trees here, then we have the rubber industry, in the furniture we have a lot of teak plantation, on the food since we have refrigerators in the region, cattle, pigs, poultry, in sugar moiety as we have sugar and alcohol plants in the region, with the grains we have soy oil, soy meal and soy products, corn and corn derivatives. Last part of this whole, cotton since we have much cotton here in the state of Mato Grosso, so our EPZ has several industrial fronts that can be installed here and come to work because we have the raw material here in the state that will facilitate export (Respondent 5) .

For respondents 1, 2 and 3, the opening of so many areas will not hurt. However, what can embarrass is logistics, competition from one area to another in relation to proximity to the area to dispose of the products. The interviewee 4 believes rather that this situation was harmful, as follows:

It made it difficult, let me tell you why, Look ... the distance we are from ports, a company that is installed in Sao Paulo will not come to settle in Caceres, the companies that will install here are the companies that are already in the region, at best Cuiabá if not they will look for what? If it is to install in the processing areas that are closer to the ports or channels there are: São Paulo, Minas Gerais, Espirito Santo, Santa Catarina, Ceará. So we already thought about that, understand? Instead

of us installing at any time here, we can install within one (area) that is near the flow channel, the industry here in Caceres continues, it makes its semi-manufactured products and sells or send to that company within the processing zone closer to the port. (Respondent 4).

This contribution is relevant, there is competition that can be generated between the areas of the EPZ, as explained by the interviewee 4, it can be a complicating factor for the working areas with limited marketing the products. The planning and / or cost studies in relation to freight can be evaluated at the expense of areas with proximity to ports.

What can enable the operation is the installation of companies with activities and / or materials generated in the region, for example, meat (cattle), rubber, and wood, as explained by respondents:

Especially in these areas, because there are mechanisms in the EPZ that will add a lot of value in this area of production. Today, we produces a lot, MT as a whole, exports very reasonably, this region in particular in those activities that were cited (rubber, wood, meat) in addition to the grains. So in the processing area without discarding the continuity of this process that are already installed but it will add regional production a profit for the groups involved for companies in the order of up to 30% in cases that were studied, then it is extremely important as only for instance, if a company is importing equipment and install outside the processing zone has a value in the case of rubber only one equipment costs 2 million dollars, if it is within the processing zone they fell by half. (Respondent 1).

Yes, I believe in the search for companies that work with the activities in the region. The meat will be one of the largest export inductors will be the meat, the sadia group, Perdigão, already has interest and are already making the project inclusive. Sadia is part of the first group. What will happen is, they will shoot in Mirassol, Quatro Marcos Pontes and Lacerda and process here to export the food ready. Instead of sending the meat to the Netherlands where does the processing will get out of here already processed. On average almost 3000 heads per day. JBS leased the Tannery and is already processing 2000 skins day. OUR BIG BUSINESS will be OUR BEEF, SOY, WOOD and rubber as well. Which we are already working on (Respondent 2). That's what it was created, to work with the raw material of the region. But it doesn't mean that here cannot become a technology center, for companies producing computers, peripherals and etc... to come here. but it is targeted to be used raw material in the region. We cannot give a long shot, the original proposal is that companies come to use our raw material, here we have the rubber, have ox, leather, we have fish, we have wood, we have teak, so what we do want to do is to add value to our products, not using our products but can import the products and then send out (Respondent 3)

EPZs may prove successful (Belloc & DiMaio, 2011; Ramachandran & Cleetus, 1999) or not successful (Sirlin, 1999). In the experiment analyzed the perception of those involved is that the EPZ may allow adding value to raw materials and manufactured goods of local and regional origin, leaving a surplus for development.

Respondents agree that with the implementation of the EPZ there will be the creation of direct and indirect jobs in the region, as well as the installation of companies that will provide technical support for the companies located in the EPZ.

The future prospect, according to the positioning of the managers of the management company, AZPEC, is operating soon, as reported below:

We see an interesting scenario, to the extent that Brazil still has the scale in imbalance, and this was accentuated in the last 2 or 3 years, Brazil imported more than it exported, Brazil needs to improve the mechanisms of production for export and the processing zone has exactly this characteristic you know, so those rules OK, the business class OK, we are really waiting for the surroundings of the processing zones in the regional infrastructure category... they were intended, in fact, the core of the Brazilian process of the EPZ aims exactly this development from the point of support which is the EPZ has more to develop regional production mechanisms and infra structural mechanisms and here, it particular, it began long ago with the Question regarding energy. The surrounding district infra structural mechanisms of

access, the coming and going of those goods, for which the other pieces that were major obstacle there was the lack of regulation. Today there is no more of this problem, so we see that this perspective is highly positive at the moment (Respondent 1).

One thing at a time. We are working on the project. The project was bid and in 60 days it should be ready. Then we'll gather to see the investor. The State Government will invest 6 million, so we need the project. Cematec is authorized to change the network for energy, to put a substation there. The biggest problem is water, telecommunications, energy and sanitation in the area, companies cannot install. (Respondent 2).

The prospect of the Mayor is to generate employment and income, it is to leverage the environmental socioeconomic development of Cáceres and to do that we need to seek investors, and we need to work together with the university, with entrepreneurs. that is the vision of the mayor and the mayor's team, which will not get anywhere alone, so it is using partnerships with universities with institutions all the federations (Respondent 3).

As a company established in the city and with interest in the area, the perspective in fact the installation of the area and with due explanations for the business class:

In reality everybody's in suspense, will it begin will it not begin!!! I believe as Cacerense would like to establish itself, but for all the factors I told you, the issue of logistics, operational cost that is still unknown, not having much tax advantage if you do not care product to aggregate production, you know? For example, I can sell 100% of my products that I currently export within the Brazil, and I can export 100%, of course if I sell in Brazil I pay taxes, and exporting it out I do not have taxes (PIS, IPI, ICMS etc.), the products being produced within the processing zone who are sold into the domestic market have to pay all normal taxes, it will not be free (Respondent 4).

Regarding the actual date for the operation of the EPZ, respondents were optimistic, they believe that the EPZ of Cáceres is an irreversible process, which cannot go back and must now be put in place:

Now, that management will obviously unfold in convincing the business class, generating more credibility, so that entrepreneurs feel more comfortable, more security which is already in the legislation, more physical security deployment here in the industrial district, then that is a work that needs to be enhanced so to speak so we can anticipate the term. For example, realistically I see that this work running through elections and every two years we have an election in the middle and that distorts this speech, I'm seeing al roughly about 4 years (Respondent 1).

The process is IRREVERSIBLE. Two years. 2016 we already have business operating for sure (Respondent 2).

I am more optimistic, the issue of Aprosoja seeing that the waterway is required and coming inside the AZPEC, I believe, that maybe in two years we will already be reaping some fruits. Because of soy or by-product of it, they are having this vision, because it is much easier to put Cáceres EPZ to work than creating a fresh EPZ. Let's say that everything indicates that Cáceres EPZ will not lose the status of EPZ (Respondent 3).

According to the positioning of the respondents, the future is promising, they believe in the irreversibility of the project, they hope that with the partnerships (Azpec, Fiemt, State Government, Municipal Government and Aprosoja), the project becomes strengthened and it facilitates corporate belief that the installation in the area is advantageous.

5 FINAL CONSIDERATIONS

It was found that the respondents believe that the project Cáceres EPZ is irreversible; the region is rich in products and very promising. Once the area of Cáceres EPZ is installed, it will provide for companies that work with raw material a better disposal of the products with some tax advantages.

Regarding the business class, it is noticed a dissatisfaction with the real tax advantage. They are willing to settle in areas of EPZs near more developed centers and port for disposal of the next product.

It is believed that actually the main reason for the non-functioning of the EPZ of Cáceres and throughout Brazil was the political forces opposing the deployment of these areas.

Also in the municipality of Cáceres, the EPZ did not show any impact to development, especially in regard to the generation of jobs, lack justified by not operating in the area; however, the outlook for the operation are promising, because if in fact the deployment of infrastructure, the raw material found in the region will encourage the installation of companies in this area.

Possibly the management of relations between figures - that can set up and develop an EPZ - could contribute to its development, turning the page of the failure so far presented. Although the EPZ is a project of the government, the private sector could realize the advantages offered and if they are not sufficient, they can be organized to show the real local needs so that the desired development can be reached.

The political force cited need to be diluted among those who need the advantages that the program can offer and create the very political forces representing the purposes of local figures. Thus, it is understood that the management of inter-organizational relationships and networking could be a mechanism for the success of EPZs.

This work could be based for the future monitoring of the EPZ and the conduct of research. As an indication of future studies, it is suggested to conduct a survey of companies that are located in the municipality, with features and installation possibilities in this area, even to facilitate and collaborate with the project. Another issue that could be developed is raising operating costs for installation companies within the areas, if they are viable or not.

REFERENCES

- Abrazpe. (2014). Associação Brasileira das Zonas de Processamentos de Exportação. *Conceitos e Objetivos*. Disponível em: <<http://www.abrazpe.org.br/index.php/o-que-sao>>. Acesso em: 14 jan. 2014.
- Bardin, L. (2009). *Análise de conteúdo*. Lisboa, Edições 70.
- Becattini, G. (1990). The marshallian industrial district as a socio-economic notion. In: Pike, F.; Becattini, G. & Sengenberger, W. (Ed.). Industrial districts and interfirm cooperation in Italy. *International Institute for Labour Studies*, ILO, Geneva. Disponível em: http://www.tcinetnetwork.org/media/asset_publics/resources/000/000/685/original/becattini_marshall.pdf Acesso em 14 jan. 2014.
- Belloc, M. & DiMaio, M. (2011). Survey of the literature on successful strategies and practices for export promotion by developing countries. *International Growth Centre*. Working Paper 11/0248. June, 2011.
- Brasil.(2014). *Decreto-Lei n. 2.452, de 29 de julho de 1988*. Dispõe sobre o regime tributário, cambial e administrativo das Zonas de Processamento de Exportação, e dá outras providências. Disponível em: <http://www.planalto.gov.br/ccivil_03/decreto-lei/Del2452.htm>. Acesso em: 14 jan. 2014.
- _____. *Decreto n. 99.043, de 06 de março de 1990*. (2014). Cria a Zona de Processamento de Exportação do Estado de Mato Grosso. Brasília, 06 de março de 1990. Disponível em: <<http://www.abrazpe.org.br/index.php/download/category/12-decreto-de-criacao-de-zpes>>. Acesso em: 14 jan. 2014.
- _____. *Lei n. 11.508, de 20 de julho de 2007*. Dispõe sobre o regime tributário, cambial e administrativo das Zonas de Processamento de Exportação, e dá outras providências. Brasília, 20 de julho de 2007. Disponível em: <<http://www.abrazpe.org.br/index.php/download/category/8-legislacao-basica>>. Acesso em: 14 jan. 2014.
- Brusco, S. (1982). The Emilian Model: Productive Decentralisation and Social Integration, *Cambridge Journal of Economics*, v. 6, p. 167-184.
- Collis, J. & Hussey, R. (2005). *Pesquisa em Administração: um guia prático para alunos de graduação e pós-graduação*. Trad. Lucia Simonini. 2. ed. Porto Alegre: Bookman.
- Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review*, v. 14, n. 4, 532-550.
- Ferreira, M. (2012). Distrito Industrial de Franca: Uma ideia à procura de um lugar. In: Seminário de História da Cidade e do Urbanismo – Sessão temática 4 “Políticas Públicas e Instrumentos do Urbanismo. Porto Alegre-RS. *Anais*. Porto Alegre-RS, V. 8 n. 4. Disponível em: <<http://www.anpur.org.br/revista/rbeur/index.php/shcu/article/view/1051>>. Acesso em: 14 jan. 2014.
- FIAS. (2014). Special Economic Zones: Performance, Lessons Learned and Implication for Zone Development. The Multi-donor Investment Climate Advisory Service (FIAS): Of de World Bank Group. (Washington, DC: World Bank), 2008. Disponível em: <<https://www.wbginvestmentclimate.org/uploads/SEZs%20Performance,%20Lessons%20Learned%20and%20Implications%20for%20Zone%20Development.pdf>>.

- Acesso em: 15 jan. 2014.
- Fontana, A. & Frey, J. H. (1994). Interviewing: The Art of Science. In: DENZIN, Norman K.; LINCOLN, Yvonna S. *Handbook of qualitative research*. San Diego, Cap. 22, p. 361-376.
- Garcia, R. C. (1996). Aglomerações setoriais ou distritos industriais: um estudo das indústrias têxtil e de calçados no Brasil. 1996. Dissertação (Mestrado em Economia). *Programa de Pós-Graduação em Economia. Universidade Estadual de Campinas, UNICAMP, Campinas, SP.*
- Geddes, M. (2008). Inter-Organizational Relationships in Local and Regional Development Partnerships. In: Cropper, S., Ebers, M., Huxham, C. & Ring, P. S. (Org). *The Oxford Handbook of Inter-Organizational Relations*. New York: Oxford Press, 2008.
- Gil, A. C. (2003). *Como elaborar projetos de pesquisa*. 5. ed. São Paulo: Atlas.
- Jayanthakumaran, K. (2003). Benefit Cost Appraisals of Export Processing Zones: A Survey of the Literature. *Development Policy Review*, v 21, n. 1, pp 51-65.
- Kishi, W. (2014). ZPE: Sai do papel e entra na fase de implantação e execução das obras. *Zaki News*, 2013. Disponível em: <<http://zakinews.com.br/noticia.php?codigo=3673>>. Acesso em: 15 jan. 2014.
- Lazerson, M. H. & Lorenzoni, G. (2008). Escaping the Manufacturing Cage: How Leading Firms Transform Industrial Districts. In: Cropper, S., Ebers, M., Huxham, C. & Ring, P. S. (Org). *The Oxford Handbook of Inter-Organizational Relations*. New York: Oxford Press, Cap. 02.
- Lins, H.N. & Amorim, R. (2005). Zonas de Processamento de Exportação e Desenvolvimento: termos do debate e crônica da (frustrada) experiência catarinense. In: *ANPEC SUL: XV Encontro de Economia da Região Sul. 2008, Porto Alegre/RS, Anais*. Porto Alegre, 2005, Mesa 06. Disponível em: <<http://www.pucrs.br/eventos/encontroeconomia/download/mesas/ZonasDeProcessamento.pdf>>. Acesso em: 13 jan. 2014.
- Markusen, A. (1995). Áreas de atração de investimentos em um espaço econômico cambiante: uma tipologia de distritos industriais. *Nova Economia*. Belo Horizonte, v. 5, n.2.
- MDIC, Ministério do Desenvolvimento, Indústria e Comércio Exterior. (2013). *Zona de Processamento de Exportação: informações básicas e legislação (atualizado até junho/2013)*, 2013. Disponível em: <http://www.mdic.gov.br/arquivos/dwnl_1390932927.pdf>. Acesso em: 14 jan. 2014.
- Ramachandran, V. & Cleetus, R. (s.d). Export Processing Zones: The Chinese Experience and its Lessons for Tamil Nadu. *Harvard University Archive*. Disponível em: <http://www.cid.harvard.edu/archive/india/pdfs/china_epz0899.pdf>. Acesso em: 16 jan. 2014.
- Reis, A. (2014). *Caderno de Desenvolvimento – Linha do tempo, 2010*. Documento cedido pelo autor em 18/01/2014.
- Senra, K. V. (2009). Políticas federais de desenvolvimento regional no Brasil: uma análise comparada dos Períodos Pós-Guerra (1945-1964), Pós-Golpe Militar (1964-1988) e Pós-Constituição Federal de 1988 (1988-2009). 2009. Dissertação (Mestrado em Geografia) – *Programa de Pós-Graduação em Geografia. Universidade de Brasília, UNB, Brasília DF.*
- Serra, J. (1988). O equívoco das Zonas de Processamento de Exportação. *Novos Estudos*, n. 20. Disponível em: <http://novosestudos.uol.com.br/v1/files/uploads/contents/54/20080623_o_equivoco.pdf> Acesso em: 16 jan. 2014.
- Sirlin, P. (1999). Argentina's Industrial Specialization Regime: New-Generation Industrial Policy, or Merely a Transfer of Resources?. *CEPAL Review*, v. 68, pp 101-114.
- Stein, H. (2008). Africa, Industrial Policy and Export Processing Zones: Lessons from Asia. *paper prepared for Africa Task Force Meeting*, Addis Ababa, Ethiopia 10-11 July. Disponível em: <http://policydialogue.org/files/events/Stein_africa_ind_policy__export_processing_zones.pdf>. Acesso em: 14 jan. 2014.
- Suzigan, W. (1986). **Indústria brasileira: origem e desenvolvimento**. São Paulo: Brasiliense.
- Uneca. (2011). Industrial Policies for the Structural Transformation of African Economies: Options and Best Practices. *Economic Commission for Africa*, n. 2.