GLOBAL COMPETITION AND LOCAL COOPERATION SUCCESS AND
FAILURE IN THE SINOS VALLEY, BRAZIL

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Article No. 112

Synopsis

Recent cluster literature suggests that joint action is essential for responding successfully to major challenges. This article investigates whether enterprises in the export-oriented Sinos Valley (South of Brazil) have stepped up cooperation in response to intensified global competition in leather footwear. Using a combination of quantitative and qualitative methods, it shows a substantial increase in bilateral vertical cooperation contributing to a major advance in raising product quality, speed of response and flexibility. In spite of these advances, the cluster has not been able to raise exports and profits have fallen. This seems related to the fact that upgrading was largely limited to the sphere of production. Upgrading in other areas such as marketing, design and image was attempted in an ambitious program of multilateral cooperation and the state failed to mediate at critical moments between conflicting business associations and entrepreneurial alliances. The paper concludes with suggestions for future research on global competition and local upgrading, for which co-operation is the key. Linking work on local clusters with research on global competition would be worthwhile.