

A STRATEGY FOR THE DEVELOPMENT OF OURO PRETO AND DIAMANTINA: THE IMPORTANCE OF THE GEM CLUSTER

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Diamantina and Ouro Preto are two fascinating small towns whose creation was due to mining activity - gold and diamonds respectively. The discussion of both cities' development strategies and the role of the gems cluster is the central objective of this work, based on the insights of a model of the gems industrial cluster and on a SWOT analysis. Ouro Preto developed with gold mining and thrived even after the losses of that activity and the status of Minas Gerais capital in 1898. Diamantina was born, grew and still maintains an umbilical relationship with diamond mining. Ouro Preto main economic activities are tourism and the University. Ouro Preto's gem cluster, with a smaller importance, focuses on cut gem trade (associated to tourism) and mining of imperial topaz in the city's vicinity. The city's strategy remains successful but unregulated urban growth may cast shadows in the future. Diamantina's gem industrial cluster is biased towards diamond mining and trading. Although in decline due to decreasing reserves, diamond-based activities still play a central role in a under-developed region. Replicating Ouro Preto's strategy, Diamantina is betting on tourism and University as development vectors. Diamantina is, however, unlike Ouro Preto, eccentric to the Rio - S. Paulo - Belo Horizonte triangle and lacks transport infrastructures. Those weaknesses could condemn a strategy centred in tourism. The diamond cluster, with the advantage of two and a half centuries of accumulated know-how, could evolve from a mining and trading activity into services and light equipment manufacturing for alluvial diamond mines.