



# Revitalization of the Brazilian Mining Industry

Ministry of Mines and Energy

**Maria José Gazzi Salum**

Secretary of Geology, Mining and Mineral Transformation



1.79

trillion  
GDP (2016)



LARGEST

mining producer in  
Latin America



4%

Mining and Mineral  
Processing Industry



LARGEST

mining products consumer  
in Latin America



207.7

million  
Population



5th

largest contry  
(8.5 million km<sup>2</sup>)



8th

largest  
economy



7th

largest foreign  
investments attractor





# Retaking Economic Growth

- Brazilian Federal Government is confident about resuming growth.
- Return to attract private investment from all over the world is a key issue for Brazilian Government.
- We consider that retaking economic growth can not be able without a partnership between Government and private sector.



# Brazilian Mining Industry Overview- 2016

- ✓ Brazil produces about 80 diferente mineral substances.
- ✓ Mineral production value: US\$ 27 bilhões.
- ✓ Mineral Export Value: US\$ 17,4 bilhões
- ✓ Mineral Trade Balance: US\$ 12 bilhões.
- ✓ Aproximately **8.400 minas in activities**.
- ✓ Around **200.000 workers** (factor 1:13 to generate indirect jobs).
- ✓ Participation in nacional **GDP**: 4%
- ✓ **Royalty collections**: US\$ 600 million

\*Data for 2017 are in progress.



## Brazil in the World Scenario of Production and Consumption of Mineral Goods

“Global Player” (Position in the world ranking)	Exporter	Self-Sufficiency	Importer/ Producer	External Dependence
<p>Niobium (1°) Tantalum (2°) Iron Ore (3°) Bauxite (3°) Graphite (3°) Vermiculite (3°) Kaolin (5°)</p>	<p>Dimension Stones Magnesite Mica Vermiculite Tin Nickel Manganese Rough diamond</p>	<p>Limestone (cement) Chrome Industrial Diamond Titanium Gold Talc Nickel Tungstein</p>	<p>Phosphate Copper Zinc Diatomite Tungstenium</p>	<p>Potassium Sulfur Metallurgical Coal Rare Earth</p>



# CHALLENGES FOR MINING SECTOR GROWTH

**Generation of new deposits**, doubling the index of investments in exploration.

Create an **investment-friendly environment**

**Promoting market access for available areas**

**Increasing the level of geological knowledge** and increasing the dissemination and access to the data of the CPRM collections.



## REVITALIZATION OF THE BRAZILIAN MINING SECTOR

Aiming at approving actions in order to revitalize the Brazilian mining sector, three provisional measures (proposal to be transformed into laws) were submitted to Brazilian Congress in order to be approved:

- MPV No 789/2017 – Changing the legislation that deals with Financial Compensation for the Exploration of Mineral Resources (CFEM – royalties). It was already approved by the Brazilian Congress. [Converted into Law 13,540 /Dec. 2017.](#)
- MPV No 791/2017 – Creating the National Mining Agency. It was already approved by the Brazilian Congress. [Converted into Law 13,575 / Dec. 2017.](#)
- MODERNIZATION OF THE MINING CODE



## Financial Compensation for the Exploration of Mineral Resources – CFEM (Royalties)

### *Modification in the current legislation dealing with CFEM*

#### Main Changes:

Basis of calculation: Gross sales revenue, as expressed in invoice; less sales taxes; simplifying the tax collection.

Reflect the value of the good when transacted under market conditions (reference price).

(%)	MINERAL SUBSTANCES
1.0	Rocks, sands, gravel, building materials, dimension stones, mineral waters and hot springs
1.5	Gold
2.0	Diamonds and other mineral substances including ERR
3.0	Bauxite, manganese, niobium and gem salt
3.5	Iron

%	TO WHOM
7,0	Regulatory Entity of the Mineral Sector
1.0	National Fund for Scientific and Technological Development- FNDCT
1,8	Mineral Technology Center- CETEM
0.2	Ministry of Environment - MMA / IBAMA
15,0	DF and Producer States
60.0	DF and Mining Municipalities
15,0	DF and Municipalities affected by mining
DF (Federal District)	





# National Mining Agency (ANM)

## Creation of the ANM by Proposal, and consequent extinction of the Bureau of Mines (DNPM)

### Main expected improvements:

- Greater neutrality and independence of the regulatory body;
- More balanced, democratic, transparent and legitimate decisions;
- More valued technical staff, stimulated and trained;
- Greater technical expertise; and
- Clarity of norms and less judicialization.



# NEW REGULATION OF THE MINING CODE

## *Main Proposals*

PROPOSTA DO EXECUTIVO	
Mineral Exploration	<ul style="list-style-type: none"><li>✓ Continuity possibility of the research works after the presentation of the Final Report, for the conversion of resources into reserves.</li></ul>
Environment	<ul style="list-style-type: none"><li>✓ Responsibility of the miner for the recovery of degraded areas.</li><li>✓ The miner's obligation to comply with the National Security Policy Dams.</li><li>✓ Obligation to properly execute the Mine Closure Plan.</li></ul>



# NEW REGULATION OF THE MINING CODE

## MAIN PROPOSALS

PROPOSAL	
Concession of mining as guarantee of financing	✓ Possibility of using the mining rights (concession) as a guarantee of financing
Adequacy of the international concept of resources and reserves	✓ Adequacy of the international concept of resources and reserves
Incentive to the use of tailings	✓ ANM will regulate the reuse of tailings and sterile.



# AREAS TO BE AVAILABLE

Promoting market access to areas where processes are not in progress (more than 20,000 areas), and the respective assets will be available for sale under electronic auction process.

Situation to be achieved



- Areas will be valued by including CPRM geological data.
- Areas will be selected / valued according to the geological potential.
- Areas will be offered at an electronic auction, with geological, social e and environmental information.
- Online process of evaluating proposals / definition of winner.
- Greater speed and transparency



# THE FUTURE OF MINING

## *The Future We Want for Brazil's Mining Industry*

- Sustainable development
- Economic, social and environmental responsibility
- Increasing production and diversified mineral matrix
- New discoveries
- Facilitating foreign investment
- Technological development and innovation
- Competitiveness
- Regulatory stability



Thank you  
Gracias!!  
Muito obrigado!