



# IBRAM and the development of the Brazilian Mining Industry



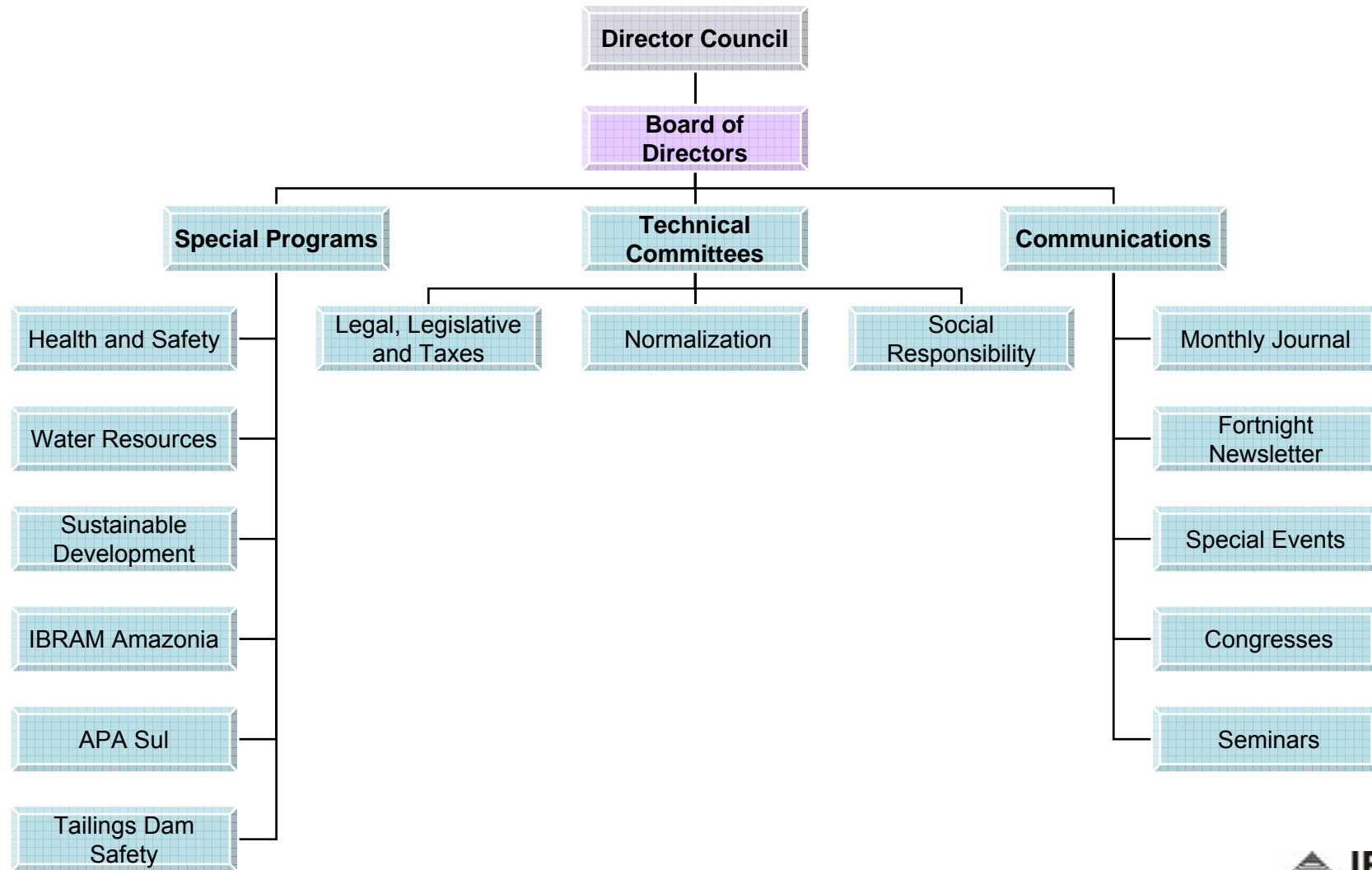


## IBRAM-Brazilian Mining Association

- Non-profit organization of the Brazilian mining industry;
- Founded in 1976;
- Represents around 170 companies [*mining and non-mining*] engaged in the mineral sector;
- Main office: Brasilia – Branches: Minas Gerais and Para states;
- Represents over 80% of Gross Mineral Production [US\$ 53 billion/2006]
- The Sector employs 150.000 direct workers



# IBRAM's Structure





## IBRAM's Offices in Brazil

**Head Office  
Brasilia**





**Mining in Brazil**  
**Legal & Administrative Framework**

**Federative Republic of Brazil**  
Established by the Federal Constitution of 1988

**Political and Administrative Organization**  
**The UNION**  
 The STATES  
 The FEDERAL DISTRICT  
 The Municipalities

**Powers of the UNION**  
**Legislative**  
**Executive**  
 Judicial

**Regulatory Power:**

- ✓ Constitutional Amendments & Laws [National Congress: Senate & Chambers of Deputy]
- ✓ Decrees [President of Republic]
- ✓ Regulatory Acts [Ministries, Federal Agencies, etc.]

**Properties of the Union:**

- ✓ Mineral Resources
- ✓ Natural resources of the continental shelf
- ✓ Hydraulic energy potentials
- ✓ Indigenous Land

**Exclusively by the UNION**

- Mineral Resources & Metallurgy
- Energy & Waters
- Commercial & Labour Laws
- Indigenous populations
- Nuclear Activities

**Union, States and F.D. concurrently**

- Environmental Protection and Pollution Control
- Forest, fauna, fishing, hunting, soil and natural resources
- Tax, financial and economic laws





**Regimes  
Constitution**



**Regimes of Authorization and Concession with Entitlement granted by the Union. Exceptions: petroleum, natural gas & nuclear minerals [Union Monopoly]**

**Authorization  
& Concession  
Constitution  
& Mining laws**



- ✓ **Brazilian citizen or a company organized under Brazilian laws, with headquarters & administration in this country**
- ✓ **Authorization for prospecting/exploration: 3 years, renewable**
- ✓ **Concession for exploitation (mining): no limit in time**
- ✓ **Special laws provision in Indigenous Lands and border areas**
- ✓ **Royalties:**
  - **State & Municipalities**
  - **Surface owner**
  - **The Union**

**Complementary  
[Other Laws and  
Regulations]**



- ✓ **Environmental licenses [Federal & State]**
- ✓ **Taxes [Federal, States and Municipalities]**
- ✓ **Labour: specific provisions and HSE for mining [underground]**
- ✓ **Social Security contributions**
- ✓ **Specific “Financial Compensations” related to environment**



## How IBRAM operates

- ✓ Lobbying the National Congress and State Legislatives;
- ✓ Interaction with “Palácio do Planalto”, Mines and Energy Ministry and other Ministries at the Federal level;
- ✓ Technical cooperation with DNPM [National Department of Mineral Production] and CPRM [Geological Survey of Brazil];
- ✓ Interaction with State Governments;
- ✓ Direct participation in Sectorial Councils: CONAMA, CNRH, COPAM, etc.;
- ✓ Integrated projects and interaction with the Academy, NGOs and Corporate Associations.





## How results are measured

- ✓ Lobbying in the legislative process, in search of more favorable scenarios:
  - Favorable bills approved;
  - Negative bills rejected;
- ✓ Successful acceptance by Government of sectorial proposals [ex.: in order to open up the monopoly of nuclear minerals and mining in indigenous lands];
- ✓ Successful partnerships built;
- ✓ Integrated events such as seminars, congresses, workshops:
  - Results from the Brazilian Mining Congress and its expo [attended by authorities, opinion makers and the general public, repercussion in the media, etc.];
- ✓ Media coverage [newspapers, magazines, websites, TV and radio programs, etc.]





## Special studies carried out by IBRAM on the global competitiveness of the Brazilian Mining Industry

- ✓ Ernest & Young Consultancy hired by IBRAM
- ✓ Criteria:
  - Comparative analysis of taxes on the mining industry around the world;
  - 21 countries analyzed;
  - 12 types of ores;
- ✓ Results: ranking of Brazil among 12 countries

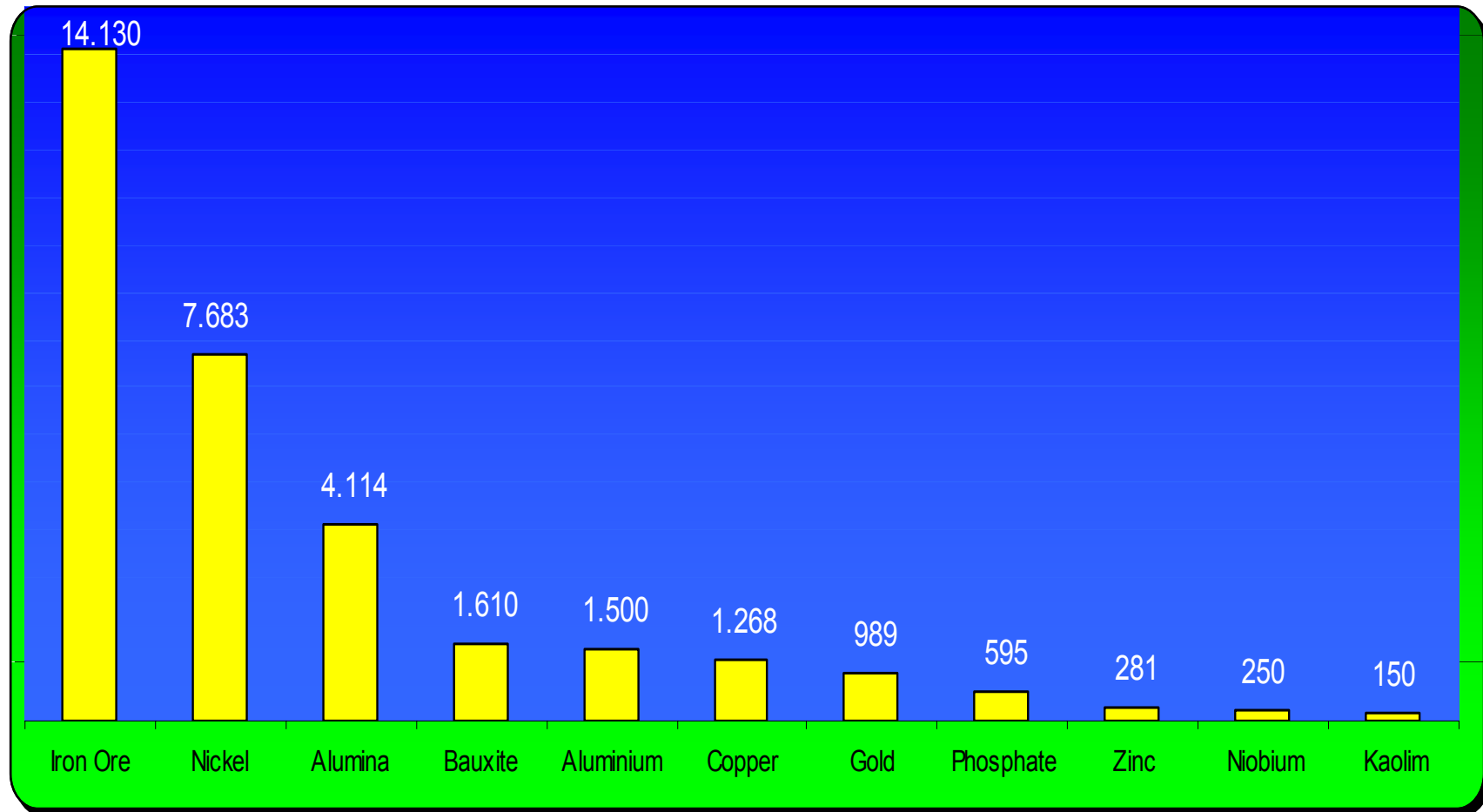


## Key issues for the mining industry in Brazil today:

- ✓ Environmental issues:
  - ✱ Excessive creation of protected areas;
  - ✱ Complex environmental licensing system;
  - ✱ Further restrictive laws laid out: Atlantic Forest protection, contaminated soils, solid waste residues policy;
- ✓ Other main issues to be regulated:
  - ✱ Mining in Indigenous Lands;
  - ✱ Nuclear minerals monopoly;
  - ✱ Art. 23 Constitution - Competencies on Environmental Licensing



## Investments in Mining Sector in Brazil [2007-2011] – US\$ 32 bi





## Increases in the production [2007-2011]

Ores	Production 2006 (1.000 ton) (A)	Increase (1.000 ton) até 2011 (B)	Forecast Production on 2011 (C) = (A+B)	Variation x times (C/A)
Iron	317.000	270.000	587.000	1,9
Nickel	82	204	286	3,5
Alumina	6.720	7.600	14.320	2,1
Bauxite	22.800	15.500	38.300	1,7
Aluminium	1.604	161	1.765	1,1
Copper	148	228	376	2,5
Gold	0,043	0,037	0,080	1,9
Phosphate	5.680	4.800	10.480	1,8
Zinc	185	70	255	1,4
Niobium	71	29	100	1,4



IBRAM invites you to



**EXPOSIBRAM AMAZÔNIA 2008**  
**I AMAZON MINING CONFERENCE**  
**INTERNATIONAL MINING EXPO**

Belém, Pará, 10-13 November, 2008





# **IBRAM**

## **BRAZILIAN MINING ASSOCIATION**

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