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The Mining Sector and Steel Raw Materials in Brazil

Index

- 1) Legal Framework
- 2) Output
- 3) Foreign Trade
- 4) Investment and Capacity

Historic Background: Privatization

- August 15, 1995 - Brazilian Congress approved Constitutional Amendments 6 and 9, which allowed for the participation of the private sector in joint ventures and/or private investment in the mining sector from both domestic and foreign investors.
- May 6, 1997 - Vale do Rio Doce was privatized.

Legal Framework: Brazilian Federal Constitution

Mineral Exploration Regime

- Mineral resources, including those of the subsoil are property of the Union.
- The Federal Government grants exploration licenses and mining concessions.
- The mining companies are required to implement suitable technical solutions to rehabilitate the soil and other aspects of the environment that might be impacted by mining operations.
- Mining companies are subject to specific mining taxes collected by the Federal Government.
- 68% of the tax revenue is paid to the local municipality.

Foreign Investment

- Exploration licenses and Mining concessions are granted to every company chartered under the Brazilian Law.
- There is no distinction between national and foreign companies, except in areas located on the international border zone where the stock control must be national.

Brazil: Production of Minerals

Global Player	Exporter	Self-sufficient	Importer	Dependence
Niobium (1°)	Dimension Stones Kaolin Magnesite Vermiculite Mica	Limestone (cement) Chromium Titanium Gold Talc Nickel	Phosphate Copper Zinc Diatomite Tungsten	Potassium Sulphur Coal Rare Lands
Iron Ore (2°)				
Manganese (2°)				
Bauxite (2°)				
Tantalite (2°)				
Graphite (3°)				
Chrysotile (4°)				

IRON ORE

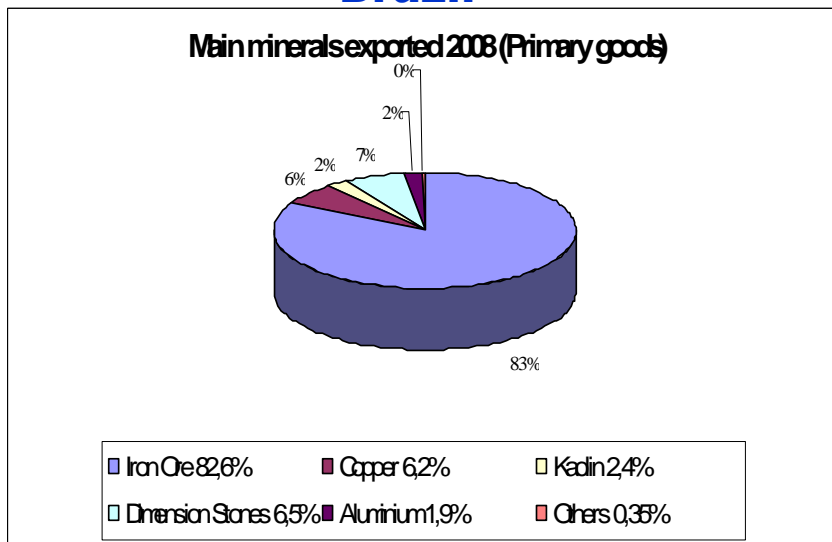
Country	Reserves Iron Ore 2007 (Bt)	Production 2006 (Mt)	Production 2007 (Mt)	%
Brazil	33	317	354	18,6
United States	15	53	52	3,2
Australia	45	275	320	16
China	46	588	600	30,8
India	9	140	160	8,9
Russia	56	102	110	6,2
Ukraine	68	74	78	4,3

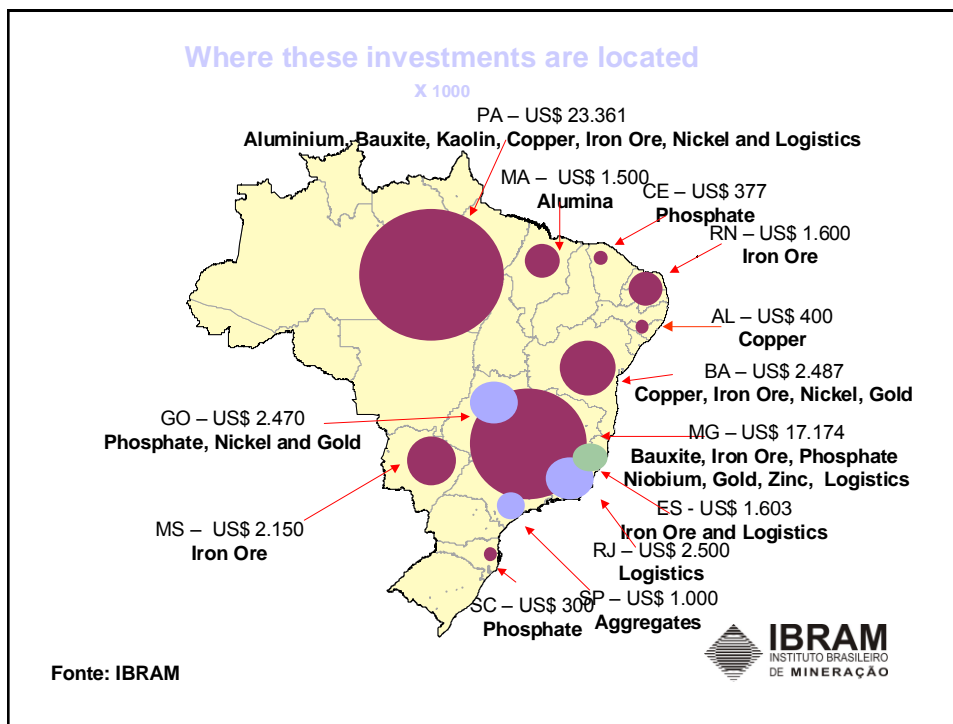
Fontes: DNPM/DIDEM; USGS (Mineral Commodity Summaries – 2008)

Bt (Bilhões de toneladas); Mt (Milhões de toneladas)

Brazil

Main minerals exported 2008 (Primary goods)





Brazil

Increases in production by 2011 (forecast)

Mineral	Production 2006 (1.000 ton) (A)	Increase (1.000 ton) until 2011 (B)	Forecast Production 2011 (C) = (A+B)	Change x times (C/A)
Iron Ore	317.000	270.000	587.000	1,9
Nickel	82	204	286	3,5
Bauxite	22.800	15.500	38.300	1,7
Alumina	6.720	7.600	14.320	2,1
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

Challenges

- Skilled labor.
- Environmental permits.
- Supply of equipment and engineering services.
- Energy.
- World financial crisis.



Thank you!

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