

# PURE DYNAMITE

HOW BOLSONARO'S GOVERNMENT (2019-2022)  
MINERAL POLICY SET UP A CLIMATE AND  
ANTI-INDIGENOUS BOMB

PRODUCTION:



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# NOTES ON THE ENGLISH VERSION

## Currency

All amounts in Brazilian reais. We opted not to convert values into dollars due to constant fluctuation of the exchange rates.

## Agencies, organs and entities

Names have been directly translated when the English translation allows understanding of what the body does. In cases where this isn't clear, notably with important federal agencies such as IBAMA or FUNAI, we have opted to translate the full name into a sentence that explains what the agency does (FUNAI is "Brazil's Indigenous Agency").

## Political parties

Are referred to by their acronyms - except in the cases of Republicanos, Solidariedade and UNIÃO. They are PL (Partido Liberal), PSL (Partido Social Liberal), PP (Progressistas), PSD (Partido Social-Democrata), MDB (Movimento Democrático Brasileiro), PROS (Partido Republicano da Ordem Social), PSDB (Partido da Social Democracia Brasileira), PTB (Partido Trabalhista Brasileiro), PSB (Partido Socialista Brasileiro), PSOL (Partido Socialismo e Liberdade) and PDT (Partido Democrático Trabalhista). Bear in mind that these names do not necessarily reflect the ideology or political inclination of the politicians affiliated to them.

## Garimpo/Garimpeiros

Garimpo historically referred to small-scale, low-impact mining done by individuals, cooperatives, or associations using simple and rustic equipment. The definition in Brazil's Garimpeiro Statute of 2008 stipulates that garimpo does not require environmental impact studies, and is only prohibited on indigenous lands and areas larger than 50 hectares. However, the reality of gold extraction in the Amazon is that garimpos are increasingly professional, aggressive, and industrial, causing significant environmental and social problems such as river and soil contamination, violence, and alcoholism. The Brazilian government's lack of continuous oversight and enforcement has allowed illegal garimpo operations to thrive. In this guide, we have opted to use "illegal mining" and "illegal miners" to translate the term, but in some instances we chose to keep the original in Portuguese when the context requires it.

## Garimpo/Garimpeiros

During slavery, quilombos were settlements founded by afro-Brazilian formerly enslaved persons who escaped captivity. Many of which acted as centers of resistance against the colonial status quo. After slavery was abolished in Brazil, many quilombos continued existing as Afro-Brazilian communities. Quilombo inhabitants are called quilombolas. We have opted to not translate these terms.

## Representatives, state representatives and councilors

Respectively, in Portuguese, deputados federais, deputados estaduais and vereadores.

## Ruralist

Our English translation of the Brazilian Portuguese term "ruralista", used to designate owners of large rural properties and their representatives.

## Federative units (states) of Brazil and their acronyms

Acre (AC), Alagoas (AL), Amapá (AP), Amazonas (AM), Bahia (BA), Ceará (CE), Distrito Federal (DF), Espírito Santo (ES), Goiás (GO), Maranhão (MA), Mato Grosso (MT), Mato Grosso do Sul (MS), Minas Gerais (MG), Pará (PA), Paraíba (PB), Paraná (PR), Pernambuco (PE), Piauí (PI), Rio de Janeiro (RJ), Rio Grande do Norte (RN), Rio Grande do Sul (RS), Rondônia (RO), Roraima (RR), Santa Catarina (SC), São Paulo (SP), Sergipe (SE) and Tocantins (TO)



# INTRODUCTION

**In mining, nothing happens by chance or overnight. The current scenario, whether for illegal “garimpo” in indigenous lands or for large transnational mining, has been structured little by little, excavator by excavator, tractor by tractor, through infralegal changes here, legislative bills there, and at suspicious secret or open meetings. Dynamite stick by dynamite stick, a true Brazilian climate bomb has been set.**

An analysis of the last few years of the mining sector in Brazil reveals a tangle of crucial changes in governance, the strong incidence of the lobby of large miners and garimpo business groups, and the explosion of invasions of indigenous lands and protected areas - in addition to the sector's record turnover, even in the midst of the pandemic.

In the wake of Jair Bolsonaro's government and the beginning of the Lula administration, this report offers a broad overview and highlights emblematic facts that explain how we have reached a serious situation of dyscontrol over land use, socio-environmental degradation and violations of human rights. Despite numerous reports in the press and denunciations by social movements, the scandals and crimes involving mining often fall into oblivion only to be suddenly taken up again, as was the case with the humanitarian tragedy experienced by the Yanomami people in Roraima in early 2023.

Jair Bolsonaro inherited from his antecessor Michel Temer significant changes made to the mining sector. Through a series of Temporary

Measures (MPs) and decrees published between 2017 and 2018, Temer essentially transformed the former National Department of Mineral Production (DNPM) into the **National Mining Agency (ANM)**, similar in structure but with a flair of “modernization” and “efficiency”.

**Temer** also changed the rates and distribution of the CFEM (Financial Compensation for Mineral Exploration) and argued that, with the National Mining Agency and other changes, **the Brazilian mining sector would gain** in legal certainty, mineral research and attraction of investments. The **stated objective** of the changes was to increase the mining sector's contribution to Brazil's GDP from 3% to 6%.

When Jair Bolsonaro took over the presidency, he followed the same path and appointed for the Ministry of Mines and Energy (MME) Navy Admiral Bento Albuquerque, a military officer linked to the nuclear energy sector. The quest to increase the participation of mining in GDP - which is currently at 3.1%, according to the **Institute of Applied Economic Research IPEA** - continued.



## **The Ministry of Mines and Energy (MME) and the National Mining Agency (ANM) acted as partners of large transnational companies and facilitated the path of investments by changing rules, betting on financial incentives, and extending the red carpet to the mineral corporate lobby not only in Brasilia, but around the world.**

Right from the start, Bolsonaro and the Ministry of Mines and Energy had to deal with the consequences of the rupture of the Vale mining dam in Brumadinho on January 25, 2019, which killed 270 people and is considered the worst "work accident" in Brazil's history. However, the gravity of the case did not change the course of the mineral policy that had already been set by the government.

During Bolsonaro's administration, illegal gold garimpo gained unprecedented political prominence. In both speeches and practices, the former president, his VP Hamilton Mourão, the former minister Ricardo Salles and other members of the Bolsonaro federal cabinet exchanged compliments with illegal mining lobby in coordination with governors and parliamentarians, resulting in an explosion of the activity inside indigenous lands and conservation units, with an increase of more than 600% over a decade and a concentrated impact in the last four years, as shown by MapBiomias.

The engagement of Bolsonaro supporters became even more explicit with the participation of illegal mining tycoons in the financing of the terrorist acts and failed coup attempt of January

8th, 2023, and the links with parliamentarians allied to garimpo - which are currently being investigated by the Lula government.

An extremist called George Washington, accused of attempting to explode a truck loaded with kerosene in the surroundings of Brasília's international airport, was received by Congressman Joaquim Passarinho (PL-PA), a staunch defender of illegal mining, a month before the attempted attack. Businessmen from Pará, Rondônia and Mato Grosso linked to agribusiness and garimpo financed part of the coup plotters. Cattle ranchers, illegal miners and politicians used social media to summon supporters of Bolsonaro to join the coup attempts.

Therefore, the timeline presented in this report shows that during the Bolsonaro government both industrial mining and illegal garimpo experienced "golden years" in theory, in practice and with hundreds of billions of reais invested in the internal and global markets. In the trail of this money, there is a well known and sophisticated dynamic of corporate influence, corruption and state capture.

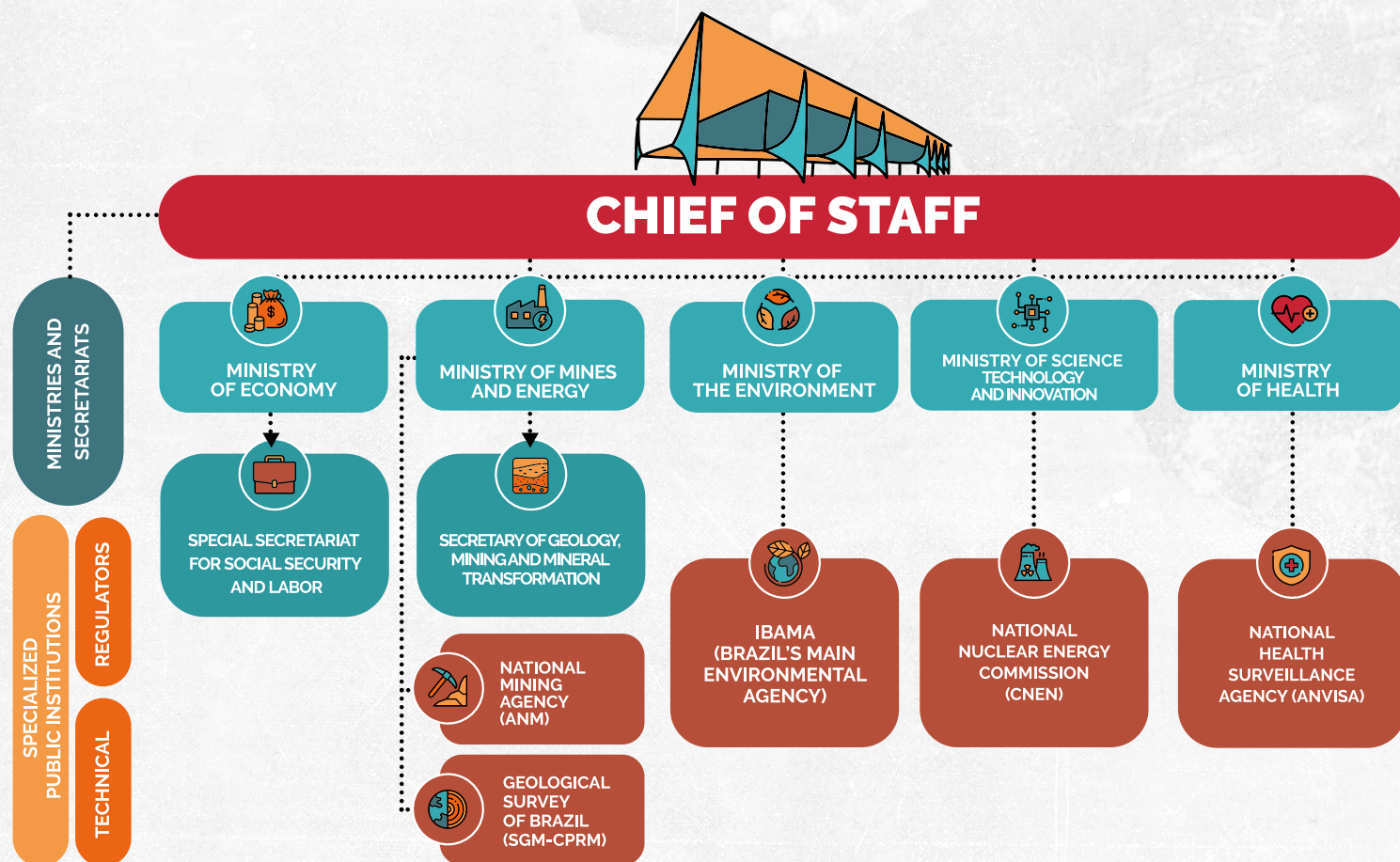




# **BRAZILIAN MINERAL SECTOR: GOVERNANCE AND FIGURES**



## BRAZILIAN MINERAL SECTOR: GOVERNANCE AND FIGURES



### NATIONAL MINING AGENCY:

According to the official website, "the National Mining Agency is a federal autonomous body under special regime, created by Law No. 13.575, of December 26th, 2017, linked to the Ministry of Mines and Energy, with legal personality of public law with patrimonial, administrative and financial autonomy, with its headquarters and venue located in Brasilia, Federal District, and scope throughout the national territory". The National Mining Agency regulates, grants and supervises the mineral sector, including: mineral research; extraction of substances; illegal mining; extraction of materials for civil construction; fossils; mineral water; Kimberley certificate (diamond exploration).



## FIGURES

According to data from the latest edition of the **Brazilian Mineral Yearbook**, in 2021, metallic substances accounted for about 89% of the total value of Brazilian mineral production. Eleven substances stand out accounting for 99.7% of the metal production: aluminum, copper, chrome, tin, iron, manganese, niobium, nickel, gold, vanadium and zinc.

The value of the production of these eleven substances totaled R\$312.9 billion, with iron alone accounting for about R\$250 billion, and production concentrated mainly in the states of Pará and Minas Gerais. Gold accounts for 8.5% of the traded value, the second highest share of the total.

## BRAZILIAN MINERAL PRODUCTION - 2021

	Substance	Total Amount (R\$)
1	Aluminum (Bauxite)	5.436.681.849
2	Copper	18.249.632.321
3	Chrome	382.603.454
4	Tin	1.544.151.737
5	Iron	250.698.910.257
6	Manganese	625.957.307
7	Niobium	1.098.461.500
8	Nickel	6.896.739.348
9	Gold (Concession + PLG)	27.056.172.748
10	Vanadium	170.955.316
11	Zinc	732.108.361

BRAZIL TOTAL: R\$ 312.916.142.439



## THE PATH OF GOLD: FROM MINES TO MARKETS

**1**

Gold is extracted by individual illegal miners or cooperative groups;

**2**

Raw gold is sold at Gold Buying Posts (GBPs), commercial outposts near the illegal mining sites;

**3**

Financial Institutions (FIs) buy raw gold from the GBPs and send it to foundries;

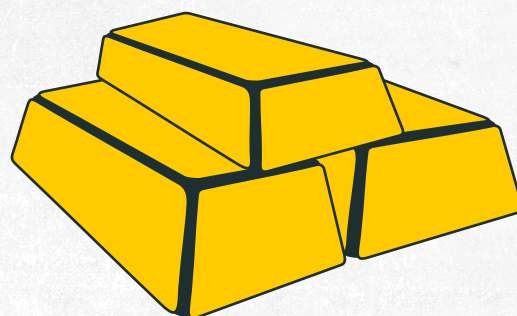
**4**

Foundries return refined gold to the FIs according to market purity standards;

**5**

With refined gold, the FIs can:

- Custody the commodity at the stock exchange, receiving in exchange certificates for trading
- Sell the gold bar to individuals, companies such as jewelers or other FIs
- Exports



### WHAT IS A THIRD-PARTY DISTRIBUTOR OF SECURITIES (DTVM)?

Distributors of Securities (DTVM) are financial institutions that operate in the financial and capital markets. A DTVM, which is authorized to operate **by the Central Bank**, can specialize in the purchase and sale of gold as a financial asset. It is through a DTVM, for example, that a prospector can launder gold extracted illegally, by presenting a false mining license to obtain an invoice that authorizes the gold to be transported and traded. Five DTVMs concentrate the illegal gold trade in Brazil and several have been **targets of investigations in recent years**.

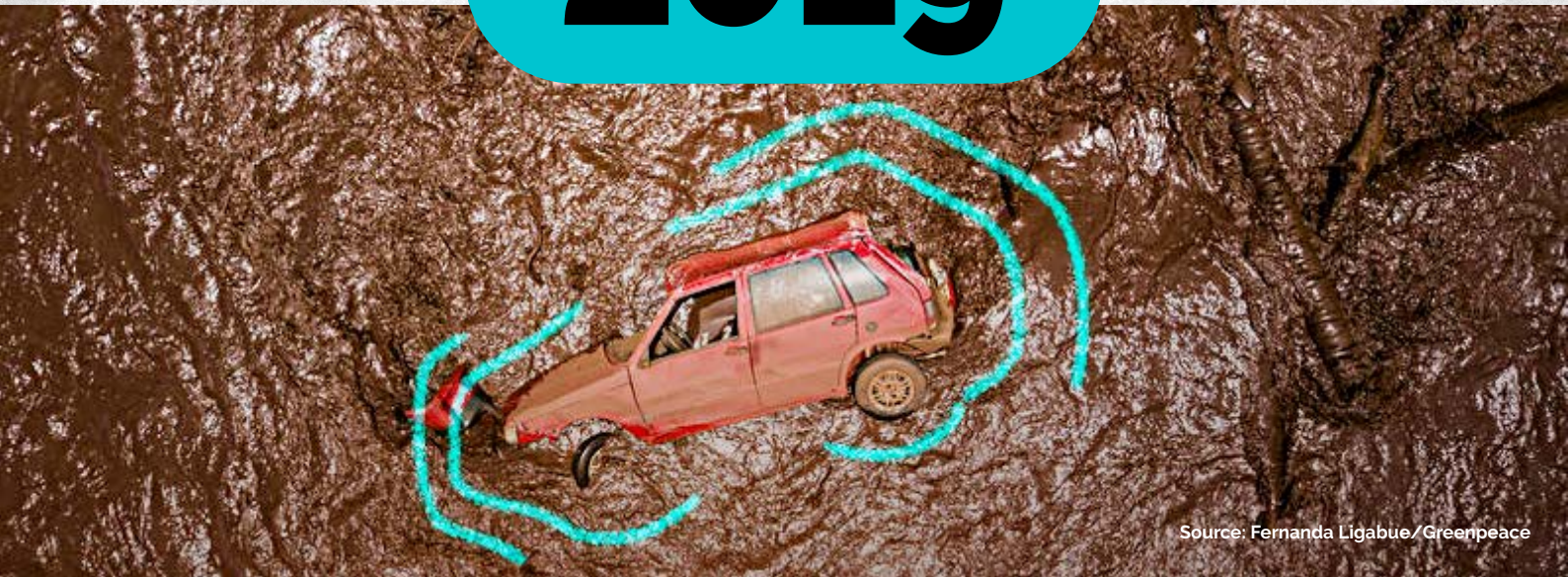


# TIMELINE

• • 2019 • • • 2020 • • • 2021 • • • 2022 • •



# 2019



Source: Fernanda Ligabue/Greenpeace

## JANUARY

### THE VALE MINING DAM DISASTER IN BRUMADINHO AFFECTS THE AGENDA OF THE MINISTER OF MINES AND ENERGY

On January 25, 2019, a Vale mining dam located in Brumadinho (MG) burst, killing 270 of the company's employees and victims affected by the mud wave that reached the Paraopeba River. It was the second Vale mining dam rupture in less than three years. In November 2015, a Samarco dam, controlled by a joint venture formed by Vale and the Anglo-Australian mining company BHP, burst in Mariana, killing 19 people and polluting with toxic tailings more than 600 kilometers of rivers up to the Atlantic Ocean in Espírito Santo state. In February 2021, the Federal Police concluded that drillings made by Vale five days before the accident caused the disaster in Brumadinho. The drillings triggered the liquefaction and consequent collapse of the dam's structure.

In his inaugural address, the Minister of Mines and Energy chosen by Bolsonaro, Bento Albuquerque, said: "In the mining sector, our commitment is to implement a new institutional arrangement, contributing to the restructuring of the newly created National Mining Agency (ANM), in order to guarantee legal security for long phases of project maturation and thus increase sector investment."

One day before the rupture of the Vale dam in Minas Gerais, on January 24th, the agenda of Minister Bento Albuquerque registered a meeting with "associations of the mining sector". After the dam burst, the minister met with Vale on January 29th as part of the commitments of the "crisis cabinet" formed by the Bolsonaro government to deal with the consequences of the socio-environmental crime.



#### ON THE DYNAMITE FUSE:

In the face of such a disaster, the federal government and National Congress were forced to provide responses throughout 2019. The National Mining Agency, in particular, took a series of measures regarding Vale and overall dam safety after the rupture. Despite the impact on the lives of those affected and the repercussions of the case that marked the beginning of Bolsonaro's administration in the mining sector, the final result to date is impunity for those responsible and further deregulation in the sector.





Source: Nilmar Lage/Greenpeace

2019

MARCH

## GOVERNMENT ANNOUNCES MINING OPERATIONS ON INDIGENOUS LANDS AND WORKS TO ATTRACT INTERNATIONAL INVESTORS

**Jair Bolsonaro, who proudly claims to  
have been an illegal miner, has always  
declared indigenous peoples as enemies.**

Since its beginning, Jair Bolsonaro's government has prioritized Brazilian participation in the Prospectors & Developers Association of Canada (PDAC), established in 1932 and considered the world's largest and most important event of the mining industry. In **March 2019**, in a speech to Canadian and international investors at the event, Minister Bento Albuquerque announced governmental plans to allow mineral activities on indigenous lands and border zones, as well as to open the Brazilian nuclear program to private companies.

This was the first time Brazil was featured as one of the sponsors of the PDAC, with the aim of "ensuring greater visibility to the country's projects and companies". The motto of the Brazilian delegation to the PDAC 2019 was "World Class Exploration Opportunities", representing a country with opportunities for exploration at a "world-class level", a term from the sector for large deposits with high mineral content. In practice, it was an official, deliberate and sponsored invitation to open new exploration fronts in Brazilian soil by large multinationals.



### ON THE DYNAMITE FUSE:

This was the start of the articulation that, one year later, materialized into PL 191/2020, a proposal to allow mining on indigenous lands, signed by Jair Bolsonaro, Bento Albuquerque, and the then-Justice Minister Sérgio Moro (read more below) and sent to National Congress to be voted and turned into law.





Source: Lunae Parracho/Greenpeace

2019

APRIL

## GOVERNMENT GOAL: EXPAND URANIUM MINING IN BRAZIL

In practice, **the Minister of Mines and Energy**, Bento Albuquerque ignored the Constitution and Congress by expressing his intention in April, 2019 to allow foreign companies to exploit Brazil's uranium reserves. There is an estimate of at least 609,000 tons, placing Brazil in seventh in the world ranking for the nuclear ore.

**UNCONSTITUTIONAL:** The Federal Constitution of 1988 forbids private entities from exploiting uranium, a mineral used to make fuel for nuclear power plants, since it is considered a strategic activity to remain under the monopoly of the country. Brazil has mapped 309,000 tons of uranium distributed between the states of Bahia, Ceará, Paraná and Minas Gerais. Less than a third of Brazilian territory has been subject to research in search of the ore, and it is estimated that only the North region has the potential to host another 300 thousand tons of uranium, with indications of deposits in the states of Amazonas and Pará.

The admiral appointed minister of Mines and Energy by Bolsonaro was previously director-general of the Nuclear and Technological Development of the Navy; as soon as he took office, he made the Ministry of Mines and Energy incorporate Nuclebrás Heavy Equipments (Nuclep) and Brazilian Nuclear Industries (INB), until then subordinated to the Ministry of Science and Technology. **According to the newspaper Valor Econômico**, the "flexibilization" of the rules for uranium research and production was one of

the requests that entered the transition team's agenda even before Bolsonaro's inauguration. The ex-president Michel Temer laid the groundwork for this change, by editing **Decree 9.600**, conducted by the Institutional Security Cabinet (GSI), providing for the "promotion of research and prospecting of nuclear minerals, encouraging national production of these minerals and their by-products to meet domestic demand and exports and ensuring the strategic geological resource of nuclear ore".



### ON THE DYNAMITE FUSE:

The objectives of the Bolsonaro government for nuclear energy were confirmed in the **National Energy Plan 2050**, published at the end of 2020. Among the listed goals were "improving the regulatory framework associated with nuclear energy, including the deregulation of the Union monopoly, the sector's organizational structure and its regulation" and "resuming uranium prospecting throughout the national territory". Near the end of his term in November 2022, the House of Representatives approved a Bolsonaro MP authorizing public-private partnerships in the exploration of nuclear minerals.





Source: Handout/Frente Parlamentar Mista da Mineração

2019

JUNE

## MINING CAUCUS LAUNCHES PARLIAMENTARY FRONT IN THE NATIONAL CONGRESS

**The Mixed Parliamentary Front for Mining** (FPM) was launched in June 2019 with 236 representatives and senators. The president of the FPM, **between its creation and the end of the legislature in 2022**, was Representative Ricardo Izar (PP / SP). Izar, 53, has been a federal representative since 2011 and has already passed through four parties in his political trajectory (PP, PTB, PV and PSD). A discreet figure in the House, without any protagonism in any specific subject, Izar assumed the presidency of the FPM and also the sub-secretariat of the **Working Group for the New Mining Code**.

The launch panel for the FPM was composed of Izar and the Representatives Fábio Trad, Carlos Henrique Gaguim, Nereu Crispim, Evandro Roman Da Vitória and Herculano Passos, as well as the president of the IDM Brazil, Wagner Pinheiro, the Secretary of the Ministry of Mines and Energy Alexandre Vidigal de Oliveira and the General Director of the National Mining Agency, Victor Hugo Fronner Bicca. The list of Senators include Chico Rodrigues (RR), Dario Berger (MDB-SC), Esperidião Amin (PP-SC), Jorginho Mello (PL-SC) – all from the state of Santa Catarina – and Paulo Rocha (PT-PA). Among more than 200 signatories of the Parliamentary Front, representatives from various parties and diverse profiles, from Kim

Kataguirí (former rapporteur of the Environmental Licensing Bill) to Neri Geller (ruralist and also rapporteur) to 23 PT Representatives.

The FPM is represented by the Institute of Mining Development (IDM), founded in 2017. The **IDM states** that "through a Technical Cooperation Agreement, it is the Official Institute of Technical, Normative and Scientific Support of the Mixed Parliamentary Front of Mining of the Brazilian National Congress and one of the main interlocutors between miners and parliamentarians of Brazil". Wagner Pinheiro, president of the IDM, from Paraná state, was former parliamentary chief of staff for 20 years in Brasília and director of Planning and Mining Development of the former DNPM (National Department of Mining Production), current National Mining Agency, from 2015 to 2018. Another leader of IDM Brazil is Elton Rohnelt, politician (former advisor to Michel Temer), businessman and **involved with mineral exploration in the Amazon**. He was a federal representative and vice-leader of the FHC government (1994-2002) and rapporteur of the Law Project (PL) 1610/1996, with regards to the exploitation and utilization of mineral resources in indigenous lands.



The mining done by small and medium entrepreneurs was the central topic of FPM. The campaign for smaller miners found an echo in the speech of the director of the National Mining Agency, Ronaldo da Silva Lima, former Secretary of the Environment of Pará. The dissatisfaction with the format of the auctions of the National Mining Agency was also included in the list of

complaints of the FPM and the IDM. Ricardo Izar even presented a Legislative Decree Project to annul a resolution of the National Mining Agency related to this issue. In addition to the national issues, each FPM leader Representative acted to defend the mining interests of their respective states, especially Paraná, Santa Catarina, Espírito Santo, Pará and Rio Grande do Sul.



#### ON THE DYNAMITE FUSE:

Throughout the Bolsonaro government, the Mixed Parliamentary Front of Mining has worked to defend the acceleration of processes in the National Mining Agency, the opening of new areas for auctions and priority for small and medium miners, in addition to general de-bureaucratization.





Source: Christian Braga/Greenpeace

2019

JULY

## SENATE CONCLUDES CONGRESSIONAL INQUIRY COMMITTEE (CPI) OF BRUMADINHO — AND NOTHING HAPPENED

The **Senate's Parliamentary Inquiry Commission (CPI)** that investigated the rupture of the Vale dam in Brumadinho recommended the indictment for negligent homicide of Fabio Schvartsman, former CEO of the company, Gerd Peter Poppinga, former director of Ferrosos and Carvão, Luciano Sani, executive director of Finance and nine other employees. The CPI also recommended the indictment of Vale itself and the certification company TÜV SÜD for destruction of the environment, negligent pollution and "corporate criminal responsibility".

The report suggested the adoption of bills to provide more safety to mining tailings and waste dams. One of them prohibits the environmental

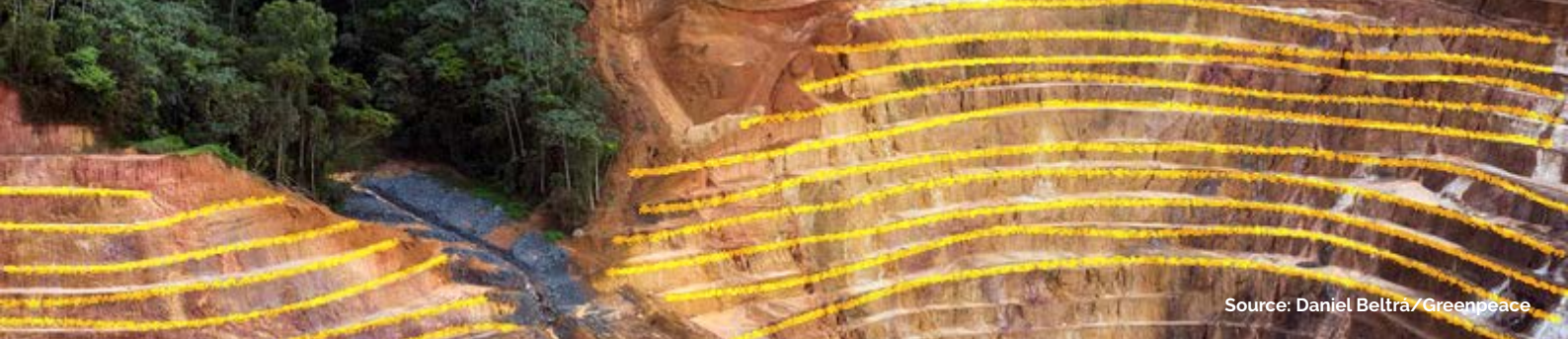
licensing of new equipment and sets a deadline of ten years for the deactivation of existing or under construction ones. It also provides for the creation of the Dam Safety Supervision Tax (TFSBR), to be paid by the entrepreneur to the National Mining Agency. The amount depends on the volume of tailings and can range from R\$ 5 thousand to R\$ 120 thousand. Another proposition strengthens penalties and typifies new environmental crimes, raising the maximum punishment from four to eight years of imprisonment if the crime causes a "large ecological disaster or produces a state of public calamity". If it causes human death, the time of punishment can be doubled.



### ON THE DYNAMITE FUSE:

Despite the recommendations of the Brumadinho CPI in the Senate, none of the accused - both individuals and companies - were effectively held accountable. Bills were not passed. In February 2021, Vale reached an agreement with the government of Minas Gerais, committing to pay 37 billion reais for the reparation of those affected. However, outsourced workers are still fighting for fair compensation in court. In April 2022, Vale was sued in the US for lying about the safety of its dams before Brumadinho.





Source: Daniel Beltrá / Greenpeace

2019

AUGUST

## THE NATIONAL MINING AGENCY AND MINISTRY OF MINES AND ENERGY GIVE A DUBIOUS RESPONSE ABOUT SAFETY OF DAMS; GOVERNMENT ACCELERATES ILLEGAL MINING OPERATIONS

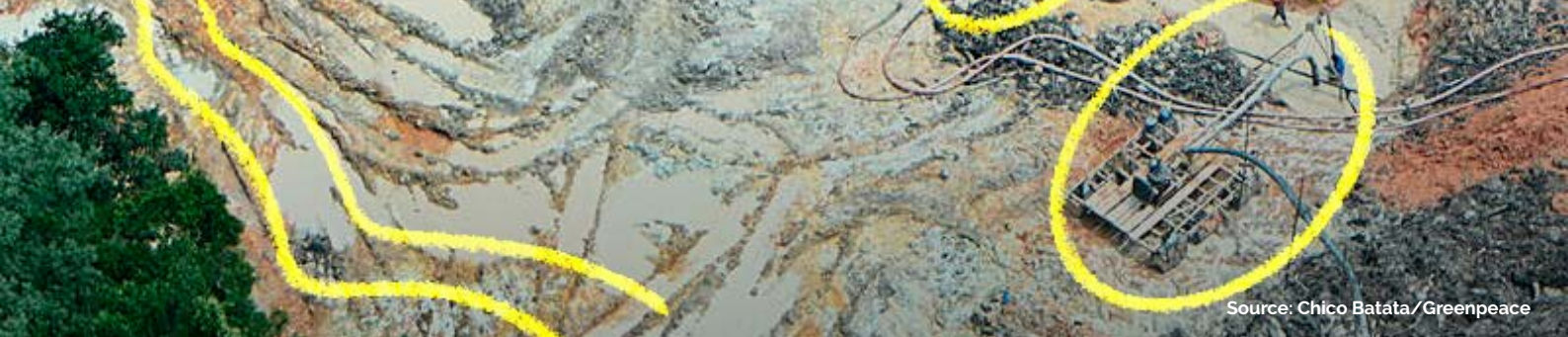
In response to Brumadinho, one of the measures taken by the Bolsonaro government was **Resolution No. 13 of the National Mining Agency**, which established "regulatory measures aimed at ensuring the stability of mining dams, especially those built or modified by the method known as "upstream". This cheaper and less secure method was used in the Vale dams that broke in Brumadinho and Mariana – and in most of the dams considered risky in the state of Minas Gerais.

Also, the "**Technical Committee for Mining Waste Dams Safety – CTBMin**" was installed permanently to "supervise the actions related to the stability and safety of mining tailings dams, in accordance with the National Dams Safety Policy - PNSB established by Law No. 12.334 / 2010 and other related regulations". **Another resolution of the National Mining Agency**, however, granted a longer period for decommissioning of dams built

"upstream or by unknown method" and for the removal of installations in the direct impact zone. To date, few upstream dams have been properly decommissioned; mining companies have until 2027 to decommission the larger dams.

In the same month, the Ministry of Mines and Energy and the National Mining Agency issued a decree that created a working group **of government members to present regulatory alternatives** to speed up processing and decision-making on research permits and mining concessions. "The proposed alternatives should consider the processes already underway, in order to achieve a substantial reduction of the pending proceedings at the National Mining Agency," the text said. Along the same lines, **another decree created a working group** "to study the possibility of simplifying the granting regime for artisanal mining".





Source: Chico Batata/Greenpeace

2019

NOVEMBER

## PRESIDENTIAL PARTNERSHIP PROGRAM AND TASK FORCE IN PARÁ ATTEMPT TO FACILITATE ILLEGAL GOLD GARIMPO AND MINING.

The Ministry of Mines and Energy published the **first projects that would be part of the "Partnership Investment Program of the Presidency of the Republic"**. For those selected, the program offers "support for environmental licensing and other feasibility measures". Several hydropower plants were included, such as Bem Querer in Rondônia, and a project of kaolin mining in Pará, owned by the Mining Research and Resources Company (CPRM).

Under the pretext of "making efforts to study and find a quick solution to the serious problem of illegal mining in Brazil, more precisely in the Southwest of Pará, identified as the Mineral Province of [the river] Tapajós", the National Mining Agency, through an ordinance, **established a Task Force** to formalize garimpo in the large region that includes the municipalities of Aveiro, Altamira, Rurópolis, Trairão, Itaituba, Jacareacanga and Novo Progresso.

## MINING IN NATIONAL FORESTS

A **technical note from the Ministry of Mines and Energy** defended a review of the rules to allow mining within National Forests, citing as examples the economic interests of Canadian mining company Eldorado Gold in the Amazon and the iron ore exploration done by Vale in Carajás, Pará. The Ministry's note from November 2019 recommends that the understanding expressed by the General Attorney's Office (AGU) in an opinion from 2014 needed to be reviewed and changed, potentially affecting 17 million hectares of forests and thousands of pending mining requests; the note also makes recommendations to favor large mining companies and illegal miners in critical areas of the Amazon.

The opinion of the AGU does not allow mining within National Forests (Flonas), which are Conservation Units for "Sustainable Use" according to the National System of Units of Conservation of Nature (SNUC/2000). As per

the Ministry of Mines and Energy understanding, the Management Plan of each UC should establish the rules for mineral exploration or the impediment of the activity within each protected unit. The opinion of the AGU, however, added the National Forests to the list of UCs restricted for mining activity, with the exception of those created before the 2000 law and that included express authorization to mine in their formal acts of creation.

According to data from ICMBio, Brazil's biodiversity conservation institute, there are currently 67 Flonas covering 17 million hectares in the Brazilian territory. Of these, 46 have a Management Plan, 38 were created before the SNUC law and only 6 authorize mining through their creation act. Of the 32 Flonas that do not express the possibility of mining, 81% (26) inhibit the activity in their Management Plan.





Source: Daniel Beltrá/Greenpeace

2019

DECEMBER

## NATIONAL MINING AGENCY PRIORITIZES DEREGULATION

**The Resolution No. 20, of December 3, 2019 of the National Mining Agency** established the Regulatory Agenda for the biennium 2020/2021. Among the highlights, "simplification and systematization of the granting of mining titles";

"Licensing and Registration of Extraction: review of the regulations" and "Permission of Garimpo Mining: review of the regulations". This agenda was zealously implemented by the National Mining Agency in the following Bolsonaro years.



### ON THE DYNAMITE FUSE:

According to estimates by the Ministry of Mines and Energy, in 2019 the turnover of illegal mining in Brazil varied from R\$ 3 billion to R\$ 4 billion per year.



# 2020



Source: Tiago Miotto/Cimi

## FEBRUARY

### 191: PROPOSED BILL (PL) SEEKS TO OPEN INDIGENOUS LANDS TO MINING AND AGRIBUSINESS

On February 6th, 2020, fulfilling **campaign promises** and as a result of articulations throughout its first year in cabinet, Bolsonaro introduced PL 191 to the National Congress. In addition to allowing mining and garimpo inside indigenous lands, removing the constitutional veto power of Original Peoples over their territories, the government's proposal went beyond the 1996 base project. Authored by Romero Jucá, the original bill is linked to the genocide of the Yanomami people in the 1980s, **according to the National Truth Commission** (Comissão Nacional da Verdade) that investigated human rights violations committed during the military dictatorship in Brazil. **PL 191/2020** also authorizes the **planting of GE** crops and livestock productions, as well as infrastructure such as hydroelectric plants, oil and gas projects, and commercial tourism.

The task of drafting the project was entrusted to ministers Bento Albuquerque (Mines and Energy) and Sérgio Moro (Justice), who signed the PL as authors; Tereza Cristina (Agriculture) and Ricardo Salles (Environment) also engaged. At the time, then-Chief of Staff, Minister Onyx Lorenzoni, said

that "it will be possible to mine, generate energy, transmit energy, explore oil and gas, and cultivate within indigenous lands". "In other words, it will be a new Golden Law (in reference to Lei Áurea from 1889 that ended state sanctioned slavery in Brazil)," **he celebrated**.

Ignoring the Constitution, the project indicates that indigenous peoples' wills are likely to be trumped, as article 14 of the text writes: "The request for authorization may proceed even with against the affected indigenous communities wishes, provided it is justified". In the case of indigenous lands with the presence of Isolated Peoples - already targeted by **more than 4 thousand mining applications** - "FUNAI (Brazil's Indigenous Agency) will establish the limits necessary to protect these communities". In the case of mixed presence, when isolated indigenous people live with other communities, such as the Yanomami Indigenous Land (TI), the proposed bill would cause unprecedented conflict due to the hidden objective to enclose isolated groups and impose the exploitation of their territories.



Below, a few other premises that completely violate territorial and human rights of communities affected by the bill:

- Even if the dialogue with the affected indigenous communities is frustrated or if there is no agreement regarding entry into the indigenous land, available data and elements may be used in preliminary technical studies.
- The preliminary technical study may be carried out even if there is an ongoing process of demarcation of the indigenous land.
- Article 18 states that the Indigenous people will receive 0.7% of the energy profits, 0.5% to 1% of the value of oil and natural gas, and 50% of the financial compensation for the exploitation of mineral resources.
- In areas notorious for the occurrence of mineable minerals, the prospecting zones may be defined by the National Mining Agency detached from a preliminary technical study.
- The activities covered by this Law shall be authorized in the event that the National Congress does not vote on the authorization request within an established period of four years.

The Articulation of the Indigenous Peoples of Brazil (Apib) **released a statement of repudiation** towards PL 191/2020 saying that "the announcement is cloaked under false intentions and rhetoric that lead to cooptation and division of the Peoples and evades the true meaning of autonomy to authorize the invasion of Indigenous territories".



#### ON THE DYNAMITE FUSE:

Dubbed the "death" bill, "genocide" bill or "extermination" bill by the country's main indigenous leaders and organizations, PL 191/2020 had its "urgency to proceed" approved by the Constitution and Justice Commission of the House of representatives, but was stalled after pressure from the indigenous and social movements and the backpedalling of the market itself, such as Vale and the Brazilian Institute of Mining (Ibram). The lobbying by Congressman Arthur Lira and the Bolsonaroist caucus in Congress was not enough to move the PL up for a floor vote. In 2023, the risk of the bill proceedings being resumed at the House of Representatives remains.



## CAPYBARA'S BACKGROUND CHECK

### BOLSONARO GOVERNMENT'S ROLLS OUT RED CARPET TO WELCOME THE ILLEGAL MINING LOBBY

An analysis of the federal executive branch's work agenda in the quarter prior to the introduction of PL 191/2020 to Congress shows that Minister Bento Albuquerque and the top echelon of his Ministry staff met with associations of garimpeiros, representatives and councilors who are lobbying for mining and prospecting in the Amazon. Details of the meetings were obtained via a

request based on the Access to Information Law (LAI) made by Observatório da Mineração [Mining Observatory]. Such meetings were not posted - as they should have been - in the official agenda of the public servants, confirming the non-transparency style adopted by Bolsonaro's government.



Among the lobbyists who had direct access to Minister Albuquerque are representatives of the Brazilian Association of Precious Metals (Abramp), the National Gold Association (Anoro), the Brazilian Association of Mineral Supplements Industries (Asbram) and politicians such as the former senator Flexa Ribeiro (PA), senator Wellington Fagundes (PL/MT), federal representative Joaquim Passarinho (PSD/PA) and city councilor Wescley Tomaz (PSC), from Itaituba (PA) - one of the hotspots of illegal mining in the country.

On December 16th, 2019, Bento Albuquerque welcomed a delegation from Abramp, the representative Passarinho and the councilor Wescley, promising to consider their "contributions" to "government policies" on illegal mining. The lobby efforts had already shown concrete outcomes: for instance, the National Mining Agency published Ordinance No. 871 of October 12th, 2019, granting greater autonomy to the Itaituba local office to legalize criminal garimpo areas.

Congressman Joaquim Passarinho (PSD/PA) has been tirelessly working to defend the interests of gold prospectors. He proposed a [bill to allow companies to buy gold directly from illegal mining areas](#) and is a leading voice in discussions

at the Chamber of Representatives to legalize garimpo.

A well known spokesperson for illegal miners, the presence of city councilman Wescley Tomaz at a meeting with Minister Albuquerque draws attention. A steady character in Brasília during the Bolsonaro years, Wescley celebrated the promise to release 1,189 garimpo permit applications (PLGs) that had been "waiting for approval for a long time" at the National Mining Agency. "Today, the Ministry of Mines and Energy itself is in favor of garimpo, it is against slowness; today, the National Mining Agency is adopting a new pace and this pace requires them not to sit on top of applications," [Wescley said in an interview](#).

In a [video](#) and post published on his social media, the councilman said that the reunion with the minister also aimed [to bring electricity to the Trans-Garimpo region](#), a process that was already "well advanced". In December 2019, Tasso Mendonça Júnior, director of the National Mining Agency, visited the Itaituba region and met the illegal miners. "It is an unprecedented visit, never in the history of Itaituba has a director of the National Mining Agency, who takes care of the part of legalizing mining, visited a mining community in our region," [Wescley applauded](#).

**Currently, the National Mining Agency only has 10 inspectors to serve the entire state of Pará and Amapá. Just in Itaituba, on the banks of the Tapajós River, more than 18,000 requests for permission to garimpo await analysis by the agency.**

One of the last meetings of Minister Bento Albuquerque before delivering the PL 191/2020, [on February 4](#), was with Wellington Fagundes, from Mato Grosso, who was a federal representative for 24 years before being elected senator in 2014. During his campaign, Fagundes [received R\\$ 150,000 from the mining company Cavalcá Construções e Minerações](#). In addition, he also pocketed more than R\$ 300,000 from Gerdau corporation. The senator, who [declared almost R\\$ 9 million in assets](#) in 2014, with emphasis on his livestock farming, is not alone: [6 out of the 14 senators of the Brumadinho CPI received money from mining companies](#) in past election campaigns. Fagundes is also a

[defendant in corruption and money laundering](#) investigations, accused of overbilling ambulances when he acted as federal representative between 2001 and 2005.

Also attending the meeting requested by Fagundes with the head of the Ministry of Mines and Energy was a delegation from the Brazilian Association of Mineral Supplements Industries (Asbram) - directly linked to companies such as Mosaic Fertilizers, a "[corresponding partner](#)" that is one of the largest phosphate producers in the world. [Mosaic has 12 high-risk dams in Brazil](#), with two projects listed among the 10 most dangerous in the country and has [acted to expel families from their homes in Goiás](#).



About a week after the presentation of PL 191, on February 14th, 2020, [Abramp](#) was alongside Bolsonaro, Minister Onyx Lorenzoni and the Governor of Pará, Helder Barbalho (MDB) at the inauguration of a stretch of BR 163 highway in southern Pará state. Such proximity to the government had already proved efficient: [the National Mining Agency changed the deadlines to respond requests](#) for permits of economic activities and announced that it would [prioritize cooperatives for the legalization of garimpeiros](#).

On the day that Bill 191/2020 was sent to Congress, the executive secretary of the Ministry of Mines and Energy, Marisete Pereira, received a delegation led by former senator Flexa Ribeiro (PA), Dirceu Santos Frederico Sobrinho and Mário Aparecido Rodrigues de Souza, all representing the National Gold Association (Anoro). Victor Bicca, president of the National Mining Agency, was also there.

[Flexa Ribeiro \(PSDB\)](#), whose mandate ended in 2019, is a long-time ally of the illegal miners. [In a Senate plenary in November 2018](#), he sharply criticized law enforcement operations of IBAMA (Brazil's main environmental agency) in the Tapajós region when 12 hydraulic excavators were apprehended and burned. At the end of July of that year, [Flexa Ribeiro was in Itaituba participating of the largest party in the region](#), a gathering of 15,000 garimpeiros.

As rapporteur of the draft bill 790/2017 that changed the Mining Code, Flexa demanded representation from his state in the board of Directors of the National Mining Agency. Just

before the end of his term, [Flexa appointed Eduardo Araújo de Souza Leão to the National Mining Agency's Board of Directors](#). Eduardo Leão worked from 2007 to 2015 at Vale and held the position of Environment Manager of the Carajás Project, the world's largest iron ore extraction project, also located in Pará.

The founder of Anoro, Dirceu Frederico Sobrinho, was denounced by the Federal Prosecution Office (MPF) for marketing tons of illegal gold and [was even arrested in September 2022](#). Several reports showed Sobrinho's proximity to the Bolsonaro government and how his companies, such as FD Gold, [dominate the market](#). Dirceu also plays a role in financing politicians from the [Tapajós region](#) and operates a vast network that goes from the illegal extraction to refining and [exporting of gold](#). Anoro's demands were actively heard and addressed by the federal government in the last four years.

These institutions and mining stakeholders were influential in the direction of Brazil's mineral policy under the Bolsonaro and until the end of the last Congress legislature - and they are still around. Former city councilman Wescley Tomaz was elected state representative for Pará. Wellington Fagundes was reelected senator for Mato Grosso. Joaquim Passarinho, reelected federal representative for Pará, led the final text of the [New Mining Code](#) reform in December 2022, addressing wishes from various garimpo associations, weakening licensing and law enforcement and expanding investments for the sector.

**No less than half of the gold exported by Brazil has suspicious origins, according to a study by [Escolhas Institute](#).**







2020

MARCH

## THE GOLDEN ERA: A NEW BUSINESS ROUND IN CANADA

"We will present to the world everything that has already been done to pave the way for a new era for mining activities in Brazil". This was the promise made by the Secretary of Geology and Mining of the Ministry of Mines and Energy (MME), Alexandre Vidigal, at the opening of the "Brazilian Mining Day" during the **88th PDAC Convention**, the world's largest mining event, held in early March 2020 in Canada. An envoy sent by Minister Bento Albuquerque, who arranged the Brazilian high level participation together with Canadian Ambassador Jennifer May, **Vidigal led the team that went to the event to definitely open Brazil's borders and deposits to mining companies from all over the planet**.

Representatives of the Bolsonaro government and industry lobbyists offered a series of guarantees to investors. Vidigal expressed the federal government's "deep commitment" to "promoting regulatory, legal and environmental advances that will lead to a more attractive investment scenario in the sector". Brazil was one of **the three countries sponsoring the international mining conference**, considered a "great business roundtable in the sector".

On the agenda between Vidigal and the general director of the Research Center for Mining of the Government of Canada, Magdi Habib, "the priorities of each country for the mining sector, with emphasis on mining in indigenous lands". About 95% of mining in Canada takes place within indigenous lands, and the Brazilian government is committed to bringing over this "expertise". "Canada is a benchmark for successful experience", celebrated Vidigal, showing the

will of the Brazilian government to import the Canadian model.

He also met with Canadian Mining Association President Pierre Gratton. Companies such as the **Canadian enterprise Belo Sun, which is working to open the largest open-pit gold exploration mine in Pará** in conflict with indigenous peoples, has direct interests at stake. Another Canadian company, Kinross, is already exploring the largest current gold mine in Brazil, in Paracatu (MG), and **it cannot ensure the stability of a tailings dam 60 times larger than Brumadinho**.

**"The dawn of new exploration opportunities"** was the headline announcement of the official programme for the "Brazilian Mining Day" at PDAC 2020. The activities had the **direct participation of mining companies** sharing "success stories". Corporations such as Nexa, Bemisa, Meteoric Resources, Centaurus Metals, Bahia Mineração, Big River Gold, Serabi Gold, Equinox Gold, Ero Copper, Appian Capital, Sigma Lithium and Samarco were joined by government agents from MME, Apex, BNDES, Agency for the Technological Development of the Brazilian Mineral Industry (ADIMB), ANM, Special Secretariat for the Investment Partnerships Program (SPPI) and others.

On the agenda, "strategic scenarios" including "new financing for the sector" by the BNDES, special conditions by the government to private companies, the results of investments by companies of different sizes and why to choose Brazil, status of advanced projects and discoveries of new reserves, exploration frontiers and other future opportunities.



"Brazil stands out as a country with much to be explored, a real treasure chest waiting to be opened", states the document. The "world-class deposits" that the Brazilian delegation made available to foreign investors include "large mineral provinces of unparalleled geological diversity" such as iron ore, copper, gold, manganese, nickel, tin, molybdenum, vanadium, zinc, chromium, potassium, bauxite, rare earth elements and others.

The Brazilian Mining Institute (IBRAM) represents companies responsible for more than 85% of Brazilian total mineral production. Wilson Brumer, board president of IBRAM, was one of the leaders of the Brazilian delegation that went to Toronto. Brumer **did not hide his excitement with the agreements closed**: "The set of solid information that the Brazilian delegation presented to

the participants of the PDAC will motivate a remarkable expansion in the sector's businesses in the coming decades", he stated, further adding that the voices of the federal government, the National Mining Agency, the companies with global operations and the mining entities were "unified". Among the deals closed at the event, **IBRAM signed a Memorandum of Understanding with the Toronto Stock Exchange** (TSX) and the TSX Venture Exchange (TSXV).

Some of the initiatives included more Brazilian companies listed on Canadian stock exchanges, the identification of "attractive projects" and a joint agenda that includes conferences to attract investors. In Brumer's assessment, the National Mining Agency was "promoting very positive changes to streamline the technical processes that involve all phases of industrial mining".



#### ON THE DYNAMITE FUSE:

To speed up mining processes, in February 2020, the National Mining Agency determined a deadline of 120 days to grant or veto mineral research requirements; in the absence of a response within this period, the requests are automatically approved. Until then, there was no fixed timeframe for the ANM analysis. With the measure, processes that could take years began to be resolved in just four months. The ANM had the express objective to implement more than 20,000 new exploitation areas through public offerings and electronic auctions. In fact, several rounds of bids have been held over Bolsonaro's years.

The proximity and the sophisticated lobby between the National Mining Agency, the Ministry of Mines and Energy, Ibram and mining executives was a trademark of the Bolsonaro administration. All points promoted at the PDAC 2020 tour actually progressed, increasing the opening of new areas for mining and government incentives to attract investors to the mineral sector, with explicit support, programs and policy changes led by the federal government.





2020

MARCH

## GOVERNMENT DEFINES MINING AS ESSENTIAL ACTIVITY DURING THE COVID-19 PANDEMIC

While having systematically denied the seriousness of the pandemic, the Bolsonaro government had no problem, after pressure from mining companies, to publish an **ordinance** on the night of Saturday, March 28th, conceiving mining as an essential activity that therefore was exempted from quarantine measures. The government's formality came after reports that

denounced **that Vale kept workers clustered in Pará** and in Minas Gerais, as did **CSN Mineração** – Vale and CSN are the two largest iron ore producers in the country. After the press coverage, the International Articulation of Those Affected by Vale filed a complaint with the Labor Public Ministry, which **opened a civil inquiry to investigate the case**.

**The ordinance signed by Minister Albuquerque worked as an official endorsement for companies to keep hundreds of thousands of workers crowded together and exposed to Covid-19 in order to sustain profiting and research across the country, including inside indigenous lands in the Amazon .**

The Ministry of Mines and Energy confirmed that it was approached by IBRAM (Brazilian Mining Institute) and by mining companies to insert mining as an essential activity in the midst of a pandemic and to issue the ordinance off hours on a Saturday night. IBRAM said it "maintains constant contact with the Ministry of Mines and Energy" and that "ores are raw materials for almost all industries and for agribusiness. Without the supply of ores, many sectors may run the risk of shortages, perhaps even reaching the Brazilian consumer".

The Ministry of Mines and Energy echoed IBRAM's discourse and cited the Constitution (article 176), Law 3.365 of 1941 and the Mining Code of 2018 to state that mining is essential for the country and that, in short, "the production of food, medicine , packaging, parts and equipment is impossible without mineral goods". To the MME, Ordinance 135/20 ensures the supply of essential inputs for the survival, health and safety of the population

while the COVID-19 pandemic persists. It is worth remembering, however, that most ores produced in Brazil are exported: around 80% of gold, 80% of copper, 75% of manganese and 70% of iron ore are sold abroad.

The MME wrongly claimed that "mining operations are carried out, as a rule, without agglomeration of employees. It is a highly automated sector, including the vehicles operations. As a rule, it takes place in the open, in very large areas". As predicted, hundreds of workers were infected with Covid-19 in mining towns across Brazil; several died from the virus. Meanwhile, the mineral sector broke profit records during the pandemic, reaching R\$ 339 billion at the end of 2021. In May 2021, the Inter-American Commission on Human Rights (IACHR) accepted a **complaint** from union entities regarding worker gatherings and violations of rights during the pandemic in the operations of Brazilian mining companies.





Source: Valentina Ricardo/Greenpeace

2020

MAY

## NATIONAL MINING AGENCY AND OECD ELABORATE 'REGULATORY GUILLOTINE' FOR THE MINERAL SECTOR

At a conference held in May with representatives of the Ministry of Mines and Energy and the governments of the states of Pará and Goiás, Tomás Albuquerque, director of the National Mining Agency, defended a **"regulatory guillotine"** for the mining sector in partnership with the Organization for Economic Cooperation and Development (OECD). According to Albuquerque, "everything that we are going to suppress, to revoke the legislation, we will be able to do with the instrument that we call the regulatory guillotine. We will simply cut, clear it and move forward", declared Albuquerque at the meeting promoted by **FFA, a private consultancy** firm who works for mining companies.

Albuquerque was referring to the recent agreement between the National Mining Agency and the OECD, signed in March 2020, which aimed to advise the Agency in "revising the stock and reducing the regulatory burden, diagnosing the rules, assessing what needs to be maintained and

helping to identify the normative acts that will be revoked or rewritten". Obtained via the Access to Information Law, the agreement provided for OCDE to receive a payment of \$385,000 euros for the job from the National Mining Agency, plus extra expenses. The objective was "to prepare a report to identify regulatory barriers, obstacles, implementation failures or inefficiencies that affect the dynamics of the mining sector in Brazil" and to catalyze "a national dialogue to facilitate the execution of reforms".

The OECD consultancy formatted the so-called "regulatory guillotine" defended by Tomás Albuquerque, which was also consolidated in the "Mine (Lavra) Plan". Announced by the ANM in May, the Plan Lavra aimed to "de-bureaucratize various procedures" between the agency and mining companies, to "improve the environment for business and recover damages suffered by the sector due to the global pandemic".



### ON THE DYNAMITE FUSE:

The OECD delivered its final report to the ANM in February 2022, defending the simplification of licensing and automatic concession for the mineral sector, among other points. The OECD recommendations began to be implemented by the National Mining Agency right after.



## NATIONAL MINING AGENCY AND ATTORNEY GENERAL QUESTION PUBLIC PROSECUTION RECOMMENDATIONS ON GARIMPO IN TAPAJÓS REGION

The Tapajós Garimpo Reserve, established in 1983 in Itaituba, state of Pará, was the target of **a request from the Federal Public Prosecution Office (MPF)** that required all mining requirements affecting indigenous lands and conservation areas to be denied by the National Mining Agency, and that the current limits of the reserve should be revised. It is estimated that more than **60,000 prospectors operate in the region**, which has 1,000 landing strips for planes. At least 30% of the mines are located within indigenous territories and protected areas. The high concentration of mining permits in the hands of a few people – the person who leads the ranking in Pará accumulates almost 300 permits – is against Brazilian laws and a way that big businessmen have found to circumvent environmental licensing and the need to go through the rites required by the legislation.

In response to the MPF, the National Mining Agency sent an official letter in May featuring an opinion from the Attorney General's Office (AGU) **obtained** via the Access to Information Act. The AGU's analysis doubts most of the MPF's recommendations and states, for example, that there is no such limit for the same individual to acquire and concentrate hundreds of mining permits. The study on a possible review of the limits of the Tapajós Garimpo Reserve, however, was recommended by the Attorney General. The MPF understands that the protection conferred by MME ordinance 882 when creating the Tapajós Garimpo Reserve is no longer justified and the conservation units created later have the effect of partially revoking the ordinance. **Read the full opinion here.**



### ON THE DYNAMITE FUSE:

The MPF estimates that for each kilo of gold extracted illegally in the Amazon there are BRL\$ 1.7 million in damages. The minimum period for a partial recovery of areas degraded by mining is around 13 years. Other calculations reach BRL\$ 3 million in damages for each kilo of gold, and up to 42 years for environmental recovery.





2020

AUGUST

## LAWS PROPOSED AFTER BRUMADINHO STALLED IN CONGRESS

What's left after the tragedy when the cameras are shut down? Depending on the status of the law projects developed in the House and Senate after the Brumadinho dam collapse, almost **nothing**. As of August 2020, at least four bills – **PL 2787**, **PL 2788**, **PL 2790** and **PL 2791** – had been stalled in the Senate since June 2019, when they were introduced following the socio-environmental crime committed by Vale in Brumadinho, which killed 270 people. The four projects deal with issues such as dam safety, disaster prevention, the creation of the National Policy for the Rights of Populations Affected by Dams and the classification of the crime of ecocide.

Another two bills – **PL 643/2019** and **PL 550/2019** – also proceeded in 2020. **PL 643/2019** renders imprescriptible the environmental crimes resulting from mining activities.

PL 550/2019, which increased obligations for mining companies regarding the safety of dams, underwent major changes in the Chamber. The original text prohibited the upstream dam model – the method used by Vale both in Mariana and Brumadinho –, raised to BRL\$ 1 billion the maximum amount for fines applicable in the event of an accident and made it mandatory to draw up Emergency Action Plans – which should already have been implemented nationally decades ago. The National Registry and the Integrated Dam Management System were only **created by ordinance of 2017**.

Presented by senator Leila Barros (PSB-DF), Bill 550/2019 was a response to Brumadinho and was **approved by the Chamber in May 2020 with amendments** made by the Representatives of the Special Commission, accepted by the rapporteur Joaquim Passarinho (PSD-PA). In his first congressional election in 2014, according to the TSE, Joaquim Passarinho received R\$100,000 from Vale Manganês, a subsidiary of Vale, the largest individual donor to the representative's campaign. Among **the items changed by the representatives** in relation to the original text that came from the Senate, there is the removal of classification of environmental pollution followed by death as a heinous crime, contributing to impunity after two of the biggest environmental disasters in the country that killed hundreds of people.

The requirement for insurance on the part of mining companies was also removed from the text of the bill by rapporteur Passarinho, who determined that the fines collected should be applied on the improvement of inspection and controlling agencies. It is worth noting that **less than 5% of fines for environmental crimes in Brazil are paid** and such penalties **reached the lowest level in 34 years under the Bolsonaro government**. Until the time of the rupture of the Brumadinho dam, for example, Samarco, owned by Vale and BHP, had paid **less than 7% of its environmental fines** – in addition to the agreements that suspended judicial actions of BRL 20 billion and BRL 155 billion. Vale **amounted to R\$390 million in unpaid fines**.



Congress also removed from the original text of PL 550/2019 the determination that the companies responsible for dam failures continue to pay the affected municipalities the royalties due, even if activities are interrupted. In addition to bearing all the socio-environmental costs, cities that are often economically dependent on mining will not be able to count on the collection of taxes paid by companies.



#### ON THE DYNAMITE FUSE:

On September 2nd, 2020, the Senate approved the project with all those changes that benefit mining companies. The senators welcomed the representatives' amendments that 1) removed the classification of environmental pollution that causes death as a heinous crime; 2) the penalty of up to 20 years of imprisonment for environmental crimes that result in death and 3) increase in fines of up to R\$ 1 billion. PL 550/2019 was sanctioned by then President Jair Bolsonaro in October 2020.





Source: Eduardo Fernando Castanho/Arquivo pessoal

2020

OCTOBER

## NATIONAL MINING AGENCY IS WEAKENED TO FACILITATE MINERAL EXPLORATION

Created by Michel Temer in 2018 from the former National Department of Mineral Production (DNPM), the National Mining Agency (ANM) inherited all the problems of the previous entity, such as the lack of public servants in strategic locations and functions, and became the target to even more lobbying from mining companies and garimpeiro associations. During the Bolsonaro administration, ANM employees themselves denounced the "dismantling" of the Agency based on a new organizational structure commissioned from Fundação Dom Cabral (FDC), located in Belo Horizonte, Minas Gerais - the main mining state in Brazil.

According to the note from Association of ANM Servers, the restructuring was carried out "without any documentation or technical study of reasons" and will imply the dismantling of the ANM Tax Collection area, responsible for charging the Annual Fee per Hectare (TAH) and for the application of fines, including those related to mining dams and CFEM (Financial Compensation for the Exploitation of Mineral Resources), the main source of funds for mining municipalities. According to the civil servants' survey, the Tax Collection Area represented 17% of the workforce at the time of the DNPM and has decreased to 10% in the current configuration. This reduction, beyond a legitimate complaint in defense of these workers, has direct impacts on the inspection of

mining companies operations and on a series of administrative procedures that, with a reduced team, opens the way for tax and fiscal maneuvers.

The mineral sector distributes the amounts collected with CFEM to 1378 affected municipalities in 25 states, considering 88 mineral substances. According to the civil servants, the proposal made by Fundação Dom Cabral creates a single inspection structure, placing different responsibilities under the same team, ranging from mineral research and production to dams, the CFEM collection and other revenues. Such an overlap of functions could jeopardize ANM's tax collection, directly reflecting on the amount allocated to States and Municipalities; the decay and prescription of billions of BRL\$ in CFEM credits and other ANM revenues; non-compliance with rulings from the Federal Court of Accounts - TCU and recommendations from the Federal Comptroller General - CGU.

Weakening the ANM has serious consequences. The Association of Mining Municipalities of Minas Gerais (Amig) denounced that the ANM, in Minas Gerais, had four inspectors to inspect around 360 dams. Across Brazil, there are 841 mining dams under the scrutiny of the ANM. ANM's budget comes precisely from CFEM, with about 7% of the tax paid. The mandatory money transfers, however, were not being fulfilled.



### ON THE DYNAMITE FUSE:

A TCU report from June 2022 stated that the National Mining Agency is one of the federal institutions most vulnerable to corruption and fraud. The ANM combines few tools to curb irregularities with major regulatory power over a strong sector for the country's trade balance. According to the TCU, such a combination increases the risk of compromising the agency's decision-making independence. Due to these factors, ANM appears in second place on the list of bodies with a high risk of developing corruption and fraud, behind only the National Land Transport Agency (ANTT).



## RESSURECTING THE BRAZILIAN NUCLEAR PROGRAM

While several countries, such as Germany, Switzerland and Italy move towards abandoning nuclear energy to generate electricity, Brazil followed the opposite direction. The goals announced by the government of Jair Bolsonaro were ambitious: investments in excess of BRL\$ 15 billion, completion of works on the Angra 3 nuclear power plant – which have been underway for decades, construction of 8 more plants by 2050, resumption of uranium extraction in Caetité (BA) and start of mining operations in Santa Quitéria (CE). In the words of the Ministry of Mines and Energy (MME) itself, this “strong resumption” of the Brazilian Nuclear Program had the “unrestricted support” of the president. The MME did not say where the money would come from.

The Angra 3 nuclear power plant, which the Bolsonaro government promised to complete by 2026, has a long history of corruption and was born obsolete, with outdated reactors and equipment that are less safe than

current technologies. The power plant, which accumulates R\$ 9 billion in debt, shall also use up almost the entire budget announced by the MME for the nuclear sector. Meanwhile, Brazil decided to extend the life of the Angra 1 plant.

Although a nuclear power plant does not emit CO<sub>2</sub> directly, the costs of the production chain, from uranium mining to energy generation, produce radioactive waste that will need care for thousands of years and immense socio-environmental impacts. Each gigawatt produced by a nuclear power plant generates 30 to 50 tons of waste per year, according to the World Nuclear Waste Report.

In Poços de Caldas (MG), a radioactive tailings dam was abandoned in 1995 and represents a real risk that the federal government struggles to manage. A pioneer in the country, uranium extraction in the municipality supplied the Angra 1 plant from 1982 to 1995.

### URANIUM EXTRACTION SICKENS BAHIA'S POPULATION

Currently, uranium extraction is concentrated in Caetité, in the state of Bahia, with resources estimated at 99,000 tons. After being extracted and crushed, the material receives a sulfuric acid solution that pulls the uranium off the rock. This results in uranium liquor, which is purified and treated to transform it into uranium concentrate, also known as yellowcake. This dangerous material is transported in drums by trucks that travel by road for almost 700 kilometers until the port of Salvador. From there, it is shipped to Europe, where it will be converted into gas, processed and enriched, to then return to Brazil and be used as nuclear fuel in the complex of Angra dos Reis (RJ). From 2000 to 2015, INB Caetité produced 3,750 tons of uranium concentrate from the open pit extraction of the Cachoeira mine. The licensing for open mining of a new deposit at the Engenho mine was authorized by Ibama at the end of 2019, which promised quarterly inspections.

The problems caused to the community, however, are never properly addressed. Quilombola communities affected by the new mine were not heard, violating their constitutional right to informed and prior consultation. With around 50,000 residents, Caetité has a high incidence of diseases such as cancer and leukemia. A Greenpeace report published in 2008 triggered a long discussion about the contamination with radioactive waste of the region's water, air and soil. Analyzes carried out by the NGO in an independent laboratory in the United Kingdom found uranium content well above the acceptable standards on drinking water; the data were corroborated by other studies, such as the Geological Survey of Brazil. Caetité's rural population depends on this water for their own consumption and to maintain subsistence crops.





Source: Christian Braga/Greenpeace

2020

DECEMBER

## MINING AND DEVELOPMENT PROGRAM (PMD) LED BY THE VISIBLE HAND OF THE MARKET

Documents obtained by Observatório da Mineração via the Access to Information Law revealed that the Mining and Development Program (PMD), launched with fanfare by Jair Bolsonaro and Minister of Mines and Energy Bento Albuquerque in September, was practically dictated by associations representing the mineral sector. Among the series of consultations carried out by the government with sector entities to define the 110 final goals of the PMD, was the regulation of mining in indigenous lands, a suggestion by the Brazilian Association of Mineral Research Companies (ABPM).

The ABPM demand reveals specifics that, in the final document of the PMD, are just generic. Within 4 years, the expectation is to have at least 8 indigenous lands available, claimed the entity to the Ministry of Mines and Energy. Advocating for its own cause, the ABPM also requested BRL\$ 200 million in subsidies for mineral research over the next 4 years. Meanwhile, the PMD only mentions "promoting the adoption of financing mechanisms for research activities and mineral production". Regarding indigenous lands, the PMD just says that it wants to "promote the regulation of mining in indigenous lands".

The document obtained via LAI clarifies several nebulous points that are behind the PMD, opens up the numbers to Brazilian society and details the corporate lobbying behind the program. In addition to ABPM, the federal government collected suggestions from private sector entities and internal government bodies at a meeting held on August 3rd, 2020.

The meeting had the participants: Brazilian Association of Portland Cement; Association of Mining Municipalities of Brazil (Amig); Brazilian Ornamental Stone Industry Association (Abirochas); Brazilian Association of Mineral Coal (ABCM), Geological Survey of Brazil (CPRM)

and the Special Secretariat for Productivity, Employment and Competitiveness (SEPEC) of the Ministry of Economy.

Fernando Luiz Zancan, president of the Brazilian Association of Mineral Coal (ABCM), observed that around 60% of the PMD targets are related to coal mining activities. Gilberto Dias Calaes, executive coordinator of the Board of Geology and Mineral Resources of the Geological Survey of Brazil, suggested reducing the limits of Conservation Units to explore mineral resources. The goal, he wrote, should "promote the establishment of criteria for changing the polygonal lines that delimit the Conservation Units, in cases where it is verified that research activities and exploitation of mineral resources do not affect the conservation of other natural resources".

In another round of consultation held in July, the government received opinions from Liasa, one of the largest silicon metal producers in the world, FFA Legal, a consulting firm that works for mining companies, the presidency of the CSN group - Brazil's second largest iron ore producer, Bahia Mineral Research Company (CBPM) and Minas Gerais Development Company (Codemge), as well as Sandro Mabel (PMDB-GO), federal representative for several terms and owner of Scodro Group, from Goiás state. The list of sectoral associations consulted also includes representatives of the Brazilian Aluminum Association (Abal), Brazilian Machinery and Equipment Industry Association (Abimaq), Brazilian Association of Metallurgy, Materials and Mining (ABM), Brazilian Association of Limestone Producers (Abracal), Brazilian Groundwater Association (Abas), the Agency for the Development and Innovation of the Brazilian Mineral Sector (Adimb) and the Brazilian Construction Industry Chamber (CBIC), among others.





### ON THE DYNAMITE FUSE:

The Ministry of Mines and Energy didn't heard absolutely no social movement, no civil society organization, no association representing communities affected by mining, and indigenous peoples to develop the Mining and Development Program, which should be executed by the end of 2023.

**THE IMPACTS OF PL 191 ON DEFORESTATION:** While **Bill 191/2020, which opens indigenous lands to mining**, was proceeding in the National Congress, a study carried out by Brazilian researchers – from the universities USP, UFMG and the NGO ISA – and Australians published in the scientific journal **One Earth** presented alarming data. According to the researchers, if approved, **the proposal could cause the loss of 160,000 km<sup>2</sup> of forests in the Amazon**, an area larger than the surface of England. Considering 2019, which **recorded 9,000 km<sup>2</sup> of deforestation** – highest rate in 5 years – that would mean almost **20 years** of native forest destruction caused by a single bill. In addition, the proposal could also cause damage of US\$ 5 billion per year in ecosystemic services, considering only the production of food such as Brazil nuts, the sustainable extraction of wood and rubber, the mitigation of GHG effects and climate regulation. More than 200 indigenous peoples living in these territories would be affected. The difference between the approval or not of the PL is at least 20% more of the projected environmental destruction, considering a conservative impact radius of 70 km from each mine. The implementation of pits, processing plants, dams and other facilities for mining, even the construction of access roads and transport infrastructure for the ore would cause significant direct and indirect impacts on forest lands.

## BRAZILIAN AMAZON HAS 2,500 ILLEGAL MINING SITES

A study published by **Amazon Network of Georeferenced Socio-Environmental Information** (RAISG) showed that the South American Amazon has 4,472 identified sites where illegal mining is practiced, 87% of which are in an active exploration phase. **More than half of these illegal mines, 2,576, are located in Brazil**, almost all of which are active. According to the atlas **"Amazon Under Pressure"**, more than 30% of the Amazon is under "high" or "very high" pressure, with negative emphasis on Brazil, Ecuador and Venezuela.

In addition to the well-known hotspots that have been taken over by miners for decades, such as the Tapajós region and southeastern Pará, which affects the Mundurucu – **heavily contaminated by mercury** – and Kayapó peoples, the north of Mato Grosso and the Yanomami Indigenous Land in Roraima, the survey also points out that in 2020 the Indigenous Land Raposa Serra do Sol, also in Roraima, **suffered its first major mining invasion since the demarcation** happened in 2009.



The Federal Police estimated that **around 2,000 illegal miners are working in the indigenous land**, especially in the border with the Guyana. In addition to Jair Bolsonaro and Augusto Heleno, former head of the Institutional Security Office of the Presidency, being historical opponents of the demarcation of Raposa Serra do Sol, Senator Chico Rodrigues (DEM/RR), **caught in the embarrassing situation in which he hid money in his underwear**, is an ally of the miners in the region and acted as a key interlocutor with the the federal government.

The study shows that illegal mineral extraction, especially gold, affects 17% of protected areas and 10% of indigenous lands in the Amazon region. The complete dismantling of oversight bodies such as IBAMA (Brazil's main environmental agency), the anti-environmental work of Minister Ricardo Salles and the connivance of Hamilton Mourão, the VP who ran a **military operation in the Amazon more focused on diverting public money than fighting illegalities**, contributed decisively to the scenario exposed in the atlas.



#### ON THE DYNAMITE FUSE:

The actions of the Jair Bolsonaro government resulted in a 632% increase in illegal mining in indigenous lands, as revealed by MapBiomas in September 2022.



# 2021



Source: Romério Cunha/VPR

## JANUARY

### VP MOURÃO'S SCHEDULE OPEN TO MINING LEADERSHIP

Vice President Hamilton Mourão is very **close to** historical mining leadership and garimpo businessmen in the Amazon. At least this is what an analysis of his schedule shows. On January 25th, 2021, he met José Altino Machado, founder of the National Union of Garimpeiros, and Dirceu Frederico dos Santos Sobrinho, president of the National Gold Association (Anoro).

Mourão and José Altino Machado's friendship is rather old and they meet frequently. In July 2019, Mourão met Altino and federal representative Euclydes Pettersen (PSC). On that occasion, Altino defended a "review" on gold exploitation in the Amazon: "I presented the idea of creating mutual responsibilities in Brazil. We remain responsible for taking care of the work we have in the Amazon, while the government takes on the

responsibility of managing it. It is not reasonable for an environmental license application to remain pending for more than three years. This issue of slowness cannot happen. He understood everything and made himself available to help us," said the president of Anoro.

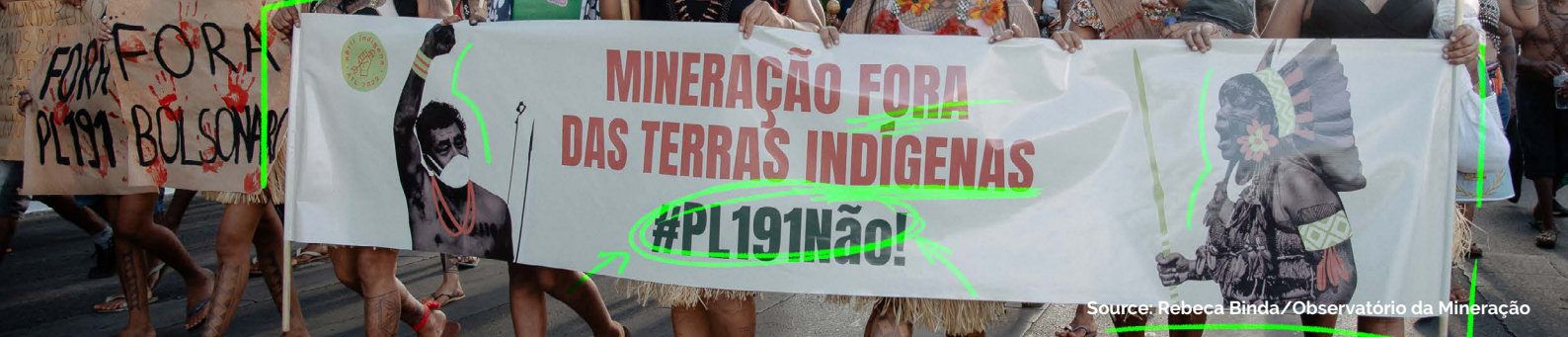
**In September 2019**, Altino attended a public hearing at the Federal House alongside Alexandre Vidigal, from the Ministry of Mines and Energy, Eduardo Leão, from the National Mining Agency, and Dirceu Santos Sobrinho, from Anoro. In that same month, Dirceu and Altino **also met former minister of the environment Ricardo Salles**, general Augusto Heleno and chief of staff Onyx Lorenzoni. The June 2020 VP's agenda records another meeting between Mourão, Machado, Sobrinho, and Pettersen **in Brasília**.



#### ON THE DYNAMITE FUSE:

A systematic analysis of the four years of Bolsonaro's government shows that the mining lobby has never been so close to federal authorities.





2021

FEBRUARY

## BILL 191 AT THE TOP OF BOLSONARO'S ORDERS TO CONGRESS

The bill known as PL 191/2020, which aims to allow mining and other industrial activities on Indigenous Lands, was among the 35 proposals indicated as "priorities" on the **list** that President Jair Bolsonaro sent to Arthur Lira (PP-AL), president elect of the House of Representatives, and Rodrigo Pacheco (DEM-MG), president elect of the Senate.

In his campaign for federal representative in 2014, the last year that direct corporate donations to

candidates were allowed, **Arthur Lira received BRL\$ 200,000 from Rico Táxi Aéreo**, one of the largest amounts donated to the candidate at the time. Founded in the 1960s by Munur Yurtsever, aka "Commander Mickey," **Rico Táxi Aéreo has served garimpeiros in the states of the Legal Amazon for decades**. Lira traveled several times through Brazil in their company jets while campaigning for the presidency of the House in 2021.

Both Arthur Lira and Rico Táxi Aéreo are being investigated for corruption and money laundering. The brothers Átila and Metin Yurtsever, Munur's sons and owners of Rico Táxi Aéreo, underwent a **search and seizure** operation **by the Federal Police** in November 2019 due to suspicions of money laundering for senator Eduardo Braga's (MDB-AM) electoral campaign. According to the whistleblowing of Ricardo Saud, former director of meat industry JBS, they used false invoices to conceal bribes of BRL\$ 6 million to the MDB candidate in 2014, when Braga ran for governor of Amazonas. Senator Braga denies the charges. Rico Táxi Aéreo is also investigated in another Federal Police operation against embezzlement of resources destined to the public health system (SUS) in Amazonas state; one plane was seized in 2019.

## GOLD RUSH INTENSIFIES IN THE AMAZON

A **study** released in late February 2021 indicated that 3.8 million hectares of Conservation Units and 2.4 million hectares of Indigenous Lands were threatened by formal requests to search and extract gold in the Amazon, according to 2,113 registrations made at the National Mining Agency (ANM). According to **Instituto Escolhas, author of the survey**, 2020 had a record number of requests at ANM to prospect gold in indigenous lands, with 31 registered requirements. The promises and practices of the Bolsonaro government - bills, decrees, edition of norms, programs and promised projects- have directly contributed to

the substantial increase in the number of petitions.

In the Yanomami Indigenous Land alone, between Amazonas and Roraima states, there are 749,000 hectares under registration. More than **20,000 miners illegally occupied the territory** in 2021, spreading diseases like Covid-19 and malaria to the indigenous population and committing crimes to profit from the increase in the value of gold on the commodities market. In the Baú Indigenous Land, in Pará, the second largest in the extension, 471,000 hectares are required for mining, or a quarter of the native territory.





#### ON THE DYNAMITE FUSE:

Other Indigenous Lands face an even more drastic situation if we consider the proportion of land affected by requests to mine gold: the Indigenous Territories Araçá, Ponta da Serra, Barata Livramento, Aningal, Truaru, Sucuba, Pium, Mangueira, and Anta, all in the state of Roraima, have practically 100% of their territory under mining requirements.

The Environmental Protection Area of the Tapajós, with 1.2 million hectares, has 59% of its territory occupied by gold mining requisitions. In practice, the area **is already the largest illegal mining hotspot in Brazil**, with tens of thousands of miners working illegally inside protected areas and indigenous lands. Following the list of most threatened protected areas are four National Forests (Flona): the Flona of Roraima and the Crepori, Amana, and Jamanxim Flonas, all in Pará.





2021

MARCH

## BOLSONARO ADMINISTRATION LAUNCHES STRATEGIC MINERALS POLICY

A decree signed by Jair Bolsonaro, Paulo Guedes, Minister of Economy, and Bento Albuquerque, Minister of Mines and Energy, defined which minerals considered strategic will receive special attention from the government. Such minerals were included in the federal Investment Partnerships Program (PPI) and will be analyzed by a Committee without the participation of the Ministry of Environment or any Environmental Council or representative of civil society. Although licensing remains restricted to the competent bodies such as IBAMA (Brazil's main environmental agency), the Committee's opinions should speed up approval processes.

According to the decree, the "Pro-Strategic Minerals" policy will be permanent and the mining companies themselves must request to

be included in the project, provided they meet certain criteria: minerals that are "important to vital sectors of the economy", that are applied in high technology or that present a "comparative advantage" for the trade balance surplus. The so-called Interministerial Committee for the Analysis of Strategic Minerals Projects (CTAPME) will "support" the environmental licensing, inform PPI of the chosen projects and produce reports on how the policy progresses. A simplified licensing model has been attached to the decree. The Committee, which will meet every two months, is formed by the Ministry of Mines and Energy, the Ministry of Science, the Office of Institutional Security, the PPI's Special Secretariat and the Presidency's Special Secretariat for Strategic Affairs.



### ON THE DYNAMITE FUSE:

According to official data, by the end of 2022, the "Pro-Strategic Minerals" program had accounted for dozens of socio-environmentally problematic projects authorized by the government, including undertakings by companies such as Vale, Sul Americana de Metais, Potássio do Brasil, Belo Sun, Indústrias Nucleares do Brasil and Mineração Rio do Norte, among others.

## BOLSONARO AND PRESIDENT OF FUNAI PRESSURE INDIGENOUS PEOPLE FOR MINING

"I don't have time for gossip anymore: we are engaging with the President of the Republic, wanting to help, with ministers, and I have to listen to this litany about cooperatives? I ran out of patience. Do you want to stay with the NGOs? Fine, stay with these damned NGOs, but

remember: they operate in Brazil, and therefore General Mourão, the Army, the Federal Police, they will all go for them", said logger João Gesse in an audio leaked by the Indigenous Peoples of Brazil Network (Apib) and confirmed by the Mining Observatory.



The recording was made during a **meeting** held in Brasília on March 24th, 2021, attended by Gesse, Jair Bolsonaro, Marcelo Xavier, president of the then still-named National Indian Foundation - now the National Foundation of Indigenous Peoples - FUNAI (Brazil's Indigenous Agency) and a delegation of Kayapó leaders from southern Pará. The meeting **was not listed on Bolsonaro's official agenda** that day. The calendar of the president of FUNAI (Brazil's Indigenous Agency) mentioned **only a meeting with Bolsonaro**, without stating the presence of the Kayapó, who were only scheduled for an appointment on the previous **day**.

Publicly, the goal of the March 24th meeting was to "find sustainable solutions" for the indigenous peoples. However, the audio of logger Gesse, a video of Bolsonaro and subsequent interviews show that the high level government officials encouraged and pressured the indigenous people to push for mining and agribusiness on their lands.

At the gathering, former president Jair Bolsonaro said that he had done his part by forwarding bill PL 191/2020 and that "the Indians (sic!) who want to work with mining have to pressure their politicians", as well as garimpeiros and miners, to "plead for what has to be voted on and approved". In a video recorded at the meeting and addressed to singer and politician Sérgio Reis, Bolsonaro says that the "Indians have the right to be treated like us, and that their lands should be used for theirs and Brazil's benefit".

In logger Gesse's audio, the Kayapó Ltda cooperative is mentioned. The company was founded in November 2018 in Ourilândia do Norte (PA) as a joint venture between Gesse and the former federal representative and singer Sérgio Reis, who is also a personal friend of

Bolsonaro. The cooperative's statute informs that its objective is the "extraction, agro-industrial exploitation, production and commercialization in common", among others, of "mineral resources existing in the Kayapó Reserve". In a telephone interview, Gesse confirmed the content of the leaked audio and said that the cooperative model could serve as an example for all of Brazil. According to him, the president of FUNAI approached him to ask if he could use the statute as a reference for other indigenous lands. "I said he could, that this would be the greatest payment, that the statute could serve all Indians in Brazil, not only the Kayapó," said Gesse.

Also during the March 24th meeting, Marcelo Xavier, president of FUNAI, advised Gesse to file a class action suit against the NGO **Associação Floresta Protegida** (AFP), an indigenous organization of the Mëbêngôkre/Kayapó people founded in 1998 which represents approximately 3,000 indigenous people from 31 villages in southern Pará. Gesse denounced the NGO to the Federal Prosecution Office in 2017 for alleged irregular activities and misappropriation of resources, a claim that was later dismissed.

For Bepnhoti Atydjare, known as Amauri, executive coordinator of the Associação Floresta Protegida [Protected Forest Association], João Gesse's persecution aims to hinder the organization's activities. Amauri points out that the indigenous NGOs are doing the inspection, preservation and monitoring work that the federal government should be doing. The Kayapó people have more than ten self-organized institutions. Upon becoming aware of the objectives of the cooperative created by Gesse and Sérgio Reis, the leaders and chiefs of the Kayapó people **published a letter calling for the dissolution of the entity.**





2021

APRIL

## IN CANADA, GOVERNMENT ENTOURAGE ATTRACTS INVESTORS WITH NEW DEREGULATION PROMISES

Even though the country was never exactly a marginal player, in the years of the Bolsonaro government, Brazil has become a key sponsor of the world's largest mining event, promoted by the Prospectors & Developers Association of Canada (PDAC), in Canada. The **Brazilian participation in the 2021 edition** confirmed Bolsonaro's total commitment to absolute deregulation, to the agility in granting licenses by the National Mining Agency (ANM), the increase of financial instruments offered by the government and "partnerships" with large mining companies to explore "world-class assets".

Part of the Brazilian delegation present at the event, the Brazilian Mining Institute (Ibram), which gathers the largest companies in the sector, **announced** emphatically that "the financial

market sees with good eyes the regulatory and legal revision model of the Brazilian mining industry, implemented and underway by ANM to reduce bureaucracy".

Among the results celebrated by the market were the shorter timeframes for granting licenses (up to 34 days to approve a research permit if the area of interest is available), auctions that promised to attract BRL\$ 3 billion by 2022, and the possibility of using land as collateral for financing, an "old request from investors in the sector" that was in the final stages of discussion by the ANM. A representative from XP Investimentos celebrated that Brazil's "structural changes" would become "an opportunity for all types of national mining companies".

In addition to the cheering by Brazilian businessmen, representatives of transnational mining groups also praised the Bolsonaro government's efforts to facilitate the activity and the access to the country's mineral reserves:

**Christian Milau, CEO of Equinox Gold**, the **Canadian mining company responsible for a mining dam that overflowed and left thousands of people without water in the state of Maranhão**, said that "there are far fewer questions about Brazil in relation to policy or jurisdictional risks than in the past."

**David Strang, CEO of Ero Copper**, noted the government's growing interest in continually trying to "improve bureaucratic processes" and "find solutions" for mining companies. "It's always advantageous when we have that kind of symbiotic relationship with the government," he said.

**Lara Exploration's CEO, Miles Thompson**, said that the creation of the National Mining Agency has reinvigorated the regulatory process, and the decentralization of environmental licensing has allowed companies to work more closely with regulators. "I have never worked in an environment where the regulators, the authorities were so proactive," he said.



**Mike Mutchler, president and CEO of Amarillo Gold**, remarked that the licensing process for new projects has been simplified in Brazil. He mentioned that he used to face a licensing process divided between different project components in the past, and now they have been aggregated into one main license.

**For Sigma Lithium's CEO, Calvyn Gardner**, the Brazilian government has definitely changed when it comes to environmental regulatory agencies and mining regulation in recent years, "and that is really positive for any new investment in the country."



#### ON THE DYNAMITE FUSE:

PDAC 2021 also evaluated the offer, until 2022, of 35,000 areas and eight blocks for mineral research that, in the view of the government and the market, have been little explored or have remained "locked" for decades, without "any movement due to bureaucracy."

## FEDERAL PROSECUTOR REQUESTS INTERVENTION TO STOP GARIMPEIRO VIOLENCE AGAINST THE MUNDURUKU PEOPLE

The escalating violence of garimpeiros against indigenous peoples around Itaituba and Jacareacanga, in the Tapajós region in Pará, the largest illegal mining center in Brazil, led the Federal Public Prosecutor's Office (MPF) to request federal intervention to try to contain attacks against indigenous leaders and associations of the Munduruku people. The request was forwarded on April 23rd to the Attorney General's Office (PGR), who is responsible for referring the case to the Federal Supreme Court (STF). Human rights violations are evident, says the MPF, and the state of Pará has shown to be totally incapable of securing public safety in the region.

The request came upon three consecutive attacks in less than a month in Jacareacanga. At the end of March, a group of miners destroyed the headquarters of the Munduruku Women's Association Wakoborün. In April, in another attack, when a boat engine and 830 liters of fuel were stolen.

As per the prosecutors, the MPF made systematic requests for protection and investigation to Pará authorities, which were ignored and aggravated the situation. Since 2018, the main indigenous leaders opposed to mining in the region have suffered death threats. In a new request, the MPF reiterated arguments presented in 2020 for federal forces to act urgently to prevent violent attacks by illegal miners on indigenous people.

It is worth remembering that an inspection and control operation by IBAMA (Brazil's main environmental agency) in August 2020 was interrupted after a visit to the region by the former Minister of the Environment, Ricardo Salles, with support from the Ministry of Defense. The circumstances of the suspension included suspicions of leaking classified information and the transfer of miners in Brazilian Air Force (FAB) planes, becoming the target of two inquiries by the MPF.





2021

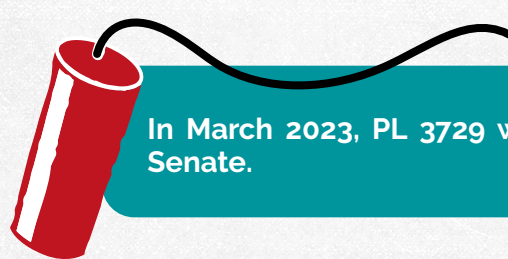
MAY

## PL 3729: HOUSE OF REPRESENTATIVES APPROVES BILL TO WEAKEN ENVIRONMENTAL LICENSING

On May 13th, the House of Representatives approved, by 300 votes to 112, **Bill 3729**, which in reality ends environmental licensing and paves the way for more disasters like those of Mariana and Brumadinho. According to the proposal, tailings dams could undergo "self-licensing", an automatically approved declaration made by the mining company itself, without prior analysis or control by environmental agencies.

The Environmental Licensing Bill, part of the so-called "Destruction Package" promoted by

the Bolsonaro government with the support of Congress in the 2018-2022 legislature, restricts, weakens or, in some cases, even extinguishes important parts of the instruments of assessment, prevention and control of social and environmental impacts of economic activities in the country. "This is the worst and most radical proposal ever developed in Congress on this matter and that, in practice, makes conventional licensing an exception rather than a rule," evaluated Instituto Socioambiental.



ON THE DYNAMITE FUSE:

In March 2023, PL 3729 was still awaiting processing to be appraised by the Federal Senate.

## INDIGENOUS GROUPS TAKE BOLSONARO GOVERNMENT TO THE SUPREME COURT FOR FAILURE TO CONTROL GARIMPEIROS

After the attacks by illegal miners on the Yanomami (RR) and Munduruku (PA) communities, the Indigenous Peoples of Brazil Network (Apib) filed a request at the Federal Supreme Court (STF) on May 19, 2021, for the Bolsonaro government to present within 30 days a plan to expel the invaders from indigenous lands. According to an investigation by the Amazônia

Real website, the miners who attacked the community of Palimiú in the Yanomami Indigenous Territory in mid-May were members of the Primeiro Comando da Capital (PCC), a criminal group from São Paulo that dominates drug trafficking in Roraima and is already operating illegal gold mines inside the indigenous territory.



The Yanomami Indigenous Territory is one of seven Indigenous Lands that were awaiting governmental actions for the removal of invaders, informed Apib. The STF set a deadline for the Ministry of Justice and the Federal Police to draw up a plan for the deintrusion of the territories. On the list are the Karipuna, Uru-Eu-Wau-Wau, Kayapó, Araribóia, Munduruku, and Trincheira Bacajá Indigenous Lands.

Luís Roberto Barroso, justice of the STF, determined that the federal government should adopt "all necessary measures to protect the life,

health and safety of the indigenous populations" (...) and should deploy all necessary personnel for that purpose and remain in the location as long as such a risk is present. The decision partially granted Apib's request.

The Inter-American Commission on Human Rights and the United Nations High Commissioner for Human Rights **expressed concern and urged** that the Bolsonaro government fulfill its constitutional duty. The president of the Congressional Commission on Human and Minority Rights **requested protection for the Yanomami**.



#### ON THE DYNAMITE FUSE:

Despite all the mobilization by indigenous movements and civil society, in reality, nothing was done and judicial measures were not enforced until the end of Bolsonaro's term. At the beginning of the Lula government, the situation of illegal mining in the Munduruku lands in Tapajós continued to be critical. The inquiry into the transfer of miners onboard a federal airplane and the investigations into the activities of former environment minister Ricardo Salles, now federal representative-elect, Hamilton Mourão, former VP and now senator elect, and Marcelo Xavier, former president of FUNAI, have still amounted to nothing. In the Yanomami Indigenous Territory, the humanitarian crisis has exploded, as shown by media reports of malnutrition and death of children in the first weeks of 2023: organized crime has grown, attacks have become constant and the indigenous population has suffered from threats, rapes, and epidemics, such as malaria.





Source: Isis Medeiros / Observatório da Mineração

2021

JULY

## NEW DATA REVEAL HUNDREDS OF WORKERS UNDER CONDITIONS SIMILAR TO SLAVERY IN GARIMPOS

An exclusive survey by Observatório da Mineração [Mining Observatory] showed that, since 2008, 333 workers have been rescued from garimpo areas in Brazil in conditions equal to slavery. The extent of these mining rescues has never been revealed before. There were 31 rescue operations targeting garimpos in the past 13 years.

Pará is the champion state, accounting for 12 operations. The inspections took place mainly in the Legal Amazon and in the Northeast region, in the states of Amazonas, Amapá, Rondônia, Mato Grosso, Bahia, Paraíba, Rio Grande do Norte, and Tocantins.

In common, the workers were found in precarious conditions, without adequate lodging facilities nor bathrooms, consuming contaminated water, improvised food, without protective gear, in exhausting working hours, without any formal employment relationship and not infrequently subjected to debts accumulated with garimpo owners. In each case, it is gold mining that leads the ranking of cases analogous to slavery, followed by the extraction of precious stones such as amethyst, tin, and kaolin and gypsum mining.





Source: Vinicius Mendonça/Ibama

2021

AUGUST

## BIG-TIME GARIMPO ENTREPRENEUR IS DENOUNCED BY FEDERAL PROSECUTION

In late August 2021, the Federal Prosecution Office (MPF) **asked for the suspension of financial institutions that would have bought illegal gold** in Pará. Among them is FD Gold, owned by Dirceu Frederico Sobrinho, who is also president of the National Gold Association (Anoro). The MPF accuses FD Gold of dumping 1,370 kilos of illegal gold on the national and international markets between 2019 and 2020 alone. The gold comes from Itaituba, Jacareacanga and Novo Progresso, municipalities in Tapajós region in Pará that form the **epicenter of illegal mining in Brazil**, home to serious violations of indigenous peoples rights, **especially the Munduruku**.

The MPF claims that the 37 Permissions for Garimpo (PLGs) declared by FD Gold as the origin of the 1,370 kilos of gold are located, according to satellite analysis made with the Federal University of Minas Gerais, on forest areas with no trace of mining, which characterizes fraud.

The socio-environmental damage caused by FD Gold in the Amazon amounts to 9,000 hectares of deforestation in addition to the dumping of mercury in rivers, compromising the health of thousands of people. In addition to the suspension of the activities of FD Gold, the MPF requested the conviction of the company, reparations for damages caused and concrete steps to prevent further damage. FD Gold, as a Securities Distributor (DTVM), is authorized to operate by the Central Bank of Brazil.

The owner of FD Gold and president of Anoro, Dirceu Frederico Sobrinho, was a **frequent presence** in Brasília and very close to the high level of the Bolsonaro government. He met with former Vice President **Hamilton Mourão**, Bento Albuquerque, former Minister of Mines and Energy (MME), Ricardo Salles, former Minister of the Environment, Onyx Lorenzoni, former Minister of the Civil House, and the top echelon of the Ministry of Mines and Energy (MME) and the National Mining Agency (ANM).

Shortly before his company was charged by the MPF, **Dirceu Sobrinho attended a public hearing in Brasília**, alongside representatives from MME, ANM, the Office of the Attorney General, and the aforementioned cities of Pará, precisely to discuss the "legalization of garimpo" in the Tapajós region.

On the occasion, Dirceu openly defended impunity for illegal garimpo and suggested "a joint effort" between government and entities so that garimpeiros would not continue to be punished while they awaited the regularization process.

"We need a term of adjustment of conduct so that garimpeiros no longer fear being punished," he said. The hearing was requested by another well-known lobbyist in favor of garimpo, Representative Joaquim Passarinho (PSD-PA). "When you make legalization more difficult, you induce the ones at the bottom to do it illegally," said Passarinho.





## CAPYBARA'S BACKGROUND CHECK

### THE BOLSONARO GOVERNMENT'S INTERNATIONAL OUTREACH TO LEGALIZE MINING IN INDIGENOUS LANDS

An analysis cross-referencing meeting schedules and announcements by the Ministry of Mines and Energy (MME), released in September 2021 by Observatório da Mineração [Mining Observatory], revealed that foreign ambassadors working in Brazil were frequently consulted in the early years of the Bolsonaro government on policies for the mineral sector and had a voice in the

effort to open indigenous lands for mining and garimpo. Among the ambassadors most often heard from were representatives of the United States, Canada, England, and Australia, countries where mining companies bear great economic and political clout. The European Union was also consulted.

**The meetings and seminars held by the heads of the MME show a real “free for all festival”, with the deliberate goal of attracting investments, exploring new mines, signing partnerships, simplifying processes and consulting with ambassadors and mining company representatives, who attended these meetings, on how public policies should be laid out. The focus of the Ministry’s tour was to put the Mining and Development Program (PMD) into action.**

In January 2020, one month before signing the draft bill of PL 191, Minister Bento Albuquerque [invited several European countries to join in on the discussion](#). Among the participants were diplomats from France, Sweden, Germany, Spain, Portugal, Italy, Poland, Belgium, Denmark, Slovenia, Czech Republic, Hungary, the Netherlands, and the European Union. The then Minister of Mines and Energy repeated the discourse that “many indigenous leaders” would be in favor of mining on their lands and have “demanded from the government” that this bill be approved.

At the March 2020 PDAC event in Canada, the Secretary of Geology and Mining of the [MME](#), Alexandre Vidigal, met with the Director-General of the Mining Research Centre of the Government of Canada, Magdi Habib, and discussed each country's priorities for the mineral sector, “with emphasis on mining on indigenous lands”. According to the MME, there was an exchange of experiences regarding the issues of

compensation and consultation with indigenous communities for mining activities in their territories. Vidigal also met with the president of the Mining Association of Canada, Pierre Gratton.

Three months after Jair Bolsonaro sent PL 191 to Congress, in May 2020, Vidigal participated in a meeting with the US ambassador to Brazil, Todd Chapman. The [meeting](#) dealt with “the purposes of the two countries in regard to the guidelines and principles that should drive the development of the mineral sector,” with priority for “the advance of mining into new areas such as indigenous lands and border strips”.

A videoconference held in [July 2020](#) by Alexandre Vidigal, the most recurrent figure behind the international articulation strategy, brought together the then ambassador of the UK, Vijay Rangarajan – later replaced by [Peter Wilson](#) – and executives from major companies in the sector, such as Anglo American, Horizonte Minerals, Appian Capital, Arcelor Mittal and Verde Agritech.



According to a statement issued at the videoconference, the participating companies expressed the private sector's support for the mining policy conducted by the federal government. The online event was organized by the UK Consulate in Belo Horizonte and the Brazil-UK Chamber of Commerce of Minas Gerais. [In August 2020](#), the PMD was formally presented to British Consul Rangarajan, who "praised the initiative, in particular the centrality given to the sustainability of mining, and anticipated his country's interest in collaborating with Brazil on this topic, as well as on issues related to attracting investment, remote monitoring technologies and geological knowledge."

The talks between Secretary Vidigal and US Ambassador Todd Chapman continued throughout 2020. In November, Chapman pointed out that in order to meet the US climate targets, the production of minerals considered "critical" should increase by an incredible 500% and that a "Bilateral Working Group" on this topic was created with the Brazilian government. According to the [official joint statement](#) issued after the meeting, "the Working Group aims to support the advancement of the diplomatic relationship and bilateral technical cooperation on strategic minerals, including securing the supply of

these substances in both countries, promoting economically viable mining and production chains."

In a [December 2020 press](#) release, the MME said that "by recognizing the efforts made by the Brazilian government to ensure greater legal and regulatory certainty in the sector," the Canadian ambassador, Jennifer May, the Australian ambassador, Timothy Kane, and the British consul in Belo Horizonte, Lucas Brown, "stressed their countries' interest in strengthening their partnership with Brazil and promoting greater participation by their companies in the national mineral sector". No less than 150 representatives of Brazilian, Canadian, Australian and British mining companies attended the series of seminars held by the Bolsonaro government.

In [March 2021](#), the Secretariat of Geology and Mining held a seminar with ambassadors from the United States and Ireland to attract investments within the objectives of the PMD. Alexandre Vidigal emphasized the "commitment of the Brazilian government to expand mining". In response, Ambassador Todd Chapman again praised the "excellent momentum of the US-Brazil bilateral relationship in mining".

## **If there was disagreement between the Biden and Bolsonaro administrations regarding control of Amazon deforestation and the goals announced by Brazil in the Paris Agreement, in the case of mining there was rather convergence and partnership**

Also in March 2021, Vidigal, representing MME, [participated in the opening of the Brazilian market](#) on the Toronto Stock Exchange (TSX), one of the world's leading exchanges for mining companies. The president for South America of the TSX, Guillaume Légaré, considered Brazil "the country of today" for mining, with enormous "mining potential". The Brazilian Association of Mineral Research Companies (ABPM) also

attended the event, along with executives from mining companies and Petro Borio, then Brazil's ambassador to Canada. In 2020, the Brazilian Mining Institute (Ibram), which represents the largest companies in the sector, had already signed a memorandum of understanding to attract Canadian investments. Today, Brazil has 36 companies trading on the Toronto Stock Exchange, with 99 mining properties.







2021

SEPTEMBER

## FEDERAL COURT SUSPENDS PRIVATIZATION OF CEITEC, THE STATE-OWNED ADVANCED TECHNOLOGY COMPANY

Without any technical justification, the Bolsonaro government acted to liquidate and privatize the state-owned Center of Excellence in Advanced Electronic Technology (Ceitec), created in 2008 during the second stint of Lula as president and based in Porto Alegre (RS). Ceitec is a state-of-the-art technology company, a reference in Latin America and one of the few in the world capable of producing semiconductor chips with varied uses, from health equipment to passports. Following the logic of the ultraliberal playbook that marked the economic management of the Bolsonaro government, the former administration of the country tried to liquidate a highly strategic industry for Brazil.

**Also in 2019**, Ceitec was qualified by the Investment Partnerships Program (PPI), being included in the National Privatization Program the following year. Through Decree 10.578, the Bolsonaro government determined its corporate dissolution and began the procedures for privatization, including the administrative process with TCU, the Federal Court of Auditors (**TC 020.973/2020-9**). With the liquidation process, the highly qualified labor force at Ceitec was summarily dismissed. Most of the workers, the majority with master's and doctorate degrees, were forced to reposition themselves in the private market outside of Brazil.

In a **decision from September 2021**, TCU suspended the liquidation of Ceitec, determining that the Ministry of Economy should interrupt the process. The explanation is simple: absence of reasonable technical justifications. "The

reasons that led to the liquidation of Ceitec are not sustained, lacking further substantiation, since they were based on analyses that did not consider relevant losses and expenditure of public resources as immediate consequences of this course of action," deliberated Vital do Rêgo, justice of the TCU.

In his vote, justice do Rêgo argued that the "dissolution of the company, under the accounting and financial criteria, would represent annual savings of approximately BRL\$ 57.8 million per year, which represents less than 0.7% of the current allocation of the Ministry of Science and Technology for the 2021 financial year, of BRL\$ 8.62 billion", a derisory value in every aspect, especially for such a relevant industry. Ceitec is the only company in Latin America able to develop, design and manufacture silicon semiconductors – also called chips – on a large scale. Ceitec's manufacturing structure, with some adaptations, **is compatible with the production of components for 5G.**

There is also a representation of the Federal Prosecution to the TCU that nominates "serious irregularities" in the privatization process of Ceitec. According to the document, it serves "interests that are alien to the public and national interests" and was being "conducted with arbitrariness and persecution". In fact, all over the world, it is common for the semiconductor industry to be state owned and funded by public budgets, since governments understand that a strategic sector like this needs protection and investment more than being merely profitable.



A **study** by the Organization for Economic Cooperation and Development (**OECD**) showed that total government support to 21 large global semiconductor companies was US\$ 50 billion from 2014 to 2018. This amount includes transfers, tax exemptions and purchase of shares with below-market returns. The three largest

companies in the industry – Samsung, Intel, and TSMC – receive more than half of the total amount allocated by governments to semiconductor industries. It is precisely to one of them, Samsung, that the Ministry of Communications of the Bolsonaro government wanted to hand over part of the semiconductor national industry.



#### ON THE DYNAMITE FUSE:

Luciana Santos, appointed minister of Science and Technology at the beginning of Lula's government in 2023, said that the privatization process of Ceitec will be suspended.





2021

DECEMBER

## HOUSE OF REPRESENTATIVES WORKING GROUP IN CHARGE OF THE NEW MINING CODE SPLITS

The working group (WG) of representatives of the Parliamentary Front for Mining, which intended to deliver to the president of the House, Arthur Lira, a new Mining Code totally favorable to the mineral sector, **split in** December 2021.

"The spirit of the working group when it was formed was one, today it is another," said Representative Greyce Elias (Avante-MG), rapporteur of the New Mining Code, on December 15th. The WG coordinator, Evandro Roman (Patriota-PR), said he "was not invited to participate in the text" by Elias and "just observed"

the discussions. **The group recognized that each one was defending their interests**; Greyce Elias regretted having been "one of the only ones" to think exclusively of the productive sector.

Elias' text, with contributions from all the representatives of the WG formed by Lira, served as the basis for the pre-proposal that would only be approved at the end of 2022. **Brasil de Fato's investigation** showed that in 2018, at least six representatives of the WG received about BRL\$ 200,000 in donations from executives linked to mining companies.



### ON THE DYNAMITE FUSE:

Journalist Cristina Serra's column in *Folha de S. Paulo* on November 26th, 2021, recalled the mining business of Pablo César de Souza, Pablito, a former Belo Horizonte councilor and husband of congresswoman and rapporteur Greyce Elias. Pablito, who was **advisor** to the president of the Senate Rodrigo Pacheco in 2019 - and who is also from Minas Gerais - is listed as a partner in three mining companies. During Michel Temer's government, Pablito was appointed as superintendent of the former DNPM, now the National Mining Agency in Minas Gerais. At the time, Pablito's appointment **led to a mass resignation of 21 ANM employees** in protest against the superintendent's lack of technical capacity and veiled economic interests in mineral exploration.

The National Confederation of Industry (CNI), which **took on an increasingly strong role in the mineral lobby**, issued a note celebrating all the changes made by Greyce Elias' text. "The CNI carried out a broad consultation process with the industrial base of the mineral sector and supports the approval of report 2 presented by Dep. Greyce Elias for understanding that the proposal meets the historical demands of the productive sector and solves bottlenecks that create obstacles to the development of national mining," says the CNI text.

Civil society organizations represented by the Climate Observatory (OC) stated that the text that was on the table was "inconsistent, irresponsible and unconstitutional". The OC **listed several serious problems in the WG's text**. Many opposition representatives and dozens of social movements and civil society organizations also **published a letter "in defense of a new people's and socio-environmentally sustainable Mining Code"**.



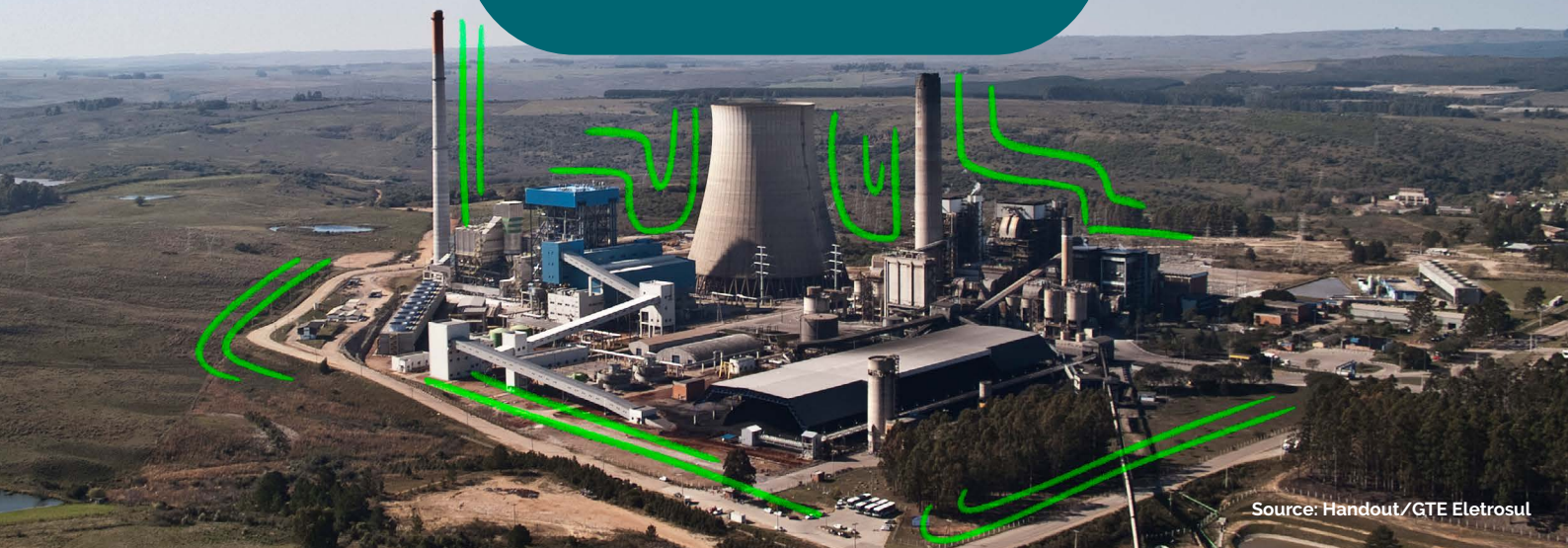
## Critical points of the text of the New Mining Code presented by rapporteur Greyce Elias as highlighted by civil society entities:

- Centralizes excessive attributions in the federal government and restricts the inspection of mining activities to the National Mining Agency and its agents, neglecting that it is a common competence of the Union, the states, the Federal District and the municipalities to "register, monitor and supervise concessions of research rights and the exploration of water and mineral resources in their territories", according to art. 23, item XI, of the Constitution (articles 1 and 13 of the 2nd version of the draft);
- Places mining interests above rights related to urban development (art. 1, paragraph 3, of the 2nd draft version), conflicting with the provisions of art. 182, § 1, of the Constitution;
- Excludes from public authority the control over the extraction of mineral substances for use in public construction, including when carried out by contracted companies (article 2, sole paragraph, of the 2nd draft version);
- Allows exemptions from environmental licensing for mineral research in all cases where there is no potential for significant impact, that is, in situations where a Prior Environmental Impact Study (EIA) is not required, which covers practically all research in this field (art. 14, § 5, of the 2nd version of the draft);
- Does not expressly include environmental damage among the responsibilities of the holder of the exploration permit, limiting itself to addressing damage to third parties (art. 22, clause IV, of the 2nd draft version);
- Includes licenses and authorizations by expiration of deadlines, absolutely questionable in the mining activity (art. 30, § 7; art. 88-A, § 4; art. 97, § 2), which will allow the liberation of high impact activities without analysis by the National Mining Agency and local authorities;
- Contemplates generic and insufficient provisions in relation to mining and tailings dams (art. 40 of the 2nd draft version);
- Does not formally connect the processes led by the National Mining Agency with environmental licensing proceedings, treating both autonomously, which will lead to conflicts and political pressure for the granting of licenses by Sisnama's agencies (art. 41, § 6 of the 2nd draft version);
- Requires the hearing of the Ministry of Mines and Energy and the holders of mining rights in the creation of Conservation Units, in the toppling of assets and also in "other demarcations" (which includes indigenous lands, quilombola territories and other traditional communities), as well as preparation of economic impact analysis, subordinating the protection of socio-environmental rights, of the fundamental rights of indigenous peoples and of the cultural heritage to the mining interests (art. 42-B of the 2nd version of the draft);
- Does not sufficiently detail environmental matters among the responsibilities established for the concession holder, including with regard to the prevention of environmental disasters (art. 47 of the 2nd draft version).

Read the full statement of the entities here: <https://www.oc.eco.br/wp-content/uploads/2021/12/PROPOSTA-DO-NOVO-COCC%81DIGO-DE-MINERAC%CC%A7A%CC%83O.pdf>



# 2022



## JANUARY

### **BOLSONARO ADMINISTRATION APPROVES BILLIONS IN SUBSIDIES FOR COAL POWER PLANTS**

At least R\$ 3.3 billion. That's the size of the bill that is to be paid directly by all energy consumers in Brazil until 2025. This is the price of the subsidies provided for in Bill 712/2019 by Senator Esperidião Amin (PP-SC), to finance coal-fired thermoelectric plants in Santa Catarina. **The law was approved by Congress and sanctioned by Jair Bolsonaro in January 2022.**

Amin, who is serving his second term as senator – the first was in the 1990s – is a former governor of Santa Catarina, a former representative of the party Arena, which served as base of the military dictatorship, and a member of the Parliamentary Mining Front (FPM). Coal, a significant industry especially in the Southern states of the country, has strong representation at the FPM. Three of the seven senators who signed on to the FPM are from Santa Catarina; one of them is senator Jorginho Mello (PP), a loyal Bolsonaroist who was the rapporteur of PL 712/2019, who admitted **that the project had the support of the Ministry of Mines and Energy.**

The coal lobby played a heavy influence on the goals of the Mining and Development Program (PMD). In August 2021, the MME **launched a sustainable program for national mineral coal,** with the objective of keeping the industry running and replacing old plants. For this, R\$20 billion in coal investments are allocated over the next 10 years, with direct financial and fiscal support from the federal government. The focus is to sustain the coal mining activity in the Southern region of Brazil, which concentrates 99.97% of the Brazilian reserves of this mineral. This is equivalent, according to the Ministry of Mines and Energy, to an electrical supply potential of 18,600 MW over 100 years of operation. Mineral coal is one of the most polluting, expensive and backward sources for electricity generation.

PL 712/2019 **sanctioned by Jair Bolsonaro and transformed into Law 14.299** to guarantee **the continuity of the Jorge Lacerda Thermoelectric Complex** in Santa Catarina is also a part of this context.



**ON THE DYNAMITE FUSE:**

The association of large energy consumers (Abrace) estimates an annual cost to consumers of BRL\$840 million with the obligation brought by the law to buy coal-generated electricity from Santa Catarina plants. Although the direct subsidy ends in 2025, the contract extension can run until 2040. The damage, therefore, is even greater. Abrace says the law "goes against the energy transition movement, with significant environmental impacts, and outsources inefficient costs for all consumers".

## PERMIT TO DESTROY CAVES MEETS MINING INDUSTRY DEMANDS

A decree signed by Jair Bolsonaro, the Ministry of Mines and Energy and the Ministry of the Environment on January 12th, 2022, authorized the destruction of caves, including those of maximum ecological, historical and cultural relevance, to allow new enterprises.

It is worth remembering that the Mining and Development Program (PMD), launched in December 2020 by the Bolsonaro government with most of its 110 goals dictated by the mining sector, provides for "improving the regulation that deals with natural cavities." The Decree 10.935, therefore, can be considered yet another handover from the top of the federal government to mining companies. Cave protection is treated as one of the "impediments" to high-investment mining projects with the potential to cause great damage. The BolsonaroMME/MMA decree expressly authorizes "irreversible impacts".

In addition, the text states that "in face of new facts" the classification of relevance of caves can be altered by environmental agencies; that the destruction of areas of maximum relevance

depends on licensing - heavily contaminated by the mineral lobby -; and that an entrepreneur may request to the competent agency that the new rules of the decree apply even to projects in progress, initiated before the publication of the new rule.

By providing that the "public and economic" interests of projects override environmental, historical and cultural matters, the decree also guarantees that projects "without a viable locational alternative" should be approved. This is precisely the case with mining, which depends on the exact location where the mineral deposit is found.

The Brazilian Speleological Society (SBE) expressed, in a public note, its "total disapproval". For the specialists, the decree was "produced behind closed doors, without dialogue with the speleological community and clearly shows the direct interference of the Ministries of Mines and Energy and Infrastructure in a matter that is of environmental nature".

**ON THE DYNAMITE FUSE:**

Two weeks later, the decree was partially halted by an injunction issued by the Federal Supreme Court, which suspended two articles of the text that opened space for mining and railroad construction in caves of maximum ecological relevance.





2022

FEBRUARY

## OCDE PRESENTS “REGULATORY GUILLOTINE” PLAN TO THE NATIONAL MINING AGENCY

More than a year and a half after the beginning of the consulting project, the Organization for Economic Cooperation and Development (OECD) presented to the National Mining Agency (ANM) a **final report** with proposals for the so-called “**regulatory guillotine**” for the Brazilian mineral sector. The fact takes place amid the negotiation process for Brazil's **entry into** the organization of the world's richest countries.

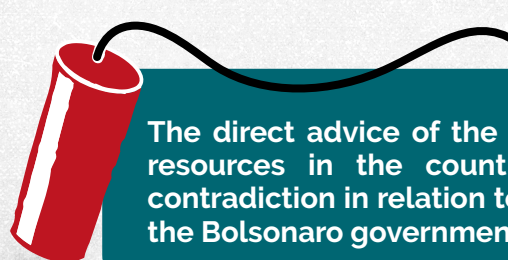
Brazil has already complied with more than 100 of the 250 regulatory measures required by the OECD. The environment is one of the “obstacles” to the conclusion of the partnership and, for this very reason, the simplification of licensing is among the main recommendations of the OECD to the Brazilian mineral sector. “Develop and implement a detailed policy of administrative simplification and reduction of obstacles for all government formalities and bureaucracies in the mining sector, with emphasis on licensing,” says, letter by letter, **the recommendation**.

The OECD report not only praised the changes already made by ANM since the beginning of the Bolsonaro government to speed up and simplify mineral research, exploration and licensing applications, but also stated that there are plans

to expand these practices to the concession stage. The OECD document applauds the Economic Freedom Law published in September 2019 by Bolsonaro administration and defends the streamlining of processes, procedures, “pressures and other costs” that the de-regulation creates.

In this context, “low-risk” economic activities would be “free from any kind of governmental license or authorization to start or continue operations, and the adoption of the ‘silence is consent’ rule in government procedures, with specific caveats and exceptions” is welcomed for mining, says the OECD. The “silence is consent” principle means that applications for licenses and permits get automatic approval if the government agency does not provide an official response within the established time frame.

On illegal mining, the OECD report notes that “the Ministry of Mines and Energy and the National Mining Agency are working together to formalize the work of garimpeiros in gold mining activities and in general. The PMD also includes provisions to promote formalization and encourage cooperativism in mining activity, as well as to promote the adoption of good practices in gold mining.”



ON THE DYNAMITE FUSE:

The direct advice of the OECD dictating rules on the exploration of strategic mineral resources in the country draws attention, among other things, to the explicit contradiction in relation to the nationalist discourse that has been the main hallmark of the Bolsonaro government's patriotic propaganda.



**OCDE:** Founded in 1961, the Organization for Economic Cooperation and Development (OECD) is known as a "club of rich countries" committed to economic liberalism. The entity's annual budget comes close to EUR 400 million. Membership in the OECD is considered a "label of quality" with the aim of "stimulating investments and the consolidation of economic reforms". Brazil is considered a "key partner" of the OECD and has been trying to become an official member of the club for many years, but has not yet been accepted. As a "key partner," Brazil has "the possibility of participating in the different OECD bodies and adhering to the OECD's legal instruments," **the entity** reports.

## HALF OF BRAZILIAN GOLD EXPORTS IS ILLEGALLY MINED

Between 2015 and 2020, Brazil traded 229 tons of gold with evidence of illegality, **showed a new study by Instituto Escolhas**, or almost half of the total 487 tons exported. The analysis was based on more than 40,000 gold trading records, data from the National Mining Agency, the Ministry of Economy, the Federal Revenue Service and images from Mapbiomas. More than half of the illegal gold traced in the study came from the Amazon (54%), mainly from the states of Mato Grosso (26%) and Pará (24%).

The numbers are effectively underestimated, since the methodology considered only gold exported in raw, semi-manufactured or powdered forms. As there are other formats of metal for export, illegality is even greater. Furthermore, **much of the exported gold has no record whatsoever**.

According to the study, the main protected areas affected include the Sararé Indigenous Territory (MT), the Kayabi Indigenous Territory (MT/PA) and the following National Parks: Amazon (PA), Matinguari (AM/RO), Acari (AM) and Montanhas do Tumucumaque (AP/PA).

Only four companies concentrate a third of the entire volume of gold with evidence of illegality. In the period studied, the Distributors of Titles and Securities (DTVMs) FD Gold, Ourominas, Parmetal and Carol moved 79 tons of gold of dubious origin from mines in the Amazon, which puts almost 90% of their total operations under suspicion. Three of the companies – FD Gold, Carol and Ourominas – are the target of recent lawsuits by the Federal Public Prosecution (MPF). FD Gold and Carol, as well as Parmetal, are members of the National Gold Association (Anoro).

## BY DECREE, BOLSONARO CREATES PROGRAM TO FOSTER GARIMPO

The Jair Bolsonaro government has chosen the shortest path to meet the interests of the mining lobby: issuing decrees to change legislation without the need to go through Congress, which would account to accommodating diffuse interests and facing opposition. **Two decrees** published in February 2022 – 10.965 and 10.966 – were configured as shortcuts to new infralegal regulation to benefit mining activities.

**Decree 10.965** amends the 1967 Mining Code,

anticipating intended changes with PL 191 and the under development New Mining Code, **commissioned** by the Bolsonaro to Congress in 2021. Among the main and most problematic changes in relation to previous texts is the forecast that the National Mining Agency "will establish simplified criteria for analysis of procedural acts and granting procedures, especially in the case of small-sized enterprises or the use of mineral substances referred to in art. 1 of Law No. 6.567, 1978.



The direct beneficiaries are mining and the construction industry, which uses the minerals mentioned in the 1978 law (with additions made by the Bolsonaro government in 2020), such as clay, gravel, crushed stone, limestone, calcium and ornamental rocks. **These are two sectors directly involved in lobbying in Brasilia**, which financed the parliamentarians responsible for the dialogue with the government and who participated in the **elaboration of the text of the New Mining Code**. Decree 10.965 also facilitates the use and commercialization of ore tailings and the use of substances obtained during processing.

**Decree 10.966**, on the other hand, trampled over the progress of PL 191 and rewarded miners by creating the "Program of Support to the Development of Artisanal and Small-Scale Mining (Pró-Mape), by "proposing public policies and stimulating the development of artisanal and small-scale mining, taking into consideration sustainable regional and national development".

What the decree officially calls "small-scale" is garimpo, as featured in Article 4. The garimpo activity, however, is carried out today in a massively industrial way, with heavy machinery, multi-million dollar structures and logistics, and routinely linked to several other crimes.

Although quite vague and generic, using terms such as "multidisciplinary approach", "integration", and "systemic vision", the decree opened loopholes for the expansion of mining in the Amazon. Pró-Mape created the Interministerial Commission for the Development of Artisanal and Small-Scale Mining (Comape), which should "guide and coordinate actions and activities of the program", led by the Ministry of Mines and Energy along with the Chief of Staff, Citizenship, Justice, Environment and Health. This body will meet every six months. Decisions, therefore, were concentrated solely and entirely in the hands of the government, without counterpoint or participation from social movements, scientists and NGOs.



#### ON THE DYNAMITE FUSE:

Decree 10.966 was the only one related to mineral policy to enter the list of revocations drawn up by the Lula government's transition team.





Source: Midia Ninja

2022

MARCH

## BOLSONARO USES WAR ON UKRAINE AND INFLATION OF FERTILIZER PRICES TO ADVANCE BILL 191

One of the strategies used by President Jair Bolsonaro to force the approval of **Bill (PL) 191/2020**, which liberates mining, agribusiness, and infrastructure works inside indigenous lands, was to appeal to the war in Ukraine as blackmail. The Russian invasion of Ukraine led the cost of potassium to triple and reach an all-time high of \$1,100 per ton, more than three times in comparison to March 2021, when it was valued at US\$ 300 per ton.

According to Bolsonaro's statements, the war would be an "opportunity" to legalize exploitation on indigenous lands, using as argument the external dependence that Brazil has on fertilizers, imported largely from Russia and Belarus, countries involved in the conflict.

Two studies by the Brazilian government itself have shown that Bolsonaro's claims do not hold up technically. Both the evaluation of the potassium potential in the Amazon and Pará basins, published by the Brazilian Geological Service in 2020, and a study by the Special Secretariat for Strategic Affairs on fertilizers from 2020/2021, do not mention deposits on indigenous lands as an alleged impediment to the development of the fertilizer industry in Brazil. The main problems pointed out are other and affect central axes of the government's economic policy: concentration of the sector in the hands of a few companies, lack of investment in new technologies, high volumes of waste, deficiencies in logistics, and price indexation to the US dollar exchange rate, which severely affects the fertilizer sector.

The Special Secretariat for Strategic Affairs stated that "this situation makes it extremely difficult to have any incentive program for

rural production of food products that are not commodities for export, with prices also indexed to the U.S. dollar. In other words: this policy is particularly harmful to small-scale family farmers, responsible for 70% of food production in Brazil.

By analyzing the participation of natural gas in the fertilizer sector, the Secretariat's study hits on another central point of the Bolsonaro government's economic policy: tying the price of fuel and gas to fluctuations of the international market.

Brazil accounts for about 8% of global fertilizer consumption, behind only China, India, and the USA. The main nutrient applied in the country is potassium, with 38% of the total, followed by calcium with 33%, and nitrogen with 29%. The largest Brazilian agricultural crop is soybeans, which responds to more than 40% of demand for fertilizers.

The study presented in early 2021 by the Geological Survey of Brazil lists the main discoveries of the basins analyzed in Amazonas and Pará and adds knowledge about the Autazes basin (AM). The study "identified new occurrences in the Amazonas Basin and expanded by 70% the potential for deposits of potassium salts, or sylvinites, as the mineral potassium chloride is called, from which potassium is extracted", without mentioning any occurrence of the mineral inside indigenous lands.

In Amazonas and Pará states alone, deposits in Nova Olinda do Norte, Autazes and Itacoatiara stand out, with reserves of around 3.2 billion tons of ore, in addition to occurrences in Silves, São Sebastião do Uatumã, Itapiranga, Faro, Nhamundá and Juruti.





## CAPYBARA'S BACKGROUND CHECK

### POTÁSSIO DO BRASIL

A very small part of the mineral reserves used in fertilizers overlaps with indigenous lands, in contradiction to Bolsonaro's speeches. Even so, a prior and dubious consultation process is being carried out with the indigenous peoples who inhabit the region of Autazes (AM) upon request of the Federal Public Prosecutor's Office (MPF). The Canadian group Forbes & Manhattan, owner of Potássio do Brasil, Belo Sun and other mining projects in the Amazon, has been trying to exploit the mines of Autazes since its discovery in 2010.

In late March 2022, the Bolsonaro administration promised to "unlock" the project to the Forbes president, Stan Bharti. A Reuters report showed that Potássio do Brasil met with Jair Bolsonaro and Minister of Agriculture Tereza Cristina. At the meeting, Bharti detailed the US\$2.5 billion project for the Autazes mine to the President, who in turn reaffirmed that potassium is "strategic for Brazil" and that the government is "committed to unlocking these processes".

Former senator Cidinho Santos (PR-MT), alternate of Blairo Maggi in the Senate and investigated for corruption schemes, also attended the meeting. In an Instagram post, Santos said that the mine "is not located in an indigenous area" and that some villages are "more than 150 kilometers away from where the exploration will be carried out". According to Observatório da Mineração, Blairo Maggi wanted to enter a partnership with Stan Bharti to transport the potassium from Autazes to the main Brazilian agribusiness states.

Shortly before the meeting in Brasília, the Canadian executives showed enormous confidence in the Autazes project, replicating the narrative that the global shortage of fertilizers caused by wars in Europe would be the "hook" - exactly the same speech by Bolsonaro. "Our expectation is that the suspension of the licensing will fall in the coming months," said Adriano Espeschit, president of Potássio do Brasil, who was also at the meeting.

**"We know that there is great interest from the government. Development is like a war against us, indigenous people. The government is shooting at us. It's nothing more than money: they look at us as if we don't exist, they don't care about our lands, our lives, our culture and our good. We used to live in a paradise, but when this idea of mining starts, our peace starts to go away and then the war begins", the indigenous chief Sérgio Freitas do Nascimento, 40 years old, told Observatório da Mineração.**

Seen as "impediments" by the mining market, the indigenous people live on a immense deposito considered to be "world class", capable of guaranteeing significant profits for the Canadian conglomerate. The region of Autazes, less than 120 kilometers from Manaus, the capital of Amazonas state, also covers and impacts the municipality of Careiro da Várzea, where there are

two demarcated Indigenous lands, Jauary and Paracuuba, and a third one, Soares/Urucurituba, where the request for territorial rights has been placed by FUNAI (Brazil's Indigenous Agency) in 2003. The lands are occupied by a population of at least 15,000 indigenous of the Mura community, who have been in the area since the mid-16th century.



To justify the mining works already initiated in areas located in the indigenous land Soares/Urucurituba before the consultation process with the Mura people, Potássio do Brasil claims to have acquired a state license issued by the Institute of Environmental Protection of Amazonas (IPAAM). The state license is a maneuver by the mining company, which uses the fact that the Indigenous Land is not yet demarcated to dodge federal legislation.

The Potássio Brasil mine received its license in 2015, but was soon suspended by a lawsuit filed by the MPF and granted by the 1st Federal Court of Amazonas. In the lawsuit there is a vast record of violations undertaken by the mining company against the Mura, such as prospecting

in demarcated lands without the Free, Prior and Informed Consultation determined by Convention 169 of the International Labor Organization (ILO), in addition to the purchase of areas in claimed indigenous territory.

According to the Federal Court, Potássio do Brasil is prohibited from carrying out individual negotiations or practicing any kind of harassment. The Mura people drew up a Consultation Protocol distributed among the villages. With the pandemic, however, the pre-consultation was not even started, while the company went ahead with the works, land purchases and benefited from the help offered by the Bolsonaro government.







2022

APRIL

## INDIGENOUS MOVEMENT STANDS UP AGAINST 'BILL OF DEATH'

Bill "of death", "of genocide", "of extermination": PL 191/2020, which allows mining and various economic activities on indigenous lands, was called by many names during the Terra Livre Camp (ATL), a **mobilization** that brought together 8,000 indigenous people from all over the country to Brasília in April 2022. On the first day of the ATL, **an open letter was launched against the bill.**

"It is a project that violates the Federal Constitution and attacks, once again, the rights of the native peoples of Brazil. PL 191/2020 presents evident legal problems and unconstitutionality, disregards international treaties to which Brazil is a signatory, and affronts the Internal Regulations of the House of Representatives," said the letter.

The Terra Livre Camp ended — on the day initially scheduled for the vote on PL 191 — with a victory: the bill by Jair Bolsonaro, Bento Albuquerque, and Sérgio Moro, commissioned since the first day of government, remained in the drawer.

Allied with Jair Bolsonaro and with campaigns partly funded by companies linked to mining in the Amazon, Arthur Lira, president of the House of Representatives, had bypassed the House rules by creating a "working group" to analyze PL 191. In the hurried attempt to get the vote in April, the working group was not even installed. Under pressure from ten consecutive days by the largest indigenous demonstration in the world and abandoned by key mining lobbyists, the government and Congress were unable to move the bill forward.

"We are fighting against this project. I hope that the congressmen understand this. It's not only about the forest, the land, the river. Our way of life, our culture and our future are over", said Megaron Txucarramãe, historic Kayapó leader. For Megaron, Bolsonaro and the National Foundation of Indigenous Peoples (FUNAI (Brazil's Indigenous Agency)) want to push the PL by force. "There is another way of working and earning income, it's not just mining and wood", pointed out Megaron.

**Under Bolsonaro, FUNAI (Brazil's Indigenous Agency) has become a propaganda branch of the mining and agribusiness sectors, harassing leaders critical of the government and holding off-agenda meetings to try to convince communities that PL 191 would be "positive" for indigenous people.**

For Beto Marubo, a leader from Vale do Javari (AM), if PL 191 is approved, the **isolated indigenous** peoples, who are **even more vulnerable to invaders, "will be extinct"**. "The president has declared war on the indigenous

peoples. Our rights pre-date the invasion of the Portuguese and the formation of the Brazilian state", stressed Dinamam Tuxá, executive coordinator of Apib.



PL 191 was also **condemned by UN rapporteurs and representatives from the EU in another plenary**. In a historic intervention, **an indigenous march took "a day of illegal mining" to the Esplanade of the Ministries** and to the doors of the Ministry of Mines and Energy. "We repudiate the genocidal Bolsonaro government. The Munduruku people say 'no' to PL 191 and 'no' to the Temporal Landmark. We resist, with all the power of our ancestors," said Ediene Munduruku.

On March 24th, 2022, Raul Jungmann, former minister of the Temer government and chosen president of the Brazilian Mining Institute (Ibram) **met with Arthur Lira**. Officially, the spokesperson for the largest mining companies in the industry wanted "to make himself available to the parliamentarians to open space for the sector to

express itself and present technical information that can contribute to the debate in the Legislative". **Ibram managed to use the media to create the narrative that it would be against PL 191**, although the institute's background, as well as its relations with the government and direct support to the project in 2020, point to a much more complex reality.

Overall, the Brazilian mineral sector registered a **62% increase in revenues in 2021** compared to 2020, reaching R\$ 339 billion, an exponential increase in relation to the first year of the pandemic. For the industry, April 2022 was not a strategic moment to wear out with PL 191 and be directly associated with Jair Bolsonaro, who by then was already considered an international pariah.

## FORMER DIRECTOR OF MINING CORPORATIONS APPOINTED AS ANM MANAGER IN AMAZON'S PARÁ STATE

Former director of mining companies Belo Sun (Canada), Imerys (France) and Mineração Rio do Norte (MRN-Brazil), Fábio Guilherme Louzada Martinelli **took office** as regional manager of the National Mining Agency (ANM) in Pará in April 2022. As he took over such a **strategic position**, there were fears that Martinelli could directly influence decisions related to the companies he had previously worked for.

Belo Sun, of the Canadian group Forbes & Manhattan, is trying to unlock what may be the largest open pit gold mine in the country, located in Volta Grande of the Xingu river basin. MRN, a subsidiary of Vale, is Brazil's largest producer of bauxite, a raw material used in the manufacture of aluminum. The MRN mine is located in Oriximiná, western Pará state, inside the Saracá-Taquera National Forest.

The rest of MRN's shares are divided between South 32 Minerals (an Australian company

that resulted from BHP Billiton's assets), the Alcoa group, Companhia Brasileira de Alumínio (Votorantim Group), Norwegian Norsk Hydro and Alcan Alumina. In December 2021, a chemical warehouse owned by French company Imerys **exploded and caught fire**, releasing toxic smoke in Barcarena, Pará. Investigations showed that **the company had been operating in the region without proper environmental licensing since 2012**.

In addition to acting in defense of three large multinationals with problematic records in Pará, Martinelli, upon taking office, promised "not to forget" the small miner (garimpeiro), says the communique from the National Mining Agency. Under Martinelli's scrutiny will be, for example, **thousands of requests to mine in Itaituba**, the hotspot of illegal gold mining home to **intense conflict with indigenous peoples in the Tapajós region**.





Source: Divulgação/Companhia Siderurgica Nacional

2022

MAY

## MINING COMPANIES MAY STOP PAYING US\$ 1,26 BILLION A YEAR IN TAXES ON IRON ORE EXPORTS

**An unprecedented study** launched by Instituto Justiça Fiscal (IJF) and coordinated by Observatório da Mineração and Justiça Nos Trilhos, reveals that mining companies operating in Brazil may fail to pay, on average, US\$ 1.260 billion per year due to potential tax evasion in the iron ore export chain. **At the rate of** May 2022, this represented about R\$ 6 billion per year in taxes that would no longer be collected. The IJF data covers the period from 2017 to 2020 and reveals a capital outflow associated with under-invoicing of iron exports of US\$19.3 billion, which corresponds to an annual average of US\$4.8 billion. Iron ore is Brazil's second most exported commodity, second only to soy.

"If this under-invoicing is not properly adjusted in the tax returns made by the companies, this represents an estimated tax evasion of around US\$ 5 billion in the 2017-2020 period, corresponding to US\$ 1.260 billion per year," say researchers Guilherme Morlin and Isabela

Callegari. Mining companies, in addition to being protected by tax secrecy and the general lack of transparency, still count on a series of exemptions and cross benefits. This is the case of the Kandir Law of 1996, which exempts primary products from paying trade and service taxes when exported. Exports are also exempt from other labor taxes and imports of capital goods used in mining usually benefit from reductions in import tax rates. Also, profits and dividends to shareholders have been tax-exempt since 1995.

Vale corporation alone has distributed more than R\$ 73 billion to its shareholders in 2021. For large companies that operate in the Legal Amazon, which is Vale's case, there are also other exemptions, such as a 75% tax waiver on corporate income tax (IRPJ), a 25% reduction in freight charges for the import of machinery and inputs, and another 7.5% in taxes can be waived if the money is used for the purchase of machinery and equipment.



### ON THE DYNAMITE FUSE:

In 2021, Brazil exported 358 million tons of iron ore, 5% more than the same period in 2020, according to Ibram. Revenues were R\$250 billion, an increase of 80% compared to 2020. Iron ore alone accounts for 74% of revenues in the national mineral sector's revenues; Brazil is the second largest exporter of iron ore in the world, behind Australia.



**ADOLFO SACHSIDA APPOINTED NEW MINISTER OF MINES AND ENERGY:** With a degree in law, a master's and doctorate in economics from the University of Brasília (UnB), and as an employee of the Institute of Applied Economic Research (Ipea), Adolfo Sachsida, previously Paulo Guedes' right-hand man in the Ministry of the Economy, took over as head of the Ministry of Mines and Energy in **May 2022**. Amid escalating fuel prices, during his few months ahead of the portfolio, Sachsida aimed to achieve the **privatization of Eletrobras** and continued the pro-industry agenda for mining.



## CAPYBARA'S BACKGROUND CHECK

### BOLSONARO GOVERNMENT HOSTS ELON MUSK WITH MINERAL AGENDA IN THE BACKGROUND

Surrounded by shady economic interests and suspicious business deals, Elon Musk, the "richest man in the world", was invited and hosted with pomp and circumstance by president Bolsonaro and top echelon of the federal government, in addition to the justice of the Federal Supreme Court (STF), Dias Toffoli, and Brazilian executives, on May 20th, 2022.

Musk received a "Medal of Honor" from the government representatives while being called a "myth (sic!) of freedom". The Minister of Communications, Fábio Faria, was the master of ceremonies and did not hide his fan-worthy admiration for the American multibillionaire. Without signing any formal agreement and without sharing details, Bolsonaro and Musk

announced an alleged deal for Musk to "monitor the Amazon" using satellites, a work that is already excellently done by the National Institute for Space Research (Inpe). Inpe was scrapped and attacked by Bolsonaro's government and had its budget reduced to half of what was available in 2013.

In addition to agreements with Vale to supply nickel, to supposedly monitor the Amazon and deliver internet access to rural schools – a program the Ministry of Education already has – Musk intends to open a Tesla factory in the Manaus Free Trade Zone. The entire electric vehicle sector depends on massive amounts of "critical minerals" which puts the Amazon and its indigenous lands on target.







2022

JULY

## BOLSONARO OPENS THE BRAZILIAN LITHIUM MARKET

President Jair Bolsonaro and the new Minister of Mines and Energy, Adolfo Sachsida, published a decree that, in short, **"generally released"** the exploration of lithium in Brazil. **Decree 11.120** revokes previous decrees from 1997 and 2020, authorizing multinational companies to enjoy complete liberty to explore and trade lithium and all its derivatives.

"Export and import operations are not subject to criteria, restrictions, limits, or conditioning factors of any nature, except those provided for by law or in acts issued by the Foreign Trade Chamber (Camex)", states the text.

The sudden move also removed the need for prior approval from the National Nuclear Energy Commission (CNEN) for foreign trade in lithium. Considered a critical and essential mineral for the electric car industry, lithium now occupies substantial prominence in the "energy transition".

The decree interferes with geopolitics in Latin America, where most of the world's lithium comes from, alters national sovereignty over lithium, and directly favors **multinational** companies **like Canadian mining company Sigma Lithium, which has a large lithium project in the Jequitinhonha Valley in Minas Gerais state.** Bolsonaro and

Sachsida's measure was also a nod to Elon Musk's Tesla, one of the largest companies in the electric car segment.

Sigma plans to **begin operations in Minas Gerais at the end of 2022** and has expanded production capacity to 270,000 tons of lithium per year, making it the fourth largest producer in the world. Manufacturers that will use Sigma's lithium concentrate, such as LG Energy Solution, supply batteries for several global automakers, including Tesla. According to the MME, the decree "represents a fundamental step to broaden the perspective of the automotive industry and attract investments for the production of electric vehicles in Brazil."

Before the decree was issued, the exploration and commercialization of lithium in Brazil was focused on the domestic market, via **Brazilian Lithium Company (CBL)**, which supplies especially the medical and hospital sector and the chemical industry. CBL, 100% Brazilian, operates a mine and a chemical plant in Araçuaí and Divisa Alegre, in Minas Gerais. It has accumulated, during 30 years, enormous technical and scientific knowledge. Araçuaí is one of the cities in which **Sigma will also operate.**



ON THE DYNAMITE FUSE:

According to S&P Global, lithium demand is expected to reach 2 million tons by 2030.



## INSPECTIONS OF DAMS HAVE DROPPED BY MORE THAN 90% SINCE THE COLLAPSE OF BRUMADINHO

The **2021 Dam Safety Report** released in July showed that field inspections of dams in Brazil have **dropped by more than 90%** since the collapse of the Vale tailings dam in Brumadinho (MG) in January 2019. In 2021, inspectors reported a total of 180 dams inspected on site, a lower number than in 2020, which was already much lower than observed in the historical series. Of the 180 dams inspected in the field, only 17 were inspected by federal agents and 163 by state officials. The peak on inspections happened in 2019, after Brumadinho, when 1,287 dams

underwent control by state agencies and 881 by federal agencies.

After the commotion, however, that number dropped drastically and the population remains hostage to data reported on the "self-inspection" done by the companies. To comply with the National Dam Safety Policy and Law 12.334/2010, the responsible bodies can make on-site or remote inspections. Insufficient budget and transit barriers due to the pandemic were alleged as possible reasons for the low governmental control.



### ON THE DYNAMITE FUSE:

Laws and regulations in all spheres of the State created especially after the Mariana disaster in 2015 have had very little practical effect.





Source: Bruno Kelly/Greenpeace

2022

AUGUST

## COMPTROLLER GENERAL POINTS LACK OF CONTROL OVER GARIMPO PERMITS

An audit **report** from the Office of the Comptroller General (CGU) **points out that** authorizations for mining are given with incomplete documents, without verification, transparency or standardization, and that the regional superintendencies of the National Mining Agency (ANM) have systemic errors.

The consequence is that it is easy for miners to acquire mining permits (PLGs) without properly

cross-checking environmental licenses and the total area granted, which can exceed 10,000 hectares. Conflicts of interest between regional managers and high-ranking employees of the agency were also identified in at least three cases. While working for the National Mining Agency, some of these people have had direct dealings with private mining companies.

**“Failures and inconsistencies were observed in assessments issued by the regional managers, as well as omission of ANM in analyses regarding the conformity of environmental licenses based on data approved by the Agency itself, and the urgency of improvements in internal procedures and in routine analysis activities,” says the report.**

From July 2020 to June 2021, CGU identified 181 decisions for granting PLGs at the National Mining Agency and randomly selected 30 processes for analysis. The Comptroller evaluated the quality of the decision-making process of the ANM to verify whether the decisions were substantiated and whether the processes contained all documents and annexes required by legislation. The decisions to grant, amend the title to include a new mineral substance, and rectify the PLG title were delegated by the Collegiate Board to the Superintendence of Mineral Production (SPM), highlights CGU. The SPM, in turn, sub-delegated decisions on PLG requirements to the regional management. These permits, therefore, are in the hands of local managers, subject to all kinds of influence.

Among the problems identified is the lack of prior assessment of the area required for mining, a primary requirement for granting the title, which allows irregularities to be identified at the source. “This lack of transparency compromises the lawfulness of the granting of the title, in addition to compromising the history and traceability of the decisions made about the area,” says the CGU.

Such loopholes are used to defraud the origin of mining, often illegal, in indigenous lands and conservation units. “Cases were identified of documents used as ‘opinions’ in which a simple check of the documentation was made, without at least a report on the object being analyzed,” states the Comptroller’s Office report.



In assessments issued by regional managements, the requirement and analysis of the Technical Solution Project, compliance with the maximum area limits, and the situation in indigenous lands are frequently missing.

"The absence of verification of the existence and conformity of these exemplary items brings risks related to the irregular granting of PLG, which can cause socio-environmental damage and bring legal charges," says the CGU.

Another chronic problem identified by the CGU audit is ANM's omission regarding the existence of more than one active PLG process in the name of the same applicant or holder. Thus, speculation of mineral areas is not curbed.

Article 44 of DNPM Ordinance 155/2016 establishes maximum limits for the claimed areas: 50 hectares for individuals or individual firms; 10,000 hectares in the Legal Amazon and 1,000 hectares for the other regions for cooperatives of miners.

For CGU, the inefficient performance of the National Mining Agency has generated adverse situations such as "the excessive increase of PLG applications concentrated in a single person or cooperative, resulting in the systematic

practice of market reserve that constitutes a manifest abuse of the right of priority and the entrepreneurial exploitation of mining".

The tactic of creating mining cooperatives - often used as fronts - has become widespread in the Amazon. The number of requests for gold exploration by cooperatives of garimpeiros has grown 83% since 2019. In three years, they have requested more area than in the last three decades, **InfoAmazônia showed**. Cases such as that **of the Vale do Guaporé cooperative in** Mato Grosso state are scandalous.

The granting of the PLG title by the National Mining Agency, liable to the presentation of an environmental license, is also extremely problematic. "The risk of submitting incorrect or irregular environmental licenses is high, because they are issued by various Environmental Secretariats (state and municipal, each with specific regulations and nomenclatures) and because it is common for interested parties not to be required to present the 'Declaration of Suitability', issued by ANM. The absence of this compliance analysis leads to the possibility of illegal mining with serious social and environmental damage," says the CGU.





Source: Victor Moriyama/ISA

2022

SEPTEMBER

## MINING ON INDIGENOUS LANDS GROWS 632% IN A DECADE

Updated data released by **Mapbiomas** show that illegal mining on indigenous lands increased by an impressive 632% from 2010 to 2021. During the period of Jair Bolsonaro's government, the situation worsened dramatically. In 2021, mining registered the largest expansion in 36 years, **devouring 15,000 hectares in a single year**. Between 2017 and 2021, new mining areas

reached 59,000 hectares, surpassing all the space taken by mining activity until the end of the 1980s. The three most affected Indigenous Lands were the Kayapó, with 11,542 invaded hectares, the Munduruku, with 4,743 hectares, both in the state of Pará, and the Yanomami with 1,556 hectares mined in the state of Roraima.





2022

OCTOBER

## ON THE EVE OF PRESIDENTIAL ELECTIONS, INDUSTRY GROUP DELIVERS PRO-MINING PROPOSALS TO BOLSONARO

At an **event** held in Belo Horizonte on October 6th, just a few weeks before the second round of federal elections, the president of FIEMG (Federation of Industry of the State of Minas Gerais), Flávio Roscoe, handed to then candidate for reelection Jair Bolsonaro a full package of measures detailing the vision of the mining industry for the next four years. The event became **a campaign platform for Jair Bolsonaro**, who was welcomed with cries of "myth!", a nickname he received from his most ardent supporters, by businessmen.

Under the "macrotheme" environment, FIEMG asked for the approval of the General Law of Environmental Licensing in the version reported by representative Neri Geller (PP-MT) "to guarantee equal treatment and to provide security to society". FIEMG defends an amendment to an article of the law to make it immediately applicable to mining activities, disregarding the promise of a specific law to the sector. Without this amendment, says the mining industry, the text of the law "generates an unjustifiable breach of isonomy of conditions between economic sectors and places large-scale mining operations in a regulatory and legal limbo that hinders new investments and the continuity and expansion of important ongoing projects".

A **technical note from Instituto Socioambiental (ISA)** from 2021 analyzed the impacts of the current version of the law for mining projects. "The vast majority of mining projects will be benefited by the backwardness contained in PL 3.729/2004, as they do not fit the criteria of large size. In the state of Minas Gerais, only 14.4% of the mining projects currently in the process of environmental

licensing are classified as potentially causing significant environmental degradation," says the note, which concludes: "if today in the state of Minas Gerais there is no application of the License by Adhesion and Commitment – of a self-declaratory nature and issued automatically without impact studies and prior assessment by the environmental agency –, the approval of PL 3.729/2004 will result in the application of this modality as a general rule in 85.6% of environmental licensing processes for mining activities and their tailings dams in the state, a fact that will greatly increase the risks of proliferation of new socio-environmental disasters, such as the tragedies that occurred in Mariana/MG and Brumadinho/MG".

The FIEMG document complains about "delays in analysis" of licensing, which "negatively impacts the country's development" and calls for the "express revocation" of a resolution from the National Environment Council dealing with environmental impact studies and the extinction of charges for compensation in Permanent Preservation Area (APP) interventions.

FIEMG used the meeting with Bolsonaro to advocate for the non-approval of the bill PL 2.788 of 2019, which establishes the National Policy of Rights of Populations Affected by Dams (PNAB), currently under the rapport of Senator Paulo Rocha (PT-PA). The proposal is one of the legislative responses to the Brumadinho disaster, which killed 270 people. However, according to the industry federation, if PL 2.788 is approved, it "will bring countless losses to the productive sector, since it creates new requirements for the environmental licensing of enterprises".



The new law, complains FIEMG, "is negative by imposing a negotiation procedure with the affected people preferably collectively and the hiring of independent technical assistance". This is one of the most sensitive issues still under dispute in the **Mariana disaster case**. Vale and BHP did everything to avoid hiring independent technical assistance and justice delayed the hiring as much as possible.

FIEMG also does not want the population to have the right to veto mining projects. "The proposed text (in PL 2.788) also makes it possible for the affected population to veto the mining activity, conditioning mineral exploration to the realization of a prior, free and informed consultation to those displaced or displaced. It should be noted that this determination goes against the provisions of the Federal Constitution, taking into account that the mining activity is of national interest," says FIEMG's peculiar constitutional interpretation.



#### ON THE DYNAMITE FUSE:

The Atlantic Rainforest, Brazil's most degraded biome, was the target of four FIEMG requests. The mining industry defends the amendment of a federal decree that protects the Atlantic Rainforest and, in two items, the end of the need for consent from IBAMA (Brazil's main environmental agency) for suppression of native Atlantic Rainforest by mining enterprises. FIEMG also asks that the IBGE Biomes Map of 2019 be revised in the areas reclassified from Cerrado to Atlantic Rainforest, as it would bring "legal insecurity".

## MINING COMPANY OWNERS INDICTED FOR MURDER DONATED R\$ 750,000 TO REELECT BOLSONARO

The owners of Herculano Mineração, defendants for aggravated murder for the crime of the breach of the tailings dam in Itabirito (MG) in 2014, jointly donated R\$ 750,000 to the **reelection campaign of Jair Bolsonaro**. Glaúcio Herculano Antunes, Jairo Herculano Antunes and Mardoquel Herculano Antunes are responsible for the deaths of three employees. The donations can be confirmed among the amounts received by Bolsonaro at the Superior Electoral Court (TSE); the complaint was initially made by NGO Movimento Pelas Águas de Minas Gerais.

In August, a decision was made that the directors **will go to jury court** for the crimes of aggravated

murder of three workers, in addition to several environmental offenses. According to the complaint of the Public Prosecutor's Office of Minas Gerais (MPMG), on September 10th, 2014, between 7:30 a.m. and 8:00 a.m., at the mining complex Mina Retiro do Sapecado, in the rural area of Itabirito, the dam ruptured, causing a slide of 300,000 cubic meters of tailings, affecting the victims who were working at the site. According to MPMG, the accused were responsible for the deaths because they knew about the precarious conditions of the dam and did not act to prevent the tragedy. If convicted by a popular jury, the defendants could face sentences exceeding 60 years in prison.





Source: CC/Public Domain

2022

NOVEMBER

## HOUSE APPROVES BOLSONARO'S PROVISIONAL MEASURE FOR NUCLEAR ORE EXPLORATION BY PRIVATE COMPANIES

On November 30th, 2022, the House of Representatives approved **Provisional Measure (MP) 1.133**, introduced by Bolsonaro's government, to authorize the participation of private companies in the mining and research of nuclear ores such as uranium.

Theoretically, the approved text maintains the "monopoly" of the state-owned *Indústrias Nucleares do Brasil* (INB), as provided for in the Constitution. In practice, however, public-private partnerships will be possible in the research and mining of nuclear ores and in the execution of other activities such as treatment of nuclear ores, development of technologies for the use of these ores, enrichment, production, and trade of nuclear materials.

According to the text, companies may be paid in cash, through a percentage of the amount collected in the commercialization of the mining product, assignment of the right to commercialize the associated ore or the right to purchase the mining product with previously authorized export.

On October 26th, during the general meeting

of the *Empresa Brasileira de Participações em Energia Nuclear e Binacional S.A.* (ENBPar), the **corporate restructuring of** *Indústrias Nucleares do Brasil* (INB) had been approved, making it a "state-owned company not dependent on the Union". The objective was precisely to attract private investors and partners.

"The shareholder change will bring greater budgetary and financial autonomy and more efficiency in the company's cash management. INB will have greater flexibility to establish partnerships with the private sector, as the new legislation allows other models of association to be made between the company and private partners for exploration of mineral deposits that contain nuclear ores. The initiative should attract new investors and relieve taxpayers, generating jobs and income for the population," says the company's press release.

In November 2020, INB had also already **formed a consortium with the private fertilizer company Galvani** for a phosphate-uranium project located in Santa Quitéria, state of Ceará.





Source: Marina Ramos/Câmara dos Deputados

2022

DECEMBER

## HOUSE REPRESENTATIVES REACH CONSENSUS ON NEW MINING CODE

Stalled in the House of Representatives for a year, during which time the members of the Working Group (WG) did not reach a consensus, the draft text of the new Mining Code was agreed in the **first week of December 2022**, the last month of the Bolsonaro administration. It is now ready to proceed to vote at the House.

Led by the rapporteur Joaquim Passarinho (PL-PA), a notorious lobbyist in favor of garimpo and mining, and heeding the wishes of Arthur Lira, parliamentarians trimmed the edges to suit all areas of mining. The result is a real **"bomb proposal"** that should significantly increase the socio-environmental impacts of mining in Brazil.

The changes facilitate fundraising in the financial market, make rules more flexible, weaken inspection, dispense licensing in some cases and contribute to increasing the pace of mineral exploration and research in the country. Mining and industry lobbyists **dominated the Working Group's agenda**. Out of 15 members of the group responsible for the approved text, only two representatives - Aírton Faleiro (PT-PA) and Odair Cunha (PT-MG) - were not linked to the Bolsonaro base.

The reform of the Mining Code was a direct order from the mining sector to Arthur Lira and Jair Bolsonaro, as detailed earlier in this report. The haste to approve the text, even at this time of year and on an empty session, was evident. The consolidation of the draft paved the way for the vote on the reform of the Mining Code, which dates from 1967.

The list of entities heard by the WG of representatives that drafted the proposal includes notorious mining and garimpo lobbyists such as

the National Gold Association (Anoro). As mining gold is a financial asset that **should be** regulated by the Central Bank, Anoro makes it clear that there are common interests between mining and the financial market. "Treating the two sectors in isolation does not encompass points of interest common to both markets," Anoro representatives told the WG parliamentarians at a meeting held on November 10th.

Ibram, which represents 85% of Brazilian mining, reinforced to the WG the "need to promote mineral research", stating that "mining is far from the financial market", that the code reform is required to attract investments and the use of the mineral property title as collateral in financing. As a result, permission for the commercialization and use of mining rights in financial operations was included in the draft of the new Mining Code.

Ibram also defended that being classified as "priority" has been a "cornerstone for almost 100 years in mining" and that, as such, "cannot be touched". By "priority" they actually mean the prevalence of the "locational criterion" - where the ore is found- over other rights, such as urban development and socio-environmental rights, traditional communities, indigenous peoples and the creation of conservation units.

It was the same line of defense made by Sandro Mabel, president of the Mining Council of the National Confederation of Industry (CNI). CNI has taken on an increasingly strong role in the mining lobby and issued a statement defending the changes in the Mining Code since the first version, which, in essence, was maintained for the text approved in November 2022.



The Organization of Cooperatives of Brazil (OCB), which claims to represent 60,000 garimpeiros, when consulted by the WG, defended the "tacit approval" of mining permits after the established deadline in case of no response. The WG also heard several other representatives of the miners, such as the councilman from Itaituba and now elected representative for the state of Pará, Wescley Tomaz, a recurring figure in Brasília.

Lília Mascarenhas, secretary of Geology, Mining

and Mineral Transformation of the Ministry of Mines and Energy (MME), defended the importance of international money to the WG. "Mining is an activity that involves risks. One mine for every thousand research projects. It is also capital intensive and requires a long maturation period. We need investors who are familiar with risk. International capital looks for countries with mineral potential and good business conditions, which are achieved with trust and legal stability. The mining code is the foundation," she said.



#### ON THE DYNAMITE FUSE:

The representative of IBAMA (Brazil's main environmental agency), on the other hand, criticized the provisions in the New Code for dispensing licensing for mineral research. Many enterprises, he recalled, operate with research authorization. In other words, in practice, this loophole should greatly facilitate the operations of mining companies without the proper environmental licensing and, therefore, the trampling of socio-environmental rights.

## CONFLICTS RELATED TO MINING AND GARIMPOS AFFECTED 762,000 BRAZILIANS IN 2021

**The annual report** released by the Committee in Defense of Territories Against Mining shows that more than 762,000 people were affected by conflicts involving mining in Brazil in 2021. Despite a reduction compared to 2020, **when more than one million people were mapped**, the number remains extremely significant and reveals the extent of the direct and indirect threats posed by mining.

The states of Minas Gerais (35%), Pará (12.6%) and Bahia (11%) accumulated the highest volume of conflicts. Indigenous people and small rural landowners are the most affected groups by

mining. International mining companies and gold miners were the ones that caused most conflicts and damages, and Vale is the company that concentrated most occurrences, summarized the Committee.

There were 644 cases and 840 conflict occurrences in 2021, about two per day. The illegal extraction of minerals, in particular garimpos, caused 240 occurrences in 168 locations in 19 states, mainly in the Legal Amazon region, especially in states of Pará (22.6%), Amazonas (18.5%), Mato Grosso (15.5%), and Rondônia (9.5%).



#### ON THE DYNAMITE FUSE:

Over the analyzed period, 54,550 indigenous people were affected by conflicts, 51.4% of which involved miners. The Kayapó, Munduruku, and Yanomami Indigenous Lands were the most impacted. Quilombolas were subject to 22 conflicts and 26 occurrences, involving at least 13,603 people.

The report mapped 127 companies involved in clashes, confrontations and aggressions in 466 locations. As was the case in 2020, Vale concentrated the most conflicts (29.4%), considering Vale S.A. (131 cases) and its subsidiary

Samarco (34). Mining company Braskem, **responsible for the world's the largest mining disaster in an urban area in Maceió (AL)**, recorded 48 occurrences.



Among the international mining companies, the ones that stood out most for the number of problems were Bahia Mineração (BAMIN) with Luxembourg capital (38 occurrences), Australia's Tombador Iron Mining (26), and Anglo American (17).

Regarding the nationality of the companies, Brazil appears in first place, with 356 occurrences, followed by Australia (64), Luxembourg (57), Canada (31), and the United Kingdom (25).

Episodes of extreme violence totaled 67 records: 27 deaths, 19 cases of harassment, 14 cases of slave labor, 4 death threats, 3 cases of physical violence and 3 cases of sexual violence.

The minerals most present in conflicts were iron ore (36.6% of the total) and gold (26.7%). From 2020 to 2021, gold saw a 72.2% increase in conflict occurrences, indicating increased pressure on indigenous territories.

The document accounted for 96 direct reactions to violations, mostly concentrated in the states of Minas Gerais (48), Roraima (18) and Alagoas (9). In the Brumadinho disaster area there was, on average, more than one protest per month (13). The categories that reacted most with resistance actions were: indigenous people and small rural landowners (21 occurrences each group) and urban population (11).

The systematic monitoring carried out by the Committee includes records from national and regional newspapers, news portals, social networks, independent media and social movements, in addition to the occurrences tabulated annually by the Pastoral Land Commission (CPT) and by the Indigenous Missionary Council (Cimi) for mining conflicts in rural lands and with indigenous people, respectively.

## UNDER BOLSONARO, EMISSIONS FROM COAL POWER PLANTS GROWS 57% IN A YEAR

**A study** published by the Institute of Energy and Environment (Iema) shows that, in 2021, Greenhouse Gas emissions (GHG) from coal-fired thermoelectric plants grew by 57% compared to 2020.

The increase indicates a clear setback in the Brazilian energy matrix, putting at risk the climate goals and international commitments assumed by the country. The worsening is a direct result of Jair Bolsonaro's policies and practices of the Ministry of Mines and Energy, which activated polluting thermal plants that generate much more expensive energy than other sources due to the 2021 water crisis.

The growth in overall emissions from thermal plants is even worse: 75% considering all sources, such as coal, gas, oil and diesel. With this exponential advance, the share of fossil sources for electricity generation in Brazil rose from 15% in 2020 to 20% in 2021. In the case of mineral coal used by the plants, there is yet another aggravating factor: the poor quality of Brazilian coal, concentrated in the South of Brazil (Santa Catarina and Rio Grande do Sul states), which makes it even more polluting than average. The

82 plants powered by fossil fuels listed in the study emitted 55.6 million tons of equivalent carbon dioxide (CO<sub>2</sub>e), **points out Iema.**

The operating time of thermoelectric plants increased from 30% in 2020 to 50% in 2021. When connected for longer, plants powered by polluting sources emit more GHG and make electricity bills more expensive. In 2000, only 9% of electricity came from fossil sources, a share that reached 20% last year, as highlighted by the study.

Engie was the company that emitted the most greenhouse gases per electricity (GHG) generated in 2021, with 1,140 tCO<sub>2</sub> e/GWh – almost double the average observed in the national system, of 582 tCO<sub>2</sub> e/GWh. Iema's study also points out that only four companies accounted for 61% of GHG emissions from fossil generation in the electricity sector in 2021: Petrobras (26.1%), Eneva (13.9%), Eletrobras (11.8%) and Fram Capital Energy (8.8%). Following are EDP Energias do Brasil, Électricité de France – EDF, Engie, Global, Vulcan and Neoenergia. These ten companies alone were responsible for 82% of GHG emissions, which is equivalent to 45.4 million tons.



**ON THE DYNAMITE FUSE:**

The hiring of these thermal plants at a cost of more than R\$50 billion, built into the law that privatized Eletrobras, could add another 20 million tons of CO<sub>2</sub> in the coming years to the Brazil's GHG emissions quota.

## MINING COMPANIES WIN FINANCIAL MARKET INCENTIVE PACKAGE

While defeated candidate Jair Bolsonaro denied the election results, the mining industry kept moving. Twenty-six public policies and measures to improve Brazilian legal frameworks were proposed by the **Energy and Mines Market Initiative (IMME)** in an official presentation held

on December 8th. According to the Ministry of Mines and Energy, the proposals were widely debated between the MME, regulatory agencies and about 250 representatives of associations and companies from the electricity, mining, oil, natural gas and biofuels sectors.

Calling for "necessary regulatory instruments to improve allocative efficiency and private investment in Brazil, offering better services, prices, and opportunities to Brazilians," the IMME highlighted the following recommendations for the mining sector:



The proposal for an Ordinary Law Project to provide for the institution of the Mining Risk Bill, the Mining Product Bond, the Mining Assets and the Solidarity Guarantee Fund. The proposal also recommends the creation of investment funds focused on the mining chains and mining rights bonds as instruments to raise funds in the capital market.



Increase in mining research productivity, based on the submission of Ordinary Law Projects for the creation of an obligation of minimum investment - in the extension phase of mining research - and the increase of the value of the annual fee per hectare, in the event of non-compliance with the obligation of minimum investment.



Suggestions for decrees to improve the legal framework for mining instruments, of mineral exploration in international border areas and for sharing geophysical data from aerial surveys. The measures should increase allocative efficiency, transparency, predictability, legal security and geological knowledge. With that, more investments will be attracted and, consequently, more opportunities, jobs, and income to the country.



As products of the IMME already delivered, the following were highlighted: **Ordinance 695/2022/GM/MME**, which establishes guidelines for the procedure of availability of exempt areas, and **Normative Ordinance 51/2022/GM/MME**, which establishes guidelines for structuring and making available to the public the database generated in geological surveys.





# CONCLUSION AND SUGGESTIONS



# PURE DYNAMITE

**The analysis of the mineral policy implemented during the four years of Bolsonaro's government shows the explosive combination between contempt for territorial and human rights and a sophisticated corporate lobbying strategy.**

On one hand, Jair Bolsonaro, his ministers and congressmen openly encouraged illegal mining, causing humanitarian tragedies in several indigenous lands; on the other hand, technocrats, investors and large transnational mining companies have articulated infra-legal reforms and closed deals in air-conditioned halls in Brasília and business events in 5-star hotels around the world.

The two faces of the shock doctrine applied by Bolsonarism in Brazil's mineral policy have materialized in the explicit horror of environmental

racism against indigenous and traditional peoples, and in the ultraliberal alliance with Brazilian-style neo-fascism dressed in expensive suits to hand over the national resources in meetings behind closed doors.

The result, as narrated in this publication, is a climate and anti-indigenous bomb that must be defused by the government of Luiz Inácio Lula da Silva in order to fulfill his campaign promises of reaching zero deforestation and reducing greenhouse gas emissions from the national energy matrix.

## **TRANSITION GROUPS REAFFIRM OUT-OF-CONTROL SCENARIO**

**Formed after Lula's election, the Working Group responsible for the governmental transition in the area of Mines and Energy confirmed the core issue described in this report:**

"In the mining sector, measures have been enacted, through ordinances and decrees, to deregulate the sector and encourage predatory activities, such as the Mining Code and the Pro-Strategic Minerals Policy. Reversing this situation requires a new institutional organization, focused on solving serious issues in the sector. It is necessary to encourage the development of geological and mining knowledge, bearing in mind, however, the potential for generating conflicts in mining areas, for its environmental impacts and the cultural values and ways of life of the populations of regions where large enterprises are located or will be installed", says the text of the WG.

The Environmental Transition Team followed the same line: "The Bolsonaro government has deliberately and illegally dismantled public policies, regulatory frameworks, control and social participation spaces, and public agencies and institutions linked to the preservation of forests, biodiversity, genetic heritage, and climate and environmental agenda".

"Communities and traditional peoples have been

persecuted or forgotten, in total ignorance of their importance for the protection of Brazilian biodiversity and the attraction of international funding and donations focused on environmental and social sustainability," the team recalls.

As the WG on Indigenous Peoples reported, "the invasion of indigenous lands and territories has increased exponentially during this period, due to policies that encourage land grabbing and the illicit and undue exploitation of natural resources by miners, loggers, cattle ranchers, fishermen, illegal hunters and drug traffickers. This has led to a significant increase in conflicts and violence against indigenous peoples"(...) "Another consequence of this devastating policy is the grave calamity that has been afflicting the Yanomami Indigenous Land, where more than 28,000 indigenous people, including isolated groups, live in 371 communities. A humanitarian emergency situation is seen there, with systematic violence, deaths of children and women, environmental destruction and illness. Illegal mining has advanced 46% in this region in 2021".



Despite the recognition of the scale and seriousness of the problem, among the revisions and revocations recommended by the transition team, there was only the following related to garimpo: "C) Reverse the authorization for illegal mining in the Amazon | Proposal for total revocation of Decree No. 10.966/2022, which released illegal mining in the Amazon based on an undue regulation of what was called "artisanal mining". The recommendation was taken up by

Lula on his first day in office, in a revocation signed on January 1st, 2023.

Another relevant announcement was made in January by Luciana Santos, Minister of Science and Technology, who promised to annul the privatization of Ceitec, the state-owned semiconductor factory that the Bolsonaro government tried to liquidate to favor foreign companies and allies, as we detailed on the timeline of this report.

**The subsequent nominations of Sônia Guajajara to the new Ministry of Indigenous Peoples and Joenia Wapichana to the revamped FUNAI (Brazil's Indigenous Peoples Agency), as well as the return of Marina Silva and a technical team to the Ministry of the Environment, create conditions for a shift in land use policies by agribusiness and mining.**

## **BRAZILIAN STATE FINALLY REACTS TO THE YANOMAMI GENOCIDE**

On January 20th, after the visit of President Luiz Inácio Lula da Silva and the Minister of Indigenous Peoples, Sônia Guajajara, the Ministry of Health declared a public health emergency in the Yanomami territory. The region is being affected by lack of health care, malaria and severe malnutrition. The images of people in severe humanitarian crises, as well as the information that 570 Yanomami children have died in the last four years, shocked the world. The Ministries of Health and Indigenous Peoples began coordinating emergency actions with the shipment of supplies and the transfer of serious cases to the health care system, as well as the installation of field hospitals.

A few days later, Lula's government exonerated at least 54 civil servants who worked in agencies and functions related to health and assistance to indigenous peoples in the country. Among those dismissed were 13 military personnel, the coordinator of the East Sanitary District in Roraima - responsible for reinforcing the assistance to the Yanomami in the state -, the magistrate Aurisan Souza de Santana, and the director of the Museum of the Indian, Giovanni Souza Filho. On January 31st, a decree signed by President Luiz Inácio Lula da Silva authorized the Brazilian Air Force to control the airspace over the Yanomami Indigenous Territory of Roraima for the duration of the Public Health Emergency of National Importance.

**Between October 2018 and December 2022, deforestation resulting from illegal mining in the Yanomami Indigenous Territory increased 309%, according to the Hutukara Associação Yanomami. In December 2022, the last month of Jair Bolsonaro's government, the devastated area was 5,053.82 hectares, in comparison to the 1,236 hectares detected at the beginning of the monitoring.**



## THE MINISTRY OF MINES AND ENERGY AT THE START OF LULA'S GOVERNMENT

The **newly appointed Minister of Mines and Energy**, Alexandre Silveira (PSD/MG), took office stating that the areas of electricity, mining, and fuels are "fundamental and strategic for the future and development of the nation". "In the electricity sector, the biggest battles will be: tariff moderation and the effective universalization of access to quality, clean, and sustainable energy, without forgetting to create an environment to attract investment and competitiveness," Silveira said during a ceremony held on January 2nd in Brasília (DF).

The new minister announced the creation of the Energy Transition Secretariat, dedicated exclusively to public policies on clean energy. Alexandre Silveira holds a law degree and has been a senator, federal deputy for two terms, and has held positions as state secretary of Metropolitan Management and state secretary of Health, in the state of Minas Gerais.

Silveira joined the share of ministerial seats destined to the PSD, a party led by Gilberto Kassab, after losing the election run for a senate seat for Minas Gerais. According to **Observatório da Mineração**, the PSD state board received BRL\$ 200,000 from Frederico Carlos Gerdau Johannpeter, a partner of Gerdau mining company, which was passed on to the then-candidate **Alexandre Silveira**.

In his 2014 campaign for the Senate, when he was elected as a substitute for Antonio Anastasia (PSDB-MG), he received more than BRL\$ 2 million in donations from mining companies. In his first statements after being appointed minister, Silveira sent a message: "We will have to work hard to separate the mining businessmen from those who illegally exploit garimpos. We will need, together with the Minister of Justice, Flávio Dino, to work to separate the wheat from the chaff," said Silveira.

**In time:** Ibram congratulated Lula on his election and **stated** that "Brazilian mining companies are willing to collaborate and wish the President-elect and his government every success in the socio-environmental and economic development of Brazil". Ibram directors **also met with the Mines and Energy Transition Working Group** to "suggest public policies for mining in Brazil".

## DISARMING THE BOMB

To defuse the climate and anti-indigenous bomb left by Bolsonaro mineral's policy, it is necessary to go far beyond the urgent fight against mining in indigenous lands and conservation units. It is inevitable to confront the powerful economic lobby of mining companies, who greatly and directly benefited from the past four years of Bolsonarism running the MME.

Mining activity must operate in accordance with the Federal Constitution and the safety of Brazilian people, guaranteeing the right to prior and informed consultation with communities affected by the sector and respect for environmental legislation, in addition to complying with multilateral treaties already signed by Brazil, such as the Paris Climate Agreement and the Convention 169 of the International Labor Organization.



## **There will be no zero deforestation or reduction in greenhouse gas emissions with such lack of control over land use for mining.**

This is a central debate both for national development and global climate justice; therefore, it must involve all sectors of society. As an initial contribution, we have assembled 20 suggestions for this moment of rebuilding of public governance and aimed reduction of socio-environmental impacts of mining activity in the country:

### **STRENGTHENING OF CONTROL AGENCIES:**

- To carry out new public tenders to increase the number of civil servants and recompose the technical staff of agencies such as the National Mining Agency and IBAMA (Brazil's main environmental agency), in particular;
- To review the appointments of all ANM regional superintendents and dismiss accordingly in case of conflicts of interests;
- To establish a permanent inspection system involving IBAMA (Brazil's main environmental agency), FUNAI (Brazil's Indigenous Agency), the Federal Police, the Federal Prosecution Office and state forces in the main illegal gold mining hotspots, as well as to carry out command and control field operations to disarticulate the financing and supply networks, in addition to deactivating landing strips used by garimpeiros' planes;
- To review permissions, terms, and tacit authorizations for mining exploration and mining rights granted by the National Mining Agency in the last four years, in addition to reviewing mineral research and exploration processes with the participation of CPRM and private companies in every state of the federation;
- To substantially increase control over the gold chain, with digitization of processes, certificate requirements, and cross-referencing of information;
- To recommend to the Central Bank improved due diligence on DTVMs gold trading to de-list financial institutions involved in illegal mining;
- To end the possibility of "remote inspections" for mines and dams and expand in-person inspections, including permanent monitoring of the safety of structures without outsourcing control to companies and external audits.



## BILLS, DECREES AND MEASURES:

- To repeal PL 191/2020, which authorizes mining in indigenous lands;
- To suspend the processing of the current version of PL 3729/Environmental Licensing that is proceeding in the Senate;
- To immediately review the premises and text of the draft bill of the New Mining Code before it proceeds to plenary vote in the House of Representatives;
- To approve bills that increase the safety and supervision of mining tailings dams, preserve the rights of affected populations, and reduce the deadline for decommissioning all upstream dams and critical high-risk structures already identified by ANM;
- To increase the rates of the **Financial Compensation for Mineral Exploration - CFEM** paid by companies of all sizes in the extraction of all types of metals for the purpose of compensation due to municipalities and states home to mining projects;
- To revoke all decrees from the Bolsonaro government that have flexed rules for garimpo, the lithium market and nuclear ores;
- To review the entire program of minerals considered "critical" and "essential", including projects approved under priority status.

## TRANSPARENCY AND SOCIAL PARTICIPATION:

- To articulate permanent channels of discussion between the National Mining Agency (ANM) and the Ministry of Mines and Energy (MME) with the Ministry of the Environment and Climate Change (MMA) and the newly created Ministry of Indigenous Peoples (MPI), and their respective agencies and control bodies;
- To ensure the participation of community representation, socio-environmental movements, academia, and experts in the debates and development of programs and policies in the area of mining and energy;
- To prioritize the transparency of official responses, via the Access to Information Law and in relations with the press and organized civil society by ANM, MME and related bodies;
- To restrain lobbying and relationships that represent conflicts of interest between public agents of the MME, ANM and other federal and executive agencies, with mining companies and mining market entities at official instances, events, committees and other negotiations;
- To adopt best transparency practices, detailing the participants and making available the minutes of meetings and committees involving public agents from ANM and MME;
- To increase the "quarantine" period to at least one year between the departure of public officials from government agencies and their entry into private mining companies, in order to minimize the so-called "revolving door".





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**Brasília, DF and São Paulo, SP, March 2023**

We dedicate this report to all people affected and impacted by mining, damming, and garimpo projects in Brazil, and stand in solidarity with socio-environmental movements fighting for land rights and climate justice. Without memory there is no reparation.

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**About Observatório da Mineração:** The Mining Observatory is a platform for investigative journalism, critical analysis, research and mentoring focused on the extractive sector created in 2015 by journalist Maurício Angelo. It specializes in covering activities of multinational companies, the socio-environmental impacts of mining and garimpo, lobbying, political influence, and the role of mining in the climate crisis and energy transition. It's become a global reference on mining matters. Follow on **Twitter**, **Youtube**, **Instagram**, **Facebook** and **LinkedIn**

**About Sinal de Fumaça:** Launched in October 2020, Smoke Signal is an independent bilingual platform updated weekly that organizes a timeline of the main facts, news and speeches related to the Brazilian socio-environmental crisis. Produced by a group of communicators and activists with support from the Lema agency, the platform allows the search and "customization" of thematic timelines, by period or key stakeholder. The site also allows researchers, journalists, activists, students, and other users to download and archive selected content. In addition to serving as a monitor, Sinal de Fumaça operates as a space for preserving memory and combating misinformation on the Brazilian socio-environmental agenda. Follow on **Twitter** and **Instagram**



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