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Chambre de Commerce Brésil-Canada

## **Report on Brazil's new Program for Mining and Development 2020-2023**

Written by the Consulate General of Canada in Rio de Janeiro on September 2020

On September 28, 2020, Brazil's Department of Mines and Energy released its Program for Mining and Development (*Programa Mineração e Desenvolvimento – PMD*), aimed at defining the federal government's agenda for its mining sector 2020-2023. The PMD recognizes the importance of the mining sector for Brazil's economy, but also clearly states the need for growth to be aligned with the sustainable development of the country.

### ***Summary of the Program:***

The program is comprised of 10 focus areas (related to economy, sustainability, governance and innovation), each with specific goals to be attained over the next three years. The centre piece of the program is its "sustainability" action plan with its 26 goals, aimed at supporting continued growth of the mining sector in a socio-economic and environmentally responsible manner. The plan includes the following:

- implementation by mining companies of low impact environmental technologies with high social return;
- responsible management, reduction and reuse of mining waste and tailings;
- improved dam safety, management of tailings and waste, and new measures for mine closures;
- fostering the use of technologies and innovation (including industry 4.0) in mining activities;
- sustainable water management technologies in mineral processing; encouragement of energy efficiency in mining;
- promotion of practices that reduce green house gas emissions.

The PMD also emphasizes the need for the formulation, expansion and diversification of development and innovation projects in the areas of geosciences and mineral research and exploration; and contains a commitment to adopt measures to attract domestic and international investment in mining, as well as promote entrepreneurship in the market.

On governance, the Program reinforces the importance of adopting best practices in terms of integrity, ethics, transparency in the public and private sectors, and developing policy to address the specificities of mining. The PMD also expresses an interest in developing partnerships at the international level for support to the development of the Brazilian mining sector. As part of its Management and Efficiency commitments, the program also lists as a priority the restructuring and modernizing the National Mining Agency, an institution created in 2018 but which has struggled to perform its duties under the current mining regime.

### ***Context:***

Brazil is one of the world's leading mineral producing nations, with over 9,400 active mines producing some 85 different minerals. In particular, Brazil is a leading producer of niobium, iron-ore, vermiculite, graphite, bauxite, kaolim and vanadium. Canada has a significant presence in the Brazilian mineral sector, as the major gold and vanadium producer in Brazil, as well as lithium and rare earth projects.

### ***Analysis:***





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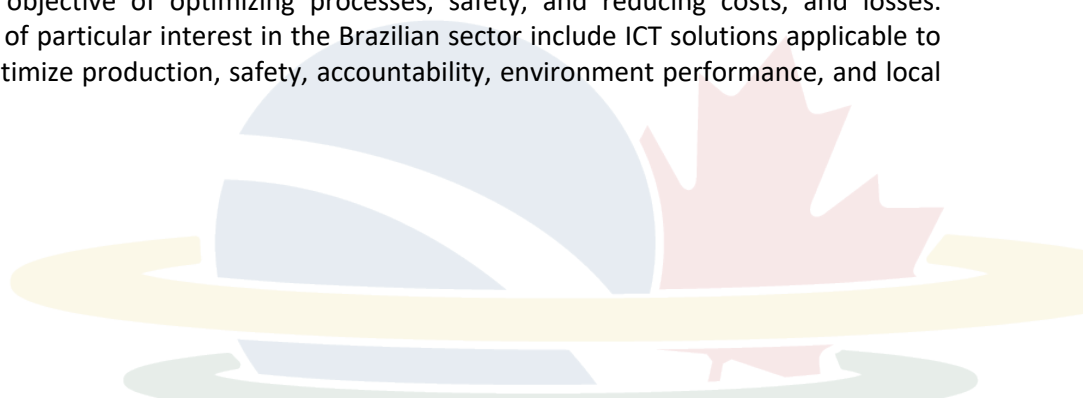
The PMD comes at a time where Brazil has faced environmental and human disasters following the dam ruptures in Mariana (2014) and Brumadinho (2019). It also follows the adoption of the new Brazilian Mining Code of 2017 and regulatory changes made after Brumadinho, to address policy on mining and sustainability and provide a more stringent environmental framework. Other challenges in the sector include land claims by Indigenous groups and Quilombolas (descendants of Afro-Brazilian slaves who escaped from slave plantations that existed in Brazil until abolition in 1888) and related human rights considerations, as well as illegal mining by “Garimpeiros” (independent and unregulated mineral prospectors). In many ways, these issues have impacted Brazilian public opinion, resulting in a negative perception of the mining sector. In this sense, the adoption of the plan is indispensable, and in line with recent mining industry initiatives to improve its record, notably the adoption by the Brazilian Mining Institute (IBRAM) in September 2019 of “Toward Sustainable Mining” (TSM) standards developed and promoted by the Mining Association of Canada.

However, while the adoption of the PMD and its objectives are commendable and timely, there appears to be an absence of concrete measures (and associated budget) by the federal and state governments needed to implement this ambitious agenda. Given the current dearth of adequate funding to fully realize the PMD, the federal Ministry of Mines and Energy (MME), has begun reaching out to foreign investors from countries with significant activities in the mining sector, such as Canada, to publicize the PMD, with a view to attracting new foreign direct investment in the sector. To note, ~~that~~ it is not yet clear when the government will issue further guidelines on the implementation of the measures to meet the goals for 2023.

There should also be cause for concern owing to references in the PMD to expansion of areas for mining exploration as well as the development of mining regulation in Indigenous areas. This would echo plans revealed by the government earlier this year to allow commercial mining on Indigenous lands (Bill 191/2020), which has been strongly decried by the Brazilian opposition and civil society groups, and reported in international media. The bill has yet to be analysed by the Brazilian Congress (a special committee has been created to deliberate on the proposed piece of legislation but members have not been appointed). Sources consulted by BRSLA consider that this approach by the Bolsonaro government could have the effect of incentivizing illegal illicit activities, by giving the impression that illegal land occupations and mining exploitation could eventually be legalized.

### ***Comments (Implications for Canada):***

- The MME has been actively targeting Canadian mining companies and investors to invest in the Brazilian mining sector. A Webinar is planned for December 2<sup>nd</sup> to present the PMD to foreign investors as well as other recent/ future policies of the MME.
- In line with the PMD’s objectives, Canada’s missions in Brasil have been working to strengthen international partnerships and fostering the use of technologies and innovation in the mining sector. A recent example of this is the partnering mission organised this November to introduce Canadian SMEs to potential Brazilian partners for industrial R&D collaboration specific to ICT solutions applicable to the mining sector, with the objective of optimizing processes, safety, and reducing costs, and losses. Technology and products of particular interest in the Brazilian sector include ICT solutions applicable to the mining sector that optimize production, safety, accountability, environment performance, and local community support.





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- For Canadian companies, the PMD's clear emphasis on the adoption of cleantech and innovative and disruptive technologies in the mining sector could open new doors for those businesses with solutions in such areas. Other opportunities worth highlighting: corporate training for mining professionals; technologies to ensure supply chain sustainability (to deal with issues such as illegal mining, human rights issues and environmental compliance).
- Canada has been working closely on dam safety with the Brazilian government and private sector over the past decade, and in particular since the Brumadinho disaster in 2019. For example, in response to a request by the Brazilian Ministers of Environment and Regional Development, our embassy facilitated policy meetings between the Canadian Dam Association and high level Brazilian federal government authorities in March 2019.
- The adoption of the TSM in Brazil also provides a structure on which to build on many of the aspects covered by the PDM, as the standards provide a set of tools and indicators to drive performance and ensure that key mining risks are managed responsibly by companies operating in the mining sector. An important feature of the TSM is its [Advisory Panel](#), a multi-stakeholder group between mining companies and communities created to foster dialogue, improve the industry's performance and shape the program for continual advancement. IBRAM and its members have committed to implementing the standards within 5 years of their adoption (ie. by 2024).
- We recommend that Canadian companies that may have an interest in expanding their activities in ecologically sensitive areas and Indigenous lands in Brazil be extremely cautious and seek local expert advice before doing so.

