



Mining to Brazil.

Trends and opportunities

The market

Brazil has a privileged position in the ranking of worldwide reserves and is the most important mineral producer in Latin America. Brazil has a considerable diversified mineral production and is the largest exporter of iron ore and niobium alloys.

It is also one of the major producers of petroleum, niobium, iron, kaolin, tantalite, bauxite, graphite, asbestos, cassiterite, magnesite, vermiculite, ornamental rocks, talcs, phosphate rock and gold.

Although the mineral extractive industry is only a small share (one per cent of GDP), it is still one of the economy's most important industries.

The mineral exploration spending and objectives outlined by the Brazilian Ministry of Mines and Energy are to:

- ≠ Triple mineral production value in 12 years, to US\$25 billion by 2010.
- ≠ Increase by six times the mining royalty revenue collecting through the widening of the fiscal basis and more efficiency in royalty payment control, increasing the total annual value from US\$809 million to US\$4.8 billion by 2010.
- ≠ Generate 460,000 new direct jobs in the mining sector and about 4.3 million additional jobs in the mining, to increase total mining labour force to 7.3 million employees by 2010.

Human resources training

Top-level training by specialists in geology and mining engineering in graduate schools has existed for quite some time in Brazil. The Federal universities are the main centres for qualifying professionals for the mining industry. Companies recruit skilled labour with a secondary school education. The companies also have the support of the National Industrial Apprenticeship Service (Senai) for specific training courses.

Mineral technology centres

Brazil has several research and mining mineral technology development centres in the principal states with major mineral production. All of them are under Federal or State control. The most important of them, the Mineral Technology Centre for Mineral Technology (Cetem), run by the National Research Council (CNPq), is situated in Rio de Janeiro, and is an organisation linked to the Ministry of Science and Technology (MCT).

Brazilian industry of capital goods for mining

Most machinery and equipment used by the mining industry is produced domestically, either by branches of international capital goods companies or by Brazilian firms using imported technology. There are as many manufacturers of mass produced equipment as there are of tailor-made.

Opportunities

Australia is generally well known as a premier mining country. Brazil is interested in diversifying its sourcing of equipment and services and Australia's reputation gives Australian companies a good chance at winning business.

The need for new equipment, development of new mines and exploration is expected to increase significantly in the next few years. With increased mining activity there is a tendency to outsource services and equipment.

Industry specialists have indicated areas where the Brazilian mining industry will be investing:

- ≠ **Equipment** – sample analysis mining laboratory equipment, trucks, shovels, drilling equipment, front loaders,

- wheeldozers, and environmental control equipment.
- ✧ **Services** – drilling, exploration, airborne geophysics, contract mining and engineering services, materials handling, and environmental management.
- ✧ **Software** – mining, exploration, and geophysics.

Competitive environment

The presence of private Brazilian capital prevails, although foreign capital has a minority interest in many companies. This situation is the result of a development model used in Brazil during the 1970s and 1980s that combined Brazilian private and state capital with foreign capital. The main mining companies, by mineral produced and approximate market share are:

- ✧ Cia. Vale do Rio Doce – iron, gold, potassium, manganese (24 per cent)
- ✧ Minerações Brasileiras Reunidas (MBR) – iron (4.5 per cent)
- ✧ Samarco Mineração S.A. – iron (4 per cent)
- ✧ Ferteco Mineração S.A. – iron (3 per cent)
- ✧ Mineração Rio do Norte S.A. – bauxite (2.5 per cent)
- ✧ S.A. Mineração Trindade Samitri – iron (2.5 per cent)
- ✧ Votorantim Cimentos Ltda. – limestone, clay (2 per cent), pyrochlorine (niobium) (2 per cent)
- ✧ Cia. Siderúrgica Nacional – iron, limestone (1.5 per cent)
- ✧ Cia. Mineira de Metais – zinc (1.5 per cent)

More information

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(Last updated: February 2006)

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