

1. BACKGROUND ON MINING

The search for minerals was introduced in Brazil during the colonial period, when the Portuguese Crown decided to provide incentives for missions organized to quest for gold. This practice inaugurated the "Gold Cycle" in Brazil, which was focused in the central part of the present day Minas Gerais state.

Today's mineral activities in Brazil result from a mix of resource endowment, chance and scientific discoveries and public policies adopted along this century. Most important among these are:

- the discovery of sizable high grade iron ore deposits in Minas Gerais (1907/1909). Later on this iron ore would be mined by a government owned enterprise founded in 1942, "Companhia Vale do Rio Doce - CVRD" which is currently the largest iron ore exporter in the world;
- the sanctioning of the Brazilian Mineral Code (1934) and the establishment of the National Mineral Production Department-DNPM (1938);
- the expansion of large-scale siderurgy, with the founding of a state-owned steel plant called Companhia Siderurgica Nacional - CSN (1940s);
- the establishment of a national oil monopoly and the creation of "Petroleo Brasileiro S/A - PETROBRAS" (1953);
- the liberalization of regulations concerning foreign participation in the mineral sector, following changes in the Mineral Code (1967);
- the implementation of large scale projects aimed at import substitution , specially in steel products, non-ferrous minerals, cement and fertilizers (1970s);
- the discovery of extensive mineral deposits in the Amazon, which, because of their importance, transformed the national mineral scene (1960s and 1970s).

2. BRAZILIAN MINERAL ECONOMY

2.1 Main indicators

In 1989, mineral production alone was responsible for three percent of the Gross National Product (GNP). However, when the value added by the industrial transformation of minerals is included, such as in metallurgy and in the production of steel, fertilizers, cement and petrochemicals, the mineral sector contribution to GNP reaches over one fourth of the total (as much as 26.3% or US \$100 billion).

The main items in the Value of Mineral Production (VMP) are energy products which respond for 48.48% (41.01% oil, 5.20% natural gas and 2.26% coal). Metallic substances follow, with 27.58%, while non-metallic materials respond for 22.77%.