

Macroeconomics Overview

- Inflation
- Growth
- Balance of Payments
- Foreign Debt
- International Reserves
- Employment
- Fundamental Challenges

Mineral Sector Overview

- Basic Indicators
- Links with the Macroeconomic Expectancies
- The Role of Foreign Capital
- The Change in *Minebusiness* Climate

Minebusiness

Climate of Investments

- ▼ **Removal of Constraints to Foreign Capital**
- ▼ **Sensitive Reduction in Taxation**
- ▼ **Modernization of the Mining Code**
- ▼ **Administrative Reform of DNPM and CPRM**
- ▼ **Determination to Guarantee Legal Stability**
- ▼ **Privatization Program**
- ▼ **Real Commitment to Reduce the Brazil Cost**
- ▼ **Derived Demand**

The Actual Cycle of Growth

Outlook and Trends

- **Capital Requirements Projections**
- **The Expected Role of the State Companies**
- **The Reserved Role for the Foreign Companies**
- **Some Challenges**
- ***Minebusiness* Climate of Investments**

Business Scenario in the Mining Sector

- ❖ **Macroeconomics Overview**
- ❖ **Mineral Sector Overview**
- ❖ **Minebusiness Climate of Investments**
- ❖ **The Actual Cycle of Growth**

Mineral Sector Indicators : 1995

- Gross Value of Mining Production : US\$ 11.5 Billions
- Added Value of Mining Production : US\$ 8.2 Billions
- Added Value of Mineral Production : US\$ 61.3 Billions
- Total Exports of Mineral Products : US\$ 9.7 Billions
- Total Imports of Mineral Products : US\$ 9.2 Billions
- Relevance in World Reserves : Niobium (1^o ; 88 %);
Kaolim (2^o ; 14%); Graphite (2^o ; 13%); Aluminum (3^o ;
14%); Iron Ore (5^o ; 9%); Manganese (5^o ; 1.4%); Tin (7^o ;
7%); Gold (nd; 2%)
- Relevance in World Production : Niobium (1^o ; 88 %); Iron
Ore (2^o ; 18%); Tin (4^o ; 10%); Aluminum (4^o ; 9%); Kaolim
(4^o ; 4%); Manganese (5^o ; 13%); Gold (nd; 3%)

Climate of Investments

General Aspects

- ◆ Political Stability
- ◆ Confidence in the Political Economy
- ◆ Tradition as a Good Guest to Foreign Capital
- ◆ Actual and Potential Size of Domestic Market
- ◆ Diversity, Level of Integration and Sophistication of the Industrial and Technological Base
- ◆ Speed and Scope of the Privatization Program
- ◆ Competitive Advantages as a Launch Pad to Global Exports
- ◆ Significance within the Mercosur
- ◆ Competitive Taxation System
- ◆ Modern and Large Financial Market
- ◆ Clear and Liberal Legal Frame Regulating Flows of Foreign Capital

Climate of Investments

Sectorial Aspects

- Extension and Diversity of Geological Environments
- Mining Legislation Clear and Transparent in Granting Exploration and Mining Concessions
- Exploration Permits are Granted for an Initial Maximum 3 year Period, but can be Extended if Justified
- It does not have a Maximum Period for the Mining Concession
- Good Flexibility in Transferring Exploration and Exploitation Rights
- Great Number of Mining , Suppliers and Consulting Companies Composing an Expressive Network of Potential Partners, Sellers, Buyers and Customers
- A Modern and Seasoned Institutional Frame of Specialized Government Agencies
- Several Regional and Sectorial Incentives