EXECUTIVE SUMMARY

TRANSPARENCY AND FOREIGN CONTROL OF CRITICAL AND STRATEGIC MINERAL COMPANIES IN BRAZIL



Presented by:

inesc

In partnership with:

Centro Internacional de Transparência e Pesquisa em Fiscalidade Corporativa

Transparency and foreign control of critical and strategic mineral companies in Brazil

Global competition for critical minerals and rare earths places Brazil in a strategic geopolitical position. These resources are essential inputs for the energy transition, artificial intelligence and military applications, for which Brasil possesses extensive and diversified reserves, including the world's second-largest reserve of rare earths. However, it faces the challenges of regulating how its reserves are to be used whilst ensuring value is added within its borders. These are essential if Brazil is to move beyond the commodity-export model.

This study presents an overview of the main companies currently mining in Brazil, identifying challenges and opportunities around transparency and regulation in the mining sector, with an emphasis on critical and strategic minerals. The analysis seeks to understand the availability of information about these companies, which is important not only for oversight by the Brazilian government, but also for monitoring by civil society.

The methodology of this study, which is based on data from the 2025 report by the National Mining Agency (ANM)1, is to analyse oversight and transparency of Brazil's 27 leading mineral producers. The data has been organised in line with the government's classification of strategic minerals into the following categories:2 1) minerals on which the country depends to supply its domestic economy; 2) minerals that are important due to their use in high-tech products and processes; and 3) those that are essential for generating a trade surplus. The report also presents two case studies to highlight the limitations and consequences of the current Brazilian mining model.3

The analysis reveals that, of the 27 largest mining companies featured in the ANM report, only seven publish annual reports on their operations in Brazil, including financial and accounting data. The disclosure of operational and financial performance indicators by companies in the country is a tool for ensuring accountability to society at large, particularly when companies receive public funds, such as tax credits and incentives, as is the case in the mining sector.

This findings underline the need for greater regulation of the sector, particularly through bolstering transparency. One of its key recommendations is

1 ANUÁRIO MINERAL BRASILEIRO 2025, p. 22. Available at: <https://www.gov.br/anm/pt-br/assuntos/economia-mineral/publicacoes/anuario-mineral/anuario-mineral-brasileiro/amb_metalicos__rev_2.pdf>.

2 Resolution No. 2/2021. Available at: <https://www.gov.br/mme/pt-br/assuntos/noticias/mme-avanca-na-implementacao-da-politica-pro-minerais-estrategicos/Resoluon02SGM.pdf>. Decree No. 10,657, of 24 March 2021. Available at: <https://www.planalto.gov.br/ccivil_03/_ato2019-2022/2021/decreto/d10657.htm>.

3 CICTAR contacted the companies and institutions mentioned in the report prior to its publication, setting out the main findings relevant to each of them. The responses received are available in full in the complete study and on CICTAR's website.

the introduction of a mandatory reporting requirement based on the transparency model used in countries such as Norway and Australia. These reports should contain detailed indicators for each project, including: taxes paid (by type), royalties, infrastructure payments, investments, turnover, production volume, total expenditure, the entity's activities, the number of employees and their employment status, interest paid to entities within the same group, and pre-tax profits. In addition, there should be a requirement to itemise all tax incentives received by companies.

In order to better understand the regulatory and policy challenges posed by the sector, particularly in a resource economy as diverse as Brazil's, the study focuses in on two case studies.

The first case study involves an assessment of foreign control in rare earths.

- The study analyses the eight main rare earth projects registered in Brazil: USA Rare Earth; Meteoric Resources; St. George Mining; Power Minerals; Origen Resources; Aclara Resources; Viridis Mining and Minerals; Brazilian Rare Earths. The only one at the operational stage is the Serra Verde project. The others are still at an earlier stage, either research, licensing or structuring.

- The analysis reveals that all are foreign-controlled companies, own a small number of mines worldwide, draw their capital from among institutional investors and private individuals, and use stock exchanges – primarily the Australian ASX – to sell shares and raise finance. The internationalised nature of the sector, outside of Brazilian regulation or oversight, makes it even more challenging to develop strategies for strengthening the value chain within the country.

The second case study, on Vale S.A., assesses the effective tax rate applied to its operations and examines evidence of under-invoicing of iron ore exports from Brazil between 2014 and 2024.

- Based on an analysis of the 2024 Tax Contributions Report, the study highlights the company's low effective tax rate, calculated by dividing the taxes paid by the company by its profits, taking into account tax deferrals, deductions and incentives. This rate serves to illustrate how far the company is from paying the official income tax rate (in Brazil's case, 34 per cent). Due to various tax incentives identified in the study, primarily those granted under the Amazon Development Authority (Sudam) and the North-East Development Authority (Sudene), incentivised debentures and Juros sob o Capital Próprio (interest on equity), as well as deductions considered exceptional, such as the carry-forward of tax losses, the effective tax rate in 2024 was just 10.8 per cent.

- The study also compared the average price (CIF) of ore exported by Brazil against the international price. Using data for the period from 2014 to 2024, a lower price of US$ 25.23 per tonne was identified, which was compared with the international price; this would result in under-invoicing of US$ 85.7 billion over the period and a loss of tax revenue of US$ 22.4 billion, or US$ 2.2 billion per year.

- Under-invoicing involves selling the main product (unprocessed iron ore) to subsidiaries in tax havens at a price below market rates. The subsidiaries would then sell the product to end customers (primarily in China) at market value. The iron ore does not physically pass through the tax havens, but this intermediation lowers the sale price recorded in Brazil, thereby reducing the profit subject to taxes.

- The same figure, converted to May 2026 values, amounts to R$ 10.9 billion, which is 20 times the Federal Government's total expenditure on the National Mining Agency (ANM) in 2025 (R$ 529.0 million). In recent years, the ANM has suffered from underfunding, which undermines oversight, investment and the operational capacity of the Brazilian mining sector. This situation highlights the importance of greater control by tax and government authorities, as well as civil society, over the uses and allocation of the country's mineral wealth.

Produced by INESC, in partnership with the Centre for International Corporate Tax Accountability and Research (CICTAR), this summary of a longer study, available in full in Portuguese, highlights the importance of regulating access to and the exploitation of Brazilian mineral resources. The report offers a series of recommendations around transparency, tax justice, socio-environmental safeguards and strengthening value chains.

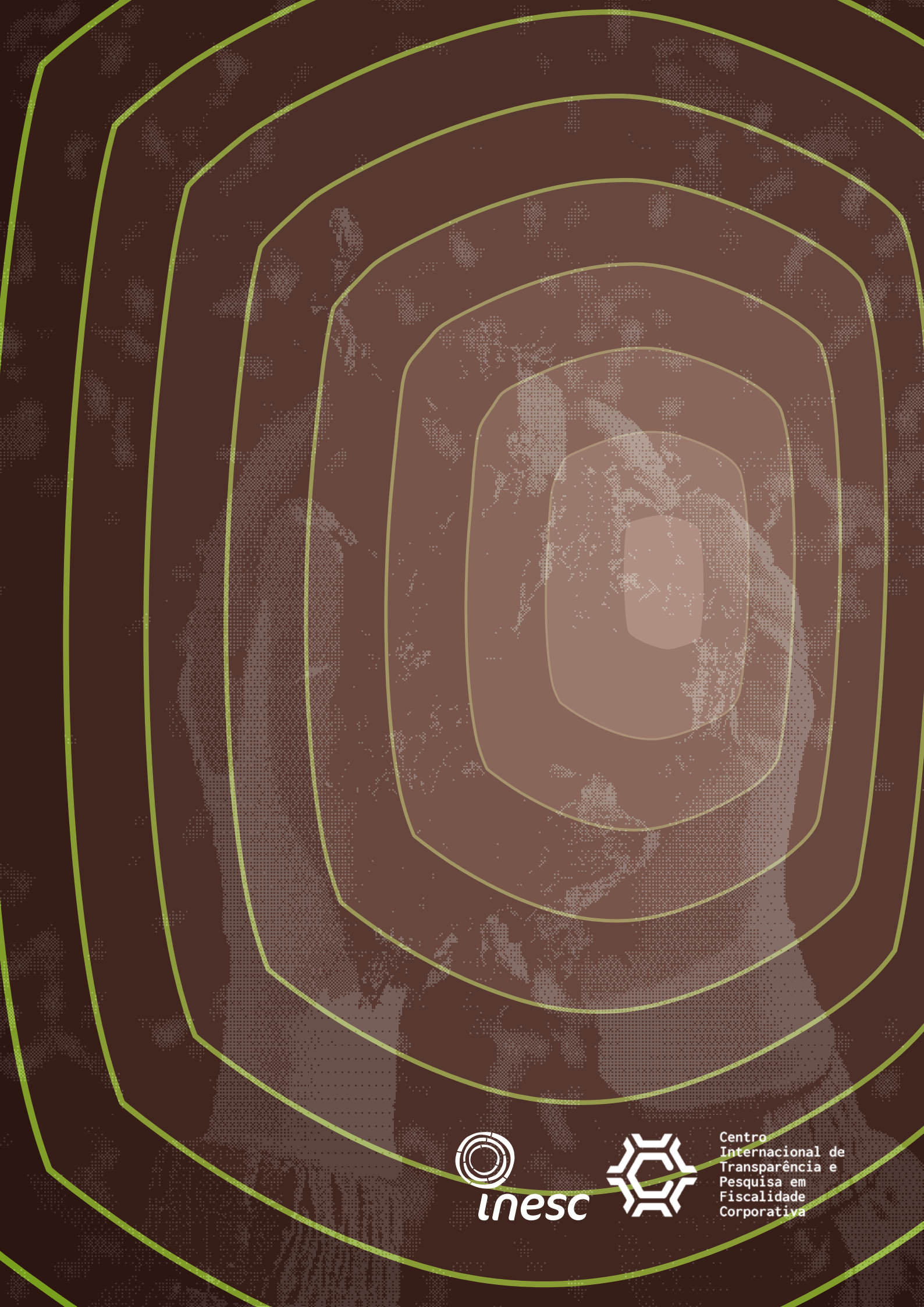
Recommendations

I. **Review and reorient industrial policy and tax incentives towards value aggregation.** Currently, the main incentives aimed at the mining sector lack qualitative indicators and predominantly benefit the export of raw minerals by large companies. It is essential to reformulate the structure of tax incentives and industrial policy so that state support is conditional upon environmental, social, labour and fiscal safeguards whilst prioritising value aggregation.

II. **Introduce a Brazilian transparency report for the extractive industry.** Given the current low level of transparency, Brazil should introduce a mandatory report compiling information on production, profits and tax incentives, based on international best practice.

III. **Investigate evidence of under-invoicing and revaluate transfer pricing rules.** The Brazilian Federal Revenue Service, the Attorney General's Office for the National Treasury and the National Mining Agency should investigate systematic evidence of under-invoicing of iron ore exports. A rigorous analysis is also required of the effectiveness of the Organisation for Economic Co-operation and Development's (OECD) new transfer pricing rules, given that recent data indicate that price discrepancies persist even after the regulatory change, which undermines the collection of IRPJ, CSLL and CFEM taxes (income tax, social contributions and royalties, respectively).

IV. **Increased participation by trade unions and civil society.** Greater public participation in the debate on the future of mining in the country be fostered, through a National Conference on Mineral Sovereignty. It is essential to ensure trade union representation in these forums and in collective bargaining with mining companies. Finally, it is of the utmost importance that the government works with the tax justice movement to demand, in global forums, the automatic exchange of information between countries and a global minimum tax on multinationals.



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