

Business Proposal for Brazil-United States Cooperation in Critical Minerals

Joint Statement by AmCham Brazil and the U.S. Chamber of Commerce

Critical minerals and rare earths are vital to modern economies, supporting key industries, driving innovation, ensuring energy efficiency, enhancing food security, and contributing to national defense. Global demand for these minerals is projected to rise significantly in the coming years. According to the International Energy Agency (IEA), demand for lithium is expected to increase fivefold by 2040, while graphite and nickel demand will double. Demand for cobalt and rare earth elements is also projected to rise by 50-60%, and copper demand is expected to increase by 30%, primarily driven by the deployment of batteries in electric vehicles (EVs) and storage applications.

The economic growth and resilience of Brazil and the United States depend on securing the supply of these minerals and mastering technologies that add value throughout the production chain. Currently, mineral processing is concentrated in a few countries, with China dominating the refining of 19 out of 20 strategic minerals, holding an average market share of around 70%. By 2030, China is expected to control 46% of processed copper, 57% of lithium, 74% of cobalt, 77% of rare earths, and 93% of graphite.

To change this scenario, well-developed and coordinated partnerships between countries and policies that encourage expanded development and trade are essential. Both Brazil and the United States prioritize this issue, as evidenced by stimulus measures for financing and the National Policy in the Brazilian Congress, and on the U.S. side, through three Executive Orders published this year.

Brazil is a global player in mining, especially in high-quality iron ore, and holds the largest niobium reserve, the second-largest reserves of graphite and rare earths, and the third largest in nickel. However, except for niobium, it is not a major mineral processor. The United States, on the other hand, has smaller reserve volumes but with supportive policies, including meaningful reform of the permitting process, is home to companies with the capacity to build significant processing technology and facilities, thereby reducing reliance on single-source suppliers.

The combination of the assets of the two countries, enhanced by stronger sector-enhancing policies, can generate promising results, but they will greatly depend on tighter coordination between the countries. In this regard, the American Chamber of Commerce for Brazil (AmCham Brazil) and the U.S. Chamber of Commerce propose the following four areas to foster this partnership:

1. **Strategic Mineral Dialogue Action Plan:** Develop a Strategic Mineral Dialogue Action Plan, a result of the bilateral Working Group on the topic created in 2020. This plan should include a clear roadmap to guide bilateral work between Brazil and the United States, bringing predictability to the minerals value chain. The roadmap should cover cooperation to expand Brazil's geological mapping, financing and guarantees for mineral projects, partnerships for mineral processing, mineral tracking technologies, R&D, and regulatory cooperation for the trade of mineral products and co-products.
2. **Geological Mapping:** Intensify technical and geoscientific cooperation between the Geological Survey of Brazil (SGB) and the U.S. Department of State, as well as the United States Geological Survey (USGS), to expand the geological mapping coverage of critical

minerals and rare earths in Brazil. This expansion should include sharing advanced geological mapping methodologies and jointly developing monitoring projects for priority and high-potential areas.

3. **Financing and Guarantees for Projects:** Advance the Framework Cooperation Agreement signed in 2024 between BNDES and the U.S. Development Finance Corporation (DFC). Under the leadership of Brazil's Ministry of Mines and Energy (MME) and the U.S. Department of State (DoS), focus on a list of priority projects for co-financing of critical minerals and rare earths processing in Brazil and the United States. Combine the financing and guarantee instruments of the two countries with private banks to boost and accelerate investments in extraction and processing of critical minerals
4. **Productive and Technological Development Partnership:** Promote public-private actions for developing business partnerships between the two countries. This includes efforts to identify companies with the technological capacity to accelerate the extraction and processing of critical minerals and rare earths, and to develop joint research and technological innovations that enhance the properties of critical minerals, aiming to increase the energy efficiency of batteries and other energy equipment. Public-private missions between the countries can promote investment opportunities and potential support instruments for companies.
5. **Local Community Engagement and Environmental Sustainability:** Enhance socio-economic benefits for local communities in Brazil. The U.S. and Brazil should prioritize inclusive approaches in critical minerals projects by establishing frameworks that ensure community voices are heard, incentivize job opportunities, foster local expertise, support small and medium enterprises, reinvest revenues in community development, and preserve natural resources. Additionally, to promote environmental sustainability and ensure traceability of rare earths, the U.S. and Brazil should adopt ISO-based standardized rules, aligning mining operations with ISO 14001 for sustainable practices, developing traceability systems for transparency, establishing programs to reward adherence to high standards, and engaging in international collaboration to harmonize standards, thereby enhancing global supply chain resilience and sustainable economic growth.