



GOLD IN TURMOIL: measures that shook the market

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Gold output registered by wildcat mines dropped 84% in 2024

Following the government's control measures in 2023, the Brazilian gold market was thrown into turmoil, with sharp declines in production and export records.



84%

The Brazilian government implemented significant measures in 2023 to regulate the gold market and combat illegal mining. Electronic invoices are now mandatory for wildcat gold transactions, and they no longer rely solely on the good faith of those involved. These measures had an immediate and profound impact on the gold market.

Before the new regulations, wildcat mines registered 31 tons of gold in 2022. In 2023, following the changes, the volume dropped to 17 tons – a 45% reduction. In 2024, the decline has been even steeper. Between January and July, the volume of gold produced by wildcat mines was 84% lower than during the same period in 2022.

More than 70% of the drop in officially recorded wildcat gold output occurred in Pará. In 2023, wildcat gold production in the state decreased by 10 tons, a 57% reduction compared to the previous year. In the municipality of Itaituba alone, production fell by 6 tons. By July 2024, Pará's wildcat gold production had already plummeted by 98% compared to the same period in 2022.

The effects of these measures were also reflected in Brazilian gold exports. In 2023, exports dropped by 29%, and from January to July 2024, the exported volume was 35% lower than in the same period of 2022.

The states that experienced the most significant decline in gold exports in 2023 were São Paulo – which does not produce gold but is an export hub for wildcat mines in the Amazon region – and Mato Grosso, where wildcat mining is prevalent. As for export destinations, India, the United Arab Emirates, and Belgium collectively reduced their purchases by 18 tons, primarily from São Paulo, Mato Grosso, Rio de Janeiro, and the Federal District.

In summary, the gold market has experienced a shock. Officially recorded production and exports have fallen sharply even though gold prices remain high, which would typically drive up both figures¹.

With these control measures on the market notorious for illegal mining practices, a significant portion of the illicit gold trade has moved. Previously, it was easy for gold from wildcat mines to be “laundered” and exported as if it were legal. Now, the landscape has changed, with higher costs and risks for those engaging in such illegal operations.

2023

In **2023**, wildcat mines’ official gold output declined 14 tons, equivalent to **BRL 4.3 billion** or **USD 869 million**².

2024

From January to July **2024**, wildcat mines’ gold output was **84%** lower than in the same period of **2022**.

¹ According to data from the World Gold Council, the average gold price in 2023 was USD 1,941 per troy ounce (or about BRL 312/g), the highest average price ever recorded, 8% above the value in 2022.

² Value in Brazilian reais estimated based on the average gold price in 2023, and value in U.S. dollars estimated considering an average exchange rate of BRL 4.99/USD.

Discrepancy Between Official Gold Production and Export Figures

There is a significant discrepancy between the official figures for gold exports and gold production each year. While minor differences may exist and are considered normal, this large gap draws attention.

In recent years, up until 2022, Brazil exported, according to official records, more gold than it produced—an average surplus of about 7 tons. This figure suggests illegal activity in the market, as it points to volumes of gold that were possibly not officially recorded but still reached international markets. In 2023, this pattern changed. Brazilian gold production recorded a surplus of 8 tons over exports, which may indicate that this excess gold was sold through channels other than official exports.

By 2022: Brazil exported **7 tons** more than its recorded production



In 2023: Brazil registered **gold production** was **8 tons** higher than the volume of exported gold

Closing the doors to illegality

In March 2023, the Federal Revenue Service mandated that transactions involving wildcat gold — classified as a financial asset — must now generate electronic invoices. This requirement became mandatory in August of that year, undoubtedly facilitating oversight. Until then, invoices were paper-based and handwritten, which allowed for fraud and made it difficult for authorities to enforce control.

Additionally, in April 2023, the Supreme Federal Court, through a Preliminary Injunction in Direct Action of Unconstitutionality 7,273, suspended the so-called presumption of the legality of gold and the good faith of those involved in transactions with wildcat gold. This presumption protected financial institutions, known as Securities and Financial Market Distributors (DTVMs), which purchase gold from wildcat mines. Now, these institutions are under greater scrutiny and can be held legally accountable if they purchase illegal gold.

As a result of this change brought by the Supreme Court, the Central Bank, which authorizes the operation of DTVMs, issued a regulatory instruction in July 2023, guiding these institutions on the procedures for purchasing gold. Among the requirements are implementing risk management structures and compliance policies, conducting audits, and maintaining internal controls to prevent money laundering and asset concealment.

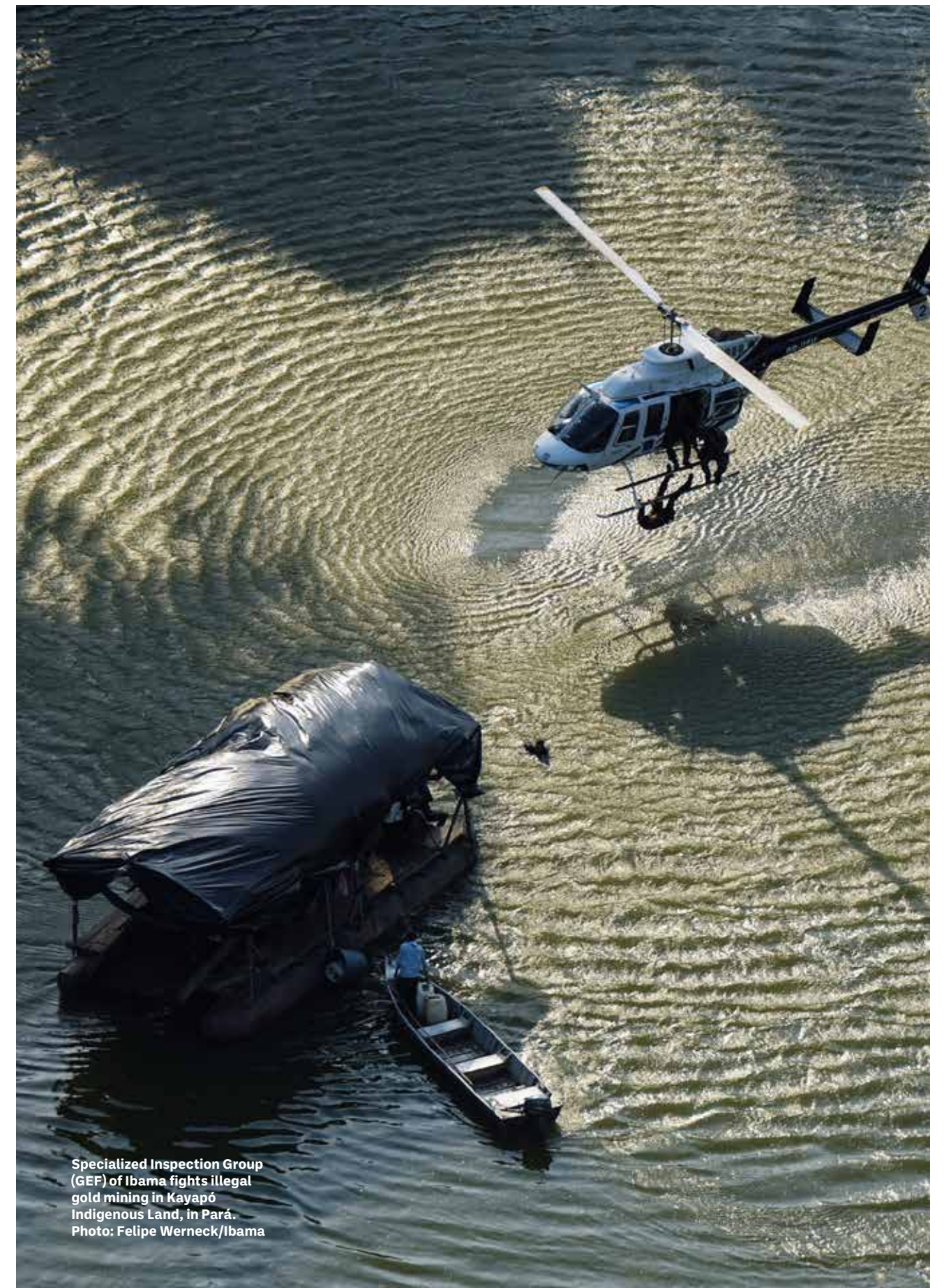
Below is a list of the regulations that have closed the doors to illegal gold and increased the risks for those involved in this supply chain.

- **March 29, 2023:** Federal Revenue Service Normative Instruction N^o. 2,138, which regulates the Electronic Invoice for Gold as a Financial Asset³.
- **April 4, 2023:** Precautionary Measure in Direct Action of Unconstitutionality N^o. 7,273 from the Supreme Federal Court, suspending the presumption of the legality of gold acquisitions and the good faith of purchasing entities⁴.
- **July 31, 2023:** Central Bank of Brazil Normative Instruction N^o. 406, which guides institutions authorized by the Central Bank of Brazil on procedures to be followed when purchasing gold⁵.

³ Federal Revenue Service Normative Instruction No. 2138, of March 29, 2023. Regulates the Electronic Invoice for Gold as a Financial Asset (NF-e Ouro Ativo Financeiro), intended for registering transactions involving gold as a financial asset or foreign exchange instrument. Available at: <<http://normas.receita.fazenda.gov.br/sijut2consulta/link.action?idAtivo=129816>>. Accessed on August 21, 2024.

⁴ FEDERAL SUPREME COURT. Precautionary Measure in Direct Action of Unconstitutionality No. 7,273 from the Federal Supreme Court. Available at: <https://www.stf.jus.br/arquivo/cms/noticiaNoticiaStf/anexo/ADI7273_Cautelar.pdf>. Accessed on August 21, 2024.

⁵ Normative Instruction BCB No. 406, of July 31, 2023. Provides guidance for institutions authorized to operate by the Central Bank of Brazil regarding the procedures to be adopted for gold purchases. Available at: <<https://www.bcb.gov.br/estabilidade-financiera/exibnormativo?tipo=Instru%C3%A7%C3%A3o%20Normativa%20BCB&numero=406>>. Accessed on August 21, 2024.



Specialized Inspection Group (GEF) of Ibama fights illegal gold mining in Kayapó Indigenous Land, in Pará. Photo: Felipe Werneck/Ibama

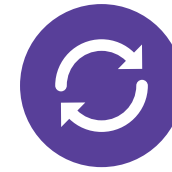
Transforming the sector

Important steps have been taken to regulate the gold trade, with significant effects on the market. However, more actions are still needed to complete the journey toward the sector's full transformation.

To achieve this, combating illegal mining must be a priority, as it has severe environmental and social impacts and creates unfair competition in the market. It is also essential to improve the regulations governing wildcat mining operations, ensuring they are aligned with the realities on the ground.



REGIME CHANGE



Wildcat mining operations have expanded significantly in recent years, both in scale and operational structure. Therefore, discussing the sector's transformation is crucial, outlining the pathways to bring some of these wildcat operations under the mining concession regime and turn them into formal mining companies.

With a corporate structure, it would be easier to manage and mitigate the impacts of mining activity, implement initiatives to replace toxic substances like mercury, and adequately address land reclamation and working conditions.

Shifting to the concession regime would also bring significant advantages to the area holders, such as easier access to financing and greater freedom to enter important consumer markets.

The mineral surveys and economic exploitation plans required for concessions, critical for better resource utilization and enterprise planning, could be adapted to fit the realities of operations transitioning from one legal regime to another.

The means to make this happen already exist. Today, voluntary migration to the concession regime is possible but should be made mandatory once an operation reaches a certain threshold, such as a production value cap.

For this, the National Mining Agency must build the capacity to analyze these processes and carry out the necessary regulatory adaptations.

REQUIREMENT FOR MINERAL RESEARCH AND ECONOMIC EXPLOITATION PLANS



⁶ According to Article 6 of Law 7,805/1989, the regulatory body can, if deemed necessary, require the execution of mineral research.

It is important that wildcat mining permits, not just mining concessions, be required to carry out mineral research and present economic exploitation plans. These are necessary to provide minimum knowledge, planning, and monitoring of the mining operations. With such measures, it would be possible to estimate, for instance, if a particular area is producing volumes far above or below expectations, optimizing oversight.

Law No. 7,805/1989 ("Wildcat Mining Law")⁶ already provides for the requirement of research work, which can be adapted to the realities of wildcat mining with feasible estimates.

LIMITATION ON THE NUMBER OF WILDCAT MINING PERMITS PER PERSON



Wildcat mining permits should be limited to one per person, respecting the maximum area limit. This would eliminate distortions, such as cases where a single individual holds multiple permits that, together, cover areas much larger than allowed.

FINANCIAL GUARANTEES



Given the mining sector's environmental and social impacts, all operations, regardless of their legal regime, should be required to provide financial guarantees — such as insurance, deposits, or bank guarantees — to fulfill environmental and social obligations. This ensures that if the responsible party fails to meet these obligations, the burden does not fall on society.

MONITORING ENVIRONMENTAL AND SOCIAL OBLIGATIONS



In addition to strengthening oversight of illegal activities, it is crucial to enforce the recovery of degraded areas, regulate the use of hazardous substances like mercury, and monitor other environmental and social conditions. The lack of enforcement has led to catastrophic situations for the country.

CANCELLATION OF MINING PERMITS PROCESSES IN RESTRICTED AREAS



Mining permits processes, including applications, that are located in areas where mining is not allowed — such as Indigenous Lands and Conservation Units — must be canceled.

MANDATORY GOLD TRACEABILITY MECHANISM



Brazil still needs a mandatory traceability system for gold. Such a mechanism would allow for the differentiation of legal from illegal gold, ensuring that the market only absorbs and properly compensates metal from lawful sources. This would provide security and advantages both for those producing and selling gold and for those purchasing it.



Operation against illegal mining in the state of Rondônia. Photo: Ministry of Defense

Table 1.
Gold output registered by wildcat mines
(in kg)

State	2022	2023	Variation
States where gold output declined			
Pará	17,315	7,380	-9,935
Mato Grosso	11,813	8,447	-3,366
Rondônia	1,340	904	-436
Amazonas	214	101	-113
Maranhão	64	0	-64
Tocantins	12	0	-12
Subtotal	30,758	16,831	-13,927
States where gold output increased			
Goiás	<1	2	2
Amapá	3	4	1
Pernambuco	0	1	1
Minas Gerais	<1	<1	<1
Subtotal	3	8	5
Total	30,761	16,839	-13,922

Source: Author's elaboration based on CFEM collection data from the National Mining Agency.

Table 2.
Gold output registered by mining
concessions (in kg)

State	2022	2023	Variation
States where gold output declined			
Amapá	2,138	330	-1,809
Goiás	4,485	3,029	-1,456
Subtotal	6,623	3,359	-3,264
States where gold output increased			
Mato Grosso	5,411	6,483	1,072
Bahia	9,602	10,594	992
Maranhão	3,310	3,981	670
Tocantins	106	573	468
Minas Gerais	31,660	32,115	455
Pará	1,664	1,704	40
Pernambuco	<1	9	9
Paraná	284	286	2
Subtotal	52,038	55,744	3,706
Total	58,661	59,103	442

Source: Author's elaboration based on CFEM collection data from the National Mining Agency.

Table 3.
Gold output registered between January
and July (in kg)

Period	2022 (Jan-Jul)	2023 (Jan-Jul)	2024 (Jan-Jul)	Variation % (2023/2022)	Variation % (2024/2022)
Wildcat mines					
Pará	10,703	6,393	166	-40%	-98%
Mato Grosso	6,636	6,059	2,357	-9%	-64%
Rondônia	737	600	390	-19%	-47%
Amazonas	109	74	16	-32%	-85%
Outros	51	6	12	-88%	-77%
Subtotal	18,237	13,132	2,941	-28%	-84%
Mining concessions					
Minas Gerais	16,902	18,113	16,468	7%	-3%
Bahia	4,910	6,134	5,640	25%	15%
Mato Grosso	2,865	3,776	5,445	32%	90%
Maranhão	1,858	2,250	1,427	21%	-23%
Goiás	1,812	1,560	2,012	-14%	11%
Outros	2,592	1,581	2,082	-39%	-20%
Subtotal	30,939	33,413	33,075	8%	7%
Total	49,176	46,546	36,015	-5%	-27%

Source: Author's elaboration based on CFEM collection data from the National Mining Agency.

Table 4.
Main municipalities with a decline
in gold output registered by wildcat
mines (in kg)

Municipality	2022	2023	Decline
1. Itaituba (PA)	12,168	6,036	-6,132
2. Cumarú do Norte (PA)	2,126	314	-1,812
3. Novo Progresso (PA)	1,938	431	-1,507

Source: Author's elaboration based on CFEM collection data from the National Mining Agency.

Table 5.
Decline in Brazilian gold exports by state of origin

State	Exports 2022		Exports 2023		Decline		% Total Decline
	Kg	USD (million)	Kg	USD (million)	Kg	USD (million)	
São Paulo	12,231	684	1,580	92	-10,651	-593	38%
Mato Grosso	14,283	735	8,567	479	-5,716	-255	20%
Minas Gerais	37,312	1,778	32,082	1,593	-5,230	-184	18%
Goiás	9,677	497	6,475	241	-3,202	-256	11%
Rio de Janeiro	3,707	199	846	47	-2,861	-152	10%
Outros	19,115	1,014	18,379	1,034	-736	19	3%
Total	96,325	4,908	67,929	3,486	-28,396	-1,421	100%

Source: Author's elaboration based on foreign trade data from Comex Stat.



Table 6.
Decline in Brazilian gold exports by country of destination and state of origin

Destination State of origin	Exports 2022		Exports 2023		Decline		% Total Decline
	Kg	USD (million)	Kg	USD (million)	Kg	USD (million)	
Índia	15,348	802	4,775	261	-10,573	-541	37%
Mato Grosso	9,298	485	4,042	228	-5,256	-257	
São Paulo	4,197	225	33	2	-4,164	-224	
Outros	1,853	92	700	31	-1,153	-60	
United Kingdom⁷	14,332	818	7,240	442	-7,092	-376	25%
Minas Gerais	11,680	665	5,199	316	-6,481	-349	
Goiás	2,652	153	2,041	127	-611	-26	
Others	-	-	>1	>1	-	-	
United Arab Emirates	8,279	442	3,916	207	-4,363	-236	15%
São Paulo	2,417	135	661	37	-1,756	-97	
Rio de Janeiro	2,202	119	752	42	-1,450	-77	
Distrito Federal	1,292	67	189	10	-1,103	-57	
Others	2,368	123	2,314	118	-54	-5	
Bélgica	3,357	181	-	-	-3,357	-181	12%
São Paulo	1,535	86	-	-	-1,535	-86	
Rio de Janeiro	808	44	-	-	-808	-44	
Minas Gerais	483	28	-	-	-483	-28	
Others	531	24	-	-	-531	-24	
Subtotal: Índia, United Arab Emirates, Belgium	26,984	1,425	8,691	468	-18,293	-958	64%
United Kingdom	14,332	818	7,240	442	-7,092	-376	25%
Other countries	55,009	2,664	51,998	2,576	-3,011	-88	11%
Total das exportações	96,325	4,908	67,929	3,486	-28,396	-1,421	100%

Source: Author's elaboration based on foreign trade data from Comex Stat.

Table 7.
Brazilian gold exports between January and July (in kg)

Exports	2022	2023 (Jan-Jul)	2024 (Jan-Jul)	Variation % (2023/2022)	Variation % (2024/2022)
Kilos of gold	51,666	42,280	33,418	-18%	-35%

Source: Author's elaboration based on foreign trade data from Comex Stat.

⁷ Exports to the United Kingdom also saw a significant drop of 7 tons, primarily due to reduced gold purchases from Minas Gerais, but also from Goiás, where industrial mining companies operate.

Methodological Note

The estimates of officially registered gold production, both from wildcat mining permits and mining concessions, were calculated based on the publicly available Financial Compensation for Mineral Exploration (CFEM) collection records provided by the National Mining Agency. All data related to gold exports were extracted from Comex Stat, the official portal for Brazil's foreign trade statistics. For the analysis, product code SH 7108 was used. Both databases were accessed in August 2024.

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