From weak politics to private policies: the role of the mining sector in the transformations of environmental policy in Minas Gerais State, Brazil

Da política fraca à política privada: o papel do setor mineral nas mudanças da política ambiental em Minas Gerais, Brasil

De la política endeble a la política privada: el papel del sector minero en los cambios de la política ambiental en Minas Gerais, Brasil

Introduction

In this article, we argue that, over the past 20 years, the mining sector has developed a disproportional influence over public agents in the state of Minas Gerais, Brazil. In association with this phenomenon, we have identified a series of changes to the state’s environmental legislation which have weakened public control over polluting activities. This situation helps us to understand how two of the biggest socio-environmental disasters in the history of mining took place in Minas Gerais in a short period of time: Samarco, in 2015, and Vale, in 2019. However, the intensity of these disasters and the strong mobilization of different social actors toward demanding greater control over mining companies have created a political setting that can interrupt this trajectory, at least with regard to tailings dams.

This article is based on a literature review and document analysis and is structuring in three sections, besides this Introduction. In section The Power of the Mining Sector in Minas Gerais, we describe some of the strategies used by mining companies in order to exercise power. In section Changes to the Minas Gerais Environmental Legislation and the Renova Foundation Case, we first address some legislative changes, focusing on the 2015-2018 period and, later, on the creation of the Renova Foundation as a paradigm of private environmental policy. Lastly, we remark upon the emergence of the law proposal “Mar de Lama Nunca Mais” [“Sea of Mud: Never Again”] and its approval as a civil society response to the disasters involving tailings dams in Minas Gerais.

The power of the mining sector in Minas Gerais

The literature on public policy, economic sociology and political science has yielded a large scholarship on the relationship between transnational corporations and the State. Fuchs wrote a didactic systematization of the ways in which corporations can exercise power over the State. One of them is based on material structuralism, specifically on the companies’ economic power. Thus, “in capitalist societies growth is dependent on corporations, elections are often dependent on growth, and thus politicians have an incentive to respond to their concerns to make the economy grow” (p. 99). As a result, politicians tend to construct partnerships with corporations in order to be associated with any increment to the economy that they might generate. Fuchs also mentions the ideational dimension, based on the creation...
of symbols and narratives. Lastly, she emphasizes the instrumental dimension, based on a relational perspective and on corporations’ direct influence over public agents. This type of manifestation can be identified through campaign funding, lobbying and “revolving doors”.

When analyzing the relationship between mining corporations and public institutions in the state of Minas Gerais, we can note the adoption of all three dimensions by the mining sector. The material structuralism can be exemplified by this sector’s importance to state revenues. Considering only the value of the Financial Compensation for Mineral Extraction (CFEM, in Portuguese) in 2017, this sector contributed BRL 175 million to the public treasury and, according to Brazilian Mining Institute (IBRAM, in Portuguese), it was responsible for around 50,000 direct jobs.

In recent years, mining companies have also played a growing role in funding research through the Foundation for Research of the State of Minas Gerais (Fapemig, in Portuguese). Given the state’s budget restrictions, there have been recurring cuts to research funding, even interrupting studies regarding the impacts of mining activities. In this context, one of the strategies used by Fapemig to maintain some studies was signing agreements with mining companies, or entities connected to these companies, such as the Renova Foundation. The Grant 07/2018 Fapemig-Vale was especially criticized by members of the scientific community because one of its objectives was “to support research and scientific and technological innovation projects in the ICTs located in Minas Gerais to develop research aligned with the interests of VALE S.A., the mining sector and the state of Minas Gerais.”

The ideational manifestation, in turn, is very strong in this state, where many refer to its “mineral vocation” to justify the sector’s expansion. For example, as she was signing a declaration of investment intentions with the mining company Manabi S.A, the former State Secretary for Economic Development, Dorothea Werneck, stated that “the Minas Gerais government’s priority is to make the most of the state’s mineral vocation.”

However, out of all the strategies used by mining companies to exercise power, the instrumental ones have proven to be the most complex to study.

Though corporate campaign funding has been ruled unconstitutional and banned by the Electoral Mini-Reform, many recent decisions regarding environmental legislation in Minas Gerais were taken before this ban. Studies have investigated mining companies’ support of candidates at the federal level, especially those who took the lead in the mining code debate. In the state government, in the 2014 election, Governor Fernando Pimentel’s campaign was funded by companies from the Vale group. Likewise, more than 70% of state representatives elected in 2014 were funded by the mining sector and many of these occupied seats in committees related to mining activities or the environment.

As for “revolving doors”, in Minas Gerais one finds both the migration of mining representatives to decision-making positions within public agencies and the hiring of high-level public managers to work in mining companies. For example, Sávio de Souza Cruz, who was State Secretary for the Environment and Sustainable Development between 2015 and 2016 had been a founding member of the company Ambio Geologia e Engenharia Ambiental Ltda., which provided consulting services to mining companies. A more recent example is Aline Faria Souza Trinidade, former Chief of Cabinet of the Minas Gerais government’s priority is to make the most of the state’s mineral vocation”.

Lastly, there have been different lobbying strategies within public institutions. One of them has been nominating mining representatives to seats on participant councils of environmental or water resource management agencies. In the Regional Collegiate Unit (URC, in Portuguese) of East Minas, which is responsible for the environmental licensing of many mining projects in the Iron Quadrangle, a Vale employee was among the substitute members in the 2013-2016 tenure. In the Committee for the Hydrographic Basin of the Piracicaba River-MG (CBH-Piracicaba, in Portuguese), in the 2013-2017 period, Vale had two seats. In the Santo Antônio CBH, in the same period, Vale had, nominally, one seat, while another was occupied by the Itabira Higher Education Community Foundation (FUNCESI, in Portuguese), which includes the mining company in its curators’ council. Beyond these more institutionalized strategies, other less republican strategies can also be identified. In 2014, Adriano Magalhães Chaves, former State Secretary for the Environment, and other four public servants where indicted by the Minas Gerais State Prosecutor (MPMG, in Portuguese) for hiding documents so as to favor the interests of the MMX Sudeste Mineração company. Further-
more, according to Angelo, in 2014, Vale employees took part in meetings, theoretically exclusive to public servants, in which alternatives for simplifying and accelerating environmental licensing processes in Minas Gerais were discussed.

Thus, the relationship constructed between mining companies and state institutions is shown to be very close and complex, to the point that it opens up the possibility for companies to exercise power and influence the decisions made by public agencies. Such an influence could be one of the factors that helps explain the changes to state environmental legislation.

Changes to the Minas Gerais environmental legislation and the Renova Foundation case

Weakening environmental licensing in Minas Gerais

Since before the changes to the State Environmental System (SISEMA, in Portuguese) implemented by the Aécio Neves administration, the Minas Gerais environmental policy and, particularly, its environmental licensing system were already targets of harsh criticism. The criticism was addressed to different elements, such as political influence over technical decisions, process fragilities and the oligarchization of its councils.

Arguing the need to modernize the environmental code, the Fernando Pimentel administration significantly altered the legislation through Law n. 21,972/2016. However, what the governor claimed to be modernization had unquestionable signs of greater flexibilization and lower strictness for licensing potentially polluting activities. This new norm nor only restricted the amount of time environmental agencies had to carry out Environmental Impact Studies (Art. 21), but also allowed project licensing to be debated by collegiate bodies without first undergoing analysis by the competent technical agencies (Art. 23). Additionally, it created the class of "priority projects" (whose relevance would be determined in a discretionary manner) that would not be evaluated by the environmental agencies, but by a complementary structure located in the State Secretariat for the Environment and Sustainable Development (Arts. 5, 24 and 25).

In order to regulate Law n. 21,972/2016, the State Decree n. 47,042/2016 detailed how SISEMA would function. According to this decree, the State Secretariat for the Environment and Sustainable Development (SEMAD, in Portuguese) would be altered to include a Superintendence of Priority Projects (SUPPRI, in Portuguese) within the Sub-secretariat of Environmental Regulation (SURAM, in Portuguese), which would be tasked with analyzing licensing processes for projects or activities considered to be a priority due to their relevance for environmental protection or for social and economic development in Minas Gerais. Thus, it attributed to SUPPRI the power to interfere directly in the licensing of certain projects.

Within SUPPRI, projects were defined to be a priority by the Sustainable Economic Policy Coordination Group (CGPPDES, in Portuguese), composed of five government secretariats, the Minas Gerais Development Bank (BDMG, in Portuguese), the Minas Gerais Economic Development Company (CODEMIG, in Portuguese), the Minas Gerais Energy Company (CEMIG, in Portuguese), the Minas Gerais Institute for Integrated Development (INDI, in Portuguese) and coordinated by the state’s Treasury Secretariat. Thus, SUPPRI’s orientation were far more directed at development than at environmental protection, which subverted the logic underpinning SEMAD’s existence.

Other important changes to environmental licensing in Minas Gerais also resulted from the Normative Deliberation n. 217/2017, from the Minas Gerais State Council for Environmental Policy (COPAM, in Portuguese), which established, among others, the licensing modalities to which projects would be subjected. The changes were made through the substitution of the Environmental Operational Authorization by the Simplified Environmental Licensing for small-scale potentially polluting projects, which was reduced to a single stage, in which information related to the activity was registered with the agency. At the same time, the Three-Phase Environmental Licensing for middle and large-scale potentially polluting projects, with the successive issuing of the Previous License, Installation License and Operation License, could now be achieved simultaneously, in only one phase, through the Concomitant Environmental Licensing, previously only possible in two stages.
Therefore, between 2016 and 2017, under the excuse of “speeding up” the environmental licensing process, the government’s power to interfere with state agencies was increased and environmental agencies’ ability to question projects was limited. If, from a legal standpoint, the changes weakened the state agencies’ ability to guarantee that economic activities would not significantly degrade the environment, the “main” environmental governance experience in Minas Gerais, or even in the country, happened as a result of the Fundão dam rupture, in November 5th, 2015, through extra-judicial agreements between the State and the mining companies.

The Renova Foundation and the privatization of environmental policy

The Brazilian state’s response to the Rio Doce disaster consisted in a leap from the paradigm of weak regulation to private regulation, through the “Transaction and Conduct Adjustment Term” (TTAC, in Portuguese; https://www.samarco.com/wp-content/uploads/2016/07/TTAC-FINAL.pdf) signed by the mining companies responsible for the Fundão dam rupture, the state governments of Minas Gerais and Espírito Santo, and the Federal Government. This agreement created the Renova Foundation, a private organization responsible for the recovery, mitigation and compensation of socio-economic and socio-environmental impacts on the Rio Doce basin.

In general terms, a Conduct Adjustment Term (TAC, in Portuguese) consists of an instrument for extra-judicial conflict resolution proposed by public institutions to a violator, or potential violator, of a trans-individual right. The justification presented for proposing a TAC in the environmental area is the urgent nature of ecological disasters, since the sluggishness of legal proceedings can lead to a worsening of the consequences of the environmental damage, hindering its reparation. When a TAC is signed, agencies must seek a protection of the environmental good, and not the culpability of those who caused the damage.

The first aspect that draws attention in the signing of the TTAC was a lack of representatives of the affected communities. Rodrigues (p. 85) stated that “when signing conduct adjustment terms, the decision-making process should be as participatory as possible. Therefore, ideally, mechanisms for participating in the agency’s decisions when signing the term should be put in place”. The absence of those who were affected, therefore, would be the result of the state’s decision to keep them away from this process.

Another highly criticized aspect of the TTAC was its methodology for defining who was harmed. The document not only attributed to the Renova Foundation the power to decide who were the affected individuals, but created a number of restrictions and demands to recognition and, therefore, compensation of harms. The TTAC established bureaucratic demands that were difficult to meet for people whose whole lives were destroyed by a “sea of mud”. In order to register, they had to show documents that proved their personal information, family income and the harms they had suffered. Only in “exceptional cases” could the Foundation accept other forms of proof.

A third element that characterized the state’s decision to selectively remove itself from the process relates to its follow-up. The document indicated that negotiations would take place directly between the Renova Foundation and those who were harmed, individually, with no guaranteed mediation by public agents. Given the power differential between the people who were harmed and the Foundation’s representatives, these negotiations were unlikely to meet the needs of those who were affected.

Over the course of 2017 and 2018, new agreements were signed in an attempt to adjust the TTAC’s most critical flaws. A description and critique of these agreements can be found in Roland et al., Losekann & Milanez, and Souza & Carneiro.

In place of a conclusion

Over the course of this text, we have described strategies that mining companies have used in order to exercise power over the Minas Gerais government. At the same time, we showed how the state’s environmental legislation was changed in order to make the control over polluting activities less strict. As an emblematic example, we used the case of the Renova Foundation, presenting it as a model of the paradigm of environmental policy privatization.
In a way, this could be the article’s final narrative, however, extreme events, such as the Brumadinho case, show that this path of less environmental control should not be naturalized.

As a consequence of the rupture of the Fundão Dam, in July 2016, a law proposal was introduced by popular demand, titled “Sea of Mud: Never Again”. The project sought to reduce the risk of new ruptures like one that took place in Mariana (PL 3,695/2016). Among other measures, it included a mandatory “environmental deposit” that would guarantee resources for decommissioning dams or for socio-environmental recovery; banned upstream dams and the construction of dams that placed communities in Self-Rescue Zones.

Despite the popular commotion caused by the Rio Doce disaster, PL 3,695/2016 languished in the Minas Gerais State Assembly committees for three years, in addition to suffering many alterations. According to Representative Rogério Correia, these difficulties were created by representatives under the influence of the mining lobby.

After Vale’s Dam No. 1 ruptured, the issue was once again the object of discussions in the State Assembly. However, this time, popular pressure was so intense that it guaranteed the approval of a project similar to PL 3,695/2016. In February, 2019, Law n. 23,291/2019 was sanctioned, which established new rules and new forms of control over tailings dams.

This fact suggests that changes to the power dynamics over public agents can make it possible for turning points to emerge within trajectories of normative alterations. However, despite the relevance of the approval of Law n. 23,291/2019, it is still an isolated change that does not revert the general context of flexibilization of environmental legislation in Minas Gerais. Broad changes that guarantee greater protection of individuals’ health and the environment will still depend on maintaining and broadening social mobilization.

Contributors
B. Milanez contributed to the project design, data analysis and interpretation, and drafting the article. L. Magno and R. Giffoni Pinto contributed to the data analysis and interpretation and drafting the article.

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Additional informations
ORCID: Bruno Milanez (0000-0002-5330-7407); Lucas Magno (0000-0001-8799-4113); Raquel Giffoni Pinto (0000-0003-0042-6143).
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