

## Rich countries may be buying illegal gold that's driving Amazon destruction

by Juliana Ennes on 3 September 2021

- *Nearly a third of Brazil's gold production in 2019 and 2020 was potentially illegal or outright illegal, a new report shows.*
- *The findings suggest that institutional buyers in rich countries — Canada, the U.K. and Switzerland bought 72% of Brazil's gold exports — are contributing to the violence, deforestation and pollution associated with illegal mining.*
- *The report used satellite imagery to show how illegal gold mined in Indigenous reserves was laundered by being reported as having come from legitimate mining concessions; the value of this illegal gold in 2019 and 2020 exceeded \$229 million, the report calculates.*
- *Prosecutors have filed two lawsuits based on the findings: One seeks the suspension of financial institutions identified as buyers of illegal gold in northern Pará state, while the second aims to suspend all permits to mine, sell and export gold from the southwest region of Pará.*

Brazil is likely feeding international demand for gold with bullion tainted by violence, deforestation and pollution, given that almost a third of the country's registered gold production is classified as illegal or potentially illegal, a new report ([http://www.lagesa.org/wp-content/uploads/documents/Manzolli\\_Rajao\\_21\\_Illegal\\_gold.pdf](http://www.lagesa.org/wp-content/uploads/documents/Manzolli_Rajao_21_Illegal_gold.pdf)) shows.

Between 2019 and 2020, Brazil exported 174 metric tons of gold. Of this total, 38% was of unknown origin, 28% had evidence of irregularities, and 34% was apparently of legal origin, according to the report released this week by researchers at the Federal University of Minas Gerais (UFMG). They narrowed down the proportion of illegal gold — defined as such when "satellite images indicate no evidence of mineral exploitation or the mining title is within a protected area" — at 4%, or 6.3 metric tons.

Ninety percent of this illegal extraction was carried out by *garimpeiros*, wildcat miners, with the gold valued at \$229 million. It was also linked to 21,000 hectares (nearly 52,000 acres) of Amazon deforestation in the states of Pará, Mato Grosso and Amazonas, according to the report.

### Popular in the Community

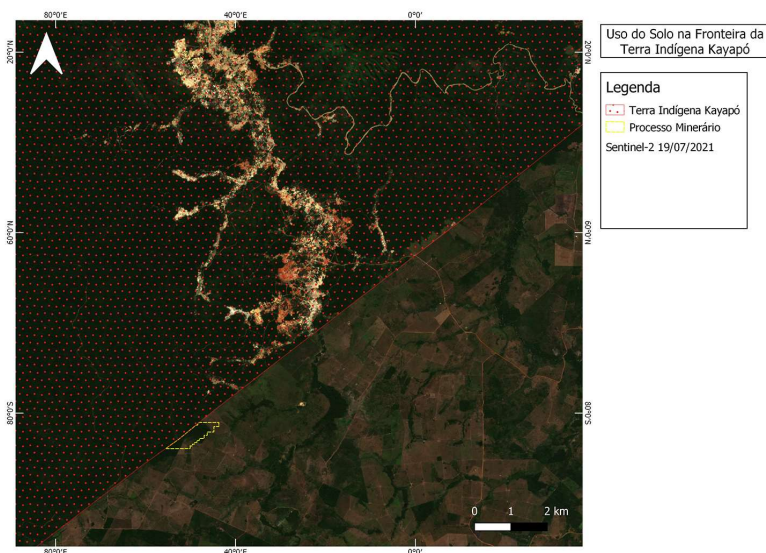
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*Illegal wildcat miners in the Palimiú community within the Yanomami Indigenous Reserve, in Roraima state. Image courtesy of Chico Batata/Greenpeace.*

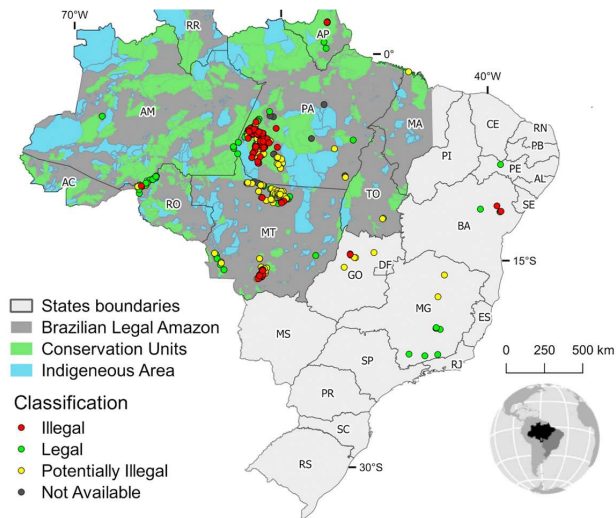
Canada, the U.K. and Switzerland together accounted for 72% of Brazil's gold exports during this period, the report found. Although the researchers were unable to track the exact amount of illegal gold exported, they said "it is very likely that those countries have imported gold linked to destructive activities in the Amazon." While illegal gold mining in the Amazon is a widely researched issue, this latest report brings a new level of granular focus, including providing specific information about mining concessions, producers and buyers. The findings have already led to lawsuits (<https://news.mongabay.com/2021/07/brazil-prosecutors-seek-ban-on-all-gold-mining-in-hard-hit-amazonian-region/>) filed by federal prosecutors, report co-author Raoni Rajão, a professor at UFMG, told Mongabay. Among the key figures from the report is that more than 70% of illegal gold was acquired by just three financial institutions; and just six individuals and cooperatives were responsible for 61% of the illegal production.

The UFMG researchers partnered with the Federal Public Ministry (MPF) to map gold production through satellite imagery, cross-referencing it with more than 17,000 gold transactions registered at the National Mining Agency (ANM), and with gold purchase and sale transactions from the Central Bank of Brazil. While the report puts the amount of gold produced as illegal at 4%, it calculates that a further 24% was "potentially illegal," referring to production detected beyond authorized areas detected by satellite images. A typical case of illegal mining involves gold that's officially reported as coming from a small area on the border of an Indigenous reserve. And while satellite images show no movement or signs of activity in that spot, the real mining takes place across the border inside the Indigenous reserve — an activity that's banned under Brazil's Constitution. Often, legally permitted concessions are used to launder a much larger volume of production from different — and most likely illegal — origins.



*Satellite imagery shows, at right, a small area with legal permits to mine for gold, but with no sign of activity. At left, the dotted area represents the Kayapó Indigenous Reserve in Pará state, with mining activity evident in the clear sites. This is an example of the gold laundering system, according to a recent report. Image courtesy of the Federal University of Minas Gerais (UFMG).*

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*This map shows the spatial distribution of mining concessions with gold production records in 2019 and 2020 that are classified as illegal, potentially illegal, legal, and without information. Image courtesy by the Federal University of Minas Gerais (UFMG).*

Rajão points to the northern Amazonian state of Roraima as a prominent example of this kind of laundering. According to Rajão, the state doesn't have any gold mining concessions — yet it's an exporter of the precious metal. "How is this possible? One obvious explanation is the invasion of the Yanomami Indigenous Reserve by [illegal] miners," he told Mongabay in a phone interview.

Rajão called for stronger due diligence from buyers to ensure the legality of the entire gold production chain. Agricultural produce from Brazil is already subjected to legality verification checks, though these aren't always effective; when it comes to gold, however, there's less scrutiny from buyers.

"This is the moment to discuss transparency in gold production," Rajão said. "Illegal gold from the Amazon is feeding European banks."

## Illegal gold expansion in 'most fragile areas'

Illegal gold mining caused an estimated \$429 million in social and environmental damages on the Yanomami Indigenous Reserve (<https://news.mongabay.com/2021/06/whats-the-cost-of-illegal-mining-in-brazils-amazon-a-new-tool-calculates-it/>) alone last year, according to an impacts calculator launched in June by the MPF in partnership with the Conservation Strategy Fund Brazil (CSF-Brazil), the nonprofit organization responsible for the creation of the tool.

Tiago Moreira, an anthropologist from the Instituto Socioambiental (ISA), a nonprofit that advocates for the rights of Indigenous and traditional peoples, says there's been exponential growth in mining activities within protected areas, Indigenous reserves and conservation units.

"These are the most fragile areas that lack governmental surveillance and enforcement," he told Mongabay by phone. "In the Munduruku Indigenous Reserve, for instance, the presence of organized crime is clear."

In a monthly study

([https://www.socioambiental.org/sites/blog.socioambiental.org/files/nsa/arquivos/isa\\_si\\_jul\\_af01\\_desktop.pdf](https://www.socioambiental.org/sites/blog.socioambiental.org/files/nsa/arquivos/isa_si_jul_af01_desktop.pdf)) focused on isolated Indigenous groups — those that don't have contact with other communities — deforestation on their lands increased by 236% in August over the previous month, according to the ISA, with a total of 202 hectares (499 acres) of forest destroyed due to logging and mining.

Within the Munduruku Indigenous Reserve in Pará state, isolated groups are known to frequent the banks of the Cabitutu River in Jacareacanga municipality. But these very banks are also under strong pressure from mining activities. The ISA has identified 82 new illegal mining sites, totaling 78 hectares (193 acres), deforested in just a month, according to the findings released this week.

Moreira said wildcat miners have been present in the region in various cycles since the 1950s. Most recently, their strategy is to co-opt Indigenous people who have left their communities to live in the cities, getting their help to enter what should be protected territory.

"The certainty of impunity allows the organized crime to advance into Indigenous reserves in very bold actions, with armed personnel and even using helicopters to carry the needed material for illegal mining," said Moreira, who has lived in the Munduruku reserve.



*Illegal mining activity within the Munduruku Indigenous Reserve in Pará state. Image courtesy of Marizilda Cruppe/Amazônia Real.*

Prosecutors from the MPF are now using the UFMG researchers' findings to file lawsuits against those involved in illegal mining.

The first lawsuit seeks the suspension of the three financial institutions reportedly behind the purchase of 70% of illegal gold in the country (<http://www.mpf.mp.br/pa/sala-de-imprensa/noticias-pa/mpf-pede-suspensao-de-instituicoes-financeiras-que-compraram-ouro-ilegal-no-para>). FD Gold (<http://www.mpf.mp.br/pa/sala-de-imprensa/documentos/2021/dgold-dtvm.pdf>), Carol (<http://www.mpf.mp.br/pa/sala-de-imprensa/documentos/2021/carol-dtvm.pdf>) and Ourominas (<http://www.mpf.mp.br/pa/sala-de-imprensa/documentos/2021/om-dtvm.pdf>) (OM) are accused of selling more than 4.3 metric tons of illegal gold between 2019 and 2020 domestically and internationally. In addition to suspending their activities in Pará, federal prosecutors are also seeking fines of up to \$2 billion for social and environmental damages.

In a statement, FD Gold said it "does not know the content of the action and the object of the lawsuit," adding it will respond "within the deadlines and in the appropriate forum." Carol and Ourominas did not immediately respond to Mongabay's requests for comment.

A second lawsuit (<http://www.mpf.mp.br/pa/sala-de-imprensa/noticias-pa/mpf-pede-a-suspensao-de-todas-as-permissoes-para-extracao-comercio-e-exportacao-de-ouro-no-sudoeste-do-para>) aims to suspend all permits to mine, sell and export gold from the Pará's southwest region, including the municipalities of Itaituba, Jacareacanga and Novo Progresso. Prosecutors allege that the intensifying invasions and violence promoted by gangs of illegal miners are "seriously impacting" the Munduruku and Kayapó Indigenous groups who call the reserve home.

"Criminal mining transformed the region into the main source of illegal gold in the country," prosecutors wrote in their lawsuit.

The MPF declined to comment on the lawsuits, pending the outcomes.

**Banner image:** *Wildcat miners inside the Yanomami Indigenous Reserve in Roraima state, in the proximity of the Indigenous Waikás and Kayanaú communities. Image courtesy of Chico Batata/Greenpeace.*

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