



Type what you want to search

Search

05/05/2011



Vale receives biggest ore carrier in the world

Anchored in Guanabara Bay, Rio de Janeiro, is the new ship “Vale Brasil”, commissioned by Vale at shipyard Daewoo Shipbuilding & Marine Engineering Co in South Korea. This is the biggest ore carrier in the world, with a capacity of 400,000 tons, 362 meters of length and 65 meters of width. Vale Brasil is the first of seven ore carriers ordered from the South Korean shipyard, totaling an investment of US\$748 million.

Vale has also ordered 12 very large ore carriers with capacity of 400,000 tons from the Rongsheng Shipbuilding and Heavy Industries shipyard in China. These vessels, being built at the Chinese shipyard, have a total investment of US\$1.6 billion.

A highly efficient logistics infrastructure is a key element for competitiveness in the iron ore market. In order to maximize the efficiency of its operations and meet growing global demand, Vale is developing various initiatives to obtain economies of scale. The commissioned vessels will be part of the logistical solution between the company’s maritime terminals in Brazil and Asian customers. The ore carriers have a high standard of safety and will contribute to reducing the cost of long haul maritime transportation of iron ore to steelmakers.

Besides 19 very large ore carriers, Vale will also have 16 other ships with the same dimensions, which will operate exclusively for the company under long-term contracts signed with ship owner partners. These 35 ships will be delivered between 2011 and 2013.

“With our own fleet and chartered ships we reduce exposure to volatility in the freight market. Volatility doesn’t only affect freight costs but also the price of ore. As the new ships start to operate, stability of freight and ore will become even greater, helping Vale and its steel industry clients”, said the executive director of Marketing, Sales and Strategy José Carlos Martins.

Evolution in price of ore versus price of freight

The graph below shows the evolution in the price of iron ore and freight. It can be seen that, until August 2009, the correlation between the curves was high. However, since this date, when Vale started to operate more actively in the freight market, the curves have diverged. In other words, the spot freight market no longer influences the price of iron ore. In 2008, the average price of freight was more than US\$50 per ton, reaching a peak of US\$105 per ton. Last year, demand for iron ore continued to boom, freight cost was no more than US\$40 per ton and the annual average was below US\$30 per ton. Vale’s shipping strategy was fundamental in influencing the freight’s behavior. “The lower the freight cost, the better the final price for customers and producers”, explained Martins.

Vale’s Logistics innovates and makes another leap forward in competitiveness

From concept to project, the engineering behind the largest ore carriers in the world is Brazilian. The development of the project represented a huge technological challenge in terms of innovation, the results are a success. The “Vale Brasil” allows high speed loading and unloading, is suitable for most modern ports in the world, and reduces carbon emissions by 35% per ton of ore transported.

The “Vale Brasil” consolidates a long process of investment that Vale, historically, has been making in infrastructure, key to the competitiveness of Brazilian iron ore in the international market. "We will not stop investing and innovating. Vale's investments in infrastructure are the largest in the country's history, resulting in efficient logistics for our customers. US\$9 billion has been invested over the past six years and in 2011 alone, there will be US\$5 billion invested in the integrated mine-railroad-port-shipping", said executive director of Integrated Operations, Eduardo Bartolomeo.

Vale's orders heat up Brazilian shipbuilding industry

Over the last two years, Vale has commissioned 51 vessels, including tug boats, barge trains and catamarans, from domestic shipyards, helping to develop the Brazilian shipbuilding industry and generating 2,465 direct and indirect jobs, and involving investment of R\$403.9 million.

In all, 15 tugboats have been commissioned in Brazil – 11 built at Detroit shipyard in Itajaí (Santa Catarina) and four at Santa Cruz shipyard in Aracaju (Sergipe). Of this total, 12 vessels have already been delivered to Vale. The tugboats will be allocated to operations at Tubarão Complex (Espírito Santo), Ponta da Madeira Maritime Terminal (Maranhão), Ilha Guaíba Terminal (Rio de Janeiro), Vila do Conde Port and Trombetas Port (Pará). With the new fleet, Vale will now operate a total of 29 tugboats.

The new tugboats are powerful and have excellent maneuverability, this will contribute to improving the productivity of ports, as well as improving safety for docking and undocking of the largest ore ships that currently operate in the world. By building these ships, 1,530 new direct and indirect jobs will be generated.

Besides the tugboats, two barge trains are being built in Rio-Maguari (Pará), composed of two push boats and 32 barges, and two catamarans at Arpoador shipyard in Angra dos Reis, to transport employees from Ilha Guaíba Terminal, making a total of 51 vessels. The orders will be delivered this year. Building the barges and catamarans will generate 695 direct jobs and another 140 indirect jobs.

Log-In

Vale is constantly evaluating opportunities for building ships of different sizes in Brazil. Its affiliate company, Log-In Logística Intermodal, for example, has ordered seven ships from the EISA shipyard in Rio de Janeiro – five container ships and two bulk carriers. Log-In's orders will generate around 6,000 direct and indirect jobs. Total investment in the vessels is approximately R\$1 billion.

More information



Mônica Ferreira

monica.ferreira@vale.com

Rio de Janeiro

+55 (21) 3845-3636

Fatima Cristina

fatima.cristina@vale.com

Rio de Janeiro

+55 (21) 3485-3621