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## Vale sets a dedicated Brazil-Asia shuttle service

Vale announces that it entered into a contract with Rongsheng Shipbuilding and Heavy Industries, from China, for the construction of twelve very large ore carriers, each one with a capacity of 400,000 deadweight tons (dwt).

A highly efficient logistics infrastructure is one of the key factors to the competitiveness of the iron ore business. In order to maximize the efficiency of our operations we have been developing initiatives to enhance the exploitation of economies of scale. These include the use of longer trains in our railroads - with 330 wagons and higher efficiency locomotives, with on-board computers and higher axle loads - and the creation of a dedicated maritime shuttle service between Brazil and Asia, where we expect most of the future growth of the global demand for iron ore to come from.

The ships ordered are the largest ore carriers to be built in the world and they will be part of the shuttle service carrying iron ore from our maritime terminals in Brazil to Asian clients. They have high safety standards and will contribute to reduce the cost of long haul maritime transportation of iron ore to steelmakers. The first of these vessels is expected in early 2011 and the completion of the order is expected to take place in 2012.

The total cost of the investment with these ore carriers is US\$ 1.6 billion. This capital expenditure is in addition to our investment program of US\$ 59 billion for 2008-2012, showing our strong commitment to growth and shareholder value creation.

Given the contracts celebrated and announced by Vale in May 2007 - involving four 388,000 dwt ships, one 300,000 dwt and one 290,000 dwt converted crude carrier - the dedicated Brazil-Asia shuttle service will have 18 very large ore carriers, with a total tonnage of 7.1 million dwt, in addition to our three already existing capesize vessels. The fleet will have an estimated capacity to carry 30.2 million metric tons of iron ore per year from Brazil to Asia, corresponding to 31% of our shipments to China in 2007.

### More information



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