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CVRD and Baosteel agreement on 2005 iron ore prices

Companhia Vale do Rio Doce (CVRD), the world's largest iron ore producer, concluded the iron ore price negotiations for 2005 with Shangai Baosteel Group Corporation (Baosteel), the largest Chinese steel maker. As an outcome of these negotiations, iron ore prices for Carajás (SFCJ) and Southern System (SSF) fines, FOB Ponta da Madeira and Tubarão, respectively, increased by 71.5% relatively to 2004.

Baosteel negotiates representing the Chinese Iron and Steel Association, composed by 13 Chinese steel producers. Agreements between CVRD and those companies involves an amount of iron ore fines of approximately 35,4 million tons for the 2005 Japanese fiscal year (from April 05 to March 06).

The magnitude of the price increase for 2005 reflects an unprecedented situation characterized by the disequilibria in the global metals and maritime freight markets, which led to substantial prices increases for these products and services during the last couple of years.

CVRD reinforces its long-term commitment with clients, investing a significant amount of resources, despite of rising investment costs, in the production and logistics of iron ore. For 2005, CVRD capex budget allocated US\$ 1.7 billion for investments in ferrous minerals. Currently, CVRD is developing six projects for iron ore production capacity expansion, which will come on stream between 2005 and 2007.

More information



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