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## CVRD and Baosteel settle benchmark iron ore prices for 2007

Companhia Vale do Rio Doce (CVRD), the world's largest iron ore producer, concluded the iron ore price negotiations for 2007 with Baosteel Group Corporation (Baosteel), the largest steelmaker of China, a country who is the largest steel producer in the world.

As an outcome of these negotiations, iron ore prices for Carajás (SFCJ) and Southern System fines (SSF), FOB Ponta da Madeira and Tubarão, respectively, increased by 9.5% relatively to the 2006 reference prices. The new reference prices, on a dry metric ton (dmt) basis, are US\$ 0.7320 per fe unit for the SFCJ and US\$ 0.7211 per fe unit for the SSF.

The prices for 2007 reflect global iron ore market conditions and were reached in an unprecedented speed as a result of a highly professionally driven negotiation. This was the first time ever that the benchmark prices are settled with Baosteel, representing all the Chinese steelmakers. CVRD became in 2006 the largest individual iron ore supplier to China, indicating our long-term commitment to the development of its steel industry.

CVRD reinforces its commitment with clients, investing a substantial amount of resources to increase its production capacity. Despite the sharp rise of investment costs, the Company was able to increase its iron ore production by 52 million tons over the last couple of years, reaching a total output of approximately 263 million tons in 2006. Our production is expected to reach 300 million tons in 2007 and we will continue to invest to add new capacity of high quality iron ore to meet client needs in the near future.

### More information



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