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Vale receives preliminary license for potash project in Sergipe

Vale has received the green light for a major new fertilizer project. The state of Sergipe's environmental agency (ADEMA) has awarded a preliminary license to the Carnalita project, which will be the largest potash extraction operation in Brazil when it comes on line. The document is an important step towards implementing the project, as it endorses its environmental feasibility, besides setting out the main environmental precautions to be taken in mining and processing carnallite rock in Sergipe. ADEMA granted the license after thoroughly analyzing the environmental impact studies produced by Vale. The company is currently carrying out geological surveys in the region in order to gauge the extent of mineral deposits available to produce potash.

The Carnalita project is part of Vale's efforts to raise its production of inputs for the Brazilian agricultural market and reduce the country's dependence on fertilizer imports. Brazil current imports the vast majority of the fertilizer it consumes. Potassium chloride, classified as a simple mineral fertilizer, is usually mixed with phosphorus and nitrogen to produce NPK, a compound fertilizer. A pilot plant installed in the region is conducting trials to determine the mining technology to be used. Unlike the system used to produce potassium chloride at Vale's Taquari-Vassouras mine, which involves underground mining operations, carnallite ore will be extracted by injecting hot water into boreholes to dissolve potassium salts. The brine will then be removed from underground and processed on the surface.

If economic feasibility studies currently under way prove positive, an industrial plant will be built to produce an estimated initial output of around 1.2 million tons of potassium chloride per year. Start-up is expected in 2014.

Investment in agribusiness

Vale has recently been expanding its operations in the fertilizer sector, not least because Brazil has one of the largest areas available for agricultural expansion and among the highest growth potential for agribusiness in the world. It is forecast that Latin America, particularly Brazil, will account for 30% of future growth in demand for fertilizers. In January of this year, Vale announced the acquisition of fertilizer assets from the Bunge group, including a stake in fertilizer company Fosfertil. When the negotiation is concluded, and taking into account Vale's existing assets, the mining company is likely to become one of the main global producers of fertilizers over the next seven years.

In addition to operating Taquari-Vassouras mine, also in Sergipe, Vale is developing a range of phosphate and potassium projects across the world, including in Bayovar (Peru), Rio Colorado (Argentina) and Regina (Canada). Vale's new and existing high-grade potash deposits in different parts of the world are contributing to the company's growth strategy and enabling it to become a new global leader in the fertilizer industry.

More information

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