



Brazil: Companhia Vale do Rio Doce (Vale) Invests in Logistics

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Summary

Companhia Vale do Rio Doce (Vale) is investing in logistics to ensure its expansion.

Vale signed a contract with GE Transportation, a division of General Electric Co, to implement a new signaling system for railways. The system should be installed along the 600 kilometers of double tracks of the Vitoria Minas Railway (EFVM). The new system must ensure increase on the traffic capacity of at least 23% by 2010, when the works should be completed.

The new signaling system is only part of the company's investment plan. This year alone Vale will invest US\$ 1.87 billion in logistics. Between 2003 and 2007, the investments totaled US\$ 3.5 billion.

According to the Vale's Railroad Development Manager, the new system will increase the efficiency and ensure the safety of operations. The replacement of the technology used in signaling will also increase the transport capacity of the Vitoria Minas Railway, a railroad owned by Vale.

Furthermore, according to Vale, the exchange will allow Vitoria Minas to make an up-grade in the future a lot simpler. The work began in March this year and the exchange of the whole system should be completed by 2010.

In 2008, the railroad, which transports an average of 135 million tons of cargo per year (80% iron ore and 20% of over sixty different types of products) estimates an increase in volume by 10%. The Vitoria Minas is responsible for 40% of the Brazilian railroad cargo movement.

Production - The expansion of transportation capacity is essential to meet the anticipated production increase. by 2012, the iron ore production from the company's Southeast operation should be 12.5% higher, rising from current the 200 million tons to 225 million tons per year. In all, in five years, the production of the commodity will increase from 300 to 450 million tons.

Last year, Vale announced the biggest investment plan in the industry -US\$ 59 billion by 2012. Of this total, US\$ 8.6 billion should be invested in the state of Minas Gerais.

Source: Diario do Comercio

For More Information

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