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Vale speeds up investments in biodiesel

Vale took another step today on its path to obtaining cleaner energy supplies and achieving sustainable development. The company has acquired control of Biopalma da Amazônia S.A. Reflorestamento Indústria e Comércio, a company based in the state of Pará that produces palm oil, a raw material used to make biodiesel. US\$ 173.5 million has been invested in the acquisition. The aim is for the fuel to be used in Vale's operations in Brazil.

Biopalma starts production in 2011 and expects to reach 500,000 tons of palm oil per year in 2019, when the trees reach maturity. Most of the oil will be used by Vale to make "B20" (a blend of 20% biodiesel and 80% regular diesel) to power its fleet of locomotives, heavy-duty machinery and equipment at the Brazilian operations. Vale's investment in producing biodiesel is part of its strategic priority to be a global sustainability agent, therefore building an energy supply chain using more renewable sources. This strategy led Vale to form a consortium with Biopalma in April 2009 to produce palm oil. Now, in order to facilitate the business' expansion, Vale has negotiated the dissolution of the consortium and the acquisition of 70% of Biopalma.

Biopalma currently has six production clusters under implementation in the Vale do Acará / Baixo Tocantins region of Pará. By 2013, the initiative will cover 135,000 hectares, 60,000 producing palm oil and 75,000 used to restore and regenerate native forest. So far, 18,400 hectares have been planted, and a further 14,400 hectares are scheduled for planting in the first quarter of this year. All areas used to grow palm trees have been mapped and classified by the federal government as degraded areas.

As part of Vale's strategy, which holds sustainability as a core operating principle, Biopalma will contribute to preserving and restoring extensive areas of habitat. Biopalma presently employs around 3,200 people, including employees and contractors, but as the business grows more jobs will be created. In addition, a family farming program has been designed to cover 2,000 families from the region, who will grow palm trees and other crops on their land. The company will monitor the practices used by these farmers and has guaranteed to purchase their output.

The Small Producer project was launched in February 2010 and now involves 24 families, who are growing palm trees on 240 hectares. An additional one hundred families will join the project in 2011, each one planting ten hectares of palm trees. The farmers covered by the project receive technical support from Biopalma and credit from Pronaf Dendê - a federal government funding program operating through Banco da Amazônia - to pay for saplings, plantation maintenance and their subsistence needs during the first three years of planting. Together with family farmers and its employees, the new Biopalma plans to expand its business over the coming years and become the biggest palm oil producer in the Americas, helping to generate prosperity in the Amazon and spread the use of clean energy.

More information

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