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05/27/2005



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CVRD signs Memorandum of Understanding with Petrobras and Mitsui

Companhia Vale do Rio Doce (CVRD), the world's largest iron ore and pellet producer, Petrobras, Brazil's biggest oil, gas and energy company, and Mitsui & Co., Ltd, Japanese leading business group, signed Friday, May 27th, Memorandum of Understanding to jointly develop studies in logistics for the export of Brazilian alcohol for fuel use to Japanese and other international markets.

It is the first time the three companies join forces to seek the best logistics solutions to allow for the export of ethanol from Brazil to Japan and countries worldwide.

Since 2003, the Japanese government has authorized the use of up to 3% of ethanol in gasoline in order to comply with the Kyoto protocol to reduce green house gas emissions. Many studies have been carried out by the Japanese government as well as private investors for the use of ethanol in the country's fuel market. Japan's gasoline consumption is currently at 60 million cubic meters per year.

Under the agreement, which still needs to be approved by CVRD's Board of Directors, CVRD, Petrobras and Mitsui will conduct studies to seek a better use of their logistical assets for the transportation of ethanol.

Both CVRD and Petrobras own a broad logistics infrastructure capable of meeting the transportation needs for trading of ethanol. CVRD operates three railways that cover a 9,306 km network, eight port terminals, a coastal navigation company and a wide storage infrastructure. Petrobras owns a natural gas and oil pipeline network of 27.120 km, 51 tanks with storage capacity of 62.9 million barrels, 54 ships and 43 maritime and terrestrial terminals.

Feasibility studies are expected to be carried out for a period of up to nine months as from the date of the signing of the agreement.

More information

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