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Vale has approved bauxite and alumina projects

Vale announces that its Board of Directors has approved the construction of a new alumina refinery, Companhia de Alumina do Pará (CAP), and the expansion of our Paragominas bauxite mine (Paragominas III), both located at the Brazilian state of Pará.

CAP will be responsible for the implementation and operation of an alumina refinery, located in Barcarena, 5 km away from the alumina refinery of our subsidiary Alunorte. CAP will be 80% owned by Vale, and 20% by Hydro Aluminium (Hydro). Hydro, a company based in Norway, is one of the largest global producers of aluminum and aluminum products.

The initial production capacity of the refinery will be 1.86 million metric tons per year (Mtpy) of alumina, through two lines of 930,000 tons per year. The new refinery has potential for future capacity expansions to reach up to 7.4 Mtpy.

The estimated total capex for the first phase of CAP is US\$ 2.2 billion. The project implementation will begin in October 2008 and the operation start-up is expected for the first half of 2011.

Paragominas III will supply the bauxite to be consumed by the CAP refinery. The estimated total capex is US\$ 487 million and it will increase the capacity of our Paragominas mine to 14.85 Mtpy from the current 9.9 Mtpy. Paragominas III is expected to start up its operations simultaneously with the first stage of CAP, in 1H 2011.

These projects are consistent with our strategy for the aluminum business, in which the focus is organic growth in the upstream portion of the aluminum production chain, through the development of its high quality bauxite reserves and competitive low-cost expansion of alumina production capacity.

More information



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